



VAL-D'OR MINING CORPORATION

Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

To the Shareholders of Val-d'Or Mining Corporation:

Opinion

We have audited the financial statements of Val-d'Or Mining Corporation (the "Company"), which comprise the statements of financial position as at December 31, 2021 and December 31, 2020, and the statements of net income (loss) and comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and December 31, 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the financial statements, which indicates that as at December 31, 2021, the Company has an accumulated deficit and has not generated cash flows from its operations. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Anand Beejan.

Ottawa, Ontario
April 26, 2022

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

MNP

VAL-D'OR MINING CORPORATION

Statements of Financial Position

(Expressed in Canadian Dollars)

	Notes		As at December 31, 2021		As at December 31, 2020
ASSETS					
Current assets					
Cash and cash equivalents	6	\$	809,203	\$	639,255
Short-term investments	7		649,065		50,000
Sales taxes recoverable			66,001		10,258
Other assets	8		56,067		44,890
			1,580,336		744,403
Non-current assets					
Exploration and evaluation assets	9		519,773		154,728
Long-term investments	7		1,200,000		1,485,534
Right-of-use assets			974		2,919
TOTAL ASSETS		\$	3,301,083	\$	2,387,584
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	18	\$	114,198	\$	61,930
Flow-through premium liability	12		92,127		147,010
Lease liabilities			708		1,646
			207,033		210,586
Non-current liabilities					
Loan	11		60,000		40,000
Lease liabilities			-		708
Total liabilities			267,033		251,294
EQUITY					
Share capital	12		7,050,910		6,545,615
Contributed surplus			903,424		660,870
Warrants	13		981,236		852,244
Deficit			(5,901,520)		(5,922,439)
Total equity			3,034,050		2,136,290
TOTAL LIABILITIES AND EQUITY		\$	3,301,083	\$	2,387,584

Going Concern (Note 2)

On behalf of the Board of Directors,

"Glenn J. Mullan"

(signed Glenn J. Mullan)

Director

"Louis Doyle"

(signed Louis Doyle)

Director

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

VAL-D'OR MINING CORPORATION

Statements of Net income (loss) and Comprehensive income (loss)

(Expressed in Canadian Dollars)

	Notes	For the year ended December 31,	
		2021	2020
Revenues			
Mining option revenue		\$ 30,000	\$ -
Fee income		20,426	3,759
		50,426	3,759
Operating expenses			
Share-based payments	14	\$ 262,211	\$ 171,023
Exploration and evaluation expenses	18	144,389	220,976
Professional fees		95,912	100,472
Consulting fees	18	36,000	39,625
Regulatory and transfer agent fees		30,906	31,481
Office expenses		28,459	43,420
Travel and entertainment		10,097	3,681
Amortization of rights of use assets		1,945	1,946
Impairment of exploration and evaluation assets	9	2,000	1,363,550
Impairment of royalty interest	10	-	8,461
		611,919	1,984,635
Other expenses (income)			
Unrealized gain on investments	7	(491,185)	(7,458)
Realized gain on investments		(73,775)	-
Change in fair value of investments in private companies	10	127,653	(600,000)
Other income from flow through funding	12	(147,010)	(10,312)
Gains on sale of mineral properties	10	-	(175,586)
Finance income		(601)	(921)
Finance expense		2,506	3,610
		(582,412)	(790,667)
Net income (loss) and total comprehensive income (loss) for the year		\$ 20,919	\$ (1,190,209)
Basic net earnings (loss) per common share	15	\$ 0.000	\$ (0.022)
Diluted net earnings (loss) per common share	15	0.000	(0.022)

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

VAL-D'OR MINING CORPORATION
Statements of Changes in Equity

(Expressed in Canadian Dollars)

	Notes	Share capital		Contributed Surplus		Warrants	Deficit	Total	
		Number							
Balance as at January 1, 2021		64,911,938	\$ 6,545,615	\$	660,870	\$	852,244	\$ (5,922,439)	\$ 2,136,290
Issuance of units under a private placement	12	2,336,846	193,782		-		110,008	-	303,790
Issuance of units under a private placement	12	2,222,224	400,000		-	-	-	-	400,000
Flow-through share premium		-	(92,127)		-	-	-	-	(92,127)
Issuance of shares on exercise of incentive stock options	14	422,500	47,120		(19,657)		-	-	27,463
Share issuance costs - finder's warrants	12	-	(18,984)		-		18,984	-	-
Share issuance costs - cash	12	-	(24,496)		-		-	-	(24,496)
Share-based payments	14	-	-		262,211		-	-	262,211
Net income and comprehensive income for the year		-	-		-		-	20,919	20,919
Balance as at December 30, 2021		69,893,508	\$ 7,050,910	\$	903,424	\$	981,236	\$ (5,901,520)	\$ 3,034,050

		Share capital		Contributed Surplus		Warrants	Deficit	Total	
		Number							
Balance as at January 1, 2020		46,708,471	\$ 4,625,750	\$	503,296	\$	652,874	\$ (4,732,230)	\$ 1,049,690
Issuance of units under a private placement	12	5,333,332	116,951		-		283,049	-	400,000
Issuance of shares for grant of mining option	9	8,333,334	1,291,667		-	-	-	-	1,291,667
Issuance of shares for amendment of mining option agreement	9	200,000	18,000		-	-	-	-	18,000
Issuance of flow-through shares	12	1,500,000	360,000		-	-	-	-	360,000
Flow-through share premium		-	(157,322)		-	-	-	-	(157,322)
Issuance of shares on acquisition of royalty interests	10	1,300,000	117,000		-	-	-	-	117,000
Share issuance costs - finder's warrants		-	(21,548)		-		21,548	-	-
Share issuance costs - cash		-	(76,301)		-		-	-	(76,301)
Issuance of shares on exercise of stock options	12	156,801	28,191		(13,449)		-	-	14,742
Issuance of shares on exercise of share purchase warrants	12	1,380,000	243,227		-		(105,227)	-	138,000
Share-based payments	14	-	-		171,023		-	-	171,023
Net loss and comprehensive loss for the year		-	-		-		-	(1,190,209)	(1,190,209)
Balance as at December 31, 2020		64,911,938	\$ 6,545,615	\$	660,870	\$	852,244	\$ (5,922,439)	\$ 2,136,290

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

VAL-D'OR MINING CORPORATION

Statements of Cash Flows

(Expressed in Canadian Dollars)

		For the year ended December 31,	
	Notes	2021	2020
OPERATING ACTIVITIES			
Net income (loss) for the year		\$ 20,919	\$ (1,190,209)
Adjustments:			
Share-based payments	14	262,211	171,023
Tax credits income		(37,125)	-
Unrealized gain on investments		(491,185)	(7,458)
Realized gain on investments		(73,775)	-
Gain on sale of mineral properties	10	-	(175,586)
Impairment of exploration and evaluation assets		2,000	1,363,550
Impairment of royalty interests	10	-	8,461
Change in fair value of investments in private companies		127,653	(600,000)
Other income from flow through funding		(147,010)	(10,312)
Finance costs		(1,646)	759
Amortization of rights-of-use asset		1,945	1,946
		(336,013)	(437,826)
Change in non-cash working capital items			
Sales taxes recoverable		(55,743)	544
Due from related parties		-	42,755
Other assets		(11,177)	2,789
Accounts payable and accrued liabilities		(33,889)	(21,838)
		(100,809)	24,250
Cash flows used by operating activities		(436,822)	(413,576)
INVESTING ACTIVITIES			
Proceeds from sale of short-term investments		123,776	-
Additions to exploration and evaluation assets	9	(280,888)	(36,115)
Tax credits received	9	37,125	184,908
Cash flows from (used by) investing activities		(119,987)	148,793
FINANCING ACTIVITIES			
Proceeds from issuance of units under a private placement	12	303,790	400,000
Proceeds from issuance of flow-through shares		400,000	360,000
Proceeds from exercise of stock options		27,463	14,742
Proceeds from exercise of warrants	12	-	138,000
Proceeds from loan		20,000	40,000
Repayment of lease liabilities		-	(2,769)
Share issue expenses		(24,496)	(76,301)
Cash flows from financing activities		726,757	873,672
Increase in cash		169,948	608,889
Cash and cash equivalents, beginning of year		639,255	30,366
Cash and cash equivalents, end of year		\$ 809,203	\$ 639,255

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

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

1) STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

Val-d'Or Mining Corporation (the "Company"), incorporated on February 18, 2010 under the Business Corporations Act of British Columbia is involved in the process of exploring, evaluating and promoting its mineral properties and other projects.

