GOLDEN VALLEY MINES LTD.

Management's Discussion and Analysis
For the three months ended March 31, 2021
Dated: May 20, 2021

INTRODUCTION

The following is Management's Discussion and Analysis of the financial condition and results of operations of Golden Valley Mines Ltd. (the "**Company**" or "**Golden Valley**") for the three months ended March 31, 2021 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee. This discussion and analysis should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2021 and the audited consolidated financial statements of the Company for the year ended December 31, 2020, and the related notes thereto. All figures are in Canadian dollars unless otherwise specified.

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

This MD&A has been reviewed by the audit committee and approved by the Company's Board of Directors on May 20, 2021.

FORWARD-LOOKING STATEMENTS

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

COMPANY OVERVIEW

Golden Valley is a mineral exploration company whose assets include 17 exploration properties located in the following areas: (i) the Abitibi Greenstone Belt (Ontario and Québec); (ii) the James Bay region of mid-north Québec; and (iii) the Nunavik (Ungava) region of northern Québec. Refer below to "Properties and Interests", "Option and Joint Venture Properties" and "Property Interests Assigned to the Reporting Subsidiary" for further details.

Golden Valley has the following subsidiaries: Abitibi Royalties Inc. ("Abitibi Royalties") and Calone Mining Ltd ("Calone Mining"). The subsidiaries have been incorporated under the *Business Corporations Act* (British Columbia). As at March 31, 2021, Golden Valley owns 5,605,246 common shares of Abitibi Royalties, representing an equity interest of approximately 44.96% and owns a 100% equity interest in Calone Mining.

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

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

Golden Valley's shares trade on the TSX Venture Exchange (the "Exchange") under the symbol "GZZ". The Company's common shares also trade on the OTCQX under the symbol "GLVMF". The OTCQX Market is designed for established, investor-focused U.S. and international companies.

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

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

Abitibi Royalties, a company listed on the Exchange under symbol "RZZ", owns various 1.5% to 3% Net Smelter Returns ("NSR") and 15% Net Profit Interests ("NPI") in areas located at or near the Canadian Malartic Mine, a partnership jointly operated by Agnico Eagle Mines Limited ("Agnico Eagle") and Yamana Gold Inc. ("Yamana").

On December 7, 2020, Abitibi Royalties' Board of directors approved a 20% dividend increase to the Company's outstanding common shares from $0.15 to $0.18 per common share on an annualized basis effective in 2021. For the three months ended March 31, 2021 and 2020, Golden Valley earned dividends of $252,236 and $168,157 from its equity interest in Abitibi Royalties, respectively. Golden Valley holds 5,605,246 common shares in Abitibi Royalties as at March 31, 2021 and December 31, 2020.

Refer below to "*Property Interests Assigned to Reporting Subsidiary*" for further details.

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

As at March 31, 2021, Golden Valley holds a 39.46% (December 31, 2020 –39.57%) equity interest in Val-d'Or Mining, a company listed on the Exchange under symbol "VZZ", whose 100%-owned assets include 56 actively operated properties located in the Abitibi Greenstone Belt (Québec), the Nunavik Region (Ungava Belt) in northern Québec, and in north-central (James Bay) Québec.

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

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

As at March 31, 2021, Golden Valley holds a 13.44% (December 31, 2020 -13.44%) equity interest in International Prospect, a company listed on the Exchange under symbol "IZZ", whose assets include a 100% interest on eight tenements, covering over 100,000-hectares in the Pilbara region in Western Australia, and, in Canada, the Porcupine Miracle Prospect (Ontario), and a 100% interest in the Beartooth Island Prospect (Saskatchewan).

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

Golden Valley strives to ensure that its activities support environmental sustainability, social responsibility and strong governance. Golden Valley has been involved in various community efforts to help rehabilitate abandoned mineral exploration sites in various parts of Québec and has also supported the Château de Marie-Ève project, which is a new women's shelter being built in Val-d'Or, Québec under the direction of the La Piaule mission. Golden Valley also makes every effort to ensure that it meets all required standards of corporate governance, following industry best practices and satisfying legal and regulatory requirements. The Company has long had policies such as "Anti-Corruption" and "Code of Ethics", which apply to the board of directors, officers, staff and key consultants. See "Risk Factors" below.

CORPORATE STRATEGY

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

UPDATE ON 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.

PROPERTIES AND INTERESTS

The Company's exploration activities for the first quarter of 2021 focused primarily on managing and/or monitoring joint venture and/or option project exploration programs, and project generation activities directed to identifying and evaluating new opportunities and business development purposes.

Abitibi Greenstone Belt ("AGB") Grassroots Exploration Project

The 17 AGB properties are comprised of gold (15), copper-zinc-silver (1), and nickel-copper-PGE (1) prospects located in Québec (8) and Ontario (9).

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

OPTION AND JOINT VENTURE PROPERTIES

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

On April 18, 2017, the Company 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. 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%.

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

b) Mining Option Agreement with BonTerra Resources Inc. – Lac Barry, Québec

On March 16, 2016, the Company 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 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 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.

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

c) Mining Option Agreement with Alexandria Minerals Corporation (acquired by O3 Mining Inc.)-Centremaque Property, 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.

