VALORE METALS CORP.

(Formerly "Kivalliq Energy Corporation")

Consolidated Financial Statements

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

Canadian Dollars

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
ValOre Metals Corp.

Opinion

We have audited the accompanying consolidated financial statements of ValOre Metals Corp. (the "Company"), which comprise the statements of financial position as at September 30, 2019 and 2018, and the statements of operations and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has not achieved profitable operations and has accumulated losses since inception. The Company may be required to delay discretionary expenditures if additional financing cannot be obtained on reasonable terms. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

"DAVIDSON & COMPANY LLP"

Vancouver, Canada Chartered Professional Accountants

January 28, 2020

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ValOre Metals Corp. (formerly "Kivalliq Energy Corporation")

(An Exploration Stage Company)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes		September 30, 2019		September 30, 2018 Restated (Note 3)		October 1, 2017 Restated (Note 3)
ASSETS							
Current assets:							
Cash		$	2,468,374	$	145,557	$	1,097,072
Marketable securities	5		77,276		148,112		321,983
Other receivables	6		12,764		39,580		94,143
GST recoverable			36,368		41,081		54,502
Prepaid expenses			145,645		40,847		217,742
Total current assets			2,740,427		415,177		1,785,442
Non-current assets:							
Equipment	7		157,203		196,988		246,925
Exploration and evaluation assets	8		9,867,889		952,920		1,183,318
Total assets		$	12,765,519	$	1,565,085	$	3,215,685
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	10	$	2,304,871	$	514,805	$	231,374
			2,304,871		514,805		231,374
Non-current liabilities:							
Long-term liability	8		100,000		100,000		100,000
Decommissioning liability	8		407,994		-		-
			2,812,865		614,805		331,374
SHAREHOLDERS' EQUITY							
Share capital	9		72,198,531		61,748,478		61,730,978
Obligation to issue shares	9		705,000		-		-
Contributed surplus	9		13,391,291		11,608,187		11,102,447
Accumulated other comprehensive loss	5		(267,926)		(197,090)		(23,219)
Deficit			(76,074,242)		(72,209,295)		(69,925,895)
Total shareholders' equity			9,952,654		950,280		2,884,311
Total liabilities and shareholders' equity		$	12,765,519	$	1,565,085	$	3,215,685

Nature of Operations and Going Concern *(Note 1)*
Subsequent Events *(Note 15)*

APPROVED ON January 28, 2020 ON BEHALF OF THE BOARD:

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

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

ValOre Metals Corp. (formerly "Kivalliq Energy Corporation")

(An Exploration Stage Company)
Consolidated Statements of Operations and Comprehensive Loss
Years ended September 30
(Expressed in Canadian Dollars)

	Notes	2019	2018 Restated (Note 3)
Expenses			
Depreciation	7	$ 39,785	$ 49,937
Bank charges and interest		24,170	563
Exploration expenditures	8	1,144,876	709,087
Investor relations		61,473	27,800
Listing and filing fees		41,739	15,709
Management and consulting fees	10	560,666	561,305
Office and sundry		127,539	105,850
Professional fees		165,558	85,427
Project evaluation		1,678	45
Share-based compensation	9,10	1,566,606	505,740
Transfer agent fees		5,672	18,443
Travel and conference		121,096	16,176
Loss before the undernoted		(3,860,858)	(2,096,082)
Other income (expenses)			
Project operator fees		-	10,329
Interest income		17,350	7,483
Write off of exploration and evaluation assets	8	(2,439)	(205,130)
Foreign exchange		(19,000)	-
Net loss for the year		(3,864,947)	(2,283,400)
Change in fair value of marketable securities	5	(70,836)	(173,871)
Total comprehensive loss for the year		$ (3,935,783)	$ (2,457,271)
Basic and diluted loss per common share		$ (0.08)	$ (0.10)
Weighted average number of common shares outstanding		46,855,387	24,712,554

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

ValOre Metals Corp. (formerly “Kivalliq Energy Corporation”)

(An Exploration Stage Company)
Consolidated Statements of Cash Flows
Years ended September 30
(Expressed in Canadian Dollars)

	Notes		2019		2018 Restated (Note 3)
Cash flows from operating activities:					
Net loss for the year		$	(3,864,947)	$	(2,283,400)
Items not involving cash:					
Depreciation	7		39,785		49,937
Share-based compensation	9,10		1,566,606		505,740
Interest income			(17,345)		(7,483)
Write off of exploration and evaluation assets	8		2,439		205,130
Long term liability			50,000		-
Changes in non-cash working capital:					
Other receivables			26,816		54,563
GST recoverable			4,767		13,421
Prepaid expenses			(100,032)		176,895
Asset retirement obligation			407,994		-
Accounts payable and accrued liabilities			(308,268)		283,431
			(2,192,185)		(1,001,766)
Interest received			17,345		7,483
Net cash used in operating activities			(2,174,840)		(994,283)
Cash flows from investing activities:					
Investment in Pedra, net	4		(999,936)		-
Exploration and evaluation asset (acquisition) recovery			1,042		(252,333)
Proceeds from sale of royalty	8		-		295,101
Net cash used in investing activities			(998,894)		42,768
Cash flows from financing activities:					
Issuance of share capital	9		5,103,750		-
Share issuance costs			(153,449)		-
Proceeds from Bridge loan			610,000		-
Repayment of Bridge loan			(63,750)		-
Net cash generated by financing activities			5,496,551		-
Net increase (decrease) in cash			2,322,817		(951,515)
Cash, beginning of the year			145,557		1,097,072
Cash, end of the year		$	2,468,374	$	145,557

