

# **VALORE METALS CORP.**

**Condensed Interim Consolidated Financial Statements**

**For the Three Months Ended December 31, 2020**

(Unaudited - Expressed in Canadian Dollars)

### **Notice of Non-review of Condensed Interim Financial Statements**

In accordance with National Instrument 51-102, the Company discloses that the accompanying condensed interim consolidated financial statements have been prepared by and are the responsibility of the Company's management. They have been reviewed and approved by the Company's Audit Committee and the Board of Directors.

The attached condensed interim consolidated financial statements for the three months ended December 31, 2020 have not been reviewed by the Company's auditors.

**ValOre Metals Corp.**

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Note(s)	December 31, 2020	September 30, 2020
<b>ASSETS</b>			
Current assets:			
Cash		\$ 74,276	\$ 534,282
Marketable securities	4	-	83,895
Other receivables		1,468	1,453
GST recoverable		22,914	20,983
Prepaid expenses		23,599	34,695
Total current assets		122,257	675,308
Non-current assets:			
Equipment	5	117,563	125,491
Exploration and evaluation assets	6	9,867,889	9,867,889
Total assets		\$ 10,107,709	\$ 10,668,688
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	10	\$ 471,178	\$ 642,801
Loan payable	8,10	2,243,791	1,305,854
		2,714,969	1,948,655
Non-current liabilities:			
Decommissioning liability	7	418,307	416,215
Long-term liability	6	-	50,000
		3,133,276	2,414,870
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	9	74,207,165	74,184,894
Obligation to issue shares	9	470,000	470,000
Contributed surplus	9	13,449,505	13,455,676
Accumulated other comprehensive loss	4	(50,170)	(47,918)
Deficit		(81,102,067)	(79,808,834)
Total shareholders' equity		6,974,433	8,253,818
Total liabilities and shareholders' equity		\$ 10,107,709	\$ 10,668,688

Nature of Operations and Going Concern (*Note 1*)

APPROVED ON March 1, 2021 ON BEHALF OF THE BOARD:

"James Paterson", CEO, Director"Dale Wallster", Director

- The accompanying notes are an integral part of these condensed interim consolidated financial statements -

**ValOre Metals Corp.**

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

		<b>Three months ended December 31,</b>	
	<b>Note(s)</b>	<b>2020</b>	<b>2019</b>
<b>Expenses</b>			
Depreciation	5	\$ 7,928	\$ 7,928
Bank charges and interest		40,404	624
Exploration expenditures	6	940,482	525,133
Investor relations		40,038	41,618
Listing and filing fees		7,143	4,307
Management and consulting fees	10	168,701	155,821
Office and sundry		16,586	18,603
Professional fees		41,284	40,182
Travel and conference		9,564	68,209
<b>Loss before the undernoted</b>		<b>(1,272,130)</b>	<b>(862,425)</b>
<b>Other income (expenses)</b>			
Finance expense		(14,281)	-
Interest income		424	8,873
Foreign exchange		(7,246)	(457)
Other income		-	5,250
<b>Net loss for the period</b>		<b>(1,293,233)</b>	<b>(848,759)</b>
Change in fair value of marketable securities	4	(2,252)	19,319
<b>Total comprehensive loss for the period</b>		<b>\$ (1,295,485)</b>	<b>\$ (829,440)</b>
<b>Basic and diluted loss per common share</b>		<b>\$ (0.01)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding</b>		<b>90,958,286</b>	<b>46,855,387</b>

- The accompanying notes are an integral part of these condensed interim consolidated financial statements -

**ValOre Metals Corp.**

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

		Three months ended December 31,	
	Note(s)	2020	2019
<b>Cash flows from operating activities:</b>			
Net loss for the period		\$ (1,293,233)	\$ (848,759)
Items not involving cash:			
Depreciation	5	7,928	7,928
Accretion	7	2,092	2,040
Interest expense on loan		38,378	(8,873)
Finance expense on loan		14,281	-
Interest income		(424)	-
Long term liability	6	(50,000)	(12,500)
Changes in non-cash working capital:			
Other receivables		(15)	(259)
GST recoverable		(1,931)	23,518
Prepaid expenses		11,096	8,354
Asset retirement obligation		-	-
Accounts payable and accrued liabilities		(171,623)	(924,483)
		(1,443,451)	(1,753,034)
Interest received		424	8,873
<b>Net cash used in operating activities</b>		<b>(1,443,027)</b>	<b>(1,744,161)</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of marketable securities	4	81,643	-
<b>Net cash provided by (used in) investing activities</b>		<b>81,643</b>	<b>-</b>
<b>Cash flows from financing activities:</b>			
Loan payable	8	885,278	-
Warrants exercised	9	16,100	-
<b>Net cash provided by financing activities</b>		<b>901,378</b>	<b>-</b>
Net increase (decrease) in cash		(460,006)	(1,744,161)
Cash, beginning of the period		534,282	2,468,374
Cash, end of the period		\$ 74,276	\$ 724,213
<b>Supplemental Schedule of Non-Cash Investing and Financing Activities</b>			
Change in fair value of marketable securities		\$ (2,252)	\$ 19,319
Pedra Branca acquisition included in accounts payable		\$ -	\$ 1,000,000
Fair value of warrants exercised		\$ 6,100	\$ -

- The accompanying notes are an integral part of these condensed interim consolidated financial statements -