In accordance with the terms of the option agreement, Alexandria agreed to a $2,000,000 work commitment on or before April 20, 2020. On April 3, 2020, O3 Mining Inc ("O3 Mining"), which acquired Alexandria in 2019, provided a notice of force majeure and extension of delay as a result of the government of Québec's decision, relating to COVID-19, to close all non-essential businesses. On May 28, 2020, the option agreement with O3 Mining 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 have been 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 issuance of shares in O3 Mining, provided that O3 Mining commits to complete a drilling program of least 5,000 metres on the Centremaque Prospect in the winter of 2021.

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

d) Eldorado Gold Corporation ("Eldorado") – Abitibi Greenstone Belt Joint Venture – Bogside Gold Prospect – Cadillac, Québec

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.

e) Sirios Resources Ltd. – Sharks and Cheechoo Joint Venture - James Bay Northern, Québec

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, subject to the royalty described below.

As additional consideration for the grant of the option, Sirios granted to Golden Valley a royalty equal to 4% of the net returns from all mineral products mined or removed from the Cheechoo gold project. Notwithstanding the foregoing, the royalty relevant to gold mineral products mined or removed from the Cheechoo gold prospect may vary between 2.5% and 3.5% depending on the market price of gold at the time of the payment.

PROPERTY INTERESTS ASSIGNED TO THE REPORTING SUBSIDIARY

ABITIBI ROYALTIES INC.

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

The Canadian Malartic Mine, where Abitibi Royalties owns various Net Smelter Returns ("NSR") and Net Profit Interests ("NPI"), is jointly operated by Agnico Eagle Mines Limited ("Agnico Eagle") and Yamana Gold Inc. ("Yamana") (the "Partnership"). Abitibi Royalties' NSRs and NPIs cover portions of the Odyssey (3% NSR), East Malartic (3% NSR), Sladen (3% NSR), Sheehan (3% NSR), Jeffrey (3% NSR), Barnat Extension (3% NSR), Gouldie (2% NSR) and the Charlie Zone (2% NSR). Abitibi Royalties also owns the following early-stage exploration royalties near producing mines throughout the Abitibi region in Québec and additional royalties in Canada and Turkey.

At the time of the sale of the Malartic CHL Prospect (the "Prospect') in 2015 to Canadian Malartic GP whereby Abitibi Royalties received as consideration a 3% NSR on the Prospect, no cost for accounting purposes has been assigned to the 3% NSR as the Prospect was still at its early stage of exploration and future cash flows could not be reliably estimated. Similarly, at the time of the purchase of Abitibi Royalties' other royalty interests, the properties associated with the royalty interest were either: (a) in the early stages, (b) considered to be speculative, (c) expected to require more than two years to generate revenues, if ever, and/or (d) were currently not active. As such, acquisition costs of the royalty interest were recorded in the consolidated profit or loss and thus royalty interests of Abitibi Royalties do not appear on the Company's consolidated statements of financial position.

Main royalty interests

Malartic CHL 3% NSR Royalty - Malartic, Québec

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

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% NSR Royalty – Malartic, Québec

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

Other royalty interests

Authier North Lithium Royalty & Perrigo Royalties

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 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.

Revillard Property 2% Royalty - Malartic, Québec

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

Radium 15% NPI – Malartic, Québec

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

Midway Project 1.5% NSR

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

1.5% NSR in the Abitibi region, Québec

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

1.0% NSR on the New Alger Project

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

Malartic South

The area covered by this package of royalties is located south of the Canadian Malartic Mine and also southeast of the Agnico Eagle's Goldex Mine. The Company is also entitled 15% of the gross proceeds (cash and shares) should the underlying properties be sold or joint ventured.

Early-stage royalties project generator business

As part of the Abitibi Royalties' strategy to expand its royalty holdings, Abitibi Royalties has set up project generator division with the view of selling or optioning mineral projects while retaining a royalty. The initiative is designed to generate a competitive return on capital, and expand the Abitibi Royalties' royalty holdings, while employing a limited amount of working capital.

Upper Red Lake (Ontario)

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. Xplore has also agreed to complete sufficient exploration work on the property to maintain the project in good standing during the time of the option agreement. 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.

Hammond Reef South (Ontario)

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 Victory's 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, Abitibi Royalties will retain a 2.0% NSR on the property.

Bullfrog South Project (Nevada)

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 Bullfrog's capital and reimburse Abitibi Royalties for mining claims fees to be paid in 2021. Upon the option being exercised, Abitibi Royalties 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.

INVESTMENTS IN ASSOCIATES

International Prospect Ventures

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

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

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

Val-d'Or Mining Corporation

In addition to the 61 properties acquired on April 18, 2017 from Golden Valley, Val-d'Or Mining also owns the following assets:

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

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

- The Fortin Prospect is located in the central part of Ducros Township, located approximately 80 kilometres northeast of the City of Val-d'Or, Québec. The property consists of 5 contiguous mining claims covering 200 hectares that is subject to a 1.5% NSR to the original property vendors.