Supplemental Schedule of Non-Cash Investing and Financing Activities

Shares issued for Pedra acquisition	$	5,170,000	$	17,500
Obligation to issue shares in relation to Pedra acquisition	$	705,000	$	-
Fair value of warrants issued as finders’ fees	$	17,628	$	-
Change in fair value of marketable securities	$	70,836	$	173,871
Bridge loan settled via rights offering (Note 9)	$	546,250	$	-
Pedra acquisition included in accounts payable	$	2,000,000	$	-

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

ValOre Metals Corp. (formerly “Kivalliq Energy Corporation”)

(An Exploration Stage Company)
Consolidated Statements of Changes in Shareholders Equity
(Expressed in Canadian Dollars)

	Share Capital (Note 9)						
	Number of shares	Amount	Obligation to issue shares	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance, October 1, 2017 (restated – Note 3)	**24,699,677**	**$61,730,978**	**$ -**	**$11,102,447**	**$(69,925,895)**	**$ (23,219)**	**$ 2,884,311**
Shares issued pursuant to option agreement	25,000	17,500	-	-	-	-	17,500
Share – based compensation	-	-	-	505,740	-	-	505,740
Fair value adjustment on marketable securities	-	-	-	-	-	(173,871)	(173,871)
Loss for the year	-	-	-	-	(2,283,400)	-	(2,283,400)
Balance at September 30, 2018	**24,724,677**	**$61,748,478**	**$ -**	**$11,608,187**	**$(72,209,295)**	**$ (197,090)**	**$ 950,280**

	Number of shares	Amount	Obligation to issue shares	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance, September 30, 2018	**24,724,677**	**$61,748,478**	**$ -**	**$11,608,187**	**$(72,209,295)**	**$ (197,090)**	**$ 950,280**
Shares issued in rights offering	24,500,000	2,450,000	-	-	-	-	2,450,000
Shares issued in private placement	12,800,000	3,001,130	-	198,870	-	-	3,200,000
Shares issue for property acquisition	22,000,000	5,170,000	705,000	-	-	-	5,875,000
Shares issued for finders' fees	1,000,000	-	-	-	-	-	-
Share issue costs – cash	-	(153,449)	-		-	-	(153,449)
Share issue costs- warrants	-	(17,628)	-	17,628	-	-	-
Share-based compensation	-	-	-	1,566,606	-	-	1,566,606
Fair value adjustment on marketable securities	-	-	-	-	-	(70,836)	(70,836)
Loss for the year	-	-	-	-	(3,864,947)	-	(3,864,947)
Balance at September 30, 2019	**85,024,677**	**$72,198,531**	**$ 705,000**	**$13,391,291**	**$(76,074,242)**	**$ (267,926)**	**$ 9,952,654**

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

1. Nature of operations and going concern

ValOre Metals Corp. (formerly "Kivalliq Energy Corporation" (the "Company" or "ValOre") is an exploration stage company focusing 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.

The Company 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, the Company 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 its private placements, the Company's shares became publicly traded on the TSX Venture Exchange under the 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 under the ticker symbol ("VO") on the basis of ten (10) pre-consolidation shares for one (1) post consolidation share.

All share and per share amounts are shown on a post-consolidated basis retroactively throughout these consolidated financial statements.

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 September 30, 2019, the Company has not achieved profitable operations and has accumulated losses since inception. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

As at September 30, 2019, the Company had current assets of $2,740,427 to settle current liabilities of $2,304,871. Although the Company has positive working capital of $435,556 as at September 30, 2019, the Company 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 8).

2. Significant accounting policies and basis of presentation

a) Basis of presentation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Accounting Standards 1, Presentation of Financial Statements ("IAS 1") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements were approved by the Board of Directors on January 28, 2020.

b) Basis of consolidation

These 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.

2. Significant accounting policies and basis of presentation (continued)

c) Foreign currency translation

The functional currency of the Company 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.

d) Equipment

Recognition and measurement

Equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset.

When parts of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains and losses on disposal of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment and are recognized net within other income in profit or loss.

Subsequent costs

The cost of replacing equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the item will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced item is derecognized. The costs of the day-to-day servicing of equipment are expensed.

Depreciation

Depreciation is calculated over the cost of an asset less its residual value. Depreciation is provided on a declining balance method at rates designed to depreciate the cost of the equipment over the estimated useful lives. The annual depreciation rates are as follows:

Computer equipment	30%
Furniture and equipment	20%
Field equipment	20%

Depreciation of leasehold improvements is calculated straight-line over the term of the lease.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

e) Comprehensive loss

Comprehensive loss is the change in the Company’s net assets that results from transactions, events and circumstances from sources other than the Company’s shareholders and includes items that would not normally be included in net earnings such as unrealized gains or losses on marketable securities.

