Golden Valley Mines Ltd.

Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2021 and 2020

(Expressed in Canadian dollars)

(UNAUDITED)

GOLDEN VALLEY MINES LTD.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

GOLDEN VALLEY MINES LTD.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars)

(unaudited)

	Notes		As at March 31, 2021		As at December 31, 2020
ASSETS					
Current					
Cash and cash equivalents	5	**$**	**16,029,277**	$	13,703,034
Restricted cash	8		**4,106,233**		385,415
Other assets	6		**312,144**		406,280
Royalty receivable	11		**188,542**		425,180
Prepaids and other receivables	7		**208,155**		335,716
			20,844,351		15,255,625
Non-current					
Investments	8		**30,606,321**		49,501,916
Investments in associates	9		**2,029,672**		2,127,431
Exploration and evaluation assets	10		**400,929**		463,429
Other asets	6		**110,957**		110,957
TOTAL ASSETS		**$**	**53,992,230**	$	67,459,358
LIABILITIES					
Current					
Accounts payable and accrued liabilities		**$**	**234,337**	$	890,496
Income taxes payable			**475,774**		2,464,798
Derivative financial instruments	12		**1,607,472**		4,243,318
			2,317,583		7,598,612
Non-Current					
Loan	13		**60,000**		60,000
Deferred taxes	17		**938,522**		2,693,658
Total liabilities			**3,316,105**		10,352,270
EQUITY					
Capital stock	14		**28,636,185**		28,636,185
Contributed surplus			**6,340,116**		6,324,653
Deficit			**(10,299,642)**		(7,304,410)
Total equity attributable to owners of the parent company			**24,676,659**		27,656,428
Non-controlling interest			**25,999,466**		29,450,660
Total equity			**50,676,125**		57,107,088
TOTAL LIABILITIES AND EQUITY		**$**	**53,992,230**	$	67,459,358

Approved by the Board of Directors on May 20, 2021.

"*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 loss and Statement of Comprehensive loss

(Expressed in Canadian Dollars)

(unaudited)

	Notes		For the three months ended March 31, 2021		2020
Revenues					
Royalties		$	**188,542**	$	74,285
Dividends			**180,084**		63,165
			368,626		137,450
Operating Expenses					
Salaries and other employee benefits			**379,087**		410,507
Professional fees			**183,846**		201,821
General and administrative expenses	16		**74,715**		166,829
Management fees	20		**41,550**		41,550
Royalty interests	11		**24,800**		-
Exploration and evaluation			**18,048**		32,466
Share-based compensation	15		**15,463**		97,965
Depreciation of property and equipment			**-**		1,028
			737,509		952,166
Operating loss			**(368,883)**		(814,716)
Other income (loss)					
Change in fair value of investments			**(7,523,038)**		(8,029,788)
Change in fair value of derivatives			**1,405,724**		1,242,758
Change in fair value of derivatives resulting from foreign exchange			**32,632**		(407,741)
Change in fair value of other assets			**(94,136)**		(179,361)
Foreign exchange gain (loss)			**(226,735)**		2,806,145
Share of loss of associates	9		**(97,759)**		(48,119)
Finance income			**1,493**		67,519
Finance cost			**(59,397)**		(140,177)
			(6,561,216)		(4,688,764)
Net loss before income taxes			**(6,930,099)**		(5,503,480)
Income tax recovery					
Current tax expense			**792,976**		2,337,614
Deferred tax recovery	17		**(1,755,136)**		(2,708,991)
			(962,160)		(371,377)
Net loss and total comprehensive loss for the period		**$**	**(5,967,939)**	$	(5,132,103)
Net loss and total comprehensive loss attributable to:					
Shareholders of Golden Valley Mines Ltd.		**$**	**(2,932,913)**	$	(2,689,316)
Non-controlling interest			**(3,035,026)**		(2,442,787)
		$	**(5,967,939)**	$	(5,132,103)
Loss per share attributable to shareholders of Golden Valley Mines Ltd.:					
Basic loss per share	19	**$**	**(0.217)**	$	(0.200)
Diluted loss per share	19	**$**	**(0.217)**	$	(0.200)

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

GOLDEN VALLEY MINES LTD.

Condensed Consolidated Interim Statements of Changes in Equity
For the three months ended March 31, 2021 and 2020
(Expressed in Canadian Dollars)
(unaudited)

	Notes	Capital Stock Number		Capital Stock		Contributed Surplus		Deficit		Total attributable to owners of the parent company		Non-controlling interest		**Total Equity**
Balance at January 1, 2021		13,518,460	$	28,636,185	$	6,324,653	$	(7,304,410)	$	27,656,428	$	29,450,660	$	57,107,088
Share-based payments	15	-		-		15,463		-		15,463		-		15,463
Change in interest of subsidiaries		-		-		-		(62,319)		(62,319)		(416,168)		(478,487)
		13,518,460		28,636,185		6,340,116		(7,366,729)		27,609,572		29,034,492		56,644,064
Net loss and total comprehensive loss for the period								(2,932,913)		(2,932,913)		(3,035,026)		(5,967,939)
Balance at March 31, 2021		13,518,460	$	28,636,185	$	6,340,116	$	(10,299,642)	$	24,676,659	$	25,999,466	$	50,676,125
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		-		-		223,178		-		223,178		-		223,178
Shares issued by exercise of stock options	14	38,000		127,281		(53,531)		-		73,750		-		73,750
Change in interest of subsidiaries		-		-		-		(104,078)		(104,078)		(389,153)		(493,231)
		13,472,760		28,547,884		6,203,135		(12,049,293)		22,701,726		22,577,782		45,279,508
Net loss and total comprehensive loss for the period								(2,689,316)		(2,689,316)		(2,442,787)		(5,132,103)
Balance at March 31, 2020		13,472,760	$	28,547,884	$	6,203,135	$	(14,738,609)	$	20,012,410	$	20,134,995	$	40,147,405

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

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

GOLDEN VALLEY MINES LTD.