**ValOre Metals Corp.**

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Changes in Shareholders Equity

(Expressed in Canadian Dollars)

	Share Capital (Note 9)		Obligation to issue shares	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
	Number of shares	Amount					
<b>Balance, September 30, 2019</b>	<b>85,024,677</b>	<b>\$72,198,531</b>	<b>\$ 705,000</b>	<b>\$13,391,291</b>	<b>\$(76,074,242)</b>	<b>\$ (267,926)</b>	<b>\$ 9,952,654</b>
Fair value adjustment on marketable securities	-	-	-	-	-	19,319	19,319
Loss for the period	-	-	-	-	(848,759)	-	(848,759)
<b>Balance at December 31, 2019</b>	<b>85,024,677</b>	<b>\$72,198,531</b>	<b>\$ 705,000</b>	<b>\$13,391,291</b>	<b>\$(76,923,001)</b>	<b>\$ (248,607)</b>	<b>\$ 9,123,214</b>
<b>Balance, September 30, 2020</b>	<b>90,950,677</b>	<b>\$74,184,894</b>	<b>\$ 470,000</b>	<b>\$13,455,676</b>	<b>\$(79,808,834)</b>	<b>\$ (47,918)</b>	<b>\$ 8,253,818</b>
Warrants exercised	70,000	22,271	-	(6,171)	-	-	16,100
Fair value adjustment on marketable securities	-	-	-	-	-	(2,252)	(2,252)
Loss for the period	-	-	-	-	(1,293,233)	-	(1,293,233)
<b>Balance at December 31, 2020</b>	<b>91,020,677</b>	<b>\$74,207,165</b>	<b>\$ 470,000</b>	<b>\$13,449,505</b>	<b>\$(81,102,067)</b>	<b>\$ (50,170)</b>	<b>\$ 6,974,433</b>

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

## **ValOre Metals Corp.**

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements for the Three Months Ended December 31, 2020 and 2019  
(Expressed in Canadian Dollars)

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### **1. Nature of operations and going concern**

ValOre Metals Corp. (the “Company” or “ValOre”) is an exploration stage company focused on the acquisition, exploration and development of resource properties. The Company’s registered and records office is located at Suite 1020, 800 West Pender Street, Vancouver, BC, V6C 2V6.

The Company was incorporated as a wholly owned subsidiary of Kaminak Gold Corporation (“Kaminak”) on February 13, 2008 as 0816479 BC Ltd. under British Columbia’s Company Act. Effective February 20, 2008, 0816479 BC Ltd. changed its name to Kivalliq Energy Corporation (“Kivalliq”).

Kivalliq became a reporting issuer in Alberta and British Columbia on July 4, 2008 by virtue of a reorganization transaction involving the exchange of securities between Kaminak, Kivalliq and the shareholders of Kaminak. The reorganization transaction involved the acquisition from Kaminak of a 100% interest in Kaminak’s Angilak Uranium property. On July 7, 2008, after completion of private placements, the Company’s shares became publicly traded on the TSX Venture Exchange under the trading symbol “KIV”.

On June 28, 2018, the Company’s name was officially changed to ValOre Metals Corp. and ValOre’s shares commenced trading on the TSX Venture Exchange having the trading symbol (“VO”).

Long-term continuance of the Company’s operations is dependent upon achieving profitable operations and obtaining additional equity or debt financing. The recoverability of the carrying values of the Company’s resource property interests is dependent upon the existence and discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties and future profitable production from or proceeds from the disposition of resource properties. At December 31, 2020, the Company has not achieved profitable operations and has accumulated losses since inception.

As at December 31, 2020, the Company had current assets of \$122,257 to settle current liabilities of \$2,714,969, leaving the company with a negative working capital of \$2,592,712. ValOre may be required to delay discretionary expenditures if additional financing cannot be obtained on reasonable terms. Failure to obtain additional financing when required may result in the loss of some, or all, of the Company’s exploration and evaluation assets (Note 6). These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. To date, there have been no adverse effects on ValOre’s business or ability to raise funds.

### **2. Significant accounting policies, estimates and judgements**

#### **a) Basis of presentation, principles of consolidation and statement of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) for interim information, specifically International Accounting Standards (“IAS”) 34 - Interim Financial Reporting. In addition, these condensed interim consolidated financial statements have been prepared using interpretations issued by the International Financial Reporting Interpretation Committee (“IFRIC”) in effect at December 31, 2020 and the same accounting policies and methods of their application as the most recent annual financial statements of the Company. These condensed interim consolidated financial statements do not include all disclosures normally provided in the annual financial statements and should be read in conjunction with the Company’s audited financial statements for the year ended September 30, 2020.

## **ValOre Metals Corp.**

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements for the Three Months Ended December 31, 2020 and 2019  
(Expressed in Canadian Dollars)

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### **2. Significant accounting policies, estimates and judgements**

#### **a) Basis of presentation, principles of consolidation and statement of compliance**

In management's opinion, all adjustments necessary for fair presentation have been included in these condensed interim consolidated financial statements. Interim results are not necessarily indicative of the results expected for the year ending September 30, 2021.

The condensed interim consolidated financial statements for the three months ended December 31, 2020 (including comparatives) have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on March 1, 2021.