2. Significant accounting policies and basis of presentation (continued)

f) Exploration and evaluation assets

Before legal rights to explore a property have been acquired, costs are expensed as incurred. Costs related to the acquisition of exploration and evaluation assets are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value. Costs related to the exploration and evaluation of mineral properties are recognized in profit or loss as incurred.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the mineral interest. If payments received exceed the capitalized cost of the mineral interest, the excess is recognized as income in the year received and allocated against exploration expenses. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and evaluation, and future profitable production or proceeds from the disposition thereof.

During the year ended September 30, 2019 the Company changed its accounting policy related to exploration and evaluation assets (Note 3)

g) Restoration, rehabilitation and environmental costs

The Company recognizes statutory, contractual or other legal obligations related to the retirement of its exploration and evaluation assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at the net present value of estimated future cash flows and the resulting costs are expensed to the statement of loss and comprehensive loss. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows.

h) Income taxes

Tax expense comprises current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date. As the Company is in a loss position there is no current tax payable.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2. Significant accounting policies and basis of presentation (continued)

i) Share-based compensation

The grant date fair value of share-based payment awards granted to employees and consultants, including directors and officers, is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. Share-based payments to non-employees are measured at the fair value of the goods or services received or if such fair value is not reliably measurable, at the fair value of the equity instruments issued. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

j) Loss per common share

Basic loss per common share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The computation of diluted loss per common share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The effect of potential issuances of shares from the exercise of outstanding options and warrants would be anti-dilutive for the periods presented and accordingly, basic and diluted loss per share are the same.

k) Use of estimates and judgments

The following are the critical judgments and estimates that the Company has made in the process of applying the Company’s accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Critical judgments

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

Critical estimates

Key sources of estimation uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting the consolidated financial statements include:

Share-based compensation

Share-based compensation expense is measured by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them. The value of the share-based compensation expense for the years ended September 30, 2019 and 2018 along with the assumptions and model used for estimating fair value for share-based compensation transactions are disclosed in Note 9.

2. Significant accounting policies and basis of presentation (continued)

k) Use of estimates and judgments (continued)

Deferred tax assets and liabilities

The measurement of a deferred tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future tax provisions or recoveries could be affected.

Useful life of equipment

Each significant component of an item of equipment is depreciated over its estimated useful life. Estimated useful lives are determined based on current facts and past experience and take into consideration the anticipated physical life of the asset, existing long-term sales agreements and contracts, current and forecasted demand, and the potential for technological obsolescence.

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of the Company's exploration and evaluation assets do not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves.

Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

Environmental rehabilitation obligation

The Company recognizes statutory, contractual or other legal obligations related to the retirement of its exploration and evaluation assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at the net present value of estimated future cash flows and the resulting costs are expensed to the statement of loss and comprehensive loss

In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset.

2. Significant accounting policies and basis of presentation (continued)

l) Impairment

Non-financial assets

At each reporting date the carrying amounts of the Company's long-lived assets, which are comprised of equipment and exploration and evaluation assets, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived from the asset or its related cash generating unit. For purposes of impairment testing, assets are grouped at the lowest levels that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the associated assets are reduced to their recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment charge is reversed through profit or loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of any applicable depreciation, if no impairment loss had been recognized.

m) Financial instruments

Classification

Financial assets are classified at initial recognition as either: measured at amortized cost, Fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVTOCI"). The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

2. Significant accounting policies and basis of presentation (continued)

m) Financial instruments (continued)

Classification (continued)

Fair value through profit or loss ("FVTPL") – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise.

Fair value through other comprehensive income ("FVTOCI") - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost - A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL or the Company has opted to measure at FVTPL.

Under IFRS 9, the Company classifies its financial instruments as follows:

Cash	FVTPL
Marketable securities	FVTOCI
Accounts payable, Accrued liabilities	Amortized cost
Receivables	Amortized cost
Long-term liabilities	Amortized cost

Measurement

Financial assets and liabilities at FVTPL are initially recognized at fair value and transaction costs are expensed in the consolidated statement of income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets or liabilities held at FVTPL are included in the consolidated statement of loss in the period in which they arise. Where the Company has opted to designate a financial liability at FVTPL, any changes associated with the Company's credit risk will be recognized in OCI.

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

Impairment

The Company assesses on a forward-looking basis the expected credit loss ("ECL") associated with financial assets measured at amortized cost, contract assets and debt instruments carried at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against

2. Significant accounting policies and basis of presentation (continued)

m) Financial instruments (continued)

Impairment (continued)

receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

n) Share capital

Common shares

Common shares and warrants are classified as equity. Incremental costs directly attributable to the issue of common shares, including warrants, are recognized as a reduction of equity, net of tax.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the day prior to the issuance date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded in reserves.

(Expressed in Canadian Dollars)

2. Significant accounting policies and basis of presentation (continued)

o) Recent accounting pronouncements

i. New and Revised Standards and Interpretations

Revised accounting pronouncements adopted during the year

IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service.