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

SELECTED INFORMATION

This table represents selected consolidated information for the Company for the three months ended March 31, 2021, 2020 and 2019:

		For the three months ended March 31,				
		2021		2020		2019
Total Revenue	**$**	**368,626**	$	137,450	$	481,320
Operating expenses		**737,509**		952,166		887,667
Other expense (income)		**6,561,216**		4,688,764		(3,223,484)
Income tax expense (recovery)		**(962,160)**		(371,377)		376,650
Net income (loss) and total comprehensive income (loss)	**$**	**(5,967,939)**	$	(5,132,103)	$	2,440,487
Net loss and total comprehensive loss attributable to shareholders of Golden Valley Mines Ltd.		**(2,932,913)**		(2,689,316)		1,007,073
Net income (loss) and total comprehensive income (loss) attributable to the non-controlling interest		**(3,035,026)**		(2,442,787)		1,433,414
Basic earnings (loss) per share	**$**	**(0.217)**	$	(0.200)	$	0.080
Diluted earnings (loss) per share		**(0.217)**		(0.200)		0.070

DISCUSSION AND RESULTS OF OPERATIONS

Revenues

For the three months ended March 31, 2021, the Company recognized consolidated revenues of $368,626 (2020 -$137,450) relating to royalty contributions of $188,542 (2020 - $74,285) earned from Abitibi Royalties' Malartic CHL 3% NSR royalty interest at the Canadian Malartic Mine near Val-d'Or, Québec and dividends of $180,084 (2020 - $63,165) from Abitibi Royalties' investment in the common shares of Agnico Eagle and Yamana. Higher dividends in 2021 reflects the several increases in both Yamana and Agnico Eagle's dividend rates since the beginning of 2020.

Premiums received by Abitibi Royalties from option sales are not treated as revenues but are initially recognized as liabilities in "Derivative financial instruments" of the consolidated statements of financial position until such time the options are either exercised by the holder, expired unexercised on maturity or repurchased before maturity by Abitibi Royalties, in which time the premiums are recorded "Change in fair value of derivatives" in the consolidated statements of net loss and comprehensive loss.

Operating Expenses

For the three months ended March 31, 2021, the Company recognized consolidated operating expenses of $737,509 compared to $952,166 for the same period in 2020. Significant variances in operating expenses are as follows:

- General and Administrative expenses, which consist of office expenses, advertising, exhibitions and travelling have decreased substantially to $74,715 for 2021 compared to $166,829 for 2020. The decrease relates to lower travel expenses stemming from COVID-19 imposed travel restrictions as events and exhibitions to generate new business opportunities and corporate development activities in Canada and internationally have been limited to online events provided through digital services or e-conferences.

- Share-based compensation has also decreased to $15,463 for 2021 compared to $97,965 for 2020. No incentive stock options were granted for the three months ended March 31, 2021. The share-based compensation for 2021 mainly relates to share-based compensation of $12,478 from the June 2018 grant of 230,000 incentive stock options at an exercise price of $2.75 per share, which fair value was allocated over the vesting period of three years. The share-based compensation for 2020 mainly relates to the March 2020 grant of 76,475 incentive stock option at an exercise price of $5.00 per share.

Other income (expenses)

For the three months ended March 31, 2021, the Company recognized consolidated other expenses of $6,561,216 compared to consolidated other expenses of $4,688,764 for the same period in 2020. The significant components of other income (expenses) for 2021 and 2020 are the changes in the fair value of investments and derivatives financial instrument, and foreign exchange gains (losses).

Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana are fair valued at each reporting period, which fair value changes being presented in the consolidated statements of net loss and comprehensive loss. For the three months ended March 31, 2021, Abitibi Royalties recognized an unfavourable change in fair value of investments of $7,523,038 compared to unfavourable change of $8,029,788 in 2020.

Similarly, Abitibi Royalties' outstanding derivative financial instruments connected with the covered call and put options are fair valued at each reporting period, which fair value changes are presented in the consolidated statements of net loss and comprehensive loss. For the three months ended March 31, 2021, Abitibi Royalties recognized an unfavourable change in fair value of derivative financial instruments of $1,438,356 (including changes related foreign exchange) compared to unfavourable change of $835,017 in 2020.

Other expenses in 2021 also includes foreign exchange losses of $226,735 compared to foreign exchange gains of $2,806,145 in 2020. Abitibi Royalties is subject to fluctuation in the exchange rate with the US dollar as the Company holds cash in denominated in US dollars and Abitibi Royalties' derivative financial instruments are also held in US dollars. In January 2020, Abitibi Royalties received net proceeds of $26,037,375 (or US$19,851,613) from being called to deliver 350,800 common shares of Agnico Eagle and 751,600 common shares of Yamana from call options it had sold; in March 2020, Abitibi Royalties was called to purchase 361,400 common shares of Agnico Eagle and paid, before commissions, $23,566,713 (or US$16,263,000) from put options it had sold. Due to the strengthening of the US dollar relative to the Canadian dollar during the first quarter of 2020, Abitibi Royalties was recognizing gains on foreign exchange on the movement of its US dollar denominated balances.

As at March 31, 2021, cash and restricted cash included US dollar denominated cash balance of US$13,872,543 (December 31, 2020 - US$7,428,126). As at March 31, 2021, a fluctuation of 1% in the U.S dollar value relative to the Canadian dollar has an impact of $174,461 (December 31, 2020 - $94,575) on the Company's cash on hand.

Income tax expense

Current

For the three months ended March 31, 2021, Abitibi Royalties recognized tax expense of $792,976 mainly relating to the taxable gain from the net proceeds of $9,275,658 (or US$7,289,892) received by Abitibi Royalties from being called to deliver 37,700 common shares of Agnico Eagle and 1,109,100 common shares of Yamana as discussed above.

For the three months ended March 31, 2020, Abitibi Royalties recognized tax expense of $2,337,614 mainly relating to the taxable gain from the net proceeds of $26,056,311 (orUS$19,851,613) received by Abitibi Royalties from being called to deliver 350,800 common shares of Agnico Eagle and 751,600 common shares of Yamana, net of utilization of non-capital losses and resource expense deductions available to Abitibi Royalties to offset the taxable gain.