These condensed interim consolidated financial statements include the financial statements of ValOre Metals Corp. and its wholly owned subsidiaries PBBM Holdings Ltd. and Pedra Branca do Brasil Mineracao Ltda. All intercompany transactions and balances have been eliminated upon consolidation.

#### **b) Critical accounting judgements and estimates**

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amount of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are noted below with further details of the assumptions contained in the relevant note.

The preparation of these condensed interim consolidated financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

The critical estimates and judgments applied in the preparation of the unaudited condensed interim consolidated financial statements for the three months ended December 31, 2020 are consistent with those applied and disclosed in note 2 to the Company's audited consolidated financial statements for the year ended September 30, 2020.

#### **c) Foreign currency translation**

The functional currency of ValOre and its subsidiaries is the Canadian dollar. Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate in effect at the financial statement date. Exchange gains or losses arising from these translations are recognized in profit or loss for the reporting period.

## ValOre Metals Corp.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements for the Three Months Ended December 31, 2020 and 2019  
(Expressed in Canadian Dollars)

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### 3. Acquisition of the Pedra Branca Project

On August 14, 2019, ValOre acquired Pedra Branca do Brasil Mineracao Ltda. ("Pedra Branca") that holds the rights to the Pedra Branca Platinum Group Element Project in north-eastern Brazil from Jangada Mines PLC ("Jangada"). The acquisition has been accounted for as an acquisition of assets.

The aggregate purchase consideration for the acquisition consists of the Company paying Jangada \$3,000,000 cash and issuing Jangada 25,000,000 common shares of ValOre. The purchase price allocation was follows:

Cash	\$ 3,000,000	[i]
Shares	5,875,000	[ii]
<b>Total</b>	<b>\$ 8,875,000</b>	
<hr/>		
Cash	64	
Prepaid expenses	4,269	
Recoverable taxes	53	
Deposits	497	
Equipment	2,028	
Accounts payable	(20,550)	
Taxes payable	(1,728)	
Payroll liabilities	(3,939)	
Accrued liabilities	(9,894)	
Other payables	(14,250)	
Evaluation and exploration assets	8,918,450	
<b>Total transaction price</b>	<b>8,875,000</b>	

[i] The Company paid \$1,000,000 on August 14, 2019, \$1,000,000 on November 12, 2019, and the final cash payment of \$1,000,000 on February 6, 2020.

[ii] The fair value of the 25,000,000 shares issued was \$5,875,000 which includes the 3,000,000 shares valued at \$705,000 recorded as an obligation to issue shares. ValOre issued 22,000,000 common shares on August 14, 2019. The remaining 3,000,000 common shares of ValOre will be issued in six equal tranches commencing on the date falling six months after Closing and ending on the date falling thirty-six months after Closing, subject to any adjustment as a result of certain specified liabilities (Note 6). During the year ended September 30, 2020, the Company issued 1,000,000 shares valued at \$235,000 to Jangada pursuant to the purchase agreement.

The remaining 2,000,000 common shares are scheduled to be issued as follows:

- 500,000 common shares on or before February 14, 2021 \*
- 500,000 common shares on or before August 14, 2021
- 500,000 common shares on or before February 14, 2022 and
- 500,000 common shares on or before August 14, 2022.

\* Subsequent to the three months ended December 31, 2020, ValOre issued 500,000 shares valued at \$117,500 to Jangada pursuant to the purchase agreement (Note 13).

## ValOre Metals Corp.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements for the Three Months Ended December 31, 2020 and 2019  
(Expressed in Canadian Dollars)

### 4. Marketable securities

	Fair value Oct 1, 2019	Additions Sept 30, 2020	Disposals Sept 30, 2020	Fair value adjustment Sept 30, 2020	Fair value Sept 30, 2020
Common shares	\$ 77,276	\$ -	\$ (213,389)	\$ 220,008	\$ 83,895

  

	Fair value Oct 1, 2020	Additions Dec 31, 2020	Disposals Dec 31, 2020	Fair value adjustment Dec 31, 2020	Fair value Dec 31, 2020
Common shares	\$ 83,895	\$ -	\$ (81,643)	\$ (2,252)	\$ -

During the year ended September 30, 2017, Roughrider Exploration Limited ("Roughrider") settled a payment due to earn its 50% interest in the Genesis property in the form of shares. The Company received payment of 2,500,000 shares of Roughrider on August 31, 2017. Management has recorded these investments as FVTOCI. The Company will revalue the investments at each reporting period. Any changes in the fair value of the investments will be recorded at FVTOCI.

During the year ended September 30, 2020, the Company sold investments for proceeds of \$213,389.

During the three months ended December 31, 2020, the Company sold investments for proceeds of \$81,643.

