



**Consolidated Financial Statements**

**FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

Expressed in 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 consolidated statements of financial position as at September 30, 2021 and 2020, and the consolidated statements of loss 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, 2021 and 2020, 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 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. 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 Dylan Connelly.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

January 28, 2022

**ValOre Metals Corp.**

(An Exploration Stage Company)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Note(s)	September 30, 2021	September 30, 2020
<b>ASSETS</b>			
Current assets:			
Cash		\$ 2,516,919	\$ 534,282
Marketable securities	3	-	83,895
Other receivables		-	1,453
GST recoverable		18,165	20,983
Prepaid expenses		67,333	34,695
Total current assets		2,602,417	675,308
Non-current assets:			
Equipment	4	163,589	125,491
Exploration and evaluation assets	5	9,867,889	9,867,889
Total assets		\$ 12,633,895	\$ 10,668,688
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	9	\$ 316,859	\$ 642,801
Loan payable	7,9	-	1,305,854
		316,859	1,948,655
Non-current liabilities:			
Decommissioning liability	6	1,254,945	416,215
Long-term liability	5	-	50,000
		1,571,804	2,414,870
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	82,992,926	74,184,894
Obligation to issue shares	8	235,000	470,000
Contributed surplus	8	13,329,901	13,455,676
Accumulated other comprehensive loss	3	(50,170)	(47,918)
Deficit		(85,445,566)	(79,808,834)
Total shareholders' equity		11,062,091	8,253,818
Total liabilities and shareholders' equity		\$ 12,633,895	\$ 10,668,688

Nature of Operations and Going Concern (Note 1)

Subsequent events (Note 14)

APPROVED ON January 28, 2022 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.**

(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Note(s)	Year-ended Sept 30, 2021	Year-ended Sept 30, 2020
<b>Expenses</b>			
Depreciation	4	\$ 38,181	\$ 31,712
Bank charges and interest		81,084	27,417
Exploration expenditures	5	4,218,666	1,915,124
Investor relations		202,249	194,214
Listing and filing fees		100,211	46,876
Management and consulting fees	9	640,780	688,409
Office and sundry		81,615	139,619
Professional fees		184,297	195,741
Share-based compensation	8,9	-	381,648
Travel and conference		37,355	153,031
<b>Loss before the undernoted</b>		<b>(5,584,438)</b>	<b>(3,773,791)</b>
<b>Other income (expenses)</b>			
Finance expense		(24,456)	(14,944)
Interest income		20,026	12,782
Foreign exchange		(54,714)	36,111
Other income		6,850	5,250
<b>Net loss for the year</b>		<b>(5,636,732)</b>	<b>(3,734,592)</b>
Change in fair value of marketable securities	3	(2,252)	220,008
<b>Total comprehensive loss for the year</b>		<b>\$ (5,638,984)</b>	<b>\$ (3,514,584)</b>
<b>Basic and diluted loss per common share</b>		<b>\$ (0.05)</b>	<b>\$ (0.04)</b>
<b>Weighted average number of common shares outstanding</b>		<b>108,972,692</b>	<b>88,801,819</b>

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

## ValOre Metals Corp.

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Year-ended Sept 30, 2021	Year-ended Sept 30, 2020
<b>Cash flows from operating activities:</b>		
Net loss for the year	\$ (5,636,732)	\$ (3,734,592)
<i>Items not involving cash:</i>		
Depreciation	38,181	31,712
Accretion	8,387	8,221
Interest expense on loan	63,868	20,910
Finance expense on loan	24,456	14,944
Share-based compensation	-	381,648
Interest income	(20,026)	(12,782)
Change in estimate on decommissioning liability	830,343	-
<i>Changes in non-cash working capital:</i>		
Other receivables	1,453	11,311
GST recoverable	2,818	15,385
Prepaid expenses	(32,638)	110,950
Accounts payable and accrued liabilities	(375,942)	287,930
	(5,095,832)	(2,864,363)
Interest received	20,026	12,782
<b>Net cash used in operating activities</b>	<b>(5,075,806)</b>	<b>(2,851,581)</b>
<b>Cash flows from investing activities:</b>		
Investment in Pedra Branca, net	-	(2,000,000)
Proceeds from sale of marketable securities	81,643	213,389
Acquisition of equipment	(76,279)	-
<b>Net cash provided by (used in) investing activities</b>	<b>5,364</b>	<b>(1,786,611)</b>
<b>Cash flows from financing activities:</b>		
Issuance of shares for warrants exercised	146,564	1,271,600
Issuance of shares for options exercised	287,650	162,500
Issuance of shares for private placement	8,327,500	-
Share issuance costs - cash	(314,457)	-
Proceeds from related party loan	945,278	1,270,000
Repayment of related party loan	(2,339,456)	-
<b>Net cash provided by financing activities</b>	<b>7,053,079</b>	<b>2,704,100</b>
<b>Net increase (decrease) in cash</b>	<b>1,982,637</b>	<b>(1,934,092)</b>
Cash, beginning of the year	534,282	2,468,374
<b>Cash, end of the year</b>	<b>\$ 2,516,919</b>	<b>\$ 534,282</b>