The adoption of this standard did not have any impact on the Company's consolidated financial statements as the Company does not currently generate any income from its projects.

IFRS 9 Financial Instruments

IFRS 9 was issued by the IASB in November 2009 and replaced IAS 39, Financial Instruments: Recognition and Measurement. The Company adopted IFRS 9 effective October 1, 2018.

The adoption of IFRS 9 has had no significant impact on the consolidated financial statements other than classification of financial instruments. The following table outlines the classification of IFRS under IAS 39 and IFRS 9:

	IFRS 9	IAS 39
Cash	FVTPL	Loans and receivables
Marketable securities	FVTOCI	Available-for-sale (FVTOCI)
Accounts payable, Accrued liabilities	Amortized cost	Other liabilities
Receivables	Amortized cost	Other liabilities
Long-term liabilities	Amortized cost	Other liabilities

On adoption of IFRS 9, the Company elected to make an irrevocable election to classify its investment in at FVOCI. As such, any subsequent realized or unrealized gains or losses on these instruments will not be reclassified to profit or loss.

ii. New accounting pronouncements not yet adopted during the year

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16, replacing IAS 17, "Leases". IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its balance sheet, providing the reader with greater transparency of an entity's lease obligation. This standard is effective for reporting periods beginning on or after January 1, 2019, with early adoption permitted.

(Expressed in Canadian Dollars)

2. Significant accounting policies and basis of presentation (continued)

o) Recent accounting pronouncements (continued)

IFRS 16 Leases (continued)

The Company is planning to adopt this standard as of its effective date. The management estimates the adoption of the above standard, amendments and interpretations will not have a material impact on the results and financial position of the Company.

IFRIC 23 Uncertainty over Income Tax Treatments

New standard to clarify the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on January 1, 2019. The management estimates the adoption of the above standard, amendments and interpretations will not have a material impact on the results and financial position of the Company.

3. Changes in accounting policies

The Company's previous accounting policy was to capitalize exploration and evaluation expenditures. The new policy is to expense such expenditures as incurred.

We believe that the information provided by this policy change will be more useful to readers because it provides better comparability of our financial position, changes in financial position, and results of operations with those of our current and future peer groups. Consequently, the revised treatment results in more relevant and no less reliable information than was previously presented. We have applied this change in accounting policy retrospectively, in accordance with *IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors*.

Due to the change in accounting policy, the Company has restated the comparative financial information on the consolidated statements of financial position as at September 30, 2018 and October 1, 2017 and the comparative financial information on the consolidated statements of operations, cash flows and changes in shareholders' equity for the year ended September 30, 2018.

Acquisition of mineral property interests

The Company will continue to reflect an asset for the initial acquisition costs related to the properties.

Effects on Statements of Financial Position

	As at September 30, 2018			**As at October 1, 2017**		
Assets	**Previously stated**	**Adjustments**	**As restated**	**Previously stated**	**Adjustments**	**As restated**
Exploration and evaluation assets	$57,702,577	($56,749,657)	$952,920	$57,307,808	($56,124,490)	$1,183,318
Total assets	$58,314,742	($56,749,657)	$1,565,085	$59,340,175	($56,124,490)	$3,215,685
Liabilities						
Deferred income tax liability	$3,092,320	($3,092,320)	-	$3,373,092	($3,373,092)	-
Total liabilities	$3,707,125	($3,092,320)	($614,805)	$3,704,466	($3,373,092)	$331,374
Shareholders' equity						
Deficit	($18,551,958)	($53,657,337)	($72,202,295)	($17,174,497)	($52,751,398)	($69,925,895)
Total shareholder's equity (deficit)	$54,607,617	($53,657,337)	$950,280	$55,635,709	($52,751,398)	$2,884,311

(Expressed in Canadian Dollars)

3. Changes in accounting policies (continued)

Effects on Statements of Operations and Comprehensive Loss

	As at September 30, 2018		
	Previously stated	**Adjustments**	**As restated**
Expenses			
Exploration and evaluation expenditures	-	$709,087	$709,087
Mineral property write-off	$289,050	($83,920)	$205,130
Net loss before income taxes	($1,658,233)	($625,167)	($2,283,400)
Deferred income tax expense	$280,772	($280,772)	-
Weighted number of shares O/S	24,712,554	-	24,712,554
Basic and diluted loss per year	($0.06)		($0.10)

Effects on Statements of Cash Flows (continued)

	As at September 30, 2018		
	Previously stated	**Adjustments**	**As restated**
Operating activities			
Net loss for the year	($1,377,461)	($905,939)	($2,283,400)
Deferred income tax (expense) recovery	($280,772)	$280,772	-
Write-off of E&E assets	$289,050	($83,920)	$205,130
Accounts payable and accrued liabilities	$151,144	$132,287	$283,431
Total	**($1,128,039)**	**($576,800)**	**($1,794,839)**
Investing activities			
Exploration and evaluation assets	($1,134,032)	$881,699	($252,333)
Proceeds from sale of royalty	600,000	($304,899)	$295,101
Total	**($534,032)**	**$576,800**	**$42,768**