### 5. Equipment

	Furniture & Equipment	Computer Equipment	Field Equipment	Total
<b>Cost</b>				
Balance at September 30, 2019	\$ 31,595	\$ 24,719	\$ 925,225	\$ 981,539
Additions/Disposals	-	-	-	-
Balance at September 30, 2020	\$ 31,595	\$ 24,719	\$ 925,225	\$ 981,539
<b>Accumulated depreciation</b>				
Balance at September 30, 2019	\$26,698	\$ 22,013	\$ 775,625	\$ 824,336
Depreciation	980	812	29,920	31,712
Disposals	-	-	-	-
Balance at September 30, 2020	\$ 27,678	\$ 22,825	\$ 805,545	\$ 856,048
<b>Net book value at September 30, 2020</b>	<b>\$ 3,917</b>	<b>\$ 1,894</b>	<b>\$ 119,680</b>	<b>\$ 125,491</b>

  

	Furniture & Equipment	Computer Equipment	Field Equipment	Total
<b>Cost</b>				
Balance at September 30, 2020	\$ 31,595	\$ 24,719	\$ 925,225	\$ 981,539
Additions/Disposals	-	-	-	-
Balance at December 31, 2020	\$ 31,595	\$ 24,719	\$ 925,225	\$ 981,539
<b>Accumulated depreciation</b>				
Balance at September 30, 2020	\$ 27,678	\$ 22,825	\$ 805,545	\$ 856,048
Depreciation	245	203	7,480	7,928
Disposals	-	-	-	-
Balance at December 31, 2020	\$ 27,923	\$ 23,028	\$ 813,025	\$ 863,976
<b>Net book value at December 31, 2020</b>	<b>\$ 3,672</b>	<b>\$ 1,691</b>	<b>\$ 112,200</b>	<b>\$ 117,563</b>

**ValOre Metals Corp.**

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements for the Three Months Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

**6. Exploration and evaluation assets**

	<b>Angilak</b>	<b>Baffin Gold</b>	<b>Genesis</b>	<b>Hatchet Lake</b>	<b>Pedra Branca</b>	<b>Total</b>
<b>September 30, 2018</b>	<b>\$ 949,439</b>	<b>\$ -</b>	<b>\$ 2,439</b>	<b>\$ 1,042</b>	<b>\$ -</b>	<b>\$ 952,920</b>
Additions:						
Acquisition costs (recovery)	-	-	-	(1,042)	8,918,450	8,917,408
Sale of royalty	-	-	-	-	-	-
Write-off of property	-	-	(2,439)	-	-	(2,439)
<b>September 30, 2019</b>	<b>\$ 949,439</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,918,450</b>	<b>\$ 9,867,889</b>
Additions:						
Acquisition costs	-	-	-	-	-	-
Sale of royalty	-	-	-	-	-	-
Write-off of property	-	-	-	-	-	-
<b>September 30, 2020</b>	<b>\$ 949,439</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,918,450</b>	<b>\$ 9,867,889</b>
Additions:						
Acquisition costs	-	-	-	-	-	-
Sale of royalty	-	-	-	-	-	-
Write-off of property	-	-	-	-	-	-
<b>December 31, 2020</b>	<b>\$ 949,439</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,918,450</b>	<b>\$ 9,867,889</b>

**ValOre Metals Corp.**

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements for the Three Months Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

**6. Exploration and evaluation assets** (continued)

## a) Exploration expenditures

	<b>Angilak</b>	<b>Baffin Gold</b>	<b>Genesis</b>	<b>Hatchet Lake</b>	<b>Pedra Branca</b>	<b>Total</b>
Accretion (Note 7)	\$ 2,091	\$ -	\$ -	\$ -	\$ -	\$ 2,091
Assays	-	-	-	-	139,878	139,878
Land administration	50,000	145,278	-	-	1,912	197,190
Air support and transportation	-	-	-	-	-	-
Drilling	-	-	-	-	346,334	346,334
Field and general operations	7,980	220	-	-	46,797	54,999
Field contractors and consultants	42,412	-	-	-	11,187	53,598
Laboratory costs	-	-	-	-	3,836	3,836
Salaries and wages	1,167	-	-	-	134,543	135,710
Travel and accommodation	-	-	-	-	6,847	6,847
<b>Period ending December 31, 2020</b>	<b>\$ 103,650</b>	<b>\$ 145,498</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 691,334</b>	<b>\$ 940,482</b>

	<b>Angilak</b>	<b>Baffin Gold</b>	<b>Genesis</b>	<b>Hatchet Lake</b>	<b>Pedra Branca</b>	<b>Total</b>
Accretion (Note 7)	\$ 2,040	\$ -	\$ -	\$ -	\$ -	\$ 2,040
Assays	-	-	-	-	-	-
Land administration	128,364	145,278	-	-	-	273,642
Air support and transportation	-	-	-	-	6,326	6,326
Drilling	-	-	-	-	-	-
Field and general operations	8,827	3,864	-	-	64,018	76,709
Field contractors and consultants	-	-	-	-	10,741	10,741
Laboratory costs	-	-	-	-	-	-
Salaries and wages	-	-	-	-	146,515	146,515
Travel and accommodation	-	-	-	-	9,160	9,160
<b>Period ending December 31, 2019</b>	<b>\$ 139,231</b>	<b>\$ 149,142</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 236,760</b>	<b>\$ 525,133</b>

## ValOre Metals Corp.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements for the Three Months Ended December 31, 2020 and 2019  
(Expressed in Canadian Dollars)

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### 6. Exploration and evaluation assets (continued)

#### b) General

ValOre has the Pedra Branca Project in Brazil, the Angilak, Baker Basin, and the Baffin Gold Properties in Nunavut Territory, Canada, the Hatchet Lake Property in Saskatchewan, Canada, the Genesis Property in the Provinces of Saskatchewan and Manitoba, Canada.

#### ***Pedra Branca, Ceara State, Brazil***

During the year ended September 30, 2019, the Company signed a binding letter of intent to acquire the Pedra Branca Project in north-eastern Brazil from Jangada, and paid exclusivity payments of \$250,000 as per the letter of intent.