The head office of the Company is located at 152 Chemin de la Mine École, Val-d'Or, Québec, J9P 7B6. The Company's registered and records office is located at #530 - 355 Burrard Street, Vancouver, B.C. V6C 2G8. The Company also has exploration offices located at 2864 Chemin Sullivan, Val-d'Or, Québec, J9P 0B9.

The Company's shares trades on the TSX Venture Exchange ("TSX-V") under its trading symbol "VZZ".

As at December 31, 2021, Golden Valley Mines and Royalties Ltd. ("Golden Valley"), a significant shareholder, held a 36.75% (December 31, 2020 - 39.57%) interest in the Company. As a result of a business combination involving Golden Valley and Gold Royalty Corp., ("Gold Royalty") (NYSE: GROY) completed on November 5, 2021, Gold Royalty has indirectly become the Company's largest shareholder.

The Board of Directors approved the audited financial statements for issue on April 25, 2022.

2) GOING CONCERN

These financial statements have been prepared in accordance with International Financing Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company's ability to continue as a going concern depends upon its ability to obtain necessary financing to fund its prospection operations, its projects and continued support of suppliers and creditors. The Company's ability to raise enough financing to meet these objectives cannot be determined at this time. The Company's business involves a high degree of risk and there is no assurance that the Company will be successful in discovering economically recoverable deposits on its mineral properties. Furthermore, the Company has accumulated deficit and has not yet generated significant income or cash flows from its operations and there is no assurance that the business will be profitable in the future.

These material uncertainties may cast significant doubt regarding the Company's ability to continue as a going concern. The carrying amounts of assets, liabilities and expenses presented in the financial statements and the classification used in the financial statements have not been adjusted as would be required if the going concern assumption was not appropriate. Those adjustments could be material.

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

3) ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorization of these 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.

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 does not expect a significant impact to the financial statements as a result of the adoption effective January 1, 2022.

4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation and evaluation of financial statements

The financial statements are prepared using the significant accounting policies described in the present note. These methods have been applied consistently to all periods presented in these financial statements.

These financial statements have been prepared on a historical cost basis.

b) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

c) Foreign currency transactions

Monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the financial position date, whereas nonmonetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the transaction date. Expenses are translated at the exchange rate in effect at the transaction date. Expenses settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of net income (loss) and comprehensive income (loss).

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Segment disclosure

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e., the President and the Board of Directors. The Company has determined that it has only one operating segment, the sector of exploration and evaluation of mineral resources. All its exploration and evaluation assets are located in Canada.

e) Cash and cash equivalents

Cash and cash equivalents comprise cash in bank and demand deposit, which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

f) Tax credits receivable

The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of exploration and evaluation costs incurred based on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

g) Classification of investments as subsidiaries, joint ventures, associated company and portfolio investments

Classification of investments requires judgement as to whether the Company controls, has joint control of or significant influence over the strategic financial and operating decisions relating to the activity of the investee. In assessing the level of control or influence that the Company has over an investment, management considers ownership percentages, board representation as well as other relevant provisions in shareholder agreements. If an investor holds 20% or more of the voting power of the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the investor holds less than 20% of the voting power of the investee, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated.

h) Exploration and evaluation expenditures and exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral resources before the technical feasibility and commercial viability of extracting a mineral resource is demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in the statements of net income (loss) and comprehensive income (loss) when they are incurred.

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Exploration and evaluation expenditures and exploration and evaluation assets (continued)

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights or options to acquire such rights (option agreement), expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are recognized as exploration and evaluation assets. Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expense is recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts; the difference is then immediately recognized in the statements of net income (loss) and comprehensive income (loss).

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in the statements of net income (loss) and comprehensive income (loss) before reclassification.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Title to property may be subject to unregistered prior agreements and non-compliance with regulatory requirements. To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

Impairment of exploration and evaluation assets

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Exploration and evaluation expenditures and exploration and evaluation assets (continued)

Impairment reviews for exploration and evaluation assets are carried out on a project-by-project basis, with each project representing a potential single cash-generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- a) the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- b) no further exploration or evaluation expenditures in the areas are planned or budgeted;
- c) no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
- d) sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment. An impairment loss is recognized in the statements of net income (loss) and comprehensive income (loss) for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount, as long as the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset or cash generating units in prior year.

Disposal of interest in connection with option agreement

On the disposal of interest in connection with the option agreement, the Company does not recognize expenses related to the exploration and evaluation performed on the property by the acquirer. In addition, the cash or the shares consideration received directly from the acquirer is credited against the carrying amount of costs previously capitalized to the property, and the surplus is recognized as a gain on the disposal of exploration and evaluation assets in the statements of net income (loss) and comprehensive income (loss).

i) Royalty interest

Royalty interest consists of acquired net smelter returns on exploration and evaluation stage properties. Royalty interests for exploration and evaluation assets are recorded at cost and capitalized in accordance with IFRS 6 "Exploration for and Evaluation of Mineral Resources" ("IFRS 6"). Acquisition costs of exploration and evaluation royalty interests are capitalized and are not depleted until such time as revenue generating activities begin. Royalty interests for exploration and evaluation assets are assessed for impairment in accordance with IFRS 6 and are measured for any impairment in accordance with IAS 36 "Impairment of Assets" ("IAS 36").

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable arising from rendering of services and the use by others of the Company's assets yielding option income and royalties. The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when the specific criteria have been met for each of the Company's activities as described below:

Option income

Option income is recognized on an accrual basis in accordance with the substance of the relevant agreements. Shares received under option agreements are valued at fair value which is determined at quoted market prices if the shares are quoted on an active market. If the market for the shares is not active, fair value is established by using a valuation technique. Option income is initially recorded as a credit against the carrying costs of the mineral property and deferred exploration expenses until they are fully recovered.

Geological fees

The geological fees are measured by reference to the fair value of consideration received or receivable by the Company for services provided. They are recognized when there is reasonable evidence that an agreement has occurred, that the services were rendered, that the amount of the fees is fixed or measurable and that the collection is reasonably assured.

k) Provisions

Provisions are recognized when present legal or constructive obligations as a result of a past event will lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant. The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with the current laws and regulations. Site restoration costs currently incurred are negligible.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when: (a) there is constructive commitment that has resulted from past events; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) the amount of the obligation can be measured with sufficient reliability. No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Provisions (continued)

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. At December 31, 2021 and 2020, there is no provision in the statement of financial position.

l) Income taxes

Tax expense recognized in the statements of net income (loss) and comprehensive income (loss) comprises the sum of deferred and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from the statements of net income (loss) and comprehensive income (loss) in the financial statements. Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and associates is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that the reversal will occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority. Changes in deferred tax assets or liabilities are recognized as deferred tax expense in the statements of net income (loss) and comprehensive income (loss), except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive loss or equity, respectively.

m) Equity

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs. In addition, if shares were issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they are measured at their fair value according to the quoted price on the day of the conclusion of the transaction.

