GOLDEN VALLEY MINES LTD.

Management's Discussion and Analysis
For the year ended December 31, 2020
Dated: April 25, 2021

INTRODUCTION

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

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

This MD&A has been reviewed by the audit committee and approved by the Company's Board of Directors on April 25, 2021.

FORWARD-LOOKING STATEMENTS

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

COMPANY OVERVIEW

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

Golden Valley has the following subsidiaries: Abitibi Royalties Inc. (“Abitibi Royalties”) and Calone Mining Ltd (“Calone Mining”) both incorporated under the Business Corporations Act (British Columbia). As at December 31, 2020, Golden Valley owns 5,605,246 common shares of Abitibi Royalties, representing an equity interest of approximately 44.93% and owns 100% equity interest in Calone Mining.

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

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

Golden Valley’s shares trade on the TSX Venture Exchange (the “Exchange”) under the symbol “GZZ”. The Company’s common shares also trade on the OTCQX under the symbol “GLVMF”.

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

a) Abitibi Royalties Inc. (“Abitibi Royalties”)

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

As announced on January 20, 2020, Abitibi Royalties’ Board of Directors approved a 25% dividend increase from $0.12 to $0.15 per common share on an annualized basis. The payment of dividends also changed from quarterly to monthly. The increased dividend amount and the payment of dividends from quarterly to monthly began in April 2020.

Furthermore, on December 7, 2020, Abitibi Royalties' Board of directors approved a 20% dividend increase to the Company's outstanding common shares from $0.15 to $0.18 per common share on an annualized basis effective in 2021.

For the year ended December 31, 2020, Golden Valley received dividends of $798,750 from its equity interest in Abitibi Royalties.

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

As at December 31, 2020, Golden Valley holds a 39.57% (December 31, 2019 – 37.15%) equity interest in Val-d'Or Mining, a company listed on the Exchange under symbol "VZZ", whose 100%-owned assets include 56 actively operated properties located in the Abitibi Greenstone Belt (Québec), the Nunavik Region (Ungava Belt) in northern Québec, and in north-central (James Bay) Québec.

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

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

As at December 31, 2020, Golden Valley holds a 13.44% (December 31, 2019 -16.50%) equity interest in International Prospect, a company listed on the Exchange under symbol "IZZ", whose assets include a 100% interest on eight tenements, covering over 100,000-hectares in the Pilbara region in Western Australia, and, in Canada, the Porcupine Miracle Prospect (Ontario), and a 40% interest in the Beartooth Island Prospect (Saskatchewan).

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

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

CORPORATE STRATEGY

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

CORPORATE DEVELOPMENTS

Share Consolidation

On July 27, 2020, the Company received conditional approval from the Exchange regarding a security consolidation on the basis of ten old shares for one new share. The common shares of Golden Valley commenced trading on a consolidated basis at open of market on July 31, 2020. The consolidation was approved by the shareholders of Golden Valley at the annual and special meeting of shareholders held on June 26, 2020.

Following the consolidation, a total of approximately 13,518,459 common shares of Golden Valley are issued and outstanding, and incentive stock options to acquire an aggregate of approximately 1,423,691 common shares are outstanding. The number of common shares entitled to be purchased pursuant to the terms of the outstanding options and the per share exercise price for such shares were adjusted accordingly, in accordance with the terms of the respective options. All fractional common shares remaining as a result of the proposed consolidation were cancelled. All historical information presented in the financial statements and in the Management's Discussion and Analysis has been adjusted to reflect the share consolidation.

Trading on the OTCQX Market

As announced on June 1, 2020, the Company has qualified to trade on the OTCQX Best Market via OTC Markets and has began trading on OTCQX under the symbol "GLVMF." The OTCQX Market is designed for established, investor-focused U.S. and international companies.

Update on COVID-19

Following orders from the Governments of Québec and Ontario in response to the COVID-19 pandemic, from the period March 23, 2020 to May 11, 2020, the Company suspended its exploration activities and field operations in both provinces for the health and safety of the Company's workforce, its exploration partners and for the safety of the communities proximate to the Company's properties. Corporate activity was limited to the Company continuing work on other commitments under existing third-party agreements and seeking partners to fund projects by way of option and joint venture agreements. On May 11, 2020, the Government of Québec announced and authorized the resumption of mineral exploration activities.

At the Canadian Malartic Mine, where Abitibi Royalties owns various NSR's and NPI's, Agnico Eagle and Yamana reported on April 15, 2020 that the Canadian Malartic Mine had resumed operations following the Government of Québec's decision to authorize the resumption of mining activities. Canadian Malartic entered care and maintenance on March 24, 2020, in response to government restrictions related to COVID-19 that required mining companies to minimize operational activities.

At this time, the extent of the impact the COVID-19 pandemic may have on the Company is unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place.

Property claim renewals were deferred as a direct result of COVID-19 measures implemented by the *Ministère de l'Énergie et des Ressources naturelles* (“MERN”) in Québec and the *Ministry of Energy, Northern Development and Mines* (“MNDM”) in Ontario.

In Québec, the MERN has announced the term suspension of all claims currently in force for a 12-month period effective April 9, 2020.

In Ontario, claim owners could apply for an exclusion of time through the *Mining Lands Administration System* (“MLAS”).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

Golden Valley strives to ensure that its activities support environmental sustainability, social responsibility and strong governance. Golden Valley has been involved in various community efforts to help rehabilitate abandoned mineral exploration sites in various parts of Québec and has also supported the Château de Marie-Ève project, which is a new women’s shelter being built in Val-d’Or, Québec under the direction of the La Piaule mission.

Golden Valley also makes every effort to ensure that it meets all required standards of corporate governance, following industry best practices and satisfying legal and regulatory requirements. See “Risk Factors” below.

PROPERTIES AND INTEREST

The Company’s exploration activities for 2020 focused primarily on managing and/or monitoring joint venture and/or option project exploration programs, and project generation activities directed to identifying and evaluating new opportunities and business development purposes.

Abitibi Greenstone Belt (“AGB”) Grassroots Exploration Project

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

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

OPTION AND JOINT VENTURE PROPERTIES

Abitibi Greenstone Belt (“AGB”) Programs

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

On April 18, 2017, the Company granted to Val-d’Or Mining an option to acquire a 100% interest in 61 of its grassroots properties, which option was amended and restated as of November 28, 2019 and exercised on December 5, 2019.