Deferred Income Taxes

For the three months ended March 31, 2021, Abitibi Royalties recognized deferred tax recovery of $1,755,136 compared to $2,708,991 for the same period in 2020. The deferred tax recovery of $1,755,136 for 2021 mainly relates to the decrease in deferred tax liability of $2,210,795 (compared to $4,779,238 for 2020) associated with Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana.

Deferred income tax is impacted by the cost basis relative to the fair value of the common shares in Agnico Eagle and Yamana whereby a decrease in the market value of these investments (which fair value decreased for the three months ended March 31, 2021 and 2020) has a corresponding decrease in the deferred tax liability. This decrease in deferred tax liability is offset by the increase of $349,249 for the three months ended March 31, 2021 (compared to $801,442 for the same period in 2020) in the deferred tax liability relating to the derivative financial instruments.

FINANCIAL CONDITION REVIEW

		As at March 31, 2021		As at December 31, 2020
Current Assets				
Cash and cash equivalents	$	**16,029,277**	$	13,703,034
Restricted cash		**4,106,233**		385,415
Other assets		**312,144**		406,280
Royalty receivable		**188,542**		425,180
Prepaids and other receivables		**208,155**		335,716
Non-current assets				
Investments		**30,606,321**		49,501,916
Investments in associates		**2,029,672**		2,127,431
Exploration and evaluation assets		**400,929**		463,429
Other assets		**110,957**		110,957
Total Assets	**$**	**53,992,230**	**$**	67,459,358
Current liabilities				
Accounts payable and accrued liabilities	$	**234,337**	$	890,496
Income taxes payable		**475,774**		2,464,798
Derivative financial instruments		**1,607,472**		4,243,318
Non-current liabilities				
Loan		**60,000**		60,000
Deferred taxes		**938,522**		2,693,658
Total Liabilities	**$**	**3,316,105**	**$**	**10,352,270**
Total Equity	**$**	**50,676,125**	**$**	**57,107,088**

Cash and cash equivalents

The Company ended the first quarter of 2021 with consolidated cash and cash equivalents of $16,029,277 compared to $13,703,034 as at December 31, 2020. The Company holds cash balances in both Canadian and U.S. dollars.

Refer to "Liquidity and Capital Resources" section below for further discussion on the Company's cash position and its changes thereof for the three months ended March 31, 2021.

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.

Other assets

The Company holds publicly traded securities comprised of common shares of third party optionees issued to the Company in accordance with the terms of certain property option agreements having a market value of $312,144 as at March 31, 2021 compared to $406,280 as at December 31, 2020.

The Company also holds common shares with a fair value of $106,913 (December 31, 2020 -$106,913) and special warrants with a fair value of $4,044 (December 31, 2020 -$4,044) of private mining exploration companies. The Company assessed fair value on these shares and special warrants based on techniques and assumptions that emphasize both qualitative and quantitative information.

Royalty receivable

Royalty receivable of $188,542 (or US$149,934) as at March 31, 2021 (December 31, 2020 - $425,180 (or US$333,496)) represents royalty contributions earned from Abitibi Royalties' Malartic CHL 3% NSR royalty for the three months ended March 31, 2021 and was received on April 15, 2021.

Prepaids and other receivables

Consolidated prepaid expenses and other receivables of $208,155 (December 31, 2020 -$335,716) is mainly comprised of prepaid expenses of $55,439 (December 31, 2020 - $102,427), amounts due from related parties of $57,388 (December 31, 2020 - $59,517), sales taxes recoverable of $41,922 (December 31, 2020 - 31,757), dividends receivable of $32,885 (December 31, 2020 - $70,361) from Abitibi Royalties' investments in Yamana shares.

Investments

The following tables summarizes Abitibi Royalties' investments in Yamana and Agnico Eagle:

	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

Sale of Agnico Eagle and Yamana shares

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.

As of the date of this report, Abitibi Royalties is holding 996,795 shares of Yamana and 338,197 shares of Agnico Eagle.

Investment in Associates

As discussed above, the investments in associates relate to the Company's investments in International Prospect and Val-d'Or Mining. The Company accounts for its investments in International Prospect and Val-d'Or Mining using the equity method.

For the three months ended March 31, 2021, the Company recognized a loss of $97,759 from its share in associates, compared to $48,119 for the same period in 2020. The Company has no contingent liabilities relating to its interest in the associates.

Exploration and evaluation assets

Exploration and evaluation assets totaled $400,929 as at March 31, 2021 (December 31, 2020 - $463,429), of which $311,728 (December 31, 2020 -$311,728) pertains to Golden Valley and $89,201 (December 31, 2020 - $151,701) pertains to Abitibi Royalties. As at March 31, 2021, the Company's exploration and evaluation assets consist of projects and interest as follows:

	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

Accounts payable and accrued liabilities

Consolidated accounts payable and accrued liabilities of $234,337 (December 31, 2020 -$890,496) mainly consist of trade payables of $95,034 (December 31, 2020 - $146,556), director fees of $nil (December 31, 2020 - $70,000), payroll accruals of $61,803 (December 31, 2020 - $79,840), 2020 performance-based bonuses payable of $77,500 (December 31, 2020 - $77,500) in Golden Valley and 2020 performance-based bonuses of $nil (December 31, 2020 - $331,600) and long-term incentive share purchase special allocations payable of $nil (December 31, 2020 -$185,000) in Abitibi Royalties. The after-tax proceeds of the long-term incentive share purchase special allocations of $185,000 for the officers and directors of Abitibi Royalties were used by the recipients to purchase shares of Abitibi Royalties in the secondary market and were to retain such shares while serving as directors and officers of Abitibi Royalties.