(Expressed in Canadian Dollars)

4. Acquisition of Pedra Branca Project

On August 14, 2019, the Company announced the closing of the transaction, whereby the Company acquired Pedra Branca do Brasil Mineracao Ltda. ("Pedra") that holds the rights to the Pedra Branca 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 the Company. The purchase price allocation is as follows:

Cash	3,000,000	[i]
Shares	5,875,000	[ii]
Total	8,875,000	
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	
Total transaction price	8,875,000	

[i] The Company paid $1,000,000 on August 14, 2019 and an additional $1,000,000 subsequent to September 30, 2019 (Note 15) with the remaining $1,000,000 due February 14, 2020. The $2,000,000 owing at September 30, 2019 is included in accounts payable.

[ii] The fair value of the 25,000,000 shares is $5,875,000 which includes the 3,000,000 shares valued at $705,000 recorded as an obligation to issue shares. The Company 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 8).

5. Marketable securities

	Fair value Oct 1, 2017	Additions Sep 30, 2018	Disposals Sep 30, 2018	Fair value adjustment Sep 30, 2018	Fair value Sep 30 2018
Common shares	$ 321,983	$ -	$ -	$ (173,871)	$ 148,112
	Fair value Oct 1, 2018	Additions Sept 30, 2019	Disposals Sept 30, 2019	Fair value adjustment Sept 30, 2019	Fair value Sept 30 2019
Common shares	$ 148,112	$ -	$ -	$ (70,836)	$ 77,276

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. The fair value of the shares on this day was $137,500.

Management has determined it appropriate to record 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 until the investments are sold or otherwise disposed.

(Expressed in Canadian Dollars)

6. Other receivables

	September 30, 2019	September 30, 2018
Other miscellaneous receivables	12,764	39,580
Total other receivables	$ 12,764	$ 39,580

Other miscellaneous receivables as at September 30, 2018 pertains to monies due from various companies. All other miscellaneous receivables were settled subsequent to September 30, 2018.

Other miscellaneous receivables as at September 30, 2019 pertains to monies due from various companies.

7. Equipment

	Furniture & Equipment	Computer Equipment	Field Equipment	Total
Cost				
Balance at September 30, 2017	$ 31,595	$ 24,719	$ 925,225	$ 981,539
Additions	-	-	-	-
Disposals	-	-	-	-
Balance at September 30, 2018	$ 31,595	$ 24,719	$ 925,225	$ 981,539
Accumulated depreciation				
Balance at September 30, 2017	$ 23,942	$ 19,197	$ 691,475	$ 734,614
Depreciation	1,531	1,656	46,750	49,937
Disposals	-	-	-	-
Balance at September 30, 2018	$ 25,473	$ 20,853	$ 738,225	$ 784,551
Net book value at September 30, 2018	**$ 6,122**	**$ 3,866**	**$ 187,000**	**$ 196,988**

	Furniture & Equipment	Computer Equipment	Field Equipment	Total
Cost				
Balance at September 30, 2018	$ 31,595	$ 24,719	$ 925,225	$ 981,539
Additions	-	-	-	-
Disposals	-	-	-	-
Balance at September 30, 2019	$ 31,595	$ 24,719	$ 925,225	$ 981,539
Accumulated depreciation				
Balance at September 30, 2018	$ 25,473	$ 20,853	$ 738,225	$ 784,551
Depreciation	1,225	1,160	37,400	39,785
Disposals	-	-	-	-
Balance at September 30, 2019	$ 26,698	$ 22,013	$ 775,625	$ 824,336
Net book value at September 30, 2019	**$ 4,897**	**$ 2,706**	**$ 149,600**	**$ 157,203**

(Expressed in Canadian Dollars)

8. Exploration and evaluation assets

	Angilak	Baffin Gold	Baker Basin	Genesis	Hatchet Lake	Pedra Branca	Total
September 30, 2017	**$ 846,470**	**$ 131,718**	**$ 205,130**	**$ -**	**$ -**	**$ -**	**$ 1,183,318**
Additions:							
Acquisition costs	102,969	163,383	-	2,439	1,042	-	269,833
Sale of royalty	-	(295,101)					(295,101)
Write-off of property	-	-	(205,130)	-	-	-	(205,130)
September 30, 2018	**$ 949,939**	**$ -**	**$ -**	**$ 2,439**	**$ 1,042**	**$ -**	**$ 952,920**
Additions:							
Acquisition costs (recovery)	-	-	-	-	(1,042)	8,918,450	8,917,408
Sale of royalty	-	-	-	-	-	-	-
Write-off of property	-	-	-	(2,439)	-	-	(2,439)
September 30, 2019	**$ 949,439**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 8,918,450**	**$ 9,867,889**

(Expressed in Canadian Dollars)