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Equity (continued)

Unit placements

The Company has adopted a residual method with respect to the measurement of common shares and warrants issued as private placement units. Warrants attached to units are valued based on the fair value of warrants using the Black-Scholes valuation model and the share price at the time of financing, and the difference between the proceeds raised and the value assigned to the warrants is the residual fair value of the shares.

Other elements of equity

Contributed surplus includes charges related to stock options until such are exercised.

Warrants include fair values allocated to the warrants issued. When warrants are exercised, the related cost and fair value are transferred to share capital.

Deficit includes all current and prior period retained profits and losses.

Equity-settled share-based payments

The Company operates an equity-settled share-based payments plan for its eligible directors, officers, employees and consultants. The Company's plan does not feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with employees and others providing similar services, the Company measured the fair value of the services received by reference to the fair value of the equity instruments granted.

All equity-settled share-based payments (except equity-settled share-based payments to brokers) are ultimately recognized as an expense in the statements of net income (loss) and comprehensive income (loss) or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to Contributed surplus or Share capital, in equity. Equity-settled share-based payments to brokers, in respect of an equity financing are recognized as issuance costs of the equity instruments with a corresponding credit to Contributed surplus, in equity.

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Equity (continued)

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of stock options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of stock options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if stock options ultimately exercised are different to that estimated on vesting.

Upon exercise of stock options, the proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the stock options recorded in contributed surplus are then transferred to share capital.

Flow-through shares

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors under Canadian income tax legislation. On issuance, the Company separates the flow-through share into i) a flow-through share premium, equal to the difference between the current market price of the Company's common shares and the issue price of the flow through share and ii) share capital. Upon expenses being incurred, the Company recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision. Proceeds received from the issuance of flow-through shares must be expended on Canadian resource property exploration within a period of two years.

n) Basic and diluted earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the income (loss) attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the same period.

Diluted earnings (loss) per share is calculated by adjusting income (loss) attributable to common equity holders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares. Dilutive potential common shares shall be deemed to have been converted into common shares at the average market price at the beginning of the period or, if later, at the date of issue of the potential common shares.

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Financial Instruments

Classification

Financial Assets/Liabilities	Classification
Cash and cash equivalents	Financial Asset at amortized cost
Accounts receivable	Financial Asset at amortized cost
Investments	FVTPL
Due from related parties	Financial Asset at amortized cost
Accounts payable and accrued liabilities	Financial Liabilities at amortized cost
Lease liabilities	Financial Liabilities at amortized cost
Loans	Financial Liabilities at amortized cost

The Company determines the classification of financial assets at initial recognition. The classification of its instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Financial assets are recognized at fair value and are subsequently classified and measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment for a financial asset.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net income (loss) in the period in which they arise. Where Company has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses.

The Company recognizes in the statements of net income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized. Given the Company transacts exclusively with large international financial institutions, companies related by common management, government agencies and other organizations with strong credit ratings and the negligible historical level of dividends default, the loss allowance was \$nil as at December 31, 2021 (\$nil as at December 31, 2020).

5) JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When preparing financial statements, management undertakes a number of estimates, judgments and assumptions about recognition and measurement of assets, liabilities, income and expenses. These estimates and judgments are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the financial statements.

Uncertainty due to COVID-19

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

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

5) JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Recognition of deferred tax assets and measurement of income tax expense

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to use the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. If changes were made to management's assessment regarding the Corporation's ability to use future tax deductions, the Company could be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

Going concern

The evaluation of the Company's ability to continue as a going concern, to raise additional financing in order to cover its operating expenses and its obligations for the upcoming year requires significant judgment based on past experience and other assumptions including the probability that future events are considered reasonable according to the circumstances. Please refer to note 2 for further information.

Determination of significant influence over equity investments:

Judgment is needed to assess whether the Company's equity interest in private companies meets the definition of significant influence and therefore would be accounted for under the equity method as opposed to fair value through profit and loss. Management makes this determination based on its legal ownership interest, board representation and through an analysis of the Company's participation in entities' policy making process.

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgement and a number of estimates and interpretations in many cases.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined.

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

5) JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Impairment of exploration and evaluation assets (continued)

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recovered from either exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statements of net income (loss) and comprehensive income (loss) in the period when the new information becomes available.

Impairment of royalty interests

The assessment of the fair values of royalty interests requires the use of estimates and assumptions for recoverable production, long-term commodity prices, discount rates, mineral reserve/resource conversion, foreign exchange rates, future capital expansion plans and the associated production implications. These estimates and assumptions are, by their very nature, subject to interpretation and uncertainty. Changes in any of these estimates and assumptions, which certain estimates and assumptions are provided by the operators of the properties, used in determining the fair value of the royalty interests could impact the impairment analysis.

Estimates

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Fair value measurement and disclosure

The Company's financial assets that are measured at fair value on a recurring basis include investments in private companies and warrants. The Company also discloses the fair value of other financial instruments not measured at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

For investments in private companies, the fair value was estimated based on the history of capital raises of the investee and on the company information. Provisions recognized on recoverability of investments in private companies are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that a change in future business conditions in the private companies could require a material change in the recognized amount.

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

5) JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Capitalization of administrative and other general overheads

A percentage of administrative and other general overheads may be allocated and capitalized as part of the cost of Exploration and Evaluation assets. The percentage allocation represents the Company's best estimate of indirect costs applicable to the exploration and evaluation activities of the Company. These estimates may not necessarily be indicative of future actual patterns.

Warrants

Estimating fair value for warrant requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the warrants. The fair value of warrants is evaluated using the Black-Scholes valuation model at the date of grant. The Company has made estimates as to the expected volatility, and expected life of warrants. The expected volatility is based on the historical volatility of the Company, over the period of the expected life of the warrants. The expected life of the warrant is based on historical data. These estimates may not necessarily be indicative of future actual patterns.

Fair value of stock options

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Company is the Black-Scholes valuation model at the date of grant. The Company has made estimates as to the volatility, the probable life of stock options granted and the time of exercise of those stock options. The expected volatility is based on the historical volatility of the Company, over the period of the expected life of the stock options. The expected life of the stock options is based on historical data. These estimates may not necessarily be indicative of future actual patterns.

6) CASH AND CASH EQUIVALENTS

	As at December 31,	
	2021	2020
Cash	\$ 379,203	\$ 272,853
Cash from flow-through funding (note 12)	400,000	336,402
Demand deposit	30,000	30,000
	\$ 809,203	\$ 639,255

The deposit is due on demand and bears interest at 0.80% per annum and maturing on February 5, 2023.

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

7) INVESTMENTS

The short-term portion of investments of \$649,065 as at December 31, 2021 (December 31, 2020 - \$50,000) is comprised of marketable securities, representing shares of publicly traded mining exploration companies, that are recorded at fair value using quoted market prices.

The long-term portion of investments of \$1,200,000 as at December 31, 2021 (December 31, 2020 - \$1,485,534) is comprised of common shares of private mining exploration companies that do not have a quoted market price in an active market. The Company assessed the fair value of these shares based on techniques and assumptions that emphasized both qualitative and quantitative information.