Pursuant to the option, Val-d’Or Mining issued 4,166,667 shares to Golden Valley in June 2020 and 4,166,667 in November 2020. In addition, Golden Valley is eligible to receive 20% of the proceeds of all third-party transactions pertaining to the properties that Val-d’Or Mining enters into and announces on or before December 31, 2022.

Furthermore, the properties are subject to a royalty in favour of Golden Valley equal to 1.25% of the net smelter returns, whereby Val-d’Or Mining has a partial buyback right. The partial buyback right pertains to each individual property, whereby 1% may be bought for $500,000 on a property-by-property basis with a maximum total consideration of $5,000,000 at which point in time the NSR royalty on all the properties would be reduced by 1.0%.

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

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

On March 16, 2016, the Company granted an option to BonTerra Resources Inc. (“BonTerra”) on the Lac Barry Prospect located in the Abitibi Greenstone Belt, northeast of Val-d'Or, Québec. BonTerra issued to Golden Valley common shares in the capital of BonTerra having an aggregate value of $200,000, and incurred expenditures in an aggregate amount of $2,000,000 over a three-year period. Upon BonTerra exercising the option on June 4, 2019, it earned an 85% interest in the property and, the Company retained a 15% Free Carried Interest and a 3% NSR, with 1% of the NSR being subject to a buyback in favour of BonTerra for $1 million payable by BonTerra to Golden Valley. On February 9, 2020, the Company and BonTerra entered into a joint venture agreement on the Lac Barry Prospect.

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

c) Centremaque Prospect – Alexandria Minerals Corporation (acquired by O3 Mining Inc.) - Val-d'Or Québec

On April 13, 2017, the Company granted an option to Alexandria Minerals Corporation ("Alexandria") on the Centremaque Prospect located in the AGB, northeast of Val-d'Or, Québec. In order to acquire an 80% interest in the property, Alexandria must: (i) issue, over a four -year period from the date of signing, to Golden Valley such number of common shares in its capital having an aggregate value of $250,000 based on the closing price of Alexandria's shares on the Exchange the day prior to the date of issuance of each tranche of payment shares, of which shares and/or cash in the amount of $150,000 have been received to date; and, (ii) incur exploration expenditures in an aggregate amount of $4,000,000 over the same four-year period. Once the option is exercised, the Company will retain a 20% free carried interest and a 1.5% NSR, with 0.5% of the NSR being subject to a buyback in favour of Alexandria for $1.0 million payable to Golden Valley.

In accordance with the terms of the option agreement, Alexandria agreed to a $2,000,000 work commitment on or before April 20, 2020. On April 3, 2020, O3 Mining Inc ("O3 Mining"), which acquired Alexandria in 2019, provided a notice of force majeure and extension of delay as a result of the government of Québec's decision, relating to COVID-19, to close all non-essential businesses. On May 28, 2020, the option agreement with O3 Mining was amended to provide that the payment date of the remaining cash consideration of $100,000 and the date to incur the remaining exploration expenditures commitment of $3,250,000 have been extended to June 9, 2021.

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

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

d) Sharks and Cheechoo Joint Venture - Sirios Resources Ltd. - James Bay Northern Quebec

On October 23, 2013, Golden Valley granted Sirios Resources Ltd. ("Sirios") an option to acquire Golden Valley's remaining 55% interest in the Cheechoo prospect. Sirios completed all its obligations under the agreement to earn a 100% interest in the Cheechoo prospect and therefore holds 100% of the Cheechoo prospect, subject to the royalty described below.

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

For additional details with respect to the exploration and field work completed to date on the Cheechoo gold project, as well as for the details on the expenditures made to date by Sirios on the project, please refer to Sirios' continuous disclosure documents available for viewing by the public through the internet at the SEDAR website (www.sedar.com) by accessing Sirios' issuer profile.

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

In 2008, the Company earned a 70% interest in the group of 9 properties (8 gold and 1 copper-zinc-silver) located in the AGB (Québec and Ontario) and a 70:30 joint venture (the "GZZ-I JV") was formed between Golden Valley and Eldorado Gold Corporation, with the latter having acquired its interest through the acquisition of Integra Gold Corporation. Golden Valley is the operator for the joint venture. The GZZ-I JV is subject to underlying royalties ranging between 3.0% and 3.5% in favour of the original vendors, one of whom is a director and an officer of the Company.

PROPERTY INTERESTS OF THE REPORTING SUBSIDIARY

ABITIBI ROYALTIES INC.

Abitibi Royalties holds interests amongst others, in the following assets:

The Canadian Malartic Mine, where Abitibi Royalties owns various Net Smelter Returns ("NSR") and Net Profit Interests ("NPI"), is jointly operated by Agnico Eagle Mines Limited ("Agnico Eagle") and Yamana Gold Inc. ("Yamana") (the "Partnership"). Abitibi Royalties' NSRs and NPIs cover portions of the Odyssey (3% NSR), East Malartic (3% NSR), Sladen (3% NSR), Sheehan (3% NSR), Jeffrey (3% NSR), Barnat Extension (3% NSR), Gouldie (2% NSR) and the Charlie Zone (2% NSR). In 2018, Abitibi Royalties acquired a 1.5% NSR on the Midway Project and a 15% NPI on the Radium Property, all operated and located at the Canadian Malartic Mine. With the exception of two zones (Jeffrey and Barnat) at the Canadian Malartic Mine, Abitibi Royalties' core royalties are not yet in production.

Abitibi Royalties also owns the following early-stage exploration royalties near producing mines throughout the Abitibi region in Québec: 2% NSR on the Revillard property, 1.0% NSR on the New Alger Project, and various 1.5% NSR on projects owned by Agnico Eagle and additional royalties in Canada and Turkey.

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

Main royalty interests

Malartic CHL 3% NSR Royalty - Malartic, Québec

The area covered by the 3% NSR starts at the eastern edge of the Canadian Malartic Mine main open pit. The 3% NSR also covers a number of known mineralized zones; the eastern part of the Barnat Extension, the Jeffrey Zone and portions of the East Malartic, Odyssey, Sladen and Sheehan. The various underground zones are collectively now known as the Odyssey Project.

Canadian Malartic 2% NSR Royalty – Malartic, Québec

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

Other royalty interests

Revillard Property 2% NSR – Malartic, Québec

The area covered by the 2.0% NSR is located approximately 10 kilometres northwest of the Canadian Malartic Mine and forms part of a larger set of claims known as the Malartic Project.