Exploration expenditures

	Angilak	Baffin Gold	Baker Basin	Genesis	Hatchet Lake	Pedra Branca	Total
Land administration	$ 81,110	$ 145,278	$ -	$ -	$ -	$ -	$ 226,388
Air support and transportation	17,702	-	-	-	1,037	-	18,739
Decommissioning expense	407,994	-	-	-	-	-	407,994
Field and general operations	18,218	9,837	-	-	3,241	9,554	40,850
Field contractors and consultants	4,438	-	-	-	1,377	49,500	55,315
Fuel	-	-	-	-	714	-	714
Laboratory costs	-	1,187	-	-	66,269	-	67,456
Property investigation	-	-	-	-	-	286,612	286,612
Salaries and wages	11,918	40,458	-	133	10,987	-	63,496
Travel and accommodation	890	(2,292)	-	-	8,299	47,826	54,723
Recovery	-	-	-	-	(77,411)	-	(77,411)
Period ending September 30, 2019	**$ 542,270**	**$ 194,468**	**$ -**	**$ 133**	**$ 14,513**	**$ 393,492**	**$ 1,144,876**

	Angilak	Baffin Gold	Baker Basin	Genesis	Hatchet Lake	Pedra Branca	Total
Land administration	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Air support and transportation	3,027	215,486	-	-	60,787	-	279,300
Field and general operations	51,498	62,706	-	-	8,516	-	122,720
Field contractors and consultants	21,140	-	-	-	3,643	-	24,783
Fuel	7,678	26,514	-	-	7,805	-	41,997
Laboratory costs	-	54,085	-	-	-	-	54,085
Salaries and wages	29,087	319,994	-	1,471	79,331	-	429,883
Sale of royalty	-	(304,899)	-	-	-	-	(304,899)
Travel and accommodation	576	33,510	-	-	27,132	-	61,218
Period ending September 30, 2018	**$ 113,006**	**$ 407,396**	**$ -**	**$ 1,471**	**$ 187,214**	**$ -**	**$ 709,087**

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

General

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

Pedra Branca, Ceara State, Brazil

During the June 2019 quarter the Company signed a binding letter of intent to acquire the Pedra Branca Project in northeastern Brazil from Jangada, and paid exclusivity payments of $250,000 as per the letter of intent.

On August 14, 2019 the Company announced the closing of the transaction, whereby ValOre 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 from Jangada. Pedra 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.
    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; and

2. cash payments to Jangada in the aggregate of $3,000,000, as follows:

    a. $250,000 paid to Jangada in May 2019 (prior to Closing).
    b. $750,000 paid to Jangada in August 2019 (on Closing).
    c. $1,000,000 paid in November 2019 (on or before 3 months after Closing)*
    d. $1,000,000 payable on February 14, 2020, (on or before, 6 months after Closing).

    * Subsequent to September 30, 2019, the Company paid $1,000,000 to Jangada pursuant to the share purchase agreement (Note 15).

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.

8. Exploration and evaluation assets (continued)

Angilak, Nunavut *(continued)*

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 staged over 36 months beginning after final TSX Venture Exchange approval for the spin-out transaction. 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.

As a consequence of the land claims settlement, the Inuit Owned Lands are not subject to royalty obligations to the Government of Canada, but instead 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. Of the $50,000 payments originally due December 31, 2015, December 31, 2016 and December 31, 2018, $100,000 is recorded as a long-term liability and $50,000 is included in accounts payable. The payment for December 31, 2017 was paid in December 2017.

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% NSR royalty payable on all mineral products produced from the property. The $700,000 payment received was recorded against the carrying value of the property.

For the year ended September 30, 2019, the Company has recognized a reclamation obligation of $407,994 (2018 - $Nil). 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%.

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 Innuit 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.

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;

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

Baffin Gold, Nunavut *(continued)*

- $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)

During the year ended September 30, 2019 an annual fee amount of $145,278 (2018 - $145,278) was paid to NTI.

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.

On March 27, 2018 the Company announced that it had received a $600,000 payment from Sandstorm Gold Ltd. ("Sandstorm") in return for ValOre granting to Sandstorm up to a 1.75% net smelter returns ("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.

On March 27, 2018 the Company also announced that it has exercised the Option to earn a 100% project interest on portion of the Property from Commander, by issuing 25,000 ValOre shares to Commander.

Baker Basin, Nunavut

The Baker Basin Property is located south of the hamlet of Baker Lake, Nunavut Territory, Canada. ValOre acquired 100% of Pacific Ridge Exploration Ltd's ("PEX") ownership interest in the Property through payment of 60,000 shares of ValOre, $55,000 in cash and a $70,000 private placement purchase of PEX units.

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

Genesis, Saskatchewan and Manitoba

On July 10, 2014, the Company signed a Mining Option Agreement with Roughrider Exploration Limited ("Roughrider") on the Genesis Property. 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.

8. Exploration and evaluation assets (continued)

Genesis, Saskatchewan and Manitoba (continued)

On December 22, 2015, the Company and Roughrider amended certain terms in the Mining Option Agreement which included a reduction in minimum exploration expenditures and a one-year extension to all phases of the agreement. On the amendment date Roughrider paid the Company $400,000, of which $200,592 was recorded to exploration and evaluation assets to bring the Genesis carrying value down to $nil.