On August 14, 2019, the Company acquired the Pedra Branca Project in north-eastern Brazil from Jangada.

Pursuant to a share purchase agreement among Jangada, ValOre and PBBM Holdings Ltd., a wholly owned British Columbia incorporated subsidiary of ValOre, ValOre acquired Pedra Branca from Jangada (Note 3). Pedra Branca holds the interest in the Pedra Branca Project.

ValOre acquired a 100% interest in the Company in exchange for the following consideration:

1. the issuance and allotment to Jangada of:
  - a. 22,000,000 common shares in the authorized share capital of ValOre (issued) on closing of the transaction (Note 3).
  - b. 3,000,000 common shares in the authorized share capital of ValOre in six equal tranches commencing on the date falling six months after Closing and ending on the date falling thirty-six months after Closing, subject to any adjustment as a result of certain specified liabilities; The 3,000,000 shares were valued at \$705,000 and recorded as obligation to issue shares. \* and
2. cash payments to Jangada in the aggregate of \$3,000,000, as follows:
  - a. \$250,000 paid in May 2019
  - b. \$750,000 paid in August 2019
  - c. \$1,000,000 paid in November 2019
  - d. \$1,000,000 paid in February 2020

\* During the year ended September 30, 2020, pursuant to the share purchase agreement, the Company issued 1,000,000 shares to Jangada valued at \$235,000 (Note 3).

The remaining 2,000,000 common shares are scheduled to be issued as follows:

- 500,000 common shares on or before February 14, 2021 \*
- 500,000 common shares on or before August 14, 2021
- 500,000 common shares on or before February 14, 2022 and
- 500,000 common shares on or before August 14, 2022.

\* Subsequent to the three months ended December 31, 2020, pursuant to the share purchase agreement, the Company issued 500,000 shares to Jangada valued at \$117,500 (Note 3).

## ValOre Metals Corp.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements for the Three Months Ended December 31, 2020 and 2019  
(Expressed in Canadian Dollars)

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### 6. Exploration and evaluation assets (continued)

#### **Angilak, Nunavut**

The Angilak Property was acquired from Kaminak, formerly a related party with common directors and officers, through the reorganization transaction (Note 1). The Angilak Property is comprised of a central Inuit Owned Land parcel surrounded by adjacent and contiguous mineral claims on Federal Crown lands in Nunavut.

Kaminak originally signed an Exploration Agreement (“EA”) with Nunavut Tunngavik Inc. (“NTI”) whereby Kaminak was granted a 100% interest in the minerals within privately owned Inuit Owned Lands. This parcel is located directly adjacent to Kaminak’s “Angilak (formerly Yathkyed) IOCG Project” which is comprised of staked claims located on Federal Crown land.

In order to keep the Inuit Owned Lands in good standing, ValOre has or will complete the following:

- ValOre issued 100,000 common shares from treasury to NTI in four tranches of 25,000 common shares each (issuance dates were July 4, 2008, June 23, 2009, June 15, 2010, and June 28, 2011). Upon completion of a feasibility study on any portion of the property, NTI has the option of taking either a 25% participating interest or a 7.5% net profits royalty in the specific area subject to the feasibility study.
- Upon completion of a National Instrument 43-101 compliant report that outlines a measured resource of at least 12 million pounds of uranium, ValOre will pay NTI a cash sum of \$1,000,000.

The Inuit Owned Lands are subject to an underlying 12% net profits royalty payable on all minerals to NTI. During periods of positive operating revenue, gross uranium revenue shall be calculated as 130% of the value of the product. Starting December 31, 2008, ValOre is to pay annual advance royalty payments to NTI in the sum of \$50,000 annually (2008 – 2014 paid). NTI has allowed the Company to defer the annual advance royalty payments due on December 31, 2015, 2016, and 2018 to December 31, 2019, 2020 and 2021, respectively. The \$50,000 payment originally due in December 2015 was made during the year ended September 30, 2020. The \$50,000 payments originally due in December 2016 was made in December 2020.

In January 2017, the Company received \$700,000 from Sandstorm Gold Ltd. (“Sandstorm”) as part of a \$1,000,000 royalty package in return for ValOre granting to Sandstorm a 1% net smelter returns royalty (“NSR”) payable on all mineral products produced from the property. The \$700,000 payment received was recorded against the carrying value of the property.

In 2019, the Company recognized a reclamation obligation of \$407,994. The liability was estimated using undiscounted risk adjusted cash flows of \$450,458 expected to be incurred in 5 years, an inflation rate of 2.1% and a risk-free discount rate of 2%. During the three months ended December 31, 2020, the Company recorded \$2,092 for accretion to adjust the reclamation obligation (Note 7).

#### **Baffin Gold, Nunavut**

In May 2017, the Company acquired mineral tenures for a land package on central Baffin Island. This land package consolidates several types of mineral tenures into a single property called the “Baffin Gold Property”.

The Baffin Gold Property consists of:

- 100% interest in an Inuit Owned Lands (“IOL”) parcel acquired through a Mineral Exploration Agreement (“MEA”) ValOre signed directly with NTI;
- 100% interest in several prospecting permits ValOre acquired through staking;
- Option Agreement with Commander Resources Ltd. (“Commander”) for 100% interest in certain mineral claims and IOL parcels through an MEA Commander signed with NTI.