Radium 15% NPI – Malartic, Québec

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

Midway Project 1.5% NSR

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

1.5% NSR in the Abitibi region, Québec

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

1.0% NSR on the New Alger Project

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

Hammond Reed South Project

On August 10, 2020, Abitibi Royalties entered into an option agreement with Victory Resources Corporation ("Victory"), which Victory may earn a 100% interest in the project (subject to a 2.0% NSR) and by making cash payments of $275,000 ($50,000 paid) and share payments of 2.75 million common shares (500,000 shares issued) over a two-year period, exploration commitments of $550,000 over 3 years and a 2.0% NSR payable to Abitibi Royalties.

Other royalties

Abitibi Royalties also entered into a series of agreements to acquire a package of royalties south of the Canadian Malartic Mine and also southeast of the Goldex Mine. The agreements also entitle the Company to 15% of the gross proceeds (cash and shares) should the underlying properties be sold or joint ventured. The royalties are located: 1) immediately south of the Canadian Malartic Mine and 2) approximately three kilometres southeast of the Goldex Mine. The projects are owned and operated by Eagle Ridge Mining Inc. ("Eagle Ridge"). The purchase price paid by Abitibi Royalties totaled $36,000.

INVESTMENTS IN ASSOCIATES

International Prospect Ventures

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

In Australia, International Prospect owns 100% interest in eight tenements in the Marble Bar and Nullagine areas of the Pilbara Region, Western Australia (Fortescue Basin), covering a total area of approximately 1,026.10 square kilometres. In Canada, it owns a 100% interest in the Porcupine Miracle Prospect located in Langmuir Township in Ontario; a 40% interest in the Beartooth Island Prospect located in the Athabasca Basin in Saskatchewan, which is the subject of an agreement with Ditem Explorations Inc. ("Ditem") and of which Ditem is the operator; and a 100% interest in the Otish and Mistassini Prospects located in the North central region of Québec.

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

Val-d'Or Mining Corporation

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

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

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

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

On October 27, 2020, Val-d'Or Mining announced that it entered into a property sale agreement with Québec Nickel Corp. ("QNC"). In consideration of 100% interest in the property, QNC issued 3,589,341 special warrants to Val-d'Or Mining (of which, Golden Valley received 80,880 special warrants in accordance with the terms of an amended and restated agreement between Golden Valley and Val-d'Or Mining dated November 28, 2019).

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

SELECTED INFORMATION

The following table presents a summary of the most significant financial data of the Company for the years ended December 31, 2020, 2019, and 2018 and as at December 31, 2020, 2019, and 2018:

	For the year ended December 31,		
	2020	2019	2018
Consolidated revenues	$ **1,536,115**	$ 3,543,930	$ 363,633
Operating expenses	**3,763,191**	3,461,293	6,696,339
Other income (loss)	**17,240,211**	11,230,516	(3,174,040)
Net income (loss)	**13,100,464**	9,499,833	(7,456,692)
Earnings (loss) per share			
Basic	$ **0.371**	$ 0.024	$ (0.038)
Diluted	**0.351**	0.022	(0.038)
Net income (loss) and total comprehensive income (loss) attributable to:			
Shareholders of Golden Valley Mines	$ **5,005,946**	$ 3,282,652	$ (5,021,676)
Non-controlling interests	**8,094,518**	6,217,181	(2,435,016)
	$ **13,100,464**	$ 9,499,833	$ (7,456,692)

DISCUSSION ON CONSOLIDATED FINANCIAL RESULTS

Revenues

For fiscal 2020, the Company recognized consolidated revenues of $1,536,115 (2019 - $3,543,930) substantially consisting of royalties of $685,698 (2019- $3,037,260), dividends of $639,938 (2019 - $437,418) and option revenues of $209,586 (2019 - $67,505) earned from mining option agreements.

Consolidated revenues for fiscal 2020 were lower as Abitibi Royalties earned royalties of $685,698 (or US$524,434) for fiscal year 2020 compared to $3,037,260 (or US$2,315,090) for fiscal year 2019 from its Malartic CHL 3% NSR royalty interest at the Canadian Malartic Mine near Val-d'Or, Québec.

Consolidated revenues for fiscal 2020 also include dividends of $639,938, compared to $437,418 for fiscal year 2019, earned from Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana. Higher dividends in 2020 relate to several increases in both Yamana and Agnico Eagle dividend rates since the third quarter of 2019.

Other revenues for fiscal 2020 included option revenues of $209,586, of which $160,902 was mainly earned from the Company's mining option agreements with Val-d'Or Mining ($106,858) and O3 Mining ($50,000) and of $48,684 earned from Abitibi Royalties' mining option agreement with Victory.

Premiums received by Abitibi Royalties from option sales are not treated as revenues but are initially recognized as liabilities in "*Derivative financial instruments*" of the Consolidated Statements of Financial Position until such time the options are either exercised by the holder, expired unexercised on maturity or repurchased before maturity by Abitibi Royalties, at which time the premiums are recorded in the consolidated statements of net income and comprehensive income under Other Income's "*Change in fair value of derivatives*" – refer below for further details.

Operating Expenses

For fiscal 2020, the Company's consolidated operating expenses of $3,763,191 increased from $3,461,293 for fiscal 2019.

Significant variances in operating expenses were as follows:

a) Salaries and other employee benefits

Salaries and other employee benefits of $1,950,476 for fiscal 2020 were higher compared to $1,660,461 for fiscal 2019 as salaries and other employee benefits expense in 2020 reflected management's compensation increases in base salary compensation that came into effect on January 1, 2020, plus 2020 performance-based bonuses of $311,600 (2019 - $241,525) and long-term incentive share purchase special allocations of $185,000 (December 31, 2019 - $nil) at Abitibi Royalties. The after-tax proceeds of the long-term incentive bonus of $185,000 at Abitibi Royalties will be used by the recipients to purchase shares of Abitibi Royalties in the secondary market and are to retain such shares while serving as directors and officers of Abitibi Royalties.

b) Professional fees

Professional fees, which comprised of audit, tax and accounting fees, legal fees, investor relations fees, and filing fees increased to $871,819 for fiscal 2020 compared to $775,916 for fiscal 2019. Professional fees increased in 2020 as a result of an increase in application and filing fees relating to the Company's trading on the OTCQX Best Market via OTC Markets starting in 2020, and increased consulting fees for accounting services and coordination fees for investors marketing events and conferences.

c) Share-based compensation

For fiscal 2020, share-based compensation expense decreased to $255,904 compared to $405,468 for fiscal 2019.

The share-based compensation for 2020 was mainly related to the Company's March 2020 grant of 76,475 incentive stock option at an exercise price of $5.00 per share and a June 2020 grant of 25,000 incentive stock options at an exercise price of $6.80 per share.