Income taxes payable

As described above, the income tax payable of $475,774 as at March 31, 2021 consists of income tax expense of $792,976 mainly reflecting the income tax impact from the net proceeds of $9,314,034 (or US$7,320,050) received by Abitibi Royalties from being called to deliver 37,700 common shares of Agnico Eagle and 1,109,100 common shares of Yamana, net of tax installments for taxation year 2021 made during the three months ended March 31, 2021.

Derivative Financial Instruments

The status of call and put option contracts as of April 30, 2021, from Abitibi Royalties' Management's Discussion and Analysis for the three months ended March 31, 2021, is presented in the table below:

Yamana Gold	Price in US Dollars	Number of shares	Option Expiry Date	% of shares held
Calls	$ 8.00	140,000	July 16, 2021	14.05%
	$ 4.50	67,700	January 21, 2022	6.79%
	$ 5.00	74,000	January 21, 2022	7.42%
	$ 5.50	50,000	January 21, 2022	5.02%
	$ 7.00	220,000	January 21, 2022	22.07%
	$ 10.00	120,000	January 21, 2022	12.04%
	$ 5.50	12,000	January 20, 2023	1.20%
	$ 10.00	2,100	January 20, 2023	0.21%
		685,800		**68.80%**
Puts	$ 4.00	950,000	July 16, 2021	
	$ 4.00	150,000	October 15, 2021	
		1,100,000		

Agnico Eagle	Price in US Dollars	Number of shares	Option Expiry Date	% of shares held
Calls	$ 85	3,900	May 21, 2021	1.15%
	$ 95	2,600	May 21, 2021	0.77%
	$ 100	50,900	May 21, 2021	15.05%
	$ 60	4,000	January 21, 2022	1.18%
	$ 65	4,000	January 21, 2022	1.18%
	$ 70	43,600	January 21, 2022	12.89%
	$ 75	34,500	January 21, 2022	10.20%
	$ 80	10,500	January 21, 2022	3.10%
	$ 85	16,000	January 21, 2022	4.73%
	$ 90	30,000	January 21, 2022	8.87%
	$ 100	52,500	January 21, 2022	15.52%
	$ 70	7,500	January 20, 2023	2.22%
	$ 75	1,500	January 20, 2023	0.44%
	$ 85	200	January 20, 2023	0.06%
	$ 100	7,800	January 20, 2023	2.31%
		269,500		**79.69%**
Puts	$ 40	38,600	January 21, 2022	
	$ 45	60,700	January 21, 2022	
	$ 50	81,000	May 21, 2021	
		180,300		

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

Deferred tax liability

The deferred tax liability totaled $938,522 as at March 31, 2021 compared to $2,693,658 as at December 31, 2020. The deferred tax liability consists of the potential tax liability of $1,371,401 on the capital gain to be realized on the eventual sale of Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana, net of the tax deferred tax asset of $212,990 and $215,699 in respect of temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes of the Abitibi Royalties' derivative financial instruments and Exploration and evaluation assets, respectively.

SUPPLEMENTARY INFORMATION ON FINANCIAL RESULTS

For the three months ended March 31, 2021	Golden Valley (1)	Abitibi Royalties	Calone Mining	Total
Revenues				
Royalties	$ -	$ 188,542	$ -	**$ 188,542**
Dividends	-	180,084	-	**180,084**
	-	368,626	-	**368,626**
Operating Expenses				
Salaries and other employee benefits	72,939	306,148	-	**379,087**
Professional fees	69,353	114,143	350	**183,846**
General and administrative expenses	43,168	31,547	-	**74,715**
Management fees	41,550	-	-	**41,550**
Royalty interests	-	24,800		**24,800**
Exploration and evaluation	18,048	-	-	**18,048**
Share-based compensation	15,463	-	-	**15,463**
	260,521	476,638	350	**737,509**
Operating loss	(260,521)	(108,012)	(350)	**(368,883)**
Other income (loss)				
Change in fair value of investments	-	(7,523,038)	-	**(7,523,038)**
Change in fair value of derivatives	-	1,405,724	-	**1,405,724**
Change in fair value of derivatives resulting from foreign exchange	-	32,632	-	**32,632**
Change in fair value of other assets	(94,136)	-	-	**(94,136)**
Foreign exchange losses	-	(226,735)	-	**(226,735)**
Share of loss of associates	(97,759)	-	-	**(97,759)**
Finance income	287	1,206	-	**1,493**
Finance cost	(1,106)	(58,183)	(108)	**(59,397)**
	(192,714)	(6,368,394)	(108)	**(6,561,216)**
Net loss before income taxes	(453,235)	(6,476,406)	(458)	**(6,930,099)**
Income tax recovery	-	(962,160)	-	**(962,160)**
Net loss and total comprehensive loss for the period	$ (453,235)	$ (5,514,246)	$ (458)	**$ (5,967,939)**

Note (1): Golden Valley's dividend income of $252,236 earned from Abitibi Royalties, a subsidiary of the Company, is eliminated for financial reporting purposes of the supplementary consolidated financial information.