Condensed Consolidated Interim Statements of Cash Flows
For the three months ended March 31, 2021 and 2020
(Expressed in Canadian Dollars)
(unaudited)

	Note		2021		2020
OPERATING ACTIVITIES					
Net loss for the period		$	**(5,967,939)**	$	(5,132,103)
Adjustments:					
Share-based payments	15		**15,463**		97,965
Depreciation of property and equipment			**-**		1,028
Foreign exchange loss (gain)			**209,015**		(359,433)
Share of loss in associates	9		**97,759**		48,119
Deferred tax recovery			**(1,755,136)**		(2,708,991)
Royalty interests	11		**24,800**		-
Change in fair value of investments			**7,523,038**		8,029,788
Change in fair value of derivatives			**(1,405,724)**		(1,242,758)
Change in fair value of derivatives resulting from foreign exchange			**(32,632)**		407,741
Change in fair value of other assets			**94,136**		179,361
			(1,197,220)		(679,283)
Changes in working capital items:					
Accounts receivable			**-**		268,195
Royalty receivable			**236,638**		924,968
Prepaids and other receivables			**102,561**		(19,759)
Accounts payable and accrued liabilities			**(656,160)**		(305,720)
Income taxes payable			**(1,989,024)**		2,337,614
			(2,305,985)		3,205,298
Cash flows from (used by) operating activities			**(3,503,205)**		2,526,015
INVESTING ACTIVITIES					
Proceeds from settlement of derivative financial instruments	8		**9,314,034**		26,056,311
Payment on settlement of derivative financial instruments			**-**		(23,566,715)
Repurchase of derivative financial instruments			**(5,153)**		(29,117)
Proceeds from sale of derivative financial instruments	8		**934,418**		596,216
Increase in restricted cash			**(3,720,818)**		-
Acquisition of investments			**(5,731)**		(5,454)
Acquisition of royalty interests			**(24,800)**		-
Proceeds from mining option agreement			**25,000**		-
Cash flows from investing activities			**6,516,950**		3,051,241
FINANCING ACTIVITIES					
Proceeds from exercise of stock options			**-**		73,750
Change in interest of subsidiaries			**(478,487)**		(493,231)
Cash flows used by financing activities			**(478,487)**		(419,481)
Effect of foreign exchange rate changes on cash and cash equivalents			**(209,015)**		359,433
Net change in cash and cash equivalents		$	**2,326,243**	$	5,517,208
Cash and cash equivalents, beginning of period			**13,703,034**		3,003,083
Cash and cash equivalents, end of period		$	**16,029,277**	**$**	8,520,291

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

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, 2020, except for the changes in accounting policies 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, 2020.

2) BASIS OF PRESENTATION (continued)

b) Approval of Financial Statements

These condensed consolidated interim financial statements were approved for issuance by the Board of Directors on May 20, 2021.

c) Basis of consolidation

The Company's financial statements consolidate the accounts of Golden Valley and its subsidiaries until March 31, 2021.

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 as well as its ability to appoint members of the Board of Directors and key management who have the ability to direct its activities.

Associates

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

(Expressed in Canadian dollars unless otherwise noted)

2) BASIS OF PRESENTATION (continued)

Associates (continued)

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

The carrying value of the investment in an associate represents the cost of the investment, including goodwill, a share of the post-acquisition retained earnings and losses, accumulated other comprehensive income ("AOCI") and any impairment losses. At the end of each reporting period, the Company assesses whether there is any objective evidence that its investment in associate is impaired. No impairment was required for the three months ended March 31, 2021 and 2020.

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

Percentage of ownership	As at March 31, 2021	As at December 31, 2020
Subsidiaries (consolidated)		
Abitibi Royalties Inc.	**44.96%**	44.93%
Calone Mining Ltd.	**100.00%**	100.00%
Investment in associates (equity method)		
International Prospect Ventures Ltd.	**13.44%**	13.44%
Val-d'Or Mining Corporation	**39.46%**	39.57%

3) RECENT ACCOUNTING PRONOUNCEMENTS

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company. Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

3) RECENT ACCOUNTING PRONOUNCEMENTS (continued)

In May 2020, the IASB issued a package of narrow-scope amendments to three standards (IFRS 3 "Business Combinations", IAS 16 "Property, Plant and Equipment" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets") as well as the IASB's Annual Improvements to IFRS Standards 2018 - 2020. These amendments to existing IFRS standards are to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights. These amendments are effective for annual periods beginning on or after January 1, 2022. The Company is assessing the potential impact of these narrow-scope amendments.

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, 2020.

Uncertainty due to COVID-19

The Company continues to actively monitor the impact of the COVID-19 pandemic, including the impact on economic activity and financial reporting. The duration and full financial effect of the COVID-19 pandemic is unknown at this time, as are the measures taken by governments, companies and others to attempt to reduce the spread of COVID-19.

Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 may materially and adversely affect the Company's operations, financial results and condition in future periods are also subject to significant uncertainty.

In 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.

(Expressed in Canadian dollars unless otherwise noted)

5) CASH AND CASH EQUIVALENTS

		As at March 31, 2021		As at December 31, 2020
Cash	**$**	**15,416,050**	$	13,102,329
Demand deposits, redeemable at any time		**613,227**		600,705
	$	**16,029,277**	$	13,703,034

Demand deposits represent money market mutual funds earning income at an annual rate of 0.30% (December 31, 2020 – 0.30%) that is cashable at any time.

6) OTHER ASSETS

		As at March 31, 2021		As at December 31, 2020
Marketable securities	**$**	**312,144**	$	406,280
Private company investments		**106,913**		106,913
Warrants		**4,044**		4,044
Other assets		**423,101**		517,237
Less: current portion of Other assets		**(312,144)**		(406,280)
Long-term portion of Other assets	**$**	**110,957**	$	110,957

Marketable securities of $312,144 (December 31, 2020 -$406,280) represent shares of publicly traded mining exploration companies and are recorded at fair value using quoted market prices.

Investment of $106,913 (December 31, 2020 -$106,913) represent shares in a private company that 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.

Special warrants of $4,044 (December 31, 2020 -$4,044) represents 80,880 special warrants received from a mining option agreement with Val-d'Or Mining as further described in note 10.