The share-based compensation for fiscal 2020 was lower compared to fiscal 2019, as the compensation for fiscal 2019 included share-based compensation of $151,716 relating to the September 2016 grant of 930,593 incentive stock options, which fair value was allocated over the vesting period of three years ending in September 2019.

d) General and administrative expenses

For fiscal 2020, general and administrative expenses, consisting of office expenses, advertising, exhibitions and travel, increased to $393,525 compared to $268,490 for fiscal 2019.

The increase in fiscal 2020 relates to higher premiums paid for directors and officers' liability insurance in both Golden Valley and Abitibi Royalties and higher exhibition and travel expenses earlier in 2020, prior to the start of government imposed COVID-19 travel restrictions within Canada and in the US, as the Company attended and hosted events to generate new business opportunities and create ways to enhance shareholder value.

e) Impairment of exploration and evaluation assets

No impairment on exploration and evaluation assets was recognized for fiscal 2020 compared to $170,698 for fiscal 2019. The impairment charge in 2019 relates to the Company's Island 27 property resulting from Battery Minerals Resources Limited terminating its participation on the Island 27 property on May 8, 2019.

Other Income (loss)

For fiscal 2020, the Company recognized consolidated other income of $17,240,211 compared to consolidated other income of $11,230,516 for fiscal 2019. Significant variances to other income (loss) were as follows:

a) Change in fair value of investments and derivatives

Change in the fair value of investments primarily accounts for the changes in the market value of Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana, changes to the fair value in Abitibi Royalties' outstanding derivative financial instruments (plus revenues earned associated from these derivative financial instruments) and changes in the market value of the Company's investments in shares of publicly traded mining exploration companies.

As the investments held by Abitibi Royalties and its derivative financial instrument relating to covered call and put options on the Agnico Eagle and Yamana shares, plus the investments held by the Company, are marked-to-market at each reporting period, the fair market value of which has a continuing impact on the Company's consolidated financial condition and results for the periods presented.

The favourable change in fair value of investments of $7,150,480 (compared to favourable change of $16,942,272 in 2019) mainly relates to the change in the market value of Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana. The favourable net change of $8,265,137 (compared to unfavourable net change in value of $5,246,611 in 2019) relates to the change in the market value of the Abitibi Royalties' liability on its derivative financial instruments. The Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana and derivative financial instruments connected with the covered call and put options are fair valued at each reporting period, which fair value changes are presented in the consolidated statements of net income and comprehensive income.

b) Foreign exchange gain (loss)

Other income in 2020 also includes net of foreign exchange gain of $2,153,552 compared to foreign exchange losses of $76,625 in fiscal year 2019. As discussed above, in January 2020, Abitibi Royalties received net proceeds of $26,037,375 (or US$19,851,613) from being called to deliver 350,800 common shares of Agnico Eagle and 751,600 common shares of Yamana; in March 2020, Abitibi Royalties was called to purchase 361,400 common shares of Agnico Eagle at a share price of US$45.00 per share and paid, before commissions, $23,566,713 (or US$16,263,000). Due to the strengthening of the US dollar relative to the Canadian dollar during the first quarter of 2020, Abitibi Royalties was recognizing gains on foreign exchange on the movement of its US dollar denominated cash balances.

As at December 31, 2020, cash on hand included US$7,428,126 (December 31, 2019 - US$1,737,268), representing $9,457,490 (December 31, 2019 - $ 2,256,363) of the total cash on hand, including restricted cash. As at December 31, 2020, on the Company's cash on hand, a fluctuation of 1% in the U.S dollar value relative to the Canadian dollar has an impact of $94,575 (December 31, 2019 - $22,564).

c) Share of loss on associates

As at December 31, 2020, the investments in associates relate to the Company's investments in International Prospect (equity interest of 13.44% (December 31, 2019 -16.50%)) and Val-d'Or Mining (equity interest of 39.57% (December 31, 2019 – 37.15%)).

The Company accounted for its investments in International Prospect and Val-d'Or Mining using the equity method using the results of their most recent annual financial statements or interim financial statements, as applicable. Losses from associates are recognized in the consolidated financial statements until the interest in the associate is written down to nil. Thereafter, losses are recognized only to the extent that the Company is committed to providing financial support to such associates.

For fiscal year 2020, the Company's share of loss on associates amounted to $507,269 compared to $465,377 for fiscal 2019. The loss on associates for 2020 is substantially from Val-d'Or Mining, which totaled $455,254, and is a result of higher share-based payments and payments made under mining option agreements, coupled with the Company's higher ownership interest in 2020 relative to 2019. The Company has no contingent liabilities relating to its interest in the associates.

d) Income Tax Expense

Current

For fiscal 2020, Abitibi Royalties recognized tax expense of $2,464,798 (compared to $nil in 2019). The current tax expense for 2020 mainly relates to the taxable gain from the net proceeds of $31,737,611 (or US$24,255,571) received by Abitibi Royalties from being called to deliver 394,100 common shares of Agnico Eagle and 1,338,000 common shares of Yamana, net of utilization of non-capital losses and resource expense deductions available to Abitibi Royalties to offset the taxable gain.

Deferred

Deferred income tax is impacted by the change in the fair value of the common shares in Agnico Eagle and Yamana, whereby an increase in the market value of these investments has a corresponding increase in the deferred tax liability as the tax cost on these investments is lower compared to the market value of those common shares.

For fiscal 2020, Abitibi Royalties recognized deferred tax recovery of $552,157 compared to deferred tax expense of $1,813,320 in 2019. The deferred tax recovery of $552,127 for 2020 relates to the decrease in deferred tax liability of $2,465,445 associated with Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana as result of the Company purchasing 361,400 common shares of Agnico Eagle at a share price per share of US$45.00 and paid, before commissions, $23,566,713 (or US$16,263,000) from put options it had sold. Deferred income tax is impacted by the cost basis relative to the fair value of those common shares, whereby an increase in the market value of these investments has a corresponding increase in the deferred tax liability.

The deferred tax recovery of $2,465,445 associated with Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana was offset by deferred tax expense of $1,283,731 with the use of non-capital losses and resource expense deductions available to Abitibi Royalties to reduce the current taxes payable in 2020, plus deferred tax expense associated with the decrease in the derivative financial instrument liability, which amounted to $627,484 for fiscal year 2020.