On August 30, 2016, the Company received 1,969,828 Roughrider shares as per the amended agreement.

On August 31, 2017 Roughrider earned a 50% interest in the Genesis Property by making a final payment to the Company of $175,000. The payment was settled via common shares of Roughrider, with the Company receiving 2,500,000 shares of Roughrider (Note 5).

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.

Hatchet Lake, Saskatchewan

On February 10, 2015, ValOre announced it had 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% net smelter return ("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.

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.

9. Share Capital

As at September 30, 2019, there were an unlimited number of common voting shares without par value authorized.

On June 28, 2018 the Company completed a consolidation of its share capital on a 10:1 basis. All share and per share information is shown on a post-consolidated basis retroactively throughout these consolidated financial statements.

a) Private placements

On January 14, 2019 the Company completed a rights offering (the "Rights Offering") raising a total of $2,450,000. In connection with the Rights Offering, the Company issued a total of 24,500,000 common shares of the Company at a price of $0.10 per common share.

In connection with the distribution of securities in the Rights Offering, the Company paid a solicitation fee through the issuance of 62,235 warrants with a fair value of $5,470 or $0.09 per finders' warrant using the Black-Scholes pricing model. The warrants issued as part of the solicitation fee are exercisable for one common share at an exercise price of $0.23 and valid for two years from closing.

The CEO of the Company agreed to lend the Company up to $1 million on a revolving basis ("Bridge Loan") in order to allow the Company to continue its operations until the closing of the Rights Offering. The total amount advanced by the CEO under the Bridge Loan as of the expiry date of the rights offering was $610,000. The acquisition cost of 5,462,500 Common Shares ($546,250) acquired by the CEO pursuant to a standby commitment relating to the Rights Offering was recorded as a reduction of the amounts payable to the CEO pursuant to the Bridge Loan. All remaining payments due to the CEO were made in the quarter.

On August 7, 2019, the Company closed the first tranche of the private placement and 7,087,000 units at a price of $0.25 per unit for gross proceeds of $1,771,750. Each unit consists of one ValOre common share and one-half of one common share purchase warrant. Each warrant will be exercisable into one share for $0.35 per share for a period of two years expiring August 7, 2021. The residual value of the warrants associated with the unit offering was $141,740 or $0.02 per warrant. The Company paid finders' fees of $51,688 and issued 72,000 finders warrants fair valued at $6,406 or $0.09 per finders' warrant using the Black-Scholes pricing model.

On August 14, 2019, the Company closed the second tranche of the private placement and issued 5,713,000 units at a price of $0.25 per unit for gross proceeds of $1,428,250. Each unit consists of one ValOre common share and one half of one common share purchase warrant. Each warrant will be exercisable into one share for $0.35 per share for a period of two years, expiring August 14, 2021. The residual value of the warrants associated with the unit offered was $57,130 or $0.01 per warrant. The Company issued 60,000 finders warrants fair valued at $5,752 or $0.10 per finders' warrant using the Black-Scholes pricing model.

On August 14, 2019, the Company issued 22,000,000 common shares pursuant to the share price agreement between ValOre and Jangada (Note 4). The fair value of these shares at the time of issuance was $5,170,000. The remaining 3,000,000 common shares to be issued (Note 4) are valued at $705,000 have been recorded as an obligation to issue shares in shareholders equity.

In connection with the financings completed during the year ended September 30, 2019, the Company incurred total cash share issuance costs of $153,449 and issued an additional 1,000,000 common shares for an advisory fee with a fair value of $235,000.

(Expressed in Canadian Dollars)

9. Share capital (continued)

b) Warrants

The changes in warrants issued are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding warrants, September 30, 2017	1,747,050	$1.50
Issued	-	-
Expired	(224,000)	$1.50
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

At September 30, 2019, 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	2,512,235	1.29
August 7, 2021	$0.35	3,615,500	1.85
August 14, 2021	$0.35	2,916,500	1.87
January 16, 2022	$1.50	1,451,800	2.30
February 17, 2022	$1.50	71,250	2.39
Weighted average of exercise price and remaining contractual life	$0.49	10,567,285	1.79

During the year ended September 30, 2019, the Company issued 2,450,000 bonus warrants and recognized $216,000 (2018 – $Nil) in related share-based compensation expense.

The fair value of compensatory warrants issued during 2019 was estimated at the grant date based on the Black-Scholes option pricing model with the following weighted average assumptions:

	2019	2018
Risk-free interest rate	1.89%	n/a
Expected dividend yield	0.00	n/a
Share price	$0.185	n/a
Expected stock price volatility	99.59%	n/a
Average expected warrant life	2 years	n/a
Fair value of options granted	$0.09	n/a

c) Stock Options

Under the Company'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.