(Expressed in Canadian dollars unless otherwise noted)

7) PREPAIDS AND OTHER RECEIVABLES

	As at March 31, 2021	As at December 31, 2020
Due from related party (note 20)	$ 57,388	$ 59,517
Prepaid expenses	55,439	102,427
Sales taxes recoverable	41,922	31,757
Dividend receivable	32,885	70,361
Advances for claim management	20,521	20,521
Payroll levies receivable	-	26,133
Mining option receivable	-	25,000
	$ 208,155	$ 335,716

8) INVESTMENTS

	As at March 31, 2021		As at December 31, 2020	
	Number of shares	Fair value	Number of shares	Fair value
Yamana Gold Inc.	996,795	$ 5,442,500	2,105,895	$ 15,309,857
Agnico Eagle Mines Limited	338,197	24,570,012	375,897	33,676,612
		$ 30,012,512		$ 48,986,469
Other investments		593,809	-	515,447
		$ 30,606,321		$ 49,501,916

For the three months ended March 31, 2021, Abitibi Royalties was called to deliver 37,700 common shares of Agnico Eagle at share prices ranging from US$50.00 to US$65.00 per share and received, before commissions, $2,734,388 (or US$2,149,000) and 1,109,100 common shares of Yamana at share prices ranging from US$3.00 to US$5.00 per share and received, before commissions, $6,579,646 (or US$5,171,050) from call options it had sold.

For the three months ended March 31, 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, before commissions, $22,892,404 (or US$17,453,800) and 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, $3,163,907 (or US$2,412,250) from call options it had sold. In addition, 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 before commissions, $23,566,715 (or US$16,263,000) from put options it had sold.

(Expressed in Canadian dollars unless otherwise noted)

8) INVESTMENTS (continued)

Restricted cash

Restricted cash represents funds held as collateral on the put option contracts referred to in the *Derivative financial instruments* below. The funds will become unrestricted once the put option contracts are exercised, repurchased or expired. Restricted cash of $4,106,233 (or US$3,262,813) as at March 31, 2021 (December 31, 2020 - $385,415 (or US$302,405)) relates to funds held as collateral on the outstanding put option contracts of 180,300 shares (December 31, 2020 – 99,300 shares) of Agnico and of 1,695,500 shares (December 31, 2020 – nil shares) of Yamana as at March 31, 2021.

9) INVESTMENTS IN ASSOCIATES

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

As at March 31, 2021, the Company held 4,470,910 common shares or 13.44% (December 31, 2020 – 13.44%) interest in International Prospect. The shares of International Prospect were trading at $0.12 per share on that date.

As at March 31, 2021, the Company held 25,687,444 or 39.46% (December 31, 2020 – 39.57%) interest in Val-d’Or Mining. The shares of Val-d’Or Mining were trading at $0.12 per share on that date.

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

The following table summarizes the changes to investments in associates for the three months ended March 31, 2021 and for the year ended December 31, 2020:

		International Prospect		Val-d'Or Mining		Total
As at January 1, 2021	$	304,640	$	1,822,791	**$**	**2,127,431**
Share of net loss from associates		(15,056)		(82,703)		**(97,759)**
As at March 31, 2021	$	289,584	$	1,740,088	**$**	**2,029,672**

		International Prospect		Val-d'Or Mining		Total
As at January 1, 2020	$	356,655	$	986,378	**$**	**1,343,033**
Shares from mining option agreement		-		1,291,667		**1,291,667**
Share of net loss from associates		(52,015)		(455,254)		**(507,269)**
As at December 31, 2020	$	304,640	$	1,822,791	**$**	**2,127,431**

(Expressed in Canadian dollars unless otherwise noted)

10) EXPLORATION AND EVALUATION ASSETS

The following table summarizes the carrying values of Exploration and Evaluations Assets by properties as at March 31, 2021 and December 31, 2020:

	Properties optioned to Eldorado Gold	Properties optioned to BonTerra Resources	Balance as at March 31, 2021	Balance as at December 31, 2020
Golden Valley Mines Properties				
Abitibi Greenstone Belt ("AGB")				
Kirkland Lake / Matachewan (Ontario)	**$ 817,555**	**$ -**	**$ 817,555**	$ 817,555
Lebel-sur-Quevillon (Québec)	**-**	**359,496**	**359,496**	359,496
Val d'Or - Malartic (Québec)	**143,181**	**-**	**143,181**	143,181
Rouyn-Noranda-Cadillac (Québec)	**168,405**	**-**	**168,405**	168,405
Matagami (Québec)	**-**	**-**	**-**	-
Total AGB	**$ 1,129,141**	**$ 359,496**	**$ 1,488,637**	$ 1,488,637
Total other			**22,069**	22,069
Investment tax credit			**(1,198,978)**	(1,198,978)
Balance, end of the period			**$ 311,728**	$ 311,728
Abitibi Royalties Properties				
Bathurst (Ontario)	-	-	**$ 12,500**	$ 75,000
Hees (Ontario)	-	-	**75,000**	75,000
Bullfrog South (Nevada, USA)	-	-	**1,701**	1,701
Balance, end of the period			**$ 89,201**	$ 151,701
TOTAL			**$ 400,929**	$ 463,429

GOLDEN VALLEY PROPERTIES

a) Mining Option Agreement 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 amended and restated as of November 28, 2019 and exercised on December 5, 2019. Pursuant to the option, Val-d'Or Mining issued 8,333,334 shares to Golden Valley in 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.

10) EXPLORATION AND EVALUATION ASSETS (continued)

Mining Option Agreement with Val-d'Or Mining (continued)

Furthermore, 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%.

On October 6, 2020, Val-d'Or Mining entered into an agreement with respect to the sale of several properties referred to as the Ducros Group of Properties. The purchaser of the property is privately-owned Québec Nickel Corp. ("QNC"). In consideration for a 100% interest in the properties, QNC issued 3,589,341 special warrants, with a fair value of $179,467, to Val-d'Or Mining (of which Golden Valley received 80,880 special warrants, with a fair value of $4,044, in accordance with the terms of an amended and restated option agreement between Val-d'Or Mining and Golden Valley dated November 28, 2019).

b) 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. On February 9, 2020, the Company and BonTerra entered into a joint venture agreement on the Lac Barry Prospect.

c) Centremaque Prospect - Alexandria Minerals Corporation - Val-d'Or Québec

On April 13, 2017, the Company entered into a mining option agreement with Alexandria Minerals Corporation ("Alexandria") on the Centremaque Prospect located in the AGB, northeast of Val-d'Or, Québec. In accordance with the option agreement, in order to acquire an 80% interest in the property, Alexandria must: (i) issue, over a four year period from the date of signing, to Golden Valley such number of common shares in its capital having an aggregate value of $250,000 based on the closing price of Alexandria's shares on the Exchange the day prior to the date of issuance of each tranche of payment shares, of which shares and/or cash in the amount of $150,000 have been received to date; $50,000 on or before the third anniversary; and, $100,000 on or before the fourth anniversary; and,(ii) incur exploration expenditures in an aggregate amount of $4,000,000 over the same four-year period. Once the option is exercised, the Company will retain a 20% free carried interest and a 1.5% NSR, with 0.5% of the NSR being subject to a buyback in favour of Alexandria for $1 million payable to Golden Valley.