During the year ended September 30, 2021, the Company paid \$ Nil in taxes (2020 - \$ Nil), \$63,868 (2020 - \$nil) in interest, and \$39,400 (2020 - \$nil) in finance expense on loan.

### Supplemental Schedule of Non-Cash Investing and Financing Activities

Shares issued for Pedra Branca acquisition	\$ 235,000	\$ 235,000
Change in fair value of marketable securities	\$ (2,252)	\$ 220,008
Long term liability transferred to accounts payable	\$ 50,000	\$ -
Fair value of warrants exercised	\$ 56,180	\$ 191,423
Fair value of options exercised	\$ 222,720	\$ 125,840
Fair value of finders warrants	\$ 153,125	\$ -

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

## ValOre Metals Corp.

(An Exploration Stage Company)

Consolidated Statements of Changes in Shareholders Equity

(Expressed in Canadian Dollars)

	Share Capital (Note 8)		Obligation to issue shares	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
	Number of shares	Amount					
<b>Balance, September 30, 2019</b>	<b>85,024,677</b>	<b>\$72,198,531</b>	<b>\$ 705,000</b>	<b>\$13,391,291</b>	<b>\$(76,074,242)</b>	<b>\$ (267,926)</b>	<b>\$ 9,952,654</b>
Shares issue for property acquisition	1,000,000	235,000	(235,000)	-	-	-	-
Warrants exercised	4,276,000	1,463,023	-	(191,423)	-	-	1,271,600
Options exercised	650,000	288,340	-	(125,840)	-	-	162,500
Share-based compensation	-	-	-	381,648	-	-	381,648
Fair value adjustment on marketable securities	-	-	-	-	-	220,008	220,008
Loss for the year	-	-	-	-	(3,734,592)	-	(3,734,592)
<b>Balance at September 30, 2020</b>	<b>90,950,677</b>	<b>\$74,184,894</b>	<b>\$ 470,000</b>	<b>\$13,455,676</b>	<b>\$(79,808,834)</b>	<b>\$ (47,918)</b>	<b>\$ 8,253,818</b>
Shares issue for property acquisition	1,000,000	235,000	(235,000)	-	-	-	-
Warrants exercised	637,235	202,744	-	(56,180)	-	-	146,564
Shares issue for private placement	27,758,334	8,327,500	-	-	-	-	8,327,500
Share issuance costs - cash	-	(314,457)	-	-	-	-	(314,457)
Share issuance costs - finders warrants	-	(153,125)	-	153,125	-	-	-
Options exercised	1,150,500	510,370	-	(222,720)	-	-	287,650
Fair value adjustment on marketable securities	-	-	-	-	-	(2,252)	(2,252)
Loss for the year	-	-	-	-	(5,636,732)	-	(5,636,732)
<b>Balance at September 30, 2021</b>	<b>121,496,746</b>	<b>\$82,992,926</b>	<b>\$ 235,000</b>	<b>\$13,329,901</b>	<b>\$(85,445,566)</b>	<b>\$ (50,170)</b>	<b>\$ 11,062,091</b>

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



# ValOre Metals Corp.

(An Exploration Stage Company)

Notes to Consolidated Financial Statements for the Years Ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

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## 1. Nature of operations and going concern

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

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

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

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

Long-term continuance of the Company’s operations is dependent upon achieving profitable operations and obtaining additional equity or debt financing. The recoverability of the carrying values of the Company’s resource property interests is dependent upon the existence and discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties and future profitable production from or proceeds from the disposition of resource properties. As of September 30, 2021, the Company has not achieved profitable operations and has accumulated losses since inception.