SUPPLEMENTARY INFORMATION ON OPERATING RESULTS For the year ended December 31, 2020	Golden Valley	Abitibi Royalties	Calone Mining	Total
Revenues				
Royalties	$ -	$ 685,698	$ -	**$ 685,698**
Dividends	-	639,938	-	**639,938**
Option revenue	160,902	48,684	-	**209,586**
Other fees	893	-	-	**893**
	161,795	1,374,320	-	**1,536,115**
Operating Expenses				
Salaries and other employee benefits	362,969	1,587,507	-	**1,950,476**
Professional fees	310,811	559,351	1,657	**871,819**
Share-based compensation	255,904	-	-	**255,904**
General and administrative expenses	281,416	112,109	-	**393,525**
Management fees	166,200	-	-	**166,200**
Exploration and evaluation	86,538	-	-	**86,538**
Royalties	-	37,701	-	**37,701**
Depreciation of property and equipment	1,028	-	-	**1,028**
	1,464,866	2,296,668	1,657	**3,763,191**
Operating loss	(1,303,071)	(922,348)	(1,657)	**(2,227,076)**
Other income (loss)				
Change in fair value of investments	-	7,150,480	-	**7,150,480**
Change in fair value of derivatives	-	7,881,792	-	**7,881,792**
Change in fair value of derivatives resulting from foreign exchange	-	383,345	-	**383,345**
Change in fair value of other assets	93,700	-	-	**93,700**
Gain on sale of mineral property	139,367	-	-	**139,367**
Finance income	2,653	71,375	-	**74,028**
Foreign exchange gain	-	2,153,552	-	**2,153,552**
Finance cost	(4,320)	(123,958)	(506)	**(128,784)**
Share of loss of associates	(507,269)	-	-	**(507,269)**
	(275,869)	17,516,586	(506)	**17,240,211**
Net income (loss) before income taxes	(1,578,940)	16,594,238	(2,163)	**15,013,135**
Income tax expense	-	1,912,671	-	**1,912,671**
Net income (loss) and total comprehensive income (loss) for the year	$ (1,578,940)	$ 14,681,567	$ (2,163)	**$ 13,100,464**

SUPPLEMENTARY INFORMATION ON OPERATING RESULTS				
	For the year ended December 31, 2019			
	Golden Valley Mines	Abitibi Royalties	Calone Mining	Total
Revenues				
Royalties	$ -	$ 3,037,260	$ -	**$ 3,037,260**
Dividends	-	437,418	-	**437,418**
Option revenue	67,505	-	-	**67,505**
Geological and other fees	1,747	-	-	**1,747**
	69,252	3,474,678	-	**3,543,930**
Operating Expenses				
Salaries and other employee benefits	400,086	1,260,375	-	**1,660,461**
Share-based compensation	405,468	-	-	**405,468**
Professional and legal fees	225,162	549,280	1,474	**775,916**
General and administrative expenses	112,691	155,711	88	**268,490**
Impairment of exploration and evaluation assets	170,698	-	-	**170,698**
Management fees	110,800	-	-	**110,800**
Exploration and evaluation	65,357	-	-	**65,357**
Royalty purchase	-	550	-	**550**
Depreciation of property and equipment	3,553	-	-	**3,553**
	1,493,815	1,965,916	1,562	**3,461,293**
Operating income (loss)	(1,424,563)	1,508,762	(1,562)	**82,637**
Other income (loss)				
Change in fair value of investments	128,692	16,942,272	-	**17,070,964**
Change in fair value of derivatives	-	(5,246,611)		**(5,246,611)**
Finance income	6,365	10,189	-	**16,554**
Foreign exchange loss	-	(76,625)	-	**(76,625)**
Finance cost	(3,046)	(65,074)	(269)	**(68,389)**
Share of loss of associates	(465,377)	-	-	**(465,377)**
	(333,366)	11,564,151	(269)	**11,230,516**
Net income (loss) before income taxes	(1,757,929)	13,072,913	(1,831)	**11,313,153**
Deferred tax expense	-	(1,813,320)	-	**(1,813,320)**
Net income (loss)and total comprehensive income (loss) for the year	$ (1,757,929)	$ 11,259,593	$ (1,831)	**$ 9,499,833**

FINANCIAL CONDITION REVIEW

SUPPLEMENTARY INFORMATION	Golden Valley [1]	Abitibi Royalties	Calone Mining	As at December 31, 2020	As at December 31, 2019
Current Assets					
Cash and cash equivalents	$ 704,138	$ 12,998,678	$ 218	**$ 13,703,034**	$ 3,003,083
Restricted cash	-	385,415		**385,415**	-
Accounts receivable	-	-	-	**-**	268,195
Other assets	406,280	-	-	**406,280**	534,774
Royalty receivable	-	425,180	-	**425,180**	999,252
Prepaids and other receivables	185,469	150,078	169	**335,716**	145,116
Non-current assets					
Investments	-	49,501,916	-	**49,501,916**	50,636,738
Exploration and evaluation assets	311,728	151,701	-	**463,429**	1,497,170
Investments in associates	2,127,431	-	-	**2,127,431**	1,343,033
Other assets	110,957	-	-	**110,957**	-
Property and equipment	-	-	-	**-**	1,027
Total Assets	3,846,003	63,612,968	387	**$ 67,459,358**	$ 58,428,388
Current liabilities					
Accounts payable and accrued liabilities	173,484	717,012	-	**890,496**	727,745
Income taxes payable	-	2,464,798	-	**2,464,798**	-
Derivative financial instruments	-	4,243,318	-	**4,243,318**	8,979,047
Non-current liabilities					
Deferred taxes	-	2,693,658	-	**2,693,658**	3,245,785
Loan	60,000	-	-	**60,000**	-
Total Liabilities	233,484	10,118,786	-	**$ 10,352,270**	$ 12,952,577

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

Cash and cash equivalents

The Company ended fiscal 2020 with consolidated cash and cash equivalents of $13,703,034 compared to $3,003,083 for fiscal 2019. The Company holds cash balances in both Canadian and U.S. dollars.

Refer to *Liquidity and Capital Resources* section below for further discussion on the Company’s cash position and its changes thereof for fiscal 2020.

Restricted cash

Restricted cash of $385,415 (or US$302,405) as at December 31, 2020 (December 31, 2019 - $nil) relates to funds held by Abitibi Royalties as collateral on the put option contracts of 99,300 shares of Agnico Eagle, referred to Investments and Derivatives sections below. The funds will become unrestricted once the put option contracts are exercised, repurchased or expired.