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### 6. Exploration and evaluation assets (continued)

#### ***Baffin Gold, Nunavut (continued)***

Under terms of both the ValOre and Commander MEA's with NTI, NTI will receive:

- Annual fees and exploration work commitments;
- \$1 million and \$5.5 million cash payments upon demonstrating NI 43-101 compliant Measured Resources of 1 million and 5 million ounces gold respectively;
- \$3 million and \$5 million cash payments with the commencement of a Feasibility Study and at Commercial Production respectively;
- \$50,000 annual advanced royalty payments after both a Measured Resource of 1 million ounces gold and a positive Feasibility Study is attained; and
- At Commercial Production, an underlying 12% net profits royalty payable on exploration areas (deductions not to exceed 70% of gross revenues)

Upon execution of, and pursuant to the terms of the Baffin Gold Property Option Agreement with Commander dated May 2017:

- Commander will receive a cash payment of \$10,000 (paid);
- Commander will receive an aggregate of 50,000 ValOre shares within 12 months (issued);
- ValOre will fulfill Commanders obligations to NTI for Year 1; (fulfilled)
- Commander will receive 50,000 ValOre shares at a Bankable Feasibility Study;
- Commander will receive a cash payment up to \$6 million upon commencement of Commercial Production;
- Commander will retain a 0.25% to 0.5% NSR royalty on Commander's Baffin Gold Property optioned lands;
- As part of a data purchase agreement, ValOre will grant Commander a 0.25% NSR royalty on certain of ValOre's Baffin mineral tenures; and
- Terms of the Baffin Gold Property Option Agreement may be adjusted up until the date of any first royalty payment to reflect the possible impact of any past commercial agreements or interests.

During the three months ended December 31, 2020 an annual fee amount of \$145,278 (2019 - \$145,278) was paid to NTI.

On March 27, 2018, the Company received a \$600,000 payment from Sandstorm in return for ValOre granting to Sandstorm up to a 1.75% NSR royalty payable on all future mineral production from the Property. At any time up and until 36 months after signing the agreement, ValOre may reduce the Royalty to a 1.0% NSR by making a \$1.0 million payment to Sandstorm.

#### ***Hatchet Lake, Saskatchewan***

On February 10, 2015, ValOre acquired 100% of the Hatchet Lake Uranium Property (the "Hatchet Lake Property") from Rio Tinto Exploration Canada Inc. and Rio Tinto Canada Uranium Corporation ("Rio Tinto") on the following terms:

- ValOre made a cash payment upon execution of the agreement of \$220,000, subject to all claims being in good standing as of the closing date;
- Rio Tinto transferred a 100% interest in the Hatchet Lake Property to ValOre;
- ValOre granted Rio Tinto a 2% NSR royalty on the Hatchet Lake Property, with ValOre holding a buy-down right of 0.5% for \$750,000.

The Hatchet Lake Property encompasses six claims adjacent to the north-eastern margin of the Athabasca Basin in Saskatchewan northwest of ValOre's Genesis Property.

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### 6. Exploration and evaluation assets (continued)

#### *Hatchet Lake, Saskatchewan (continued)*

In January 2017, the Company received \$250,000 from Sandstorm as part of a \$1,000,000 royalty package in return for ValOre transferring and assigning to Sandstorm the Company's 0.5% buyback right. Upon Sandstorm's exercise of this royalty buyback right, ValOre has agreed to grant to Sandstorm a 0.5% NSR royalty payable on all mineral products produced from the Hatchet Lake property. The \$250,000 payment received was recorded against the carrying value of the property.

#### *Genesis, Saskatchewan and Manitoba*

On July 10, 2014, the Company signed a Mining Option Agreement with Roughrider Exploration Limited ("Roughrider") on the Genesis Property pursuant to which Roughrider can acquire up to an 85% interest in the Genesis Property in exchange for 3,939,656 common shares, \$1,000,000 cash, and \$5,000,000 in exploration expenditures over four years. Upon acquisition of an 85% interest in the Genesis Property by Roughrider, ValOre's remaining 15% interest will be carried through to completion of a bankable feasibility study and a recommendation from the board of Roughrider to proceed to commercial production. In August 2017, Roughrider earned a 50% interest in the Genesis Property.

During the year ended September 30, 2019, management decided to no longer pursue exploration activities on this project and as a result decided to write it off.

#### *Baker Basin, Nunavut*

During the year ended September 30, 2018, ValOre determined it will not conduct further exploration on the Property and therefore wrote the property down to a value of \$Nil.

### 7. Decommissioning liability

The changes in the rehabilitation provision during the three months ended December 31, 2020 and the year ended September 30, 2020 were as follows:

	December 31, 2020	September 30, 2020
Balance, beginning of period	\$ 416,215	\$ 407,994
Additions	-	-
Accretion	2,092	8,221
Balance, end of period	\$ 418,307	\$ 416,215

During the year ended September 30, 2020, the Company recorded \$8,221 for accretion to adjust the reclamation obligation which was included in Evaluation and Exploration Expenditures.

During the three months ended December 31, 2020, the Company recorded \$2,092 for accretion to adjust the reclamation obligation which was included in Evaluation and Exploration Expenditures (Note 6 a).