As at September 30, 2021, the Company had current assets of \$2,602,417 to settle current liabilities of \$316,859, leaving the company with a working capital of \$2,285,558. ValOre may be required to delay discretionary expenditures if additional financing cannot be obtained on reasonable terms. Failure to obtain additional financing when required may result in the loss of some, or all, of the Company’s exploration and evaluation assets (Note 5). These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. To date, there have been limited adverse effects on ValOre’s business or ability to raise funds.

## 2. Significant accounting policies, estimates and judgements

### 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 consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. These consolidated financial statements were approved by the Board of Directors on January 28, 2022.

## ValOre Metals Corp.

(An Exploration Stage Company)

Notes to Consolidated Financial Statements for the Years Ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

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### b) Basis of consolidation

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

### c) Foreign currency translation

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

### 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%
Vehicles	20%

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

## **ValOre Metals Corp.**

(An Exploration Stage Company)

Notes to Consolidated Financial Statements for the Years Ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

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### **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 ValOre's shareholders and includes items that would not normally be included in net earnings such as unrealized gains or losses on marketable securities.

### **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 ValOre 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 ValOre to obtain the necessary financing to complete the exploration and evaluation, and future profitable production or proceeds from the disposition thereof.

### **g) Restoration, rehabilitation and environmental costs**

ValOre 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.

## ValOre Metals Corp.

(An Exploration Stage Company)

Notes to Consolidated Financial Statements for the Years Ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

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### **i) Impairment**

#### *Non-financial assets*

At each reporting date the carrying amounts of ValOre'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 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.

### **j) 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.

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 profit or loss 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.

## ValOre Metals Corp.

(An Exploration Stage Company)

Notes to Consolidated Financial Statements for the Years Ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

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Pursuant to IFRS 9, ValOre classifies its financial instruments as follows:

Cash	FVTPL
Marketable securities	FVTOCI
Other receivables	Amortized cost
Accounts payable, Accrued liabilities	Amortized cost
Loan payable	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 loss and comprehensive loss. 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 and comprehensive 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. 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 receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

## **k) Share-based compensation**

The grant date fair value of share-based compensation 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 compensation 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.

## **l) 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.

## ValOre Metals Corp.

(An Exploration Stage Company)

Notes to Consolidated Financial Statements for the Years Ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

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### **m) Use of estimates and judgments**

The following are the critical judgments and estimates that ValOre has made in the process of applying the Company's accounting policies 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.

#### *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.

#### *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, ValOre 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.

## ValOre Metals Corp.

(An Exploration Stage Company)

Notes to Consolidated Financial Statements for the Years Ended September 30, 2021 and 2020

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### *Carrying value and recoverability of exploration and evaluation assets*

The carrying amount of ValOre'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.

### **n) New accounting standards issued but not yet in effect:**

#### IAS 16, Property, Plant and Equipment - Proceeds before Intended Use

The amendment to IAS 16 prohibits deducting from the cost of property, plant and equipment amounts received from selling items produced while preparing the asset for its intended use. Instead, a company will recognize such sale proceeds and related cost in profit or loss. The Company does not expect the adoption of this new amendment to have a significant impact on the consolidated financial statements.

#### IAS 37, Provisions, Contingent Liabilities and Contingent Assets

The changes in Onerous Contracts — Cost of Fulfilling a Contract specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The Company does not expect the adoption of this new amendment to have a significant impact on the consolidated financial statements

### **o) 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. ValOre uses the 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 contributed surplus.

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### 3. Marketable securities

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

  

	Fair value Sep 30, 2020	Disposals Sept 30, 2021	Fair value adjustment Sept 30, 2021	Fair value Sept 30, 2021
Common shares	\$ 83,895	\$ (81,643)	\$ (2,252)	\$ -

During the year ended September 30, 2017, Coast Copper Corp. or "Coast Copper" (formerly Roughrider Exploration Limited) 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 Coast Copper on August 31, 2017.

Management has recorded these investments as FVTOCI. The Company will revalue the investments at each reporting period. Any changes in the fair value of the investments will be recorded at FVTOCI.

During the year ended September 30, 2021, the Company sold investments for proceeds of \$81,643 (2020 - \$213,389). This resulted in a loss of \$2,252 (2020 - gain of \$220,008) which was recognized in accumulated other comprehensive income (loss).