Accounts receivable

Accounts receivable of $268,195 as at December 31, 2019 relates to a claim, representing the exploration and evaluation expenditures incurred on the Company's Island 27 property for 2019, filed against Battery Minerals in 2019, which claim was settled fully on January 30, 2020.

Other assets

The Company holds publicly traded securities comprised of common shares of third party optionees issued to the Company in accordance with the terms of certain property option agreements having a market value of $406,280 as at December 31, 2020 compared to $427,861 as at December 31, 2019.

The Company also holds common shares with a fair value of $106,913 (December 31, 2019 -$106,913) and special warrants with a fair value of $4,044 (December 31, 2019 -$nil) of private mining exploration companies. The Company assessed fair value on these shares and special warrants based on techniques and assumptions that emphasize both qualitative and quantitative information.

Royalty receivable

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

Prepaids and other receivables

Consolidated Prepaids and other receivables of $335,716 is mainly comprised of prepaid expenses of $102,427 (December 31, 2019 - $22,299), amounts due from related parties of $59,517 (December 31, 2019 - $45,750), sales taxes recoverable of $31,757 (December 31, 2019 - $21,570), dividends receivable of $70,361 (December 31, 2019 - $44,729) from Abitibi Royalties' investments in Yamana shares and an amount receivable of $25,000 (December 31, 2019 - $nil) relating to a mining option agreement entered into by Abitibi Royalties.

Investments

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

	As at December 31, 2020		As at December 31, 2019	
	Number of Shares	Fair Value	Number of Shares	Fair Value
Yamana Gold Inc.	**2,105,895**	**$ 15,309,857**	3,443,895	$ 17,701,620
Agnico Eagle Mines Limited	**375,897**	**33,676,612**	408,597	32,679,588
		$ 48,986,469		$ 50,381,208
Other investments		**515,447**		255,530
		$ 49,501,916		$ 50,636,738

Sale and Purchase of Agnico Eagle shares

In fiscal year 2020, Abitibi Royalties was called to deliver 394,100 common shares of Agnico Eagle at share prices ranging from US$42.00 to US$55.00 per share and received, net of commissions, $25,633,349 (or US$19,551,262).

In fiscal year 2020, Abitibi Royalties was called to purchase 361,400 common shares of Agnico Eagle at a share price of US$45.00 per share and paid, before commissions, $23,566,713 (or US$16,263,000).

Sale of Yamana Gold shares

In fiscal year 2020, Abitibi Royalties was called to called to deliver 1,338,000 common shares of Yamana at share prices ranging from US$2.50 to US$5.00 per share and received, net of commissions, $6,104,262 (or US$4,704,309).

Subsequent to year end, Abitibi Royalties was called to deliver 37,700 common shares of Agnico Eagle at share prices ranging from US$50.00 to US$65.00 per share and received, net of commissions, $2,722,806 (or US$2,139,898) and of 1,109,100 common shares of Yamana at share prices ranging from US$3.00 to US$5.00 per share and received, net of commissions, $6,552,852 (or US$5,149,994).

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

Investment in Associates

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

For fiscal 2020, the Company recognized a loss of $507,269 from its share in associates, compared to $465,377 in fiscal 2019. The Company has no contingent liabilities relating to its interest in the associates.

a) International Prospect

As at December 31, 2020, the Company has 4,470,910 common shares or 13.44% interest in International Prospect. The Company's ownership interest in International Prospect has decreased from 16.50% as at December 31, 2019 to 13.44% as at December 31, 2020 as a result of International Prospect issuing 6,161,109 of its common shares in June 2020 relating to its non-brokered private placement for gross proceeds of $554,500. The shares of International Prospect were trading at $0.105 per share as at December 31, 2020.

b) Val-d'Or Mining

As at December 31, 2020, the Company has 25,687,444 common shares or 39.57% interest in Val-d'Or Mining. The Company's ownership interest in Val-d'Or Mining increased from 37.15% as at December 31, 2019 to 39.57% as at December 31, 2020 as a result of share consideration of 8,333,334 common shares received by the Company from Val-d'Or Mining in accordance with the Option Agreement as described above, net of issuance in Val-d'Or Mining of 5,333,332 of its common shares in May 2020 and of 1,500,000 of its common shares in July 2020 relating to two non-brokered private placements for combined gross proceeds of $760,000, of 1,300,000 of its common shares in December 2020 relating to the buyback and cancellation of its net smelter return royalties in certain properties and of 1,380,000 of its common shares on exercise of share purchase warrants. The shares of Val-d'Or Mining were trading at $0.18 per share as at December 31, 2020.

Exploration and evaluation assets

Exploration and evaluation assets totaled $463,429 as at December 31, 2020 compared to $1,497,170 as at December 31, 2019, of which $311,728 (December 31, 2019 -$1,497,170) pertains to Golden Valley and $151,701 (December 31, 2019 - $nil) pertains to Abitibi Royalties.

The decrease in exploration and evaluation assets at Golden Valley relates to the fair value of $1,291,667 of the 8,333,334 common shares received under the Amended Mining Option Agreement with Val-d'Or Mining, which amount has been applied against the carrying value of exploration and evaluation assets.

The increase in exploration and evaluation assets at Abitibi Royalties relates substantially to the acquisition of two property claims from two arm's length parties for the purchase price totaling $150,000.

Golden Valley's Abitibi Greenstone Belt Grassroots exploration projects comprise of gold, copper-zinc-silver, nickel-copper-PGE, cobalt-silver-nickel and molybdenum prospects located in Québec and Ontario. The Company has optioned exploration prospects to Val-d'Or Mining and Alexandria in 2017, BonTerra in 2016, Sirios in 2013 and Eldorado Gold (thru its acquisition of Integra in 2017) in 2005.

Accounts payable and accrued liabilities

Consolidated accounts payable and accrued liabilities of $890,496 (December 31, 2019 -$727,745) mainly consist of trade payables of $146,556 (December 31, 2019 - $106,676), director fees of $70,000 (December 31, 2019 - $102,500), payroll accruals of $79,840 (December 31, 2019 - $25,335), amounts due from a related party of $nil (December 31, 2019 – $1,283), and performance-based bonuses of

$331,600 (December 31, 2019 - $258,025) and long-term incentive share purchase special allocations payable of $185,000 (December 31, 2019 -$nil) in Abitibi Royalties and performance-based bonuses payable of $77,500 (December 31, 2019 - $250,426) in Golden Valley. The after-tax proceeds of the long-term incentive share purchase special allocations of $185,000 for the officers and directors of Abitibi Royalties will be used by the recipients to purchase shares of Abitibi Royalties in the secondary market and are to retain such shares while serving as directors and officers of Abitibi Royalties.