SUPPLEMENTARY INFORMATION ON FINANCIAL RESULTS (CONTINUED)

For the three months ended March 31, 2020	Golden Valley (1)	Abitibi Royalties	Calone Mining	Total
Revenues				
Royalties	$ -	$ 74,285	$ -	**$ 74,285**
Dividends	-	63,165	-	**63,165**
	-	137,450	-	**137,450**
Operating Expenses				
Salaries and other employee benefits	101,164	309,343	-	**410,507**
Professional fees	72,698	129,123		**201,821**
General and administrative expenses	152,371	14,458	-	**166,829**
Share-based compensation	97,965	-	-	**97,965**
Management fees	41,550	-	-	**41,550**
Exploration and evaluation	32,466	-	-	**32,466**
Depreciation of property and equipment	1,028	-	-	**1,028**
	499,242	452,924	-	**952,166**
Operating loss	(499,242)	(315,474)	-	**(814,716)**
Other income (loss)				
Change in fair value of investments	-	(8,029,788)	-	**(8,029,788)**
Change in fair value of derivatives	-	1,242,758	-	**1,242,758**
Change in fair value of derivatives resulting from foreign exchange	-	(407,741)	-	**(407,741)**
Change in fair value of other assets	(179,361)	-		**(179,361)**
Foreign exchange gain	-	2,806,145	-	**2,806,145**
Share of loss of associates	(48,119)	-	-	**(48,119)**
Finance income	1,041	66,478	-	**67,519**
Finance cost	(1,202)	(138,827)	(148)	**(140,177)**
	(227,641)	(4,460,975)	(148)	**(4,688,764)**
Net loss before income taxes	(726,883)	(4,776,449)	(148)	**(5,503,480)**
Deferred tax recovery	-	(371,377)	-	**(371,377)**
Net lossand total comprehensive loss for the period	$ (726,883)	$ (4,405,072)	$ (148)	**$ (5,132,103)**

Note (1): Golden Valley's dividend income of $168,157 earned from Abitibi Royalties, a subsidiary of the Company, is eliminated for financial reporting purposes of the supplementary consolidated financial information.

SUPPLEMENTARY INFORMATION ON FINANCIAL RESULTS (CONTINUED)

	Golden Valley [1]	Abitibi Royalties	Calone Mining	As at March 31, 2021	As at December 31, 2020
Current Assets					
Cash and cash equivalents	$ 744,234	$ 15,284,933	$ 110	$ **16,029,277**	$ 13,703,034
Restricted cash	-	4,106,233	-	**4,106,233**	385,415
Other assets	312,144	-	-	**312,144**	406,280
Royalty receivable	-	188,542	-	**188,542**	425,180
Prepaids and other receivables	133,721	74,266	168	**208,155**	335,716
Non-current assets					
Investments	-	30,606,321	-	**30,606,321**	49,501,916
Investments in associates	2,029,672	-	-	**2,029,672**	2,127,431
Exploration and evaluation assets	311,728	89,201	-	**400,929**	463,429
Other assets	110,957	-	-	**110,957**	110,957
Total Assets	3,642,456	50,349,496	278	**53,992,230**	67,459,358
Current liabilities					
Accounts payable and accrued liabilities	148,452	85,885	-	**234,337**	890,496
Income taxes payable	-	475,774	-	**475,774**	2,464,798
Derivative financial instruments	-	1,607,472	-	**1,607,472**	4,243,318
Non-current liabilities					
Loan	60,000	-	-	**60,000**	60,000
Deferred taxes	-	938,522	-	**938,522**	2,693,658
Total Liabilities	208,452	3,107,653	-	**3,316,105**	10,352,270

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

SUMMARY OF QUARTERLY RESULTS

The following selected financial information is for the 8 most recently completed quarters as derived from the Company's respective financial statements and notes thereto. The following information should be read in conjunction with the referenced financial statements, the notes to those statements and "Results of Operations" herein.

	Mar-21	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19
Total revenues ($)	368,626	761,487	324,145	313,033	137,450	1,138,221	949,836	974,553
Net income (loss) and total comprehensive income (loss) for the period ($)	(5,967,939)	(3,266,536)	5,443,117	16,055,986	(5,132,103)	2,522,854	3,529,570	1,006,922
Net income (loss) and total comprehensive income (loss) attributable to shareholders of Golden Valley ($)	(2,932,913)	(1,075,432)	3,022,675	5,748,019	(2,689,316)	1,070,434	1,420,903	(215,758)
Net income (loss) and total comprehensive income (loss) attributable to the non-controlling interest ($)	(3,035,026)	(2,191,104)	2,420,442	10,307,967	(2,442,787)	1,452,480	2,108,607	1,222,680
Net earnings (loss) per share ($)								
Basic	(0.217)	(0.080)	0.224	0.430	(0.200)	0.188	0.110	(0.020)
Diluted	(0.217)	(0.080)	0.214	0.410	(0.200)	0.183	0.100	(0.020)

- For the three months ended March 31, 2021, the Company reported net loss of $5,967,939 (or $0.21 per share) mainly from the unfavourable change in the fair value of investments and derivative instruments in the amount of $6,084,682, net of income tax recovery of $962,160.

- For the three months ended December 31, 2020, the Company reported net loss of $3,266,536, mainly from the unfavourable change in the fair value of investments and derivative instruments in the amount of $2,984,627, net of income tax recovery of $560,512.