8) OTHER ASSETS

	As at December 31,	
	2021	2020
Accounts receivable	\$ 28,172	\$ -
Deposits	18,380	24,185
Prepaid expenses	7,630	5,724
Due from related parties (note 18)	1,885	708
Tax credit receivable	-	1,447
Advances to suppliers	-	11,604
Other	-	1,222
	\$ 56,067	\$ 44,890

9) EXPLORATION AND EVALUATION ASSETS

The following table presents a summary of exploration and evaluation assets by prospects:

	As at January 1, 2021	Net Additions	Recovery (impairment)	Credits	Disposals	Government Assistance	As at December 31, 2021
Québec	\$ 149,728	286,045	-	-	-	-	\$ 435,773
Ontario	5,000	81,000	(2,000)	-	-	-	84,000
Québec North	-	-	-	-	-	-	-
	\$ 154,728	367,045	(2,000)	-	-	-	\$ 519,773

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

9) EXPLORATION AND EVALUATION ASSETS (continued)

	As at January 1, 2020	Net Additions	Recovery (impairment)	Credits	Disposals	Government Assistance	As at December 31 2020
<i>Exploration expenditures</i>							
Québec	\$ 127,949	152,883	(96,792)	(948)	(24,880)	(8,484)	\$ 149,728
Ontario	37,776	232	(33,912)	904	-	-	5,000
Québec North	7,710	-	(7,710)	-	-	-	-
	173,435	153,115	(138,414)	(44)	(24,880)	(8,484)	\$ 154,728
Shares issued to Golden Valley	-	1,309,667	(1,309,667)	-	-	-	-
Mining tax credit	-	(84,531)	84,531	-	-	-	-
	\$ 173,435	1,378,251	(1,363,550)	(44)	(24,880)	(8,484)	\$ 154,728

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

On April 18, 2017, the Company signed a Mining Option Agreement with Golden Valley to acquire a 100% interest in a group of properties located in the Abitibi Greenstone Belt consisting of 61 grassroots properties. This Agreement was subsequently amended on November 28, 2019, and the Company exercised its option on December 5, 2019.

In fiscal 2020, the Company issued 8,333,334 shares to Golden Valley, as partial and final satisfaction of consideration for the acquisition by the Company from Golden Valley of the 100% interest in the group of properties in accordance with the terms of the amended agreement between the Company and Golden Valley dated November 28, 2019. The fair value of the 8,333,334 common shares issued was determined to be \$1,291,667 which has been recognized as an impairment charge to exploration and evaluation assets in the statement of net income (loss) and comprehensive income (loss).

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. Further, the properties are subject to a royalty in favour of Golden Valley Mines 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%.

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

9) EXPLORATION AND EVALUATION ASSETS (continued)

b) Mining Option Agreements with Eldorado Gold (Québec) Inc.

On November 10, 2021, the Company entered into two separate option agreements (the "Option Agreements") with Eldorado Gold (Québec) Inc. ("Eldorado"), a wholly owned subsidiary of Eldorado Gold Corporation.

The first Option Agreement (the "Perestroika Ouest Option") is for the Perestroika Ouest property (the "Perestroika Ouest Property"), which is located in the Province of Québec. This agreement enables Eldorado to earn and acquire a 70% interest in the Perestroika Ouest Property by spending a minimum \$1 million in exploration expenditures over a period of 5 years and making payments of \$10,000 per annum to the Company until Eldorado exercises the Perestroika Ouest Option.

The second Option Agreement (the "Blue Mountain and Victoria Creek Option") is for the Blue Mountain property and the Victoria Creek property (the "Blue Mountain and Victoria Creek Properties"), located in the Province of Ontario. This agreement enables Eldorado to earn and acquire a 70% interest in the Blue Mountain and Victoria Creek Properties by spending a minimum \$3 million in exploration expenditures over a period of 5 years and making annual payments of \$10,000 per annum to the Company until Eldorado exercises the Blue Mountain and Victoria Creek Option.

Upon exercise of either Option Agreement, the parties will be deemed to have formed a joint venture in accordance with the terms set out in each of the Option Agreement.

Furthermore, in order to earn and acquire an additional 10% undivided interest in the Option Agreements, Eldorado will contribute all joint venture expenditures on behalf of the parties, and deliver to the Company, a preliminary economic assessment report ("PEA") in respect of the applicable Perestroika Ouest Property, Blue Mountain and Victoria Creek Properties.

c) Boston Bulldog Prospect - Kirkland Lake, Ontario

On February 16, 2015, the Company entered into a Mining Option Agreement, amended on March 6, 2015, March 24, 2017, January 19, 2018, March 5, 2019, and April 7, 2020, pursuant to which it has been granted by 2973090 Canada Inc. ("2973090"), a Canadian private company wholly-owned and controlled by the President and Director of the Company, an option to acquire a 100% interest in the mineral claims comprising the Boston Bulldog Prospect, subject to a 3% NSR royalty.

On December 9, 2020, the Company entered into an agreement (the "Amendment Agreement") with 2973090 to further amend a Mining Option Agreement relating to the Boston Bulldog Prospect to remove the requirement to incur exploration expenditures on the property in the aggregate amount of \$50,000 by April 7, 2021, and to remove the 3% NSR commitment. As consideration for the amendments, the Company issued 200,000 common shares, with a fair value of \$18,000, to 2973090, following which the Company have fully exercised the option and acquired 100% ownership of the Boston Bulldog Prospect.

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

9) EXPLORATION AND EVALUATION ASSETS (continued)

Exploration and Evaluation assets by expenditures

The following table presents a summary of exploration and evaluation assets by expenditures:

	As at January 1, 2021	Net Additions	Recovery (impairment)	Credits	Disposals	Government Assistance	As at December 31, 2021
Geophysical surveys	\$ 116,093	77,523	-	-	-	-	\$ 193,616
Prospecting	35,252	101,181	(2,000)	-	-	-	134,433
Striping and excavation	3,383	-	-	-	-	-	3,383
Line cutting	-	23,551	-	-	-	-	23,551
Reporting	-	99,120	-	-	-	-	99,120
Other	-	65,670	-	-	-	-	65,670
	154,728	367,045	(2,000)	-	-	-	519,773
Mining tax credit	-	-	-	-	-	-	-
	\$ 154,728	367,045	(2,000)	-	-	-	\$ 519,773

	As at December 31, 2019	Net Additions	Recovery (impairment)	Credits	Disposals	Government Assistance	As at December 31, 2020
Geophysical surveys	\$ 125,390	-	21,659	-	(24,879)	(6,077)	\$ 116,093
Resource property costs (note 10)	-	117,000	(117,000)	-	-	-	-
Claims staking	37,916	480	(38,352)	(44)	-	-	-
Prospecting	3,000	32,252	-	-	-	-	35,252
Striping and excavation	-	3,383	-	-	-	-	3,383
Technical assessment	7,129	-	(4,721)	-	-	(2,408)	-
	\$ 173,435	153,115	(138,414)	(44)	(24,879)	(8,485)	\$ 154,728
Mining option payments (note 9)	-	1,309,667	(1,309,667)	-	-	-	-
Mining tax credit	-	(84,531)	84,531	-	-	-	-
	\$ 173,435	1,378,251	(1,363,550)	(44)	(24,879)	(8,485)	\$ 154,728

Impairment of Exploration and evaluation assets

For the year ended December 31, 2021, the Company recognized impairment charge of \$2,000 (for the year ended December 31, 2020 – \$1,363,550) on Exploration and evaluation assets after undertaking a comprehensive review of its properties in light of the objective of advancing and enhancing a limited number of key properties.

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

10) ROYALTY INTERESTS

a) Ducros Group of Properties

In 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 properties are located in the Ducros Township northeast of Val-d'Or, Québec. The purchaser of the property is 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 the Company (of which Golden Valley received 80,880 special warrants in accordance with the terms of an amended and restated option agreement between the Company and Golden Valley dated November 28, 2019). One business day prior to the date that QNC's shares are listed on a Canadian exchange, each special warrant are to, for no additional consideration, be automatically converted into one common share of QNC. In addition, the Company was granted a royalty of 1.5% of the net smelter returns from the properties which were sold under the agreement, as well as those properties which were staked or will be otherwise acquired by QNC within an area of influence. For the year ended December 31, 2020, the Company recognized a gain on sale of mineral properties in the amount of \$150,543 relating to this transaction.