Income taxes payable

As described above, the income tax payable of $2,464,798 as at December 31, 2020 mainly relates to the taxable gain from the net proceeds of $31,771,374 (or US$24,282,500) received by Abitibi Royalties from being called to deliver 394,100 common shares of Agnico Eagle and 1,338,000 common shares of Yamana as discussed above, net of utilization of non-capital losses and resource expense deductions available to Abitibi Royalties to offset the taxable gain.

Derivative Financial Instruments

Derivative financial instruments liability of $4,243,318 as at December 31, 2020 (December 31, 2019 - $8,979,047) relates to the outstanding covered call and put options, which are fair valued at each reporting period, on Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana.

The status of the Abitibi Royalties' call and put option contracts as at March 31, 2021, from Abitibi Royalties' Management's Discussion and Analysis for the year ended December 31, 2020, is presented in the table below:

Yamana Gold	Price in US Dollars	Number of shares	Option Expiry Date	% of shares held
Calls	$ 7.00	10,000	Apr. 16, 2021	1.00%
	$ 8.00	130,000	Apr. 16, 2021	13.04%
	$ 9.00	150,000	Apr. 16, 2021	15.05%
	$ 10.00	30,000	Apr. 16, 2021	3.01%
	$ 8.00	140,000	Jul. 16, 2021	14.05%
	$ 4.50	67,700	Jan. 21, 2022	6.79%
	$ 5.00	74,000	Jan. 21, 2022	7.42%
	$ 5.50	36,000	Jan. 21, 2022	3.61%
	$ 7.00	208,000	Jan. 21, 2022	20.87%
	$ 10.00	120,000	Jan. 21, 2022	12.04%
	$ 5.50	12,000	Jan. 20, 2023	1.20%
	$ 10.00	2,100	Jan. 20, 2023	0.21%
		979,800		**98.30%**
Puts	$ 4	1,695,500	Apr. 16, 2021	
		1,695,500		

Agnico Eagle	Price in US Dollars		Number of shares	Option Expiry Date	% of shares held
Calls	$	85	3,900	May 21, 2021	1.15%
	$	95	2,600	May 21, 2021	0.77%
	$	100	50,900	May 21, 2021	15.05%
	$	60	4,000	Jan. 21, 2022	1.18%
	$	65	4,000	Jan. 21, 2022	1.18%
	$	70	34,600	Jan. 21, 2022	10.23%
	$	75	21,000	Jan. 21, 2022	6.21%
	$	80	10,500	Jan. 21, 2022	3.10%
	$	85	16,000	Jan. 21, 2022	4.73%
	$	90	30,000	Jan. 21, 2022	8.87%
	$	100	52,500	Jan. 21, 2022	15.52%
	$	70	6,000	Jan. 20, 2023	1.77%
	$	85	200	Jan. 20, 2023	0.06%
	$	100	7,800	Jan. 20, 2023	2.31%
			244,000		**72.15%**
Puts	$	40	38,600	Jan 21, 2022	
	$	45	60,700	Jan 21, 2022	
	$	50	81,000	May 21, 2021	
			180,300		

Abitibi Royalties only sells call options when it owns the underlying shares. Should covered calls be sold, it is Abitibi Royalties' objective to use strike prices that are anticipated to be well above the share price of Agnico Eagle and Yamana at the time the contract is written, with contracts generally expiring between 1 month and 2 years.

Abitibi Royalties only writes put contracts when it has the required funds (in the currency which the contract was written) to purchase the underlying shares should the put contract be exercised.

Deferred tax liability

The deferred tax liability amounted to $2,693,658 as at December 31, 2020 compared to $3,245,785 as at December 31, 2019.

The deferred tax liability consists of the potential tax liability of $3,582,196 (December 31, 2019 - $6,047,641) on the capital gain to be realized on the eventual sale of Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana, net of deferred tax assets of $nil (December 31, 2019 - $915,903) from operating losses realized in the prior years, $320,013 (December 31, 2019 - $687,841) and $562,239 (December 31, 2019 - $1,189,723) in respect of temporary differences between the carrying amounts of Abitibi Royalties' assets and liabilities for financial reporting purposes and the amounts used for taxation purposes for exploration and evaluation expenditures and derivative financial instruments, respectively.

Equity

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

For fiscal 2019, the Company issued 42,903 of its common shares from the exercise of incentive stock options (37,903 common shares being issued at a price of $1.70 per share and 5,000 common shares being issued at a price of $2.75 per share) for a total consideration of $78,184.

SUMMARY OF QUARTERLY RESULTS

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

	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19	Mar-19
Total revenues ($)	761,487	324,145	313,033	137,450	1,138,221	949,836	974,553	481,320
Net income (loss) and total comprehensive income (loss) for the period ($)	(3,266,536)	5,443,117	16,055,986	(5,132,103)	2,522,854	3,529,570	1,006,922	2,440,487
Net income (loss) and total comprehensive income (loss) attributable to shareholders of Golden Valley ($)	(1,075,432)	3,022,675	5,748,019	(2,689,316)	1,070,434	1,420,903	(215,758)	1,007,073
Net income (loss) and total comprehensive income (loss) attributable to the non-controlling interest ($)	(2,191,104)	2,420,442	10,307,967	(2,442,787)	1,452,480	2,108,607	1,222,680	1,433,414
Net earnings (loss) per share ($)								
Basic	(0.08)	0.22	0.43	(0.20)	0.19	0.11	(0.02)	0.08
Diluted	(0.08)	0.21	0.41	(0.20)	0.18	0.10	(0.02)	0.07

- For the three months ended December 31, 2020, the Company reported net loss of $3,269,011 mainly from the unfavourable change in the fair value of investments and derivative instruments in the amount of $2,984,627, net of income tax recovery of $560,512.

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

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

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

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

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

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

- For the three months ended March 31, 2019, the Company reported consolidated net income of $2,440,487, resulting mainly from a royalty contribution of $389,129 (2018-$nil) received from Abitibi Royalties' Malartic CHL 3% NSR royalty interest and from the increase of $2,202,209 (2018-decrease of $2,733,239) in the market value of Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana since the beginning of the year.

EXPLORATION ACTIVITIES

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

The Company's exploration activities for 2020 focused primarily on managing and/or monitoring joint venture and/or option project exploration programs, and project generation activities directed to identifying and evaluating new opportunities and business development purposes.