(Expressed in Canadian Dollars)

9. Share capital (continued)

c) Stock Options (continued)

	Number of Options	Weighted Average Exercise Price
Outstanding options, September 30, 2017	821,000	$2.40
Granted	1,090,000	$1.00
Expired	(122,000)	$3.30
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

At September 30, 2019 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	1,090,000	1,090,000	2.77
September 6, 2024	$0.25	6,500,000	6,500,000	4.94
Weighted average of exercise price and remaining contractual life	$0.36	7,590,000	7,590,000	4.63

The fair value of stock options issued during 2019 and 2018 was estimated at the grant date based on the Black-Scholes option pricing model with the following weighted average assumptions:

	2019	2018
Risk-free interest rate	1.32%	n/a
Expected dividend yield	0.00	n/a
Share price	$0.26	n/a
Expected stock price volatility	98.82%	n/a
Average expected option life	5 years	n/a
Fair value of options granted	$0.1936	n/a

As at September 30, 2019, the Company recognized $1,350,606 (2018 – $505,740) in share-based compensation expense for the fair value of the vested portion of stock options granted.

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.

(Expressed in Canadian Dollars)

10. Related Party Transactions

Key management compensation

Key management consists of the Company’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 year ended September 30, 2019 was $1,496,853 (2018 - $904,303) and was comprised of the following:

		Year ended September 30, 2019		Year ended September 30, 2018
Management and consulting fees	$	275,071	$	352,938
Directors fees (included in management and consulting fees)		199,800		223,800
Share-based compensation		1,020,650		325,344
Non-cash benefits		1,332		2,221
Total remuneration	**$**	1,496,853	**$**	904,303

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

The balance payable to key management at September 30, 2019 was $57,465 (September 30, 2018 - $176,700) and such payables are unsecured and are expected to be repaid under normal trade terms. These balances are recorded on the statement of financial position under accounts payable and accrued liabilities.

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

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, and accounts payable and accrued liabilities 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.

11. Financial instruments (continued)

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 and cash equivalents, 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 September 30, 2019 was $2,594,782 (September 30, 2018 - $374,330).

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 September 30, 2019, ValOre had a cash balance of $2,468,374 (September 30, 2018 - $145,577) to settle accounts payable and accrued liabilities of $2,304,871 (September 30, 2018 $514,805).

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

The Company has cash balances and no interest-bearing debt. 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

The Company operates predominately in Canada and is not exposed to any significant foreign currency risk.

(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. A 10% fluctuation in the price of the Company's marketable securities would increase/decrease comprehensive loss by $7,728 as at September 30, 2019 (September 30, 2018 - $14,811).

(Expressed in Canadian Dollars)

12. Capital Management

The Company'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.

The Company 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 year ended September 30, 2019. 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.

14. Income taxes

The income tax provision recorded differs from the income tax obtained by applying the statutory income tax rate of 27% (2018 – 27%) to the income for the year and is reconciled as follows:

	Year Ended Sept 30, 2019	**Year Ended Sept 30, 2018**
Loss before income taxes	(3,864,947)	(2,283,400)
Statutory Canadian federal and provincial tax rates	27%	27%
Expected tax (recovery)	(1,038,000)	(617,000)
Change in statutory, foreign exchange rates and other	3,000	(12,000)
Permanent difference	611,000	137,000
Share issue cost	(105,000)	-
Change in unrecognized deductible temporary differences	529,000	474,000
Adjustment to prior years provision versus statutory tax returns	-	18,000
Deferred income tax recovery	-	-

The tax effects on the temporary differences that give rise to the Company's deferred tax assets and liabilities are as follows:

		2019		**2018**
Non-capital losses	**$**	3,524,000	$	3,272,000
Investment tax credit		1,500,000		1,500,000
Property and Equipment		253,000		242,000
Share issuance costs		99,000		26,000
Marketable securities		36,000		26,000
Exploration and evaluation assets		7,373,000		7,190,000
		12,785,000		12,256,000
Unrecognized deferred tax assets		(12,785,000)		(12,256,000)
Net deferred tax liability	**$**	-	$	-

(Expressed in Canadian Dollars)

14. Income taxes (continued)

The significant components of the Company’s temporary differences, unused tax credits and unused tax losses that have been included on the statement of financial position are as follows:

	2019	Expiry Date Range	2018	Expiry Date Range
Temporary differences				
Exploration and evaluation assets	$ 27,308,000	No expiry date	$ 26,630,000	No expiry date
Investment tax credit	2,054,000	2030 to 2034	2,054,000	2030 to 2034
Marketable securities	267,000	No expiry date	196,000	No expiry date
Property and Equipment	938,000	No expiry date	896,000	No expiry date
Share issuance costs	365,000	2040 to 2043	98,000	2039 to 2042
Non-capital losses	$ 13,108,000	2028 to 2039	$ 12,119,000	2028 to 2038

Tax attributes are subject to review and potential adjustment by tax authorities.

15. Subsequent Events

Subsequent to the year-ended September 30, 2019, the following events took place:

- On November 12, 2019, the Company paid $1,000,000 to Jangada pursuant to the purchase agreement.
- On December 20, 2019, the company paid $100,000 to NTI pursuant to the Angilak option agreement.
- On December 20, 2019, the company paid $145,278 to NTI pursuant to the Baffin Gold option agreement.
- 3,145,000 common shares were issued upon exercise of warrants for the total proceeds of $879,350 and 600,000 common shares were issued upon exercise of options for the total proceeds of $150,000.