In a news release issued on July 2, 2021, QNC announced that it received final approval to list its common shares on the Canadian Securities Exchange (the "CSE"). Trading of the QNC common shares on the CSE commenced at the opening of the market on July 2, 2021. Consequently, the Company's 3,508,461 special warrants were converted into common shares of QNC and were reclassified from long-term to short-term investments.

b) Powell Prospect

On February 6, 2020, the Company entered into an agreement with respect to the sale of its Powell Prospect, which is located in the Matachewan gold camp of the Abitibi Greenstone Belt region of Ontario. The purchaser of the property is Sparton Resources Inc. ("Sparton").

In consideration for a 100% interest in the property, the Company received 1,000,000 shares in the share capital of Sparton and the Company was granted a royalty of 2% from the property. One percent of the net smelter return (or 50% of the 2% net smelter royalty) may be purchased by Sparton at any time after the acquisition of the claims for US\$2.5 million. For the year ended December 31, 2020, the Company recognized a gain on sale of mineral properties of \$25,043 on sale of this prospect and an impairment provision of \$86 relating to the royalty interests.

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

10) ROYALTY INTERESTS (continued)

c) *Luc Bourdon Prospect*

On December 12, 2019, the Company entered into an agreement with respect to the sale of its Luc Bourdon property, which is located in the James Bay region of northern Ontario. The purchaser of the property is privately-owned Juno Corp. ("Juno").

In consideration for a 100% interest in the property, the Company received 1,500,000 shares in the share capital of Juno, and the Company was granted a royalty of 1.5%, assigned with a value of \$8,378, of the net smelter returns from the property. For the year ended December 31, 2020, the Company recognized an impairment provision of \$8,378 relating to the royalty interests.

d) *Horne North Prospects*

On December 16, 2019, the Company entered into a mineral claim sale agreement for ten exploration properties, which are located in the Abitibi Greenstone Belt of NW Québec. The purchaser is privately-owned Progenitor Metals Corp. ("Progenitor Metals").

In consideration for 100% of the Horne North Prospects, the Company received 5,345,657 shares in the capital of Progenitor Metals at a deemed value of \$0.20 per share, for an aggregate deemed consideration of \$1,069,131. The payment shares were split between Val-d'Or Mining and Golden Valley Mines, whereby Val-d'Or Mining retained 80% of the aggregate consideration (4,276,526 shares (or \$855,305)) and Golden Valley received 20% of the consideration (1,069,131 shares (or \$213,826)) pursuant to the terms of the recently amended Mining Option Agreement.

As at December 31, 2020, the fair value of the 4,276,526 shares in Progenitor Metals has been recognized at \$427,653, representing the assigned and fair value of \$855,305 (or \$0.20 per share), net of a provision of \$427,652 to reflect the Company potentially returning to the purchaser 50% of the share consideration received as discussed above. For the year ended December 31, 2021, the fair value of the 4,276,526 shares in Progenitor Metals has been recognized to a \$nil value as an additional impairment provision of \$427,653 was recorded relating to the investment.

e) *NSR Agreement with CapEx Group Inc. and 2973090 Canada Inc.*

On December 9, 2020, the Company entered into an NSR Purchase Agreement with CapEx Group Inc., a private company and 2973090 Canada Inc. pursuant to which the Company purchased and concurrently cancelled net smelter return royalties on various 100% owned properties. The Company issued an aggregate of 1,300,000 common shares in consideration for the purchase and cancellation of all net smelter return royalties, of which 650,000 common shares was issued to 2973090. The fair value of the 1,300,000 common shares issued was determined to be \$117,000, initially capitalized to Exploration and Evaluation asset, then expensed as an impairment in the statement of net income (loss) and comprehensive income (loss).

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

11) LOAN

The Company applied and received the \$60,000 Canada Emergency Business Account which is an interest-free loan to cover operating costs. Repaying the balance of the loan on or before December 31, 2023 will result in a loan forgiveness of \$20,000.

12) EQUITY

Share Capital

Authorized

Unlimited number of voting common shares without par value.

2021 transactions on share capital

a) Issuance of Units under a private placement

On May 6, 2021, the Company completed a non-brokered private placement offering, pursuant to which it issued 2,336,846 Units at a per Unit price of \$0.13, for gross proceeds of \$303,790. Each Unit comprised of one common share in the capital of the Company and one-half of one non-transferable common share purchase warrant, each whole warrant exercisable for the purchase of one common share of the Company at a per share price of \$0.19 until May 6, 2023.

The fair value of the 1,168,423 warrants was estimated at \$110,008. The residual method, using the Black-Scholes pricing model was retained to estimate fair value with the following assumptions: an expected volatility of 169.61%, a risk-free interest rate of 0.30%, an expected unit life of 2 years, no expected dividend yield and a share price of \$0.13 at date of grant. The fair value of these warrants was deducted from share capital and recorded as an increase of Warrants in the statement of changes in equity.

Issuance of Flow-Through Common Shares

On December 21, 2021, the Company completed a non-brokered private placement offering (the "Offering") for gross proceeds of \$400,000. The Company issued 1,111,112 National Flow-Through Common Shares and 1,111,112 Québec Flow-Through Common Shares (together, the "FT Shares") at a per FT Share price of \$0.18. The FT Shares will be "flow-through shares" as defined in the Income Tax Act (Canada) and the Taxation Act (Québec), as applicable.

The flow-through shares were issued at a premium of \$0.05 per share to the current market price of the Company's shares at the day of issue. The premium of \$92,127 was recognized as a liability with a subsequent pro-rata reduction of the liability recognized as flow-through premium income as the required expenditures were incurred. For the year ended December 31, 2021, no flow-through share premium was reallocated to other income.

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

12) EQUITY (continued)

Issuance of Flow-Through Common Shares (continued)

Finder's fees in the aggregate amount of \$16,000 in cash and finder's warrants to acquire an aggregate 222,222 shares at a per share price of \$0.18 until December 21, 2023 (the "Finder's Warrants") were paid to arm's-length's finders who introduced the Company to investors. The Black Scholes options pricing model was used to estimate the fair value of the 222,222 finders warrants with the following assumptions: an expected volatility of 147.84%, a risk-free interest rate of 0.94%, an expected unit life of 2 years, no expected dividend yield and a share price at date of grant of \$0.18. As a result, the warrants were valued at \$18,984 and recorded as an increase of issuance costs, deducted from share capital, and as an increase of Warrants in the statements of changes in equity.

b) Issuance of shares on exercise of incentive stock options

For the year ended December 31, 2021, the Company issued 422,500 of its common shares for at total consideration of \$27,463 from the exercise of stock options at prices of \$0.065 per share.

2020 transaction on share capital

Issuance of Units under a private placement

On May 7, 2020, the Company closed a non-brokered private placement offering, pursuant to which it issued 5,333,332 Units at a per Unit price of \$0.075 for gross proceeds of \$400,000. Each Unit consisted of one common share in the capital of the Company and one-half of one non-transferable share purchase warrant, each whole warrant entitling the purchase of one common share at a per share price of \$0.10 until May 7, 2022. The fair value of the 2,666,666 warrants was estimated at \$283,049. The residual method, using the Black-Scholes pricing model was retained to estimate fair value with the following assumptions: an expected volatility of 149.98%, a risk-free interest rate of 0.26%, an expected unit life of 2 years, no expected dividend yield and a share price of \$0.10 at date of grant. The fair value of these warrants was deducted from share capital and recorded as an increase of Warrants in the statement of changes in equity.