LIQUIDITY AND CAPITAL RESOURCES

Consolidated total assets of the Company as at December 31, 2020 totaled $67,459,358 (December 31, 2019 - $58,428,388), which mainly included cash and cash equivalents of $13,703,034 (December 31, 2019 - $3,003,083), restricted cash of $385,415 (December 31, 2019 - $nil), other assets consisting of marketable securities totaling $406,280 (December 31, 2019 - $427,861), royalty receivable of $425,180 (December 31, 2019 - $999,252) and long-term investments mainly consisting of common shares in Agnico Eagle and Yamana totaling $49,501,916 (December 31, 2019 - $50,636,738). As previously discussed, Abitibi Royalties' main and other royalty interests are not reflected in the consolidated statement of financial position – refer to "Royalty Interests" section above.

Consolidated total liabilities of the Company as at December 31, 2020 totaled $10,352,270 (December 31, 2019 - $12,952,577), which included accounts payable and accrued liabilities of $890,496 (December 31, 2019- $727,745), income taxes payable of $2,464,798 (December 31, 2019 - $nil), derivative financial instruments totaling $4,243,318 (December 31, 2019 - $8,979,047), and long-term deferred tax liabilities totaling $2,693,658 (December 31, 2019 - $3,245,785). The liability associated with Abitibi Royalties' derivative financial instruments, which obligation can be settled, if required, through Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana.

Cash inflows from operating activities for fiscal 2020 totaled $1,350,570 compared to cash outflows of $378,087 for fiscal 2019. The improvement in cash inflows for fiscal 2020 relate to timing of receipts of royalty contributions from Abitibi Royalties' Malartic CHL 3% NSR royalty interest, foreign exchange gains realized as discussed above and timing of working capital requirements.

Cash inflow from investing activities for fiscal 2020 totaled $11,568,858 compared to cash inflows of $2,107,819 for fiscal 2019. The cash inflows for 2020 include cash proceeds of $31,770,315 mainly from Abitibi Royalties being called to deliver 394,100 common shares of Agnico Eagle and 1,338,000 common shares of Yamana from covered call options it had sold. These proceeds were offset by Abitibi Royalties being called to purchase 361,400 common shares of Agnico Eagle at US$45.00 per share and paid, before commissions, $23,566,713 from put options it had sold. Additionally, proceeds from the sale of option contracts amounted to $3,582,525 in 2020 compared to $1,267,608 in fiscal 2019.

Cash outflows from financing activities for fiscal 2020 totaled $1,790,304 compared with cash outflows of $891,874 for fiscal 2019. Cash flows from financing activities were related primarily to the change in the Company's interest in Abitibi Royalties, which consist of repurchase and cancellation of its 48,100 common shares amounting to $994,051 and net payment of dividends of $981,883.

OUTLOOK

The Company is evaluating certain strategic business opportunities in the exploration/mining industry. A number of internal reviews and assessments have been completed, or are in progress, for distressed companies and assets, both in Canada and abroad. Additionally, various property submittals are routinely considered for acquisitions.

Furthermore, the general public market volatility that has continued to affect the overall state of the exploration industry has offered Golden Valley new opportunities for its project generation ("PGEN") activities, where previously the demand for prospective land was at a much more competitive state. One of the Company's most important attributes is its ability to identify new high priority exploration opportunities and flexibility to adapt quickly to changing market conditions in base, precious and energy minerals.

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

SUBSEQUENT EVENTS

Dividends

Abitibi Royalties' board of directors approved a 20% dividend increase from $0.15 to $0.18 per common share on an annualized basis. The increased dividend amount began in January 2021. As at the date of this MD&A, Golden Valley holds 5,605,246 common shares in Abitibi Royalties.

CAPITAL STOCK INFORMATION

Authorized

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

Issued and Outstanding

The following details the issued and outstanding securities of the Company as at April 25, 2021:

	Total Outstanding	Escrowed
Common shares	13,518,460	Nil
Incentive stock options	1,413,691	Nil

Incentive Stock Options:

Expiry Date	Number of Options	Weighted Average Exercise Price
June 27, 2021	225,000	$ 3.00
February 3, 2022	10,000	$ 4.65
June 21, 2023	222,000	$ 2.75
June 18, 2024	33,300	$ 3.40
March 3, 2025	76,475	$ 5.00
June 26, 2025	25,000	$ 6.80
September 30, 2026	821,916	$ 3.50
	1,413,691	$ 3.45

CAPITAL STOCK INFORMATION OF REPORTING SUBSIDIARIES

Abitibi Royalties Inc.

Issued and Outstanding

The following details the issued and outstanding securities of Abitibi Royalties from Abitibi Royalties' Management's Discussion and Analysis for the year ended December 31, 2020:

	Total Outstanding	Escrowed
Common shares	12,467,111	Nil
Preferred shares	Nil	Nil
Warrants	Nil	Nil
Incentive stock options	Nil	Nil
Restricted share units	Nil	Nil

RELATED PARTY TRANSACTIONS

The information pertaining to related party transactions are disclosed in Note 24 of the audited consolidated financial statements as at December 31, 2020.

OFF BALANCE SHEET ARRANGEMENTS

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

CONTRACTUAL COMMITMENTS AND OBLIGATIONS

The Company has entered into agreements with officers and consultants that include termination and change of control clauses. In the case of termination, the officers and consultants are entitled to an amount equal to a multiple (ranging from one to two times) the annual base fee. In the case of a change of control, the officers and consultants are entitled to an amount equal to a multiple (ranging from one to three times) the sum of the annual base fee. As at December 31, 2020, the total annual base fee of the officers and consultants under the agreements is $765,000. As a triggering event has not taken place, the contingent payments have not been reflected in the consolidated financial statements.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Any changes in accounting policies including those that have not been adopted are explained in note 3 of the audited consolidated financial statements for the year ended December 31, 2020.

JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

RISK AND UNCERTAINTIES

COVID-19

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

ESG Factors

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

Climate Change

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

Investment of Speculative Nature

Investing in the Company is of a highly speculative nature.

Nature of Mineral Exploration and Mining

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

Mineral Deposits and Production Costs; Metal Prices

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

Exploration and Development Risks

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

Additional Financing

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

Stress in the Global Economy and Financial Condition

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

Permits and Licenses

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

Competition

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

Dependence on Key Individuals

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

Environmental and other Regulatory Requirements

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

Political Regulatory Risks

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

Currency Risk

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

Conflicts of Interest

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

Insurance

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

Influence of Third-Party Stakeholders

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

Fluctuation in Market Value of Shares

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

Derivatives instruments

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

ADDITIONAL INFORMATION

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