10) EXPLORATION AND EVALUATION ASSETS (continued)

c) Centremaque Prospect - Alexandria Minerals Corporation - Val-d'Or Québec (continued)

On May 28, 2020, the option agreement with O3 Mining Inc ("O3 Mining"), which acquired Alexandria in 2019, was amended to provide that the payment date of the remaining cash consideration of $100,000 and the date to incur the remaining exploration expenditure commitment of $3,250,000 to be extended to June 9, 2021.

On February 7, 2021, the option agreement was further amended such that the remaining exploration expenditure commitment of $2,000,000 to be incurred on or before June 9, 2021 can also be satisfied through payment of shares in O3 Mining, provided that O3 Mining commits to complete a drilling program of least 5,000 metres on the Centremaque Prospect.

d) 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.

e) AGB Properties - Eldorado Gold Corporation - Québec and Ontario

On December 8, 2008, the Company earned a 70% interest in the group of nine properties (eight gold and one 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.

10) EXPLORATION AND EVALUATION ASSETS (continued)

ABITIBI ROYALTIES' PROPERTIES

Upper Red Lake (formerly "Bathurst property") (Ontario)

On November 9, 2020, Abitibi Royalties entered into an agreement with two arm's length parties to acquire the Upper Red Lake property, a property consisting of seven claims located in Ontario, for the purchase price of $75,000. Pursuant to the agreement, Abitibi Royalties also granted a 0.5% NSR royalty on the property.

On February 4, 2021, Abitibi Royalties signed an option agreement with Xplore Resources Corp. ("Xplore") on the Upper Red Lake Project. Xplore may earn a 100% interest in the project by issuing to Abitibi Royalties $62,500 of Xplore's common shares based on the daily volume weighted average (the "VWAP") price of Xplore's shares for the 14-day period preceding the date of the execution of Letter of Intent ("LOI") and by issuing to Abitibi Royalties $125,000 and $150,000 of Xplore's common shares based on the VWAP price of Xplore's shares for the 14-day period preceding the first and secondary anniversary date of the execution of the LOI, respectively. On Xplore completing its share issuance obligations, Abitibi Royalties will be granted a 1.5% NSR on the Upper Red Lake Project. For the three months ended March 31, 2021, Abitibi Royalties received 1,096,491 common shares of Xplore, with a fair value of $62,500, relating to this mining option agreement.

Hees Property

On December 11, 2020, Abitibi Royalties entered into an agreement with two arm's length parties to acquire the Hees property, a property consisting of 30 claims located in Ontario, for the purchase price of $75,000. Pursuant to the agreement, Abitibi Royalties also granted a 0.5% NSR royalty on the property.

Bullfrog South Project

On September 17, 2020, Abitibi Royalties staked the Bullfrog South Project, located in Nevada's Bullfrog Gold District.

On December 9, 2020, Abitibi Royalties entered into a mining option agreement with Bullfrog Mines LLC ("Bullfrog") on the Bullfrog South property. In accordance with the option agreement, in order to acquire a 100% interest in the property, Bullfrog must issue to Abitibi Royalties, over a two-year period, consideration of $175,000 in cash or share in its capital and reimburse Abitibi Royalties for mining claims fees to be paid in 2021. Upon the option being exercised, the Company will retain a 2.0% NSR on the property, Bullfrog has the option to purchase 0.5% of the NSR for $500,000 on or before December 9, 2030.

10) EXPLORATION AND EVALUATION ASSETS (continued)

ABITIBI ROYALTIES' PROPERTIES (continued)

Hammond Reef South 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, the Company also granted one of the parties a 0.5% NSR royalty on the property.

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, 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. Upon the option being exercised, the Company will retain a 2.0% NSR on the property.

(Expressed in Canadian dollars unless otherwise noted)

10) EXPLORATION AND EVALUATION ASSETS (continued)

	Balance at January 1, 2021	Additions	Recovery	Credits	Balance at March 31, 2021
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	(1,851,475)	-	-	-	**(1,851,475)**
Government assistance	(1,641,978)	-	-	-	**(1,641,978)**
Net expenditures incurred during the period	2,026,201	-	-	-	**2,026,201**
Exploration and evaluation assets sold to third parties	(1,714,473)	-	-	-	**(1,714,473)**
Balance, end of the period	**$ 311,728**	**-**	**-**		**$ 311,728**
Abitibi Royalties Inc					
Acquisition and claims maintenance	$ 241,959	-	-	-	**$ 241,959**
Program management and consultants	8,558	-	-	-	**8,558**
Option payments received	(98,816)	-	-	(62,500)	**(161,316)**
	151,701	-	-	(62,500)	**89,201**
TOTAL	**$ 463,429**	**-**	**-**	**(62,500)**	**$ 400,929**

(Expressed in Canadian dollars unless otherwise noted)

10) EXPLORATION AND EVALUATION ASSETS (continued)

		Balance at January 1, 2020	Additions	Recovery	Credits		Balance at December 31, 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)	-	106,858	(1,291,667)		**(1,851,475)**
Government assistance		(1,641,978)	-	-	-		**(1,641,978)**
Net expenditures incurred during the period		3,211,010	-	106,858	(1,291,667)		**2,026,201**
Exploration and evaluation assets sold to third parties		(1,713,840)	-	-	(633)		**(1,714,473)**
Balance, end of the period	**$**	**1,497,170**	**-**	**106,858**	**(1,292,300)**	**$**	**311,728**
Abitibi Royalties Inc							
Acquisition and claims maintenance	$	-	241,959	-	-	$	**241,959**
Program management and consultants		-	8,558	-	-		**8,558**
Option payments received		-	-	48,684	(147,500)		**(98,816)**
		-	250,517	48,684	(147,500)		**151,701**
TOTAL	**$**	**1,497,170**	**250,517**	**155,542**	**(1,439,800)**	**$**	**463,429**

11) ROYALTY INTERESTS OF ABITIBI ROYALTIES

Main royalty interests

Malartic CHL 3% Royalty - Malartic, Québec

The area covered by the 3% net smelter royalty ("NSR") is located immediately east of the current Canadian Malartic Mine open pit operated by Canadian Malartic GP (50% owned by Agnico Eagle Mines Limited ("Agnico Eagle") and Yamana Gold Inc. ("Yamana"). The 3% NSR covers a number of mineralized zones.