- For the three months ended September 30, 2020, the Company reported consolidated net income of $5,443,117 resulting from the favourable change in the fair value of investments amounting to $6,665,518, net of income tax expense of $807,228.

- For the three months ended June 30, 2020, the Company reported consolidated net income of $16,055,986 resulting from the favourable change in the fair value of investments amounting to $19,202,568, net of income tax expense of $2,037,332.

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

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

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

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

EXPLORATION ACTIVITIES

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

The Company's exploration activities for the first quarter of 2021 focused primarily on managing and/or monitoring joint venture and/or option project exploration programs.

LIQUIDITY AND CAPITAL RESOURCES

Consolidated total assets of the Company as at March 31, 2021 totaled $53,992,230 (December 31, 2020 - $67,459,358), which mainly included cash and cash equivalents of $16,029,277 (December 31, 2020 - $13,703,034), restricted cash of $4,106,233 (December 31, 2020 - $385,415), other assets consisting of marketable securities totaling $312,144 (December 31, 2020 - $406,280), royalty receivable of $188,542 (December 31, 2020 - $425,180) and long-term investments mainly consisting of common shares in Agnico Eagle and Yamana totaling $30,606,321 (December 31, 2020 - $49,501,916). As previously discussed, Abitibi Royalties' main and other royalty interests are not reflected in the consolidated statements of financial position – refer to "Royalty Interests" section above.

Cash flows from operating activities

Cash outflows from operating activities for the three months ended March 31, 2021 totaled $3,503,205 compared to cash inflows of $2,526,015 for the same period in 2020.

The cash outflows for the three months ended March 31, 2021 mainly relate to income tax installments of $2,782,000 made for the Company's corporate taxation years 2020 and 2021. As at March 31, 2021 and December 31, 2020, the Company estimated that its corporate income tax liability would be $475,774 and

$2,464,798, respectively. The improvement in cash inflows for the three months ended March 31, 2020 relate to royalty contributions of $999,252 received on January 15, 2020 from Abitibi Royalties' Malartic CHL 3% NSR royalty interest and foreign exchange gains realized during the quarter as discussed above.

Cash flows from investing activities

Cash inflows from investing activities for the three months ended March 31, 2021 totaled $6,516,950 compared to cash inflows of $3,051,241 for the same period in 2020.

The cash inflows for the three months ended March 31, 2021 include cash proceeds of $9,314,034 from Abitibi Royalties being 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 being called to deliver 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 covered call options it had sold. The increase in cash inflows is offset by the increase in restricted cash of $3,720,818.

The cash inflows for the three months ended March 31, 2020 include cash proceeds of $26,056,311 from Abitibi Royalties being called to deliver 350,800 common shares of Agnico Eagle at share prices ranging from US$43.00 to US$55.00 per share and received, before commissions, $22,892,404 (or US$17,453,800) and being called to deliver 751,600 common shares of Yamana at share prices ranging from US$2.50 to US$3.50 per share and received, before commissions, $3,163,907 (or US$2,412,250) from covered call options it had sold. These proceeds for 2020 were offset by Abitibi Royalties being called to purchase 361,400 common shares of Agnico Eagle at US$45.00 per share and paid, before commissions, $23,566,715 (or US$16,263,000) from put options it had sold.

Cash inflows from investing activities also includes premiums received from option sales totaling $934,418 and $596,216 for the three months ended March 31, 2021 and 2020, respectively.

Cash flows from investing activities

Financing activities resulted in net cash outflows of $478,487 for the three months ended March 31, 2021 compared with cash outflows of $419,481 for the same period in 2020.

Cash flows from financing activities were related primarily to the change in the Company's interest of $478,487 in Abitibi Royalties, which consist of repurchase and cancellation of its 7,200 common shares amounting to $169,473 (15,700 common shares amounting to $285,945 for the three months ended March 31, 2020) and net payment of dividends of $309,014 ($207,286 for the three months ended March 31, 2020).

OUTLOOK

The Company is evaluating certain strategic business opportunities in the exploration/mining industry. A number of internal reviews and assessments have been completed, or are in progress, for distressed companies and assets, both in Canada and abroad. Additionally, various property submittals are routinely considered for acquisitions. Furthermore, the general public market volatility that has continued to affect the overall state of the exploration industry has offered Golden Valley new opportunities for its project generation ("PGEN") activities, where previously the demand for prospective land was at a much more competitive state. One of the Company's most important attributes is its ability to identify new high priority exploration opportunities and flexibility to adapt quickly to changing market conditions in base, precious and energy minerals.

The Company routinely assesses government data and/or historical work reports together with proprietary data to acquire prospective mining claims. The past results of this grassroots exploration generative business model have led to the identification of several new mineral discoveries (Co-Ag-Ni, Ni-Cu-PGE and Au-VMS) in the Abitibi Greenstone Belt on 100%-owned properties; it has also assisted the Company in the successful creation of several option/joint venture agreements allowing for diamond drilling, in particular on those projects on which reconnaissance work has already been completed to identify prospective drill targets (such as the Island 27 Prospect near Matachewan, Ontario for Co-Ni-Ag; the Centremaque Prospect near Val-d'Or and the Lac Barry Prospect NE of Val-d'Or, the latter two properties primarily for gold). In this manner, the Company remains focused on its core business of early-stage acquisitions, PGEN and drill target definition, while working with its public subsidiaries and arms-length joint venture partners to conduct the more expensive and detailed drill-based exploration programs.