### 4. Equipment

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

	Furniture & Equipment	Computer Equipment	Field Equipment	Vehicles	Total
<b>Cost</b>					
Balance at September 30, 2020	\$ 31,595	\$ 24,719	\$ 925,225	\$ -	\$ 981,539
Additions	-	-	-	76,279	76,279
Balance at September 30, 2021	\$ 31,595	\$ 24,719	\$ 925,225	\$ 76,279	\$ 1,057,818
<b>Accumulated depreciation</b>					
Balance at September 30, 2020	\$ 27,678	\$ 22,825	\$ 805,545	\$ -	\$ 856,048
Depreciation	980	812	29,918	6,471	38,181
Balance at September 30, 2021	\$ 28,658	\$ 23,637	\$ 835,463	\$ 6,471	\$ 894,229
<b>Net book value at September 30, 2021</b>	<b>\$ 2,937</b>	<b>\$ 1,082</b>	<b>\$ 89,762</b>	<b>\$ 69,808</b>	<b>\$ 163,589</b>



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### 5. Exploration and evaluation assets

	Angilak	Baffin Gold	Hatchet Lake	Pedra Branca	Total
<b>September 30, 2019, 2020 and 2021</b>	<b>\$ 949,439</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,918,450</b>	<b>\$ 9,867,889</b>

#### a) Exploration expenditures

	Angilak	Baffin Gold	Hatchet Lake	Pedra Branca	Total
Accretion (Note 6)	\$ 8,221	\$ -	\$ -	\$ -	\$ 8,221
Assays	-	-	-	68,882	68,882
Land administration	79,544	145,279	154,814	102,925	482,562
Air support and transportation	28,526	-	-	6,326	34,852
Drilling	-	-	-	360,603	360,603
Field and general operations	57,162	6,611	-	181,521	245,294
Field contractors and consultants	68,716	1,164	9,999	79,522	159,401
Laboratory costs	-	-	-	1,076	1,076
Salaries and wages	2,250	-	-	499,946	502,196
Travel and accommodation	22,079	-	-	29,958	52,037
<b>September 30, 2020</b>	<b>\$ 266,498</b>	<b>\$ 153,054</b>	<b>\$ 164,813</b>	<b>\$ 1,330,759</b>	<b>\$ 1,915,124</b>

	Angilak	Baffin Gold	Hatchet Lake	Pedra Branca	Total
Accretion (Note 6)	\$ 8,387	\$ -	\$ -	\$ -	\$ 8,387
Assays	-	-	-	411,957	411,957
Land administration	79,544	145,279	-	142,775	367,598
Drilling	-	-	-	1,358,035	1,358,035
Decommissioning liability (Note 6)	830,343	-	-	-	830,343
Field and general operations	59,985	275	-	256,051	316,311
Field contractors and consultants	12,972	4,896	-	198,834	216,702
Laboratory costs	-	-	-	9,398	9,398
Salaries and wages	1,167	-	-	649,814	650,981
Travel and accommodation	-	-	-	48,954	48,954
<b>September 30, 2021</b>	<b>\$ 992,398</b>	<b>\$ 150,450</b>	<b>\$ -</b>	<b>\$ 3,075,818</b>	<b>\$ 4,218,666</b>

#### b) General

ValOre has the Pedra Branca Project in Brazil, the Angilak, Baffin Gold Property in Nunavut Territory, Canada, and the Hatchet Lake Property in Saskatchewan, Canada.

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

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

On August 14, 2019, the Company acquired the Pedra Branca Project pursuant to a share purchase agreement among Jangada, ValOre and PBBM Holdings Ltd., a wholly owned British Columbia incorporated subsidiary of ValOre, ValOre acquired Pedra Branca from Jangada. Pedra Branca holds the interest in the Pedra Branca Project.

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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; The 3,000,000 shares were valued at \$705,000 and recorded as obligation to issue shares\*, and;
2. cash payments to Jangada in the aggregate of \$3,000,000, as follows:
  - a. \$250,000 paid in May 2019
  - b. \$750,000 paid in August 2019
  - c. \$1,000,000 paid in November 2019
  - d. \$1,000,000 paid in February 2020

\* During the year ended September 30, 2021 the Company issued 1,000,000 shares (2020 - 1,000,000 shares) valued at \$235,000 (2020 - \$235,000) to Jangada pursuant to the purchase agreement.

The remaining 1,000,000 common shares are scheduled to be issued as follows:

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

### **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 IOCG Project" which is comprised of staked claims located on Federal Crown land.