For the three months ended March 31, 2021, Abitibi Royalties earned royalties in the amount of $188,542 (or US$149,934) (for the three months ended March 31, 2020 - $74,285 (or US$52,361) from this royalty interest.

Canadian Malartic 2% Royalty - Malartic, Québec

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

Other royalty interests

Authier North Lithium Royalty & Perrigo Royalties

In January 2021, Abitibi Royalties acquired a 1% NSR and 15% of any proceeds from a sale or joint venture on the Authier North Lithium property located approximately 40 kilometers north of Malartic, Québec for $16,500 and acquired, in February 2021, a royalty of 1.25% NSR (0.25% can be repurchased for $250,000) on the Perrigo project located in Ontario's Red Lake district for $8,300.

Malartic South

In May 2020, the Company entered into a series of agreements to acquire a package of royalties south of the Canadian Malartic Mine and also southeast of the Agnico Eagle's Goldex Mine. The agreements also entitled the Company to 15% of the gross proceeds (cash and shares) should the underlying properties be sold or joint ventured. The projects are owned and operated by Eagle Ridge Mining Inc.

Abitibi Royalties' other royalty interest are as follows:

- Revillard Property 2% Royalty - Malartic, Québec
- 15% Net Profit Interest ("NPI") in the vicinity of Canadian Malartic Mine -Malartic, Québec
- Midway Project 1.5% Royalty -Malartic, Québec
- ▪1.5% Royalty in the Abitibi region, Québec
- 1.0% NSR on the New Alger Project in the Abitibi region, Québec

(Expressed in Canadian dollars unless otherwise noted)

12) DERIVATIVE FINANCIAL INSTRUMENTS

Abitibi Royalties' call and put option contracts outstanding as at March 31, 2021 and December 31, 2020 are as follows:

	Expiry date	Number of shares under option	Exercise price range (USD)	Market value as at March 31, 2021
Calls				
Yamana	April 16, 2021	**320,000**	$ 7.00 to 10.00	**$ 66,396**
Yamana	July 16, 2021	**140,000**	8.00	**12,324**
Yamana	January 21, 2022	**505,700**	4.50 to 10.00	**237,431**
Yamana	January 20, 2023	**14,100**	5.50 to 10.00	**17,493**
Agnico	May 21, 2021	**57,400**	85.00 to 100.00	**20,510**
Agnico	January 21, 2022	**172,600**	60.00 to 100.00	**518,455**
Agnico	January 20, 2023	**14,000**	70.00 to 100.00	**97,305**
		1,223,800		**$ 969,914**
Puts				
Yamana	April 16, 2021	**1,695,500**	$ 4.00	**277,172**
Agnico	January 21, 2022	**99,300**	40.00 to 45.00	**278,900**
Agnico	May 21, 2021	**81,000**	50.00	**81,486**
		1,875,800		**$ 1,607,472**

	Expiry date	Number of shares under option	Exercise price range (USD)	Market value as at December 31, 2020
Calls				
Yamana	January 15, 2021	**1,247,000**	$ 3.00 to 7.00	**$ 1,574,731**
Yamana	April 16, 2021	**320,000**	$ 7.00 to 10.00	**52,329**
Yamana	July 16, 2021	**140,000**	$ 8.00	**57,039**
Yamana	January 21, 2022	**367,700**	$ 4.50 to 10.00	**522,730**
Yamana	January 2, 2023	**2,100**	$ 10.00	**3,208**
Agnico	January 15, 2021	**118,300**	$ 50.00 to 85.00	**761,259**
Agnico	February 19, 2021	**82,200**	$35.00 to 100.00	**53,360**
Agnico	May 5, 2021	**57,400**	$35.00 to 100.00	**83,013**
Agnico	January 21, 2022	**103,600**	$60.00 to 100.00	**929,767**
Agnico	January 20, 2023	**8,000**	$35.00 to 100.00	**83,420**
Puts				
Agnico	February 19, 2021	**56,000**	$ 40.00 to 45.00	**22,217**
Agnico	January 21, 2022	**43,300**	$ 40.00 to 45.00	**100,245**
		2,545,600		**$ 4,243,318**

12) DERIVATIVE FINANCIAL INSTRUMENTS (continued)

For the three months ended March 31, 2021, Abitibi Royalties sold 2,250 call contracts (750 calls on Agnico Eagle shares and 1,500 calls on Yamana Gold shares) and sold 18,325 put contracts (1,370 puts on Agnico Eagle shares and 16,955 on Yamana Gold shares) for total cash proceeds of $934,418 (or US$722,545). In addition, 3,027 call option contracts expired (1,628 calls on Agnico Eagle shares and 1,399 calls on Yamana Gold shares) and 560 put contracts on Agnico Eagle shares were repurchased before expiration for $5,153 (or US$4,050). Also, 11,448 call contracts were exercised (377 calls on Agnico Eagle shares and 11,071 on Yamana Gold shares) as discussed in note 8.

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

13) LONG-TERM LOAN

The Company applied and received the $60,000 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 $20,000.

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.

(Expressed in Canadian dollars unless otherwise noted)

14) CAPITAL STOCK (continued)

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 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 were issued and outstanding, and incentive stock options to acquire an aggregate of approximately 1,423,691 common shares were 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 were cancelled. All historical information presented in the financial statements has been adjusted to reflect the share consolidation.

Issued share capital

For the three months ended March 31, 2020, the Company issued 38,000 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 $73,750.