CAPITAL STOCK INFORMATION

Authorized

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

Issued and Outstanding

The following details the issued and outstanding securities of the Company as at May 20, 2021:

	Total Outstanding	Escrowed
Common shares	13,518,460	Nil
Preferred shares	Nil	Nil
Warrants	Nil	Nil
Incentive stock options	1,411,889	Nil

Incentive Stock Options:

Expiry Date	Number of Options	Weighted Average Exercise Price	
June 27, 2021	225,000	$	3.00
February 3, 2022	10,000	$	4.65
June 21, 2023	222,000	$	2.75
June 18, 2024	31,500	$	3.40
March 3, 2025	76,474	$	5.00
June 26, 2025	25,000	$	6.80
September 30, 2026	821,915	$	3.50
	1,411,889	$	3.45

CAPITAL STOCK INFORMATION OF REPORTING SUBSIDIARY

Abitibi Royalties Inc.

Issued and Outstanding

The following details the issued and outstanding securities of Abitibi Royalties from Abitibi Royalties' Management's Discussion and Analysis for the three months ended March 31, 2021:

	Total Outstanding	Escrowed
Common shares	12,462,711	Nil
Incentive stock options	Nil	Nil
Restricted share units	Nil	Nil

RELATED PARTY TRANSACTIONS

The information pertaining to related party transactions are disclosed in Note 20 of the unaudited condensed consolidated interim financial statements as at March 31, 2021.

OFF BALANCE SHEET ARRANGEMENTS

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

CONTRACTUAL COMMITMENTS AND OBLIGATIONS

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

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Any changes in accounting policies including those that have not been adopted are explained in note 3 of the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2021.

JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The judgements, estimates and assumptions used by management are described in note 5 of the audited consolidated financial statements for the year ended December 31, 2020.

RISK AND UNCERTAINTIES

COVID-19

At this time, the extent of the impact the COVID-19 pandemic may have on the Company is unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place. Adverse effects of coronavirus developments on consumer confidence, market stability and public health creates uncertainties on macroeconomic conditions and may also result in closures, cancellations of, or reductions in operations or production on properties where the Company and its subsidiaries hold royalty interests.

ESG Factors

Environmental, social and governance (ESG) factors have garnered the attention of companies and their investors and stakeholders. Amid the global crises of the pandemic and climate change, the Company is striving to come up with business strategies that can deliver societal value, as more particularly discussed above. However, there can be no assurance that the Company will be successful in its efforts as contemplated, or at all, which could have an adverse impact on its relations with its stakeholders.

Climate Change

The Company has properties, joint venture agreements and/or royalties in various regions and jurisdictions where environmental laws are evolving and are not consistent. A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to the potential impact of climate change, such as regulation relating to emission levels. If the current regulatory trend continues, this may result in increased costs directly or indirectly affecting the Company. In addition, the physical effect of climate change, such as extreme weather conditions, natural disasters, resource shortages, changing sea levels and changing temperatures, could have an adverse financial impact on operations located in the regions where these conditions occur, directly or indirectly impacting the business of the Company.

Investment of Speculative Nature

Investing in the Company is of a highly speculative nature.

Nature of Mineral Exploration and Mining

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

Mineral Deposits and Production Costs; Metal Prices

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

Exploration and Development Risks

Resource exploration and development is a speculative business, involving considerable financial and technical risks, including the failure to discover mineral deposits, market fluctuations and government regulations, which are beyond the control of the Company.

Additional Financing

Future exploration and development activities will require additional equity and debt financing. Failure to obtain such additional financing could result in delay or indefinite postponement of exploration and development of the property interests of the Company.

Stress in the Global Economy and Financial Condition

The adverse effects on the capital markets generally make the raising of capital by equity or debt financing much more difficult and the operators of properties where Abitibi Royalties royalty and other interests are dependent upon the capital markets to raise financing. Adverse effects of coronavirus developments (COVID-19) on consumer confidence, market stability and public health creates uncertainties on macroeconomic conditions and may also result in closures, cancellations of, or reductions in operations or production on properties where Abitibi Royalties holds royalty interests.

Permits and Licenses

The operations of the Company require licenses and permits from various governmental and non-governmental authorities. There can be no assurances that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations for its proposed projects.

Competition

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company's, in the search for and the acquisition of attractive mineral properties. There is no assurance that the Company will continue to be able to compete successfully with the competition in acquiring such properties or prospects.

Dependence on Key Individuals

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

Environmental and other Regulatory Requirements

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

Political Regulatory Risks

Any changes in government policy may result in changes to laws affecting the Company's ability to undertake exploration and development activities in respect of present and future properties.

Currency Risk

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

Conflicts of Interest

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

Insurance

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

Influence of Third-Party Stakeholders

The lands in which the Company holds interests, or the exploration equipment and roads or other means of access which the Company intends to utilize in carrying out work programs or general exploration mandates, may be subject to interests or claims by third party individuals, groups or companies. In the event that such third parties assert any claims, the work programs of the Company may be delayed even if such claims are not meritorious. Such delays may result in significant financial loss and loss of opportunity for the Company.

Fluctuation in Market Value of Shares

The market price of a publicly-traded stock is affected by many variables not directly related to the corporate performance of the entity, including the market in which it is traded, the strength of the economy in general, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock. The future effect of these and other factors on the market price of the Company's shares on the Exchange cannot be predicted.

Derivatives instruments

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

ADDITIONAL INFORMATION

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