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

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

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

The \$50,000 payment originally due in December 2016 was paid in December 2020. The \$50,000 payment originally due in December 2018 was included in accounts payable and accrued liabilities as at September 30, 2021. The final payment was paid in December 2021.

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

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

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

The Baffin Gold Property consists of:

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

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

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

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

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

During the year ended September 30, 2021 an annual fee amount of \$145,278 (2020 - \$145,278) was paid to NTI.

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

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During the year ended September 30, 2020 an annual fee amount of \$145,278 (2019 - \$145,278) was paid to NTI. During the year ended September 30, 2021 an annual fee amount of \$145,278 was paid to NTI.

### **Hatchet Lake, Saskatchewan**

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

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

In January 2017, the Company received \$250,000 from Sandstorm 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.

## **6. Decommissioning liability**

The changes in the rehabilitation provision during the year ended September 30, 2021 and the year ended September 30, 2020 were as follows:

	September 30, 2021	September 30, 2020
Balance, beginning of year	\$ 416,215	\$ 407,994
Accretion	8,387	8,221
Change in estimate	830,343	-
Balance, end of year	\$ 1,254,945	\$ 416,215

During the year ended September 30, 2021, the Company changed the estimate to reflect the current market rates. The revised calculation estimates an undiscounted reclamation obligation of \$1,309,169 expected to be incurred in 3 years. An inflation rate of 4.4% and a risk-free discount rate of 1.42% were recorded \$8,387 (2020 - \$8,221) for accretion to adjust the reclamation obligation.

## **7. Loan payable**

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

During the year ended September 30, 2021, the CFO of the Company agreed to lend \$245,278 to the Company to cover certain working capital requirements. The loan has no specified interest rate and no specific terms of repayment.

During the year ended September 30, 2021, the Company repaid the full amount of the loans due to the CEO and CFO.

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The changes in the loan during the year ended September 30, 2021 and the year ended September 30, 2020 were as follows:

	September 30, 2021	September 30, 2020
Opening balance	\$ 1,305,854	\$ -
Additions	945,278	1,270,000
Interest expense	63,868	20,910
Stand-by fee (finance expense)	24,456	14,944
Repayment	(2,339,456)	-
Ending balance	\$ -	\$ 1,305,854

### 8. Share Capital

#### a) Authorized

As at September 30, 2021, there were an unlimited number of common voting shares without par value authorized.

#### b) Issued

##### Year ended September 30, 2021

On February 1, 2021, ValOre issued 500,000 common shares valued at \$117,500 to Jangada pursuant to the purchase agreement (Note 5b) and was applied against obligation to issue shares.

On February 17, 2021, ValOre closed a private placement by issuing 27,758,334 units at a price of \$0.30 per unit for gross proceeds of \$8,327,500. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant is exercisable into one common share of the Company for \$0.45 per share for a period of two years expiring February 17, 2023. In connection with this private placement, the Company incurred \$314,457 in share issuance costs and issued 925,098 finder warrants with a fair value of \$153,125 (Note 8 c).

On August 13, 2021, ValOre issued 500,000 common shares valued at \$117,500 to Jangada pursuant to the purchase agreement (Note 5b) and was applied against obligation to issue shares.

During the year ended September 30, 2021, 637,235 common shares were issued upon warrants exercised for gross proceeds of \$146,564. In connection with the issuance, a total of \$56,180 was re-allocated from contributed surplus to share capital.

During the year ended September 30, 2021, 1,150,500 common shares were issued upon options exercised for gross proceeds of \$287,650. In connection with the issuance, a total of \$222,720 was re-allocated from contributed surplus to share capital.

##### Year ended September 30, 2020

During the year ended September 30, 2020, 4,276,000 common shares were issued upon warrants exercise for a total of \$1,271,600 and 650,000 shares were issued upon option exercise for gross proceeds of \$162,500.

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

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### c) Warrants

The changes in warrants issued are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding Warrants, September 30, 2019	10,567,285	\$0.49
Exercised	(4,276,000)	\$0.30
Outstanding Warrants, September 30, 2020	6,291,285	\$0.62
Issued	14,804,265	\$0.45
Expired	(4,131,000)	\$0.35
Exercised	(637,235)	\$0.23
Outstanding Warrants, September 30, 2021	16,327,315	\$0.55

At September 30, 2021, 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 16, 2022*	\$1.50	1,451,800	0.30
February 17, 2022	\$1.50	71,250	0.38
February 17, 2023	\$0.45	14,804,265	1.38
Weighted average of exercise price and remaining contractual life	\$0.55	16,327,315	1.28

\* Expired unexercised subsequent to year end

During the year ended September 30, 2021, the Company issued 925,098 finders warrants and recognized \$153,125 (2020 – \$Nil) in related share issuance costs.