In connection with the financing, finders' fees, in the aggregate amount of \$9,800 in cash and warrants to acquire an aggregate 130,666 shares at a per share price of \$0.10 until May 7, 2022, were paid to arm's-length's finders who introduced the Company to investors. The residual method, using the Black Scholes pricing model was retained to estimate the fair value of the 130,666 finders warrants with the following assumptions: an expected volatility of 149.98%, a risk-free interest rate of 0.26%, an expected unit life of 2 years, no expected dividend yield and a share price at date of grant of \$0.10. As a result, the warrants were valued at \$13,870 and recorded as an increase of issuance costs, deducted from share capital, and as an increase of Warrants in the statements of changes in equity. The Company also incurred legal fees and regulatory fees in relation with the private placement for a total of \$33,221.

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

12) EQUITY (continued)

2020 transaction on share capital (continued)

Issuance of Flow-Through Common Shares

On July 3, 2020, the Company completed a non-brokered private placement offering (the "Offering") for gross proceeds of \$360,000. The Company issued 1,500,000 Flow-Through Common Shares (the "FT Shares") under the Offering at a price of \$0.24 per FT Share. The FT Shares are "flow-through shares" as defined in the Income Tax Act (Canada). The flow-through shares were issued at a premium of \$0.11 per share to the current market price of the Company's shares at the day of issue. The premium was recognized as a liability at \$157,322 with a subsequent pro-rata reduction of the liability recognized as flow-through premium income as the required expenditures were incurred. For the year ended December 31, 2020, \$10,312 in flow-through share premium was reallocated to other income from settlement of flow-through as a result of the Company incurring qualifying exploration expenditures during the year.

Finder's fees in the aggregate amount of \$21,700 in cash and finder's warrants to acquire an aggregate 90,416 shares at a per share price of \$0.24 until July 3, 2022 (the "Finder's Warrants") were paid to arm's-length's finders who introduced the Company to investors. The Black Scholes options pricing model was used to estimate the fair value of the 90,416 finders warrants with the following assumptions: an expected volatility of 158.90%, a risk-free interest rate of 0.26%, an expected unit life of 2 years, no expected dividend yield and a share price at date of grant of \$0.13. As a result, the warrants were valued at \$7,678 and recorded as an increase of issuance costs, deducted from share capital, and as an increase of Warrants in the statements of changes in equity. The Company also incurred legal fees and regulatory fees of \$11,583 relating to this transaction.

Issuance of shares for grant of mining option

For the year ended December 31, 2020, the Company issued a total 8,333,334 of its common shares with a total value of \$1,291,667 as required under the Option Agreement (note 9(a)), with 4,166,667 common shares being issued in June 2020 valued at \$750,000 and with 4,166,667 common shares being issued in November 2020 valued at \$541,667.

Share capital to be issued from exercise of share purchase warrants

For the year ended December 31, 2020, the Company issued 1,380,000 of its common shares pursuant to the exercise of 1,380,000 warrants share purchase warrants for a total consideration of \$138,000.

Incentive stock option

For the year ended December 31, 2020, the Company issued 156,801 of its common shares for a total consideration of \$14,742 from the exercise of stock options at prices of \$0.065 per share (1,801 shares), \$0.075 per share (55,000 shares) and \$0.105 per share (100,000 shares).

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

13) WARRANTS

The following table shows the changes in warrants:

	For the year ended December 31, 2021		For the year ended December 31, 2020	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of year	4,046,836	\$ 0.12	9,939,090	\$ 0.14
Issued under a private placement (note 12)	1,168,423	0.19	2,666,664	0.10
Issued under finders' fee payment (note 12)	222,222	0.18	130,666	0.10
Issued under finders' fee payment (note 12)	-	-	90,416	0.24
Exercised	-	-	(1,380,000)	0.10
Expired	(1,159,090)	0.15	(7,400,000)	0.15
Outstanding, end of year	4,278,391	\$ 0.13	4,046,836	\$ 0.12

The number of outstanding warrants that could be exercised for an equal number of common shares is as follows:

Expiration date	As at December 31, 2021		As at December 31, 2020	
	Number of outstanding warrants	Exercise price	Number of outstanding warrants	Exercise price
October 18, 2021	-	\$ -	1,159,090	\$ 0.15
May 7, 2022	2,797,330	0.10	2,797,330	0.10
July 3, 2022	90,416	0.24	90,416	0.24
May 6, 2023	1,168,423	0.19	-	-
December 21, 2023	222,222	0.18	-	-
	4,278,391	\$ 0.13	4,046,836	\$ 0.12

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

14) SHARE-BASED PAYMENTS

Stock option plan

The Company has adopted an incentive stock option plan pursuant to which directors, officers, employees and consultants are eligible to receive incentive stock options. Under the terms of this plan, the aggregate number of shares issuable upon the exercise of all options granted thereunder may not exceed 10% of the Company's common shares issued and outstanding at the time of grant. The exercise price of each option is fixed by the Board of Directors, but would not be less than the closing price of the Company's share on the trading day immediately prior to the date of grant less any discount permitted by the Exchange; if no sales were reported, it would be the sales closing price on the last trading day immediately prior to the date of grant on which sales were reported.

The vesting period of the options would be determined by the Board of Directors, in accordance with the rules and regulations of the TSX Venture Exchange. All share-based payments will be settled in equity. The Company has no legal constructive obligation to repurchase or settle the options in cash.

A summary of changes in the number of incentive stock options for the years ended December 31, 2021 and 2020 is presented as follows:

	For the year ended December 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 year	4,846,210	\$ 0.110	4,156,661	0.096
Granted	2,393,233	0.123	1,311,350	0.150
Exercised	(422,500)	0.065	(156,801)	0.090
Forfeited	(50,000)	0.075	(465,000)	0.100
Outstanding, end of year	6,766,943	\$ 0.118	4,846,210	\$ 0.110

Incentive Stock Options granted in 2021

On February 22, 2021, the Company granted to its directors, officers, employees and consultants incentive stock options entitling the purchase of an aggregate 1,615,233 common shares at an exercise price of \$0.13 per share. The options are exercisable for a period of 5 years until February 22, 2026 and are exercisable immediately. The fair value of the 1,615,233 stock options has been estimated on the date of issue at \$187,798, using the Black-Scholes option-pricing model with the following assumptions: share price at date of grant: \$0.13; expected dividend yield: nil; expected volatility: 144.01%; risk-free interest rate: 0.53%; expected life: 5 years and exercise price at the date of grant: \$0.13 per share.

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

14) SHARE-BASED PAYMENTS (continued)

Incentive Stock Options granted in 2021 (continued)

On June 28, 2021, the Company granted to its directors, officers, employees and consultants incentive stock options entitling the purchase of an aggregate 600,000 common shares at an exercise price of \$0.11 per share. The options are exercisable for a period of 5 years until June 28, 2026 and are exercisable immediately. The fair value of the 600,000 stock options has been estimated on the date of issue at \$57,474, using the Black-Scholes option-pricing model with the following assumptions: share price at date of grant: \$0.11; expected dividend yield: nil; expected volatility: 133.55%; risk-free interest rate: 0.87%; expected life: 5 years and exercise price at the date of grant: \$0.11 per share.

On November 10, 2021, the Company granted to a director incentive stock options entitling the purchase of an aggregate 178,000 common shares at an exercise price of \$0.11 per share. The options are exercisable for a period of 5 years until November 10, 2026 and are exercisable immediately. The fair value of the 178,000 stock options has been estimated on the date of issue at \$16,939, using the Black-Scholes option-pricing model with the following assumptions: share price at date of grant: \$0.11; expected dividend yield: nil; expected volatility: 131.96%; risk-free interest rate: 1.47%; expected life: 5 years and exercise price at the date of grant: \$0.11 per share.