### 8. Loan payable

During the year ended September 30, 2020, ValOre entered into an unsecured revolving credit facility with the CEO of the Company, pursuant to which ValOre may borrow up to \$1,700,000 on a revolving basis. ValOre will pay to the CEO a standby fee of \$34,000 (2% of the committed facility) and interest of 10% per annum on amounts drawn down under the facility. The maturity date of the revolving credit facility is the earlier of (i) the day after the receipt by the Borrower of the proceeds from the financing and (ii) March 31, 2021.

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### 8. Loan payable (continued)

\* During the three months ended December 31, 2020 the CFO of the Company agreed to lend \$245,278 to the Company to cover certain working capital requirements. The loan has no specified interest rate and no specific terms of repayment.

The changes in the loan during the three months ended December 31, 2020 and the year ended September 30, 2020 were as follows:

	December 31, 2020	September 30, 2020
Opening balance	\$ 1,305,854	\$ -
Additions *	885,278	1,270,000
Interest expense	38,378	20,910
Stand-by fee (finance expense)	14,281	14,944
Ending balance	\$ 2,243,791	\$ 1,305,854

Subsequent to the three months ended December 31, 2020 the Company repaid the full amount of the loans due to the CEO and CFO.

### 9. Share Capital

#### a) Authorized

As at December 31, 2020, there were an unlimited number of common voting shares without par value authorized.

#### b) Issued

##### Three months ended December 31, 2020

During the three months ended December 31, 2020, 70,000 common shares were issued upon warrants exercise for a total of \$16,100.

##### Three months ended December 31, 2019

There have been no capital activities during the three months December 31, 2019.

#### c) Warrants

The changes in warrants issued are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding Warrants, September 30, 2018	1,523,050	\$1.50
Issued	9,044,235	\$0.32
Outstanding Warrants, September 30, 2019	10,567,285	\$0.49
Exercised	(4,276,000)	\$0.30
Outstanding Warrants, September 30, 2020	6,291,285	\$0.62
Exercised	(70,000)	\$0.23
Outstanding Warrants, December 31, 2020	6,221,285	\$0.62

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### 9. Share Capital (continued)

At December 31, 2020, warrants enabling the holders to acquire common shares as follows:

Expiry Date	Weighted Average Exercise Price	Number of Warrants	Weighted Average Remaining Contractual Life in Years
January 14, 2021	\$0.23	567,235	0.04
August 7, 2021	\$0.35	3,355,500	0.60
August 14, 2021	\$0.35	775,500	0.62
January 16, 2022	\$1.50	1,451,800	1.04
February 17, 2022	\$1.50	71,250	1.13
Weighted average of exercise price and remaining contractual life	\$0.49	6,221,285	0.65

#### d) Stock Options

Pursuant to ValOre's stock option plan, the board of directors may grant options for the purchase of up to 10% of the total number of issued and outstanding common shares of the Company. Options granted under the plan vest over time at the discretion of the board of directors and expire no later than five years from the date of issuance. Exercise prices on options granted under the plan cannot be lower than the market price of one share on the last trading day immediately preceding the day on which the option is granted, less the maximum applicable discount permitted by TSX Venture Exchange and the minimum exercise price per common share must be at least \$0.10.

On August 10, 2020, ValOre granted 2,375,000 stock options to certain directors, officers, and consultants of the Company in accordance with ValOre's stock option plan. Of the total amount, 600,000 options were granted to directors and officers of ValOre. Each Option immediately vests and is exercisable into one common share in the capital of ValOre at a price of \$0.30 per Share, for a period of three years from the date of grant.

	Number of Options	Weighted Average Exercise Price
Outstanding options, September 30, 2018	1,789,000	\$1.47
Granted	6,500,000	\$0.25
Expired	(699,000)	\$2.20
Outstanding options, September 30, 2019	7,590,000	\$0.36
Exercised	(650,000)	\$0.25
Cancelled	(660,000)	\$0.69
Granted	2,375,000	\$0.30
Outstanding options, September 30, 2020 and December 31, 2020	8,655,000	\$0.33

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### 9. Share Capital (continued)

#### d) Stock Options (continued)

At December 31, 2020 the following stock options were outstanding:

Expiry Date	Weighted Average Exercise Price	Issued Number of Options	Vested and Exercisable Number of Options	Weighted Average Remaining Contractual Life in Years
July 6, 2022	\$1.00	705,000	705,000	1.76
August 10, 2023	\$0.30	2,375,000	2,375,000	2.86
September 6, 2024	\$0.25	5,575,000	5,575,000	3.94
Weighted average of exercise price and remaining contractual life	\$0.32	8,655,000	8,655,000	3.46

As at December 31, 2020, the Company recognized \$Nil (2019 – \$Nil) in share-based compensation expense for the fair value of stock options granted and vested.

The risk-free interest rate is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected volatility is based on the Company's historical prices. The expected average option life is the average expected period to exercise, based on the historical activity patterns for options.

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### 10. Related Party Transactions

#### *Key management compensation*

Key management consists of ValOre's directors and officers. In addition to management and consulting fees paid to these individuals, or companies controlled by these individuals, the Company provides non-cash benefits. The aggregate value of compensation with key management for the three months ended December 31, 2020 was \$110,700 (2019 - \$110,700) and was comprised of the following:

		Three Months ended December 31, 2020		Three Months ended December 31, 2019
Management and consulting fees	\$	52,500	\$	52,500
Directors fees (included in Management and consulting fees in the Statements of Loss and Comprehensive Loss)		58,200		58,200
Share-based compensation		-		-
Non-cash benefits		-		-
<b>Total remuneration</b>	<b>\$</b>	<b>110,700</b>	<b>\$</b>	<b>110,700</b>

Related party transactions and balances not disclosed elsewhere in these condensed interim consolidated financial statements are as follows:

The amounts charged to ValOre for the services provided have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements.