The fair value of the finders warrants issued was estimated at the grant date based on the Black-Scholes valuation model with the following weighted average assumptions:

	2021	2020
Risk-free interest rate	0.25%	n/a
Expected dividend yield	0.00	n/a
Share price	\$0.39	n/a
Expected stock price volatility	87.00%	n/a
Average expected warrant life	2 years	n/a
Fair value of warrants granted	\$0.17	n/a

### d) Stock Options

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

On August 10, 2020, ValOre granted 2,375,000 stock options to certain directors, officers, and consultants of the Company in accordance with ValOre's stock option plan. Of the total amount, 600,000 options were granted

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to directors and officers of ValOre. Each Option immediately vests and is exercisable into one common share in the capital of ValOre at a price of \$0.30 per Share, for a period of three years from the date of grant.

	Number of Options	Weighted Average Exercise Price
Outstanding options, September 30, 2019	7,590,000	\$0.36
Granted	2,375,000	\$0.30
Expired	(660,000)	\$0.69
Exercised	(650,000)	\$0.25
Outstanding options, September 30, 2020	8,655,000	\$0.33
Exercised	(1,150,500)	\$0.25
Outstanding options, September 30, 2021	7,504,500	\$0.34

At September 30, 2021, the following stock options were outstanding:

Expiry Date	Weighted Average Exercise Price	Issued Number of Options	Outstanding and Exercisable Number of Options	Weighted Average Remaining Contractual Life in Years
July 6, 2022	\$1.00	705,000	705,000	0.76
August 10, 2023	\$0.30	2,374,500	2,374,500	1.86
September 6, 2024	\$0.25	4,425,000	4,425,000	2.94
Weighted average of exercise price and remaining contractual life	\$0.34	7,504,500	7,504,500	2.39

The fair value of stock options issued was estimated at the grant date based on the Black-Scholes valuation model with the following weighted average assumptions:

	2021	2020
Risk-free interest rate	Nil	0.26%
Expected dividend yield	Nil	0.00
Share price	Nil	\$0.29
Expected stock price volatility	Nil	89.14%
Average expected option life	Nil	3 years
Fair value of options granted	Nil	\$0.16

At September 30, 2021, the Company recognized \$Nil (2020 – \$381,648) in share-based compensation expense for the fair value of stock options granted and vested.

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

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### 9. Related Party Transactions

#### *Key management compensation*

Key management consists of ValOre's directors and officers. In addition to management and consulting fees paid to these individuals, or companies controlled by these individuals, the Company provides non-cash benefits. The aggregate value of compensation with key management for the year ended September 30, 2021 was \$430,800 (2020 - \$545,004) and was comprised of the following:

	Year ended September 30, 2021	Year ended September 30, 2020
Management and consulting fees	\$ 210,000	\$ 215,788
Directors' fees (included in Management and consulting fees in the Statements of Loss and Comprehensive Loss)	220,800	232,800
Share-based compensation	-	96,416
<b>Total remuneration</b>	<b>\$ 430,800</b>	<b>\$ 545,004</b>

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

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

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

During the year ended September 30, 2021, ValOre incurred a total of \$60,000 (2020 - \$60,000) in consulting fees and \$22,476 (2020 - \$42,960) in rent from a company owned by a close family member of the CFO.

#### **Due to/from related parties**

As at September 30, 2021, \$nil (September 30, 2020 - \$83,821) was owed to directors of the Company for director fees. This amount is included in accounts payable and accrued liabilities. Amounts due to related parties are unsecured, have no fixed repayments and are non-interest bearing.

#### **Loan payable (Note 7)**

During the year ended September 30, 2021, the Company repaid the full amount of the loans due to the CEO and CFO. As at September 30, 2021, \$nil (September 30, 2020 - \$1,305,854) was owed to the CEO or CFO of the Company in relation to the loan payable.