Incentive Stock Options granted in 2020

On June 26, 2020, the Company granted to its directors, officers, employees and consultants incentive stock options entitling the purchase of an aggregate 1,311,350 common shares at an exercise price of \$0.15 per share. The options are exercisable for a period of 5 years until June 26, 2025 and are exercisable immediately. The fair value of the 1,311,350 stock options has been estimated on the date of issue at \$171,023, using the Black-Scholes option-pricing model with the following assumptions: share price at date of grant: \$0.15; expected dividend yield: nil; expected volatility: 141.49%; risk-free interest rate: 0.31%; expected life: 5 years and exercise price at the date of grant: \$0.15 per share.

As at December 31, 2021, the number of outstanding stock options that could be exercised for an equal number of common shares is as follow:

Expiration date	Number of options	Exercise price
February 5, 2023	2,025,000	0.105
October 24, 2023	470,097	0.110
June 17, 2024	567,263	0.075
June 26, 2025	1,311,350	0.150
February 22, 2026	1,615,233	0.130
June 28, 2026	600,000	0.110
November 10, 2026	178,000	0.110
	6,766,943	\$ 0.118

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

14) SHARE-BASED PAYMENTS (continued)

Restricted Share Unit Plan

At the annual general and special meeting of shareholders held on June 27, 2016, the shareholders approved the adoption and implementation of a Restricted Share Unit Plan (the "RSU Plan"). The RSU Plan provides that restricted share units ("Share Units") may be granted by the Company's Compensation and Corporate Governance Committee (the "Committee") to executive officers, directors, employees and consultants (each a "Participant") as a bonus or similar payment in respect of services rendered or otherwise as compensation, including as an incentive for future performance. At the time Share Units are granted to a Participant, the Committee will determine any time-based or other conditions as to the vesting of the Share Units and the expiry date (the "Expiry Date") for such Share Units. The Expiry Date of a Share Unit will be decided at the grant date. The aggregate number of common shares issuable pursuant to Share Units granted under the RSU Plan will not, at any given time, exceed 1,288,199 common shares. No restricted shares units were issued for the years ended December 31, 2021 and 2020.

15) EARNINGS (LOSS) PER SHARE

Earnings (loss) per share has been calculated using the weighted average number of common shares outstanding for the years ended December 31, 2021 and 2020 as follows:

	For the year ended December 31,	
	2021	2020
Net income (loss) for the year	\$ 20,919	\$ (1,190,209)
Weighted average number of common shares - Basic	66,825,502	53,918,347
Dilutive effect of stock options and warrants	1,454,212	-
Weighted average number of common shares - Diluted	68,279,714	53,918,347
Basic earnings (loss) per share	\$ 0.000	\$ (0.022)
Diluted earnings (loss) per share	0.000	(0.022)

Diluted earnings (loss) per share does not include the effect of outstanding share options and warrants if their effect is anti-dilutive.

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

16) INCOME TAXES

Major components of tax expense (recovery)

The major components of tax expense (income) for the years ended December 31, 2021 and 2020 are outlined below:

	2021	2020
Current tax expense (recovery)	\$ -	\$ -
Deferred tax expense (recovery)		
Origination and reversal of temporary differences	17,390	(346,751)
Deferred tax expense arising from the write-down of a deferred tax asset	(17,390)	346,751
	\$ -	\$ -
Total income tax expense (recovery)	\$ -	\$ -

Relationship between expected tax expense and accounting profit or loss

The relationship between the expected tax expense based on the combined income tax rate in Canada and the reported tax expense in the statements of net income (loss) and comprehensive income (loss) can be reconciled as follows:

	2021	2020
Net income (loss) before income taxes	\$ 20,919	\$ (1,190,209)
Expected tax expense (recovery) calculated using the combined Federal and Provincial income tax rate in Canada of 26.50% (26.50% in 2020):	5,544	(315,405)
Non-deductible portion of gains on investments	(57,943)	(80,488)
Tax effect of issuance of flow-through shares and renunciation	-	9,127
Share-based payments	69,486	45,321
Non-deductible expenses and other	303	(5,306)
Tax benefit not recognized	(17,390)	346,751
Income tax expense (recovery)	\$ -	\$ -

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

16) INCOME TAXES (continued)

As at December 31, 2021 and 2020, the Company has the following deferred tax assets (liabilities):

	2021	2020
Investments	\$ (245,001)	\$ (203,458)
Right-of-use assets	(258)	(774)
Non-capital losses	245,259	204,232
	\$ -	\$ -

Unrecognized deferred tax assets and liabilities

As at December 31, 2021 and 2020, the Company has the following deductible temporary differences for which no deferred tax has been recognized:

	2021		2020	
	Federal	Provincial	Federal	Provincial
Share issuance costs	\$ 69,348	\$ 69,348	\$ 159,021	\$ 159,021
Exploration and evaluation assets	3,707,621	3,707,621	3,586,717	3,586,717
Royalty interests	8,378	8,378	8,378	8,378
Lease liabilities	708	708	-	-
Non-capital losses	1,409,855	1,393,713	559,505	543,942
Loan	20,000	20,000	10,000	10,000
Flow-through premium liability	92,127	92,127	147,010	147,010
	\$ 5,308,037	\$ 5,291,895	\$ 4,470,631	\$ 4,455,068

The ability to realize the tax benefits is dependent upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient profits will be available to allow the asset to be recovered. The Company has the following non-capital losses which are available to reduce income taxes in future periods, for which no deferred tax asset has been recognized in the statements of financial position, that can be carried over the following years:

	Federal	Provincial
2038	388,482	378,592
2039	499,192	493,881
2040	282,721	282,580
2041	239,460	238,660
	\$ 1,409,855	\$ 1,393,713

The Company has investment tax credits carryover of \$23,295 (December 31, 2020 - \$23,295) that expire between 2031 and 2033, which are available to reduce income taxes payable in future years.

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

17) ADDITIONAL CASH FLOW INFORMATION

Significant non-cash transactions excluded in the Statements of Cash Flows for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Additions to Exploration and evaluation assets thru share issuance	\$ -	\$ 1,426,667
Non-cash additions to Exploration and evaluation assets	86,157	-
Tax credits deducted from exploration and evaluation assets	-	8,484

18) RELATED PARTY TRANSACTIONS

a) Transactions with a shareholder

Effective July 1, 2020, the Company entered into a Cost Sharing Arrangement (the "Sharing Arrangement") with Golden Valley, 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 \$8,919 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 year ended December 31, 2021, the Company reimbursed Golden Valley the amount of \$8,919 (for the year ended December 31, 2020- \$5,291) relating to this arrangement.

For efficiency reasons, where the Company and Golden Valley are dealing with the same suppliers one may pay for both and be reimbursed by the other. As at December 31, 2021, the Company had net receivable of \$1,780 (December 31, 2020 - receivable of \$1,753) due from Golden Valley.

b) Transactions with key management

Key management personnel of the Company is comprised of the members of the Board of Directors, as well as the President, the Chief Operating Officer ("COO"), the Chief Financial Officer ("CFO") and the Vice-President Exploration ("VP Exploration").

For the year ended December 31, 2021, the Company incurred consulting fees of \$12,000 (2020 - \$6,000) with the CEO which was recorded under exploration and evaluation expenses in the statements of net income (loss) and comprehensive income (loss). As at December 31, 2021, the amount of \$1,150 (December 31, 2020 - \$1,150) was due to the CEO, which is recorded in accounts payable and accrued liabilities.

For the year ended December 31, 2021, the Company incurred consulting fees of \$96,000 (2020 - \$96,000) with the COO of \$72,000 (2020 - \$72,000) was recorded under exploration and evaluation expenses and \$24,000 (2020- \$24,000) was recorded under consulting fees in the statements of net income (loss) and comprehensive income (loss). As at December 31, 2021 and 2020, no amount was due to the COO.