15) SHARE-BASED PAYMENTS

Incentive stock options

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

The summary of changes in the number of incentive stock options issued by the Company for the three months ended March 31, 2021 and for the year ended December 31, 2020 is presented as follows:

	For the three months ended March 31, 2021			For the year ended December 31, 2020		
	Number of options		**Weighted average exercise price**	Number of options		Weighted average exercise price
Outstanding, beginning of period	**1,421,889**	**$**	**3.43**	1,405,915	$	3.10
Granted	**-**		**-**	101,474		5.44
Exercised	**-**		**-**	(83,700)		1.50
Expired	**(10,000)**		**(1.00)**	(1,800)		3.40
Outstanding, end of period	**1,411,889**	**$**	**3.45**	1,421,889	$	3.43
Exercisable, end of period	**1,405,222**	**$**	**3.45**	1,415,222	$	3.43

(Expressed in Canadian dollars unless otherwise noted)

15) SHARE-BASED PAYMENTS (continued)

Incentive stock options (continued)

The table below summarizes the information related to outstanding share options as at March 31, 2021:

	Outstanding options				
Expiry date	Number of options		Weighted average exercise price	Weighted average remaining contractual life (years)	Exercisable options
June 27, 2021	225,000		3.00	0.24	225,000
February 3, 2022	10,000		4.65	0.85	10,000
June 21, 2023	222,000		2.75	2.22	222,000
June 18, 2024	31,500		3.40	3.22	24,833
March 3, 2025	76,474		5.00	3.93	76,474
June 26, 2025	25,000		6.80	4.24	25,000
September 30, 2026	821,915		3.50	5.50	821,915
	1,411,889	**$**	**3.45**		**1,405,222**

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

	Outstanding options				
Expiry date	Number of options		Weighted average exercise price	Weighted average remaining contractual life (years)	Exercisable options
January 1, 2021	10,000		1.00	0.00	10,000
June 27, 2021	225,000		3.00	0.49	225,000
February 3, 2022	10,000		4.65	1.09	10,000
June 21, 2023	222,000		2.75	2.47	222,000
June 18, 2024	31,500		3.40	3.47	24,833
March 3, 2025	76,474		5.00	4.17	76,474
June 26, 2025	25,000		6.80	4.49	25,000
September 30, 2026	821,915		3.50	5.75	821,915
	1,421,889	**$**	**3.43**		**1,415,222**

(Expressed in Canadian dollars unless otherwise noted)

15) SHARE-BASED PAYMENTS (continued)

Share-based compensation expense

Refer to "Share Consolidation" section of Note 14 "Capital Stock".

The table below summarizes share-based compensation expense for the three months ended March 31, 2021 and 2020:

		2021		2020
Golden Valley				
March 2020 option grant [(a)]	$	-	$	60,203
June 2019 option grant [(b)]		**2,985**		6,567
June 2018 option grant [(c)]		**12,478**		31,195
Share-based compensation expense	$	**15,463**	$	97,965

a) 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 at $60,203, using the Black-Scholes option pricing model, which has been expensed for the three months ended March 31, 2020. 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 2019 performance bonuses to officers, expensed in Salaries and other employee benefits for the three months ended December 31, 2019.

b) 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 $77,517 has been expensed. For the three months ended March 31, 2021, an amount of $2,985 (2020 -$6,567) has been expensed. 5,700 incentive stock options have been exercised and 1,800 incentive stock options have expired relating to this grant.

(Expressed in Canadian dollars unless otherwise noted)

15) SHARE-BASED PAYMENTS (continued)

Share-based compensation expense (continued)

c) 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 $444,072 has been expensed. For the three months ended March 31, 2021, an amount of $12,478 (2020 -$31,195) has been expensed. 8,000 incentive stock options have been exercised relating to this grant.

Fair value of options granted

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

Date of Grant	March 3, 2020		June 18, 2019		June 21, 2018	
Share price at date of grant	$	5.00	$	3.40	$	2.75
Expected dividends yield		0%		0%		0%
Expected weighted volatility		69.59%		79.95%		105.67%
Risk-free interest average rate		1.10%		1.33%		2.00%
Expected average life		5 years		5 years		5 years
Exercise price at date of grant	$	5.00	$	3.40	$	2.75

Refer to "Share Consolidation" section of Note 14"Capital Stock".

16) GENERAL AND ADMINISTRATIVE EXPENSES

The following table summarizes general and administrative expenses for the three months ended March 31, 2021 and 2020.

		2021		2020
Insurance expenses	**$**	**32,931**	$	7,938
Office expenses		**18,220**		19,252
Advertising and exhibitions		**23,310**		89,111
Travelling		**254**		50,528
	$	**74,715**	$	166,829

(Expressed in Canadian dollars unless otherwise noted)

17) DEFERRED TAXES PAYABLE

Deferred tax assets (liabilities) and variation of recognized amounts

		As at January 1, 2021		Recognized in profit or loss		As at March 31, 2021
Exploration and evaluation assets	**$**	**320,013**	**$**	**(104,314)**	**$**	**215,699**
Investments		**(3,582,196)**		**2,210,795**		**(1,371,401)**
Share issuance costs		**6,286**		**(2,096)**		**4,190**
Derivative financial instruments		**562,239**		**(349,249)**		**212,990**
	$	**(2,693,658)**	**$**	**1,755,136**	**$**	**(938,522)**

		As at January 1, 2020		Recognized in profit or loss		As at December 31, 2020
Exploration and evaluation assets	$	687,841		(367,828)	$	320,013
Investments		(6,047,641)		2,465,445		(3,582,196)
Share issuance costs		8,389		(2,103)		6,286
Non-capital losses		915,903		(915,903)		-
Derivative financial instruments		1,189,723		(627,484)		562,239
	$	(3,245,785)	$	552,127	$	(2,693,658)

18) EQUITY TRANSACTIONS OF ABITIBI ROYALTIES

Dividends

On December 7, 2020, Abitibi Royalties' Board of Directors approved a 20% dividend increase from $0.15 to $0.18 per common share on an annualized basis.

For the three months ended March 31, 2021 and 2020, Golden Valley earned dividends of $252,236 and $168,157 from Abitibi Royalties, respectively. Golden Valley holds 5,605,246 common shares in Abitibi Royalties as at March 31, 2021 and December 31, 2020.

Incentive stock option

Abitibi Royalties 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 from time to time. Abitibi Royalties has not renewed its stock option plan and has not granted stock options under the current plan since 2014. There are no stock options available for grant under the plan.