#### **Other related party transactions**

During the three months ended December 31, 2020, ValOre incurred a total of \$15,000 (2019 - \$Nil) in consulting fees and \$6,034 (2019 - \$Nil) in rent from a company owned by a close family member of the CFO.

#### **Due to related parties**

As at December 31, 2020, \$116,400 (September 30, 2020 - \$83,821) was owed to directors of the Company for director fees. This amount is included in accounts payable and accrued liabilities. Amounts due to related parties are unsecured, have no fixed repayments and are non-interest bearing.

#### **Loan payable (Note 8)**

As at December 31, 2020, \$1,998,513 (September 30, 2020 - \$1,305,854) was owed to the CEO of the Company for an unsecured revolving credit. ValOre will pay to the CEO a standby fee of \$34,000 (2% of the committed facility) and interest of 10% per annum on amounts drawn down under the facility.

As at December 31, 2020 \$245,278 (September 30, 2020 - \$Nil) was owed to the CFO of the Company for an unsecured loan. There is no specified interest rate and no specific terms of repayment.

Subsequent to the three months ended December 31, 2020 the Company repaid the full amount of the loans due to the CEO and CFO.

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### 11. Financial Instruments

#### Categories of financial assets and liabilities

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- i) Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- ii) Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- iii) Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The fair value of the Company's other receivables, accounts payable and accrued liabilities and loan payable approximate carrying value which is the amount recorded on the statement of financial position due to their short-term nature. The Company's cash, and marketable securities, under the fair value hierarchy, are based on level one inputs. Long-term liabilities approximate their fair values.

#### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, other receivables, marketable securities and GST recoverable. Management believes that the credit risk concentration with respect to financial instruments included in cash, marketable securities, other receivables and GST recoverable is remote as they relate to deposits and interest receivable from major financial institutions, marketable securities held with a major brokerage firm, and one other small balance. The maximum credit risk as at December 31, 2020 was \$98,658 (September 30, 2020 - \$640,613).

#### *Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2020, ValOre had a cash balance of \$74,276 (September 30, 2020 - \$534,282) to settle accounts payable and accrued liabilities of \$471,178 (September 30, 2020 - \$642,801) and loan payable of \$2,243,791 (September 30, 2020 - \$1,305,854).

#### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

##### (a) Interest rate risk

ValOre has cash balances and interest-bearing debt (Note 8). The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

##### (b) Foreign currency risk

ValOre is exposed to foreign currency risk on fluctuations related to cash, accounts receivable and accounts payable and accrued liabilities, denominated in Brazilian Real. A 10% fluctuation between the Canadian dollar and the Brazilian real would impact profit or loss by approximately \$13,000.

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### 11. Financial Instruments (continued)

#### (c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of resources, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. The Company maintains certain investments in marketable securities which are measured at fair value, being the closing price of each equity investment at the statement of financial position date. We are exposed to changes in share prices which would result in gains and losses being recognized in total comprehensive loss. During the three months ended December 31, 2020, the Company sold its remaining securities (Note 4).

### 12. Capital Management

ValOre's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain flexible capital structure for its projects for the benefit of its stakeholders.

In the management of capital, the Company includes the components of shareholders' equity.

ValOre manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash.

Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met. There were no changes in the Company's approach to capital management during the three months ended December 31, 2020. The Company is not subject to externally imposed capital requirements.

### 13. Segment Information

The Company operates in one reportable segment, being the acquisition, exploration and evaluation of mineral resources. All of the Company's equipment and exploration and evaluation assets are located in Canada and Brazil. The Company's exploration activities are centralized whereby management of the Company is responsible for business results and the everyday decision-making. The Company's operations therefore are segmented on a geographic basis.

	December 31, 2020	September 30, 2020
Equipment		
Canada	\$ 117,563	\$ 125,491
Brazil	-	-
	117,563	125,491
Exploration and evaluation assets		
Canada	949,439	949,439
Brazil	8,918,450	8,918,450
	9,867,889	9,867,889
	\$ 9,985,452	\$ 9,993,380

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### **14. Subsequent Events**

Subsequent to the three months ended December 31, 2020, the following events took place:

- ValOre closed a private placement in February 2021, with the issuing of 27,758,334 units at a price of \$0.30 per unit for gross proceeds of \$8,327,500.20. Each unit consists of one common share (“share”) and one-half of one common share purchase warrant (each whole common share purchase warrant, a “warrant”). Each warrant will be exercisable into one share for \$0.45 per share for a period of two years expiring February 17, 2023. The private placement will be used to conduct mineral exploration at ValOre’s projects in Canada and Pedra Branca Project in Brazil, in addition to general working capital purposes.
- ValOre issued 500,000 shares valued at \$117,500 to Jangada pursuant to the purchase agreement (Note 3).
- Subsequent to the three months ended December 31, 2020 the Company repaid the full amount of the loans due to the CEO and CFO (Notes 8 and 10).
- Additional 567,235 shares were issued upon warrants exercised for gross proceeds of \$130,464.