### 10. 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.



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

### *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, marketable securities and GST recoverable. Management believes that the credit risk concentration with respect to financial instruments included in cash, GST recoverable and marketable securities, is remote as they relate to deposits and interest receivable from major financial institutions and marketable securities held with a major brokerage firm. The maximum credit risk as at September 30, 2021 was \$2,535,084 (September 30, 2020 - \$640,613).

### *Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At September 30, 2021, ValOre had a cash balance of \$2,516,919 (September 30, 2020 - \$534,282) to settle accounts payable and accrued liabilities of \$316,859 (September 30, 2020 - \$642,801).

### *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 interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at September 30, 2021, the Company is not exposed to significant interest rate risk.

#### (b) Foreign currency risk

ValOre is exposed to foreign currency risk on fluctuations related to cash, and accounts payable and accrued liabilities, denominated in Brazilian Real. A 10% fluctuation between the Canadian dollar and the Brazilian real would impact profit or loss by approximately \$3,272 (2020 - \$11,000).

#### (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

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would result in gains and losses being recognized in total comprehensive loss. During the year ended September 30, 2021, the Company sold its remaining securities (Note 3). A 10% fluctuation in the price of the Company's marketable securities would increase/decrease comprehensive loss by \$Nil as at September 30, 2021 (September 30, 2020 - \$8,390).

### 11. Capital Management

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

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

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

Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met. There were no changes in the Company's approach to capital management during the year ended September 30, 2021. The Company is not subject to externally imposed capital requirements.

### 12. Segment Information

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

	September 30, 2021	September 30, 2020
Equipment		
Canada	\$ 93,781	\$ 125,491
Brazil	69,808	-
	163,589	125,491
Exploration and evaluation assets		
Canada	949,439	949,439
Brazil	8,918,450	8,918,450
	9,867,889	9,867,889
	\$ 10,031,478	\$ 9,993,380

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### 13. Income Taxes

The income tax provision recorded differs from the income tax obtained by applying the statutory income tax rate of 27% (2020 – 27%) to the income for the year and is reconciled as follows:

	Year Ended Sept 30, 2021	Year Ended Sept 30, 2020
Loss before income taxes	(5,636,732)	(3,734,592)
Statutory Canadian federal and provincial tax rates	27%	27%
Expected tax (recovery)	(1,522,000)	(1,008,000)
Change in statutory, foreign exchange rates and other	121,000	204,000
Permanent difference	-	106,000
Share issue cost	(85,000)	-
Change in unrecognized deductible temporary differences	(24,000)	(109,000)
Adjustment to prior years provision versus statutory tax returns	1,510,000	807,000
Deferred income tax expense (recovery)	-	-

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

	2021	2020
Non-capital losses	\$ 5,264,000	\$ 4,115,000
Investment tax credit	-	1,500,000
Decommissioning liability	339,000	112,000
Allowable capital losses	4,000	3,000
Property and Equipment	270,000	261,000
Share issuance costs	115,000	70,000
Marketable securities	-	3,000
Exploration and evaluation assets	9,110,000	7,528,000
	15,102,000	13,592,000
Unrecognized deferred tax assets	(15,102,000)	(13,592,000)
Net deferred tax liability	\$ -	\$ -

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:

	2021	Expiry Date Range	2020	Expiry Date Range
Temporary differences				
Exploration and evaluation assets	\$ 28,186,000	No expiry date	\$ 27,882,000	No expiry date
Investment tax credit	2,054,000	2030 to 2034	2,054,000	2030 to 2034
Marketable securities	-	No expiry date	23,000	No expiry date
Decommissioning liability	1,255,000	No expiry date	416,000	No expiry date
Allowable capital losses	15,000	No expiry date	12,000	No expiry date
Property and Equipment	999,000	No expiry date	967,000	No expiry date
Share issuance costs	427,000	2042 to 2045	260,000	2041 to 2043
Non-capital losses	20,575,000	2028 to 2041	15,937,000	2028 to 2040
Canada	15,722,000	2028 to 2041	14,366,000	2028 to 2040
Brazil	4,853,000	No expiry date	1,571,000	No expiry date

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

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### 14. Subsequent events

Subsequent the year ended September 30, 2021; the following events took place:

- On November 10, 2021, the Company entered into a definitive property option agreement with Azincourt Energy Corp ("Azincourt"), an arms-length party, pursuant to which the Optionee has been granted the option to acquire up to a seventy-five percent interest in the Hatchet Lake Uranium Project. Pursuant to the agreement, the Company received a cash payment of \$100,000 and 2,837,684 Azincourt shares valued at