(Expressed in Canadian dollars unless otherwise noted)

18) EQUITY TRANSACTIONS OF ABITIBI ROYALTIES

Normal Course Issuer Bid ("NCIB")

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 Abitibi Royalties to purchase up to 624,145 (representing 5% of the Abitibi Royalties 's total issued and outstanding common shares) of its common shares.

For the three months ended March 31, 2021, Abitibi Royalties repurchased and cancelled 7,200 of its common shares at prices varying from $21.70 to $25.98 per share for a total of $169,473.

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

19) LOSS PER SHARE

Both the basic and diluted loss per share have been calculated using the net loss attributable to owners of the Company as the numerator, i.e., no adjustment to the net loss were necessary in either three months ended March 31, 2021 and 2020.

	For the three months ended March 31,	
	2021	2020
Net loss attributable to shareholders of Golden Valley Mines Ltd.	$ **(2,932,913)**	$ (2,689,316)
Weighted average number of shares in circulation - basic	**13,518,460**	13,460,579
Dilutive effect of stock options and warrants	**-**	-
Weighted average number of shares	**13,518,460**	13,460,579
Basic loss per share	$ **(0.217)**	$ (0.200)
Diluted loss per share	$ **(0.217)**	$ (0.200)

Refer to "Share Consolidation" section of Note 14 "Capital Stock".

For the three months ended March 31, 2021, potential dilutive common shares of 713,180 from incentive stock options have not been included in the loss per share calculation as they would result in a reduction of the loss per share.

For the three months ended March 31, 2020, potential dilutive common shares of 495,523 from incentive stock options have not been included in the loss per share calculation as they would result in a reduction of the loss per share.

(Expressed in Canadian dollars unless otherwise noted)

20) RELATED PARTY TRANSACTIONS

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

For the three months ended March 31, 2021 and 2020, the compensation paid to key management for employee and consulting services for Golden Valley and its subsidiaries is presented below:

		2021		2020
Short-term employee benefits				
Salaries including bonuses	**$**	**239,020**	$	234,030
Directors' fees		**75,000**		70,000
Benefits		**52,445**		54,585
Total short-term employee benefits		**366,465**		358,615
Other transactions with key management				
Rent (1)		**4,660**		1,660
Management fees (2)		**41,550**		41,550
Fees relating to exploration and evaluation activities (3)		**18,048**		18,048
Total other transactions with key management		**64,258**		61,258
Share-based payments (4)		**15,463**		97,965
Total remuneration	**$**	**446,186**	$	517,838

1) Rent of $1,660 (2020 - $1,660) paid by Abitibi Royalties to its President for use of a Toronto, Ontario Property as an office for Abitibi Royalties and of $3,000 (2020 - $nil), paid to 2973090 Canada Inc. a company controlled by an officer and a director of the Company, for use of a Val-d'Or, Québec Property as an administrative and exploration offices for Golden Valley.

2) Management fees of $41,550 (2020 - $41,550) paid to 2973090 Canada Inc.

3) Fees relating to exploration and evaluation activities of $14,700 (2020 - $14,700) paid to 2973090 Canada Inc and of $3,348 (2020 - $3,348) paid to Rosatelli Exploration Services, a company controlled by an officer of the Company.

4) Share-based compensation relating to the incentive stock option program for officers and directors of the Company.

20) RELATED PARTY TRANSACTIONS (continued)

Transactions with related companies

Effective July 1, 2020, the Company entered into a Cost Sharing Arrangement (the "Sharing Arrangement") with companies related by common management, pursuant to which Golden Valley will provide certain management and financial services such as office space and administrative support relating to the exploration offices located at 2864 Chemin Sullivan, Val-d'Or, Québec, J9P 0B9, in consideration of $71,348 per year (the “reimbursement"), payable on a monthly basis. The Sharing Arrangement provides for the reimbursement to be reviewed on an annual basis. For the three months ended March 31, 2021, reimbursement of $9,796 (for the three months ended March 31, 2020 - $nil) was received from related companies relating to this Sharing Arrangement.

Val-d’Or Mining

For the three months ended March 31, 2021, no exploration and evaluation expenses was recharged from Val-d’Or Mining (for the three months ended March 31, 2020 - $2,062).

For efficiency reasons, where the Company and Val-d’Or Mining are dealing with the same suppliers one may pay for both and be reimbursed by the other. As at March 31, 2021, the Company had a net payable of $6,321 (December 31, 2020 – net payable of $6,064) due from Val-d’Or Mining, which is netted from due from related parties.

International Prospect

As at March 31, 2021, Golden Valley has a receivable of $61,611 (December 31, 2020 - receivable of $65,782) with International Prospect relating to consulting fees recharged to International Prospect for the services provided by the Company’s President and CFO.

21) COMMITMENTS AND CONTINGENCIES

The Company has entered into agreements with officers and consultants that include termination and change of control clauses. In the case of termination, the officers and consultants are entitled to an amount equal to a multiple (ranging from one to two times) the annual base fee payable. In the case of a change of control, the officers and consultants are entitled to an amount equal to a multiple (ranging from one to three times) the sum of the annual base fee. As at March 31, 2021, 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.

22) FINANCIAL INSTRUMENTS

Fair value measurement of financial instrument

Financial assets and liabilities measured at fair value in the statements of financial position are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of the significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the assets or liabilities that are not based on observable market data.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. Cash and cash equivalent (Level 1), royalty and other receivables (Level 3), other assets (Level 3) and accounts payable and accrued liabilities (Level 3) are carried at amortized costs which approximate their fair value due to their short-term nature.

Short-term other assets in the consolidated statements of financial position consisting of marketable securities at March 31, 2021 and December 31, 2020 are classified in Level 1 and are recorded at fair value by reference to their quoted prices at the reporting date.

The Company's other assets relating to the investments in the common shares of a private company do not have a quoted market price in an active market and the Company has assessed a fair value of the investment based on their unobservable net assets. As a result, the fair value is classified within Level 3 of the fair value hierarchy. The process of estimating the fair value of these investments is based on inherent measurement uncertainties and is based on techniques and assumptions that emphasize both qualitative and quantitative information. There is no reasonable quantitative basis to estimate the potential effect of changing the assumptions to reasonably possible alternative assumptions on the estimated fair value of these investments.

Investments relating to the common shares of Agnico Eagle and Yamana held by Abitibi Royalties and the liability relating to the derivative financial instruments are classified as Level 1.