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

18) RELATED PARTY TRANSACTIONS (continued)

b) Transactions with key management (continued)

For the year ended December 31, 2021, the Company incurred fees of \$32,197 (2020 - \$67,347) with the VP Exploration of which \$16,737 was capitalized as Exploration and Evaluation asset (2020 - \$9,323) and \$16,180 (2020 - \$58,024) was recorded under exploration and evaluation expenses in the statements of net income (loss) and comprehensive income (loss). As at December 31, 2021, the amount of \$7,698 (2020 - \$6,735) is due to the VP Exploration, which is recorded in accounts payable and accrued liabilities.

For the year ended December 31, 2021, the Company granted stock options to key management personnel to purchase an aggregate 1,939,233 common shares of the Company. The Company recorded a stock-based compensation of \$212,498 as part of this transaction.

For the year ended December 31, 2020, the Company granted stock options to key management personnel to purchase an aggregate 1,220,000 common shares of the Company. The Company recorded a stock-based compensation of \$159,110 as part of this transaction.

c) Transactions with related parties

For the year ended December 31, 2021, the Company incurred no fees with an individual, the spouse of the President, as part of a consulting agreement for corporate finance and advisory services, which expired in February 2020. For the year ended December 31, 2020, the Company incurred fees of \$7,000, which were recorded under consulting fees in the statement of net income (loss) and comprehensive income (loss).

For the year ended December 31, 2021, the Company incurred no rent and occupancy fees (2020 - \$3,000) with a company controlled by the President.

For efficiency reasons, where the Company and related parties are dealing with the same suppliers one may pay for both and be reimbursed by the other. As at December 31, 2021, the Company had a net payable balance of \$6,963 (December 31, 2020 – net receivable of \$708) due from related parties of which \$1,780 (December 31, 2020 –\$1,753) was due from Golden Valley, \$105 (December 31, 2020 – \$105) due from companies related by common management, \$1,150 (December 31, 2020 –\$1,150) was due to a company controlled by the President, and of \$7,698 was due to a company controlled by the VP Exploration.

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

19) COMMITMENTS

- a) The Company entered into a consulting agreement with the CEO for an annual payment of \$12,000. This consulting agreement contains change of control provisions. If a change of control would occur, the total amount payable in respect of severance, would amount to \$200,000 if the consulting agreement is terminated by the Company, and \$100,000 if the consulting agreement is terminated by the CEO within six months from the date of change of control.
- b) The Company entered into a consulting agreement with the COO for an annual payment of \$96,000. This consulting agreement contains change of control provisions. If a change of control would occur, the total amount payable in respect of severance, would amount to \$200,000 if the consulting agreement is terminated by the Company, and \$100,000 if the consulting agreement is terminated by the COO within six months from the date of change of control.
- c) The Company entered into a consulting agreement with the VP Exploration for an annual payment of \$13,390. This consulting agreement contains change of control provisions. If a change of control would occur, the total amount payable in respect of severance, would amount to \$200,000 if the consulting agreement is terminated by the Company, and \$100,000 if the consulting agreement is terminated by the VP Exploration within six months from the date of change of control.
- d) As at December 31, 2021, the Company has still to incur exploration expenditures by December 31, 2022 in the amount of \$400,000 from its flow-through funds.
- e) The Company has entered into a long-term agreement for the lease of an equipment expiring on July 25, 2022, which minimum lease payments for 2022 totals \$1,384.

20) FINANCIAL ASSETS AND LIABILITIES

Categories of financial assets and liabilities

Financial assets and liabilities measured at amortized cost for which a fair value is provided in the statement of financial position are presented in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

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

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

20) FINANCIAL ASSETS AND LIABILITIES (continued)

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. There have been no significant transfers between Levels 1, 2 and 3 in the reporting periods. The techniques and evaluation methods used to measure fair value were not changed compared to previous years.

The carrying amounts and fair values of financial instruments presented in the statement of financial position are as follows:

Financial assets	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	809,203	809,203	639,255	639,255
Accounts receivable	28,172	28,172	-	-
Investments	1,849,065	1,849,065	1,535,534	1,535,534
Due from related parties	1,885	1,885	708	708
	\$ 2,688,325	\$ 2,688,325	\$ 2,175,497	\$ 2,175,497

Financial liabilities	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Accounts payable and accrued liabilities	\$ 114,198	\$ 114,198	\$ 61,930	\$ 61,930
Lease liabilities	708	708	2,354	2,354
Loan	60,000	60,000	40,000	40,000
	\$ 174,906	\$ 174,906	\$ 104,284	\$ 104,284

Categories of financial assets and liabilities

The carrying value of cash and cash equivalents, accounts receivable, due from related parties, loan, accounts payable and accrued liabilities is considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments. As at December 31, 2021, the Company classified cash and cash equivalents and short-term investments as Level 1; and, accounts receivable and amounts due from/to related parties and other payables as Level 3.

The Company's long-term investments, consisting of investments in the common shares of private companies, 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 long-term investments.

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

21) CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives in managing capital are to safeguard its ability to continue its operations, 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 prospects, adding value to these projects and ultimately taking them through to production either with partners or by the Company's own means or sale. The Company manages its capital structure and makes adjustments to it in 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 issue new shares to improve its financial performance and flexibility. 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.

The Company monitors capital on the basis of the carrying amount of equity. Capital for reporting period under review is summarized in note 12 and in the statements of changes in equity. The Company is not subject to any externally imposed capital requirements.

22) FINANCIAL RISKS

The Company is exposed to various financial risks in relation to its financial instruments. The main types of risks the Company is exposed to are credit risk, market risk and liquidity risk. The Company focuses on actively securing short to medium-term cash flow by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial instruments for speculative purposes. The Company's main financial risk exposure and its financial risk management policies are as follows:

Credit risk

Credit risk relates to the risk that one party to a financial instrument will not fulfill some or all of its obligations, thereby causing the Company to sustain a financial loss. The Company's maximum exposure to credit risk is limited to the carrying amount of cash and cash equivalents of \$809,203 at December 31, 2021 (2020 - \$639,255), accounts receivable of \$28,172 (2020 - \$nil) and due from related parties of \$1,885 (2020 - \$708). The risk related to cash is considered negligible as the Company is dealing with a reputable financial institution whose credit rating is excellent. The risk related to amounts due from related parties is mitigated by having common management. No risk related to accounts receivable as amounts have been received subsequent to year-end.

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 fluctuations in the market prices of its investments in private and public companies. The fair value of those instruments represents the maximum exposure to price risk.

VAL-D'OR MINING CORPORATION

Notes to Financial Statements

December 31, 2021 and 2020

(Expressed in Canadian dollars unless otherwise noted)

22) FINANCIAL RISKS (continued)

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 to ensure that the Company has potential financing sources. The Company establishes budget and cash estimates to ensure it has the necessary funds to fulfil its obligations. Accounts payable and accrued liabilities are due within less than 90 days. The loan of \$60,000 (note 11) is expected to be paid in fiscal year 2023.

23) SUBSEQUENT EVENT

On March 18, 2022, the Company announced the closing of a non-brokered private placement financing whereby the Company issued 8,727,954 Units at a per Unit price of \$0.16 for gross proceeds of \$1,396,473. Each Unit consisted of one common share in the capital of the Company and one-half of one non-transferable share purchase warrant, each whole warrant entitling to the purchase of one common share at a per share price of \$0.20 until March 18, 2024. The proceeds raised from this offering will be used by the Company for general corporate purposes. All securities issued will be subject to a hold period of four months and one day from the date of closing of the offering in accordance with applicable securities legislation and the policies of the TSX Venture Exchange.

24) COMPARATIVE FIGURES

Certain of the comparative figures have been restated to conform with current year's presentation. Specifically, Salaries and other employee benefits in fiscal 2020 have been presented as part of Exploration and evaluation expenses in fiscal 2021 in the statements of net income (loss) and comprehensive income (loss).