The method and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods. There has been no movement between levels during the year.

(Expressed in Canadian dollars unless otherwise noted)

22) FINANCIAL INSTRUMENTS (continued)

Fair value measurement of financial instrument (continued)

The carrying amounts and fair value of financial instruments presented in the consolidated statements of financial position are as follows:

	As at March 31, 2021		As at December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial Assets at amortized costs				
Cash and cash equivalents	**$ 16,029,277**	**$ 16,029,277**	$ 13,703,034	$ 13,703,034
Restricted cash	**4,106,233**	**4,106,233**	385,415	385,415
Royalty receivables	**188,542**	**188,542**	425,180	425,180
Dividend receivable	**32,885**	**32,885**	70,361	70,361
Other receivables	**-**	**-**	25,000	25,000
Due from related parties	**57,388**	**57,388**	59,517	59,517
Financial assets at fair value through profit and loss				
Other assets	**312,144**	**312,144**	406,280	406,280
Investments	**30,606,321**	**30,606,321**	49,501,916	49,501,916
	$ 51,332,790	**$ 51,332,790**	$ 64,576,703	$ 64,576,703
Financial liabilities				
Financial liabilities measured at amortized cost				
Accounts payable and accrued liabilities	**$ 234,337**	**234,337**	$ 890,496	890,496
Loan	**60,000**	**60,000**	60,000	60,000
Financial liabilities measured at fair value through profit and loss				
Derivatives financial instruments (level 1)	**1,607,472**	**1,607,472**	4,243,318	4,243,318
	$ 1,901,809	**$ 1,901,809**	$ 5,193,814	$ 5,193,814

22) FINANCIAL INSTRUMENTS (continued)

Financial Risk

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Company focuses on actively securing short-to medium term cash flows by minimizing the exposure to financial markets. The most significant financial risks to which the Company is exposed are described below.

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to the following two types of market risk: foreign currency risk and other price risk.

Foreign currency risk sensitivity

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Most of the Company's transactions are carried out in Canadian dollars. Currency risk arises from the Company's cash, dividends, and royalty revenues in foreign currency, which are primarily denominated in U.S. dollars. The Company does not enter into arrangements to hedge its foreign exchange risk. As at March 31, 2021 and December 31, 2020, foreign currency denominated financial assets and liabilities in U.S. dollars and which expose the Company to the currency risk are as follows:

		As at March 31, 2021		As at December 31, 2020
Cash and cash equivalents	$	**10,609,730**	$	7,125,721
Restricted cash		**3,262,813**		302,405
Royalty receivable		**149,934**		333,946
Dividends receivable		**25,137**		54,251
Accounts payable and accrued liabilities		**(1,000)**		(3,040)
Derivative financial instruments		**(1,278,308)**		(3,332,798)
	$	**12,768,306**	$	4,480,485

A 1% change in the Canadian /U.S. exchange rate as at March 31, 2021 would have had an impact of $160,561 (at December 31, 2020 - $57,046) on net loss and comprehensive loss of the year.

(Expressed in Canadian dollars unless otherwise noted)

22) FINANCIAL INSTRUMENTS (continued)

Other price risk sensitivity

The Company is exposed to fluctuations in the market prices of its investments in quoted mining companies and marketable securities in quoted mining exploration companies. The fair value of these financial instruments represents the maximum exposure to price risk.

If the quoted price of these instruments had changed by 1% as at March 31, 2021 (1% as at December 31, 2020), net loss and comprehensive loss for the three months then ended would have changed by $309,185 (for the year ended December 31, 2020 - $499,082).

b) Credit risk

Credit risk is the risk that another party to a financial instrument fails to discharge its obligation and, thus, leads the Company to incur a financial loss. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

		As at March 31, 2021		As at December 31, 2020
Cash and cash equivalents	**$**	**16,029,277**	$	13,703,034
Restricted cash		**4,106,233**		385,415
Royalty receivables		**188,542**		425,180
Prepaids and other receivables		**166,233**		303,959
Carrying amounts	**$**	**20,490,285**	$	14,817,588

The risk related to cash and restricted cash is considered negligible as the Company is dealing with a reputable financial institution whose credit rating is excellent. The Company's management considers that the above financial asset is of good credit quality. The credit risk exposure for the Company's accounts, royalty and dividends receivables and other assets is considered minimal as these receivables have since been received subsequent to year-end. The Company continuously monitors defaults of counterparties. No impairment loss has been recognized in the periods presented.

(Expressed in Canadian dollars unless otherwise noted)

22) FINANCIAL INSTRUMENTS (continued)

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the Company has financing sources such as private and public investments for a sufficient amount. Over the past years, the Company has financed its exploration and evaluation programs, its working capital requirements and acquisitions of mining properties through private and flow-through placements and through dividends received from the shares it holds in Abitibi Royalties.

The Company's objective is to maintain cash and cash equivalents and short-term investments to meet its liquidity requirements. This objective was met for the reporting periods. The Company considers cash flows from financial assets in assessing and managing liquidity risk, in particular its cash and cash equivalents and short-term investments. The Company's existing cash and cash equivalents and short-term investments exceed the current cash outflow requirements.

The following table presents contractual maturities (including interest payments where applicable) of the Company's consolidated liabilities:

		As at March 31, 2021		As at December 31, 2020
Within 3 months				
Accounts payable and accrued liabilities	**$**	**234,337**	$	890,496
Derivative financial instruments		**445,564**		2,411,567
	$	**679,901**	$	3,302,063
Three to twelve months				
Derivative financial instruments	**$**	**1,047,110**	$	135,341
	$	**1,047,110**	$	135,341
Beyond twelve months				
Derivative financial instruments	**$**	**114,798**	$	1,696,410
	$	**114,798**	$	1,696,410

23) CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are: to ensure the Company's ability to continue as a going concern; to increase the value of the assets of the business; and to provide an adequate return to owners. These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means and by identifying and acquiring the right potential royalty rights. The Company monitors capital on the basis of the carrying amount of equity. Capital for the reporting periods under review is comprised of share capital, warrants and contributed surplus. The Company is not exposed to any externally imposed capital requirements as at March 31, 2021 and December 31, 2020. The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares, or sell assets to reduce payables. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its exploration and evaluation activities or may slow its activities until conditions improve. No changes were made in the objectives, policies and processes for managing capital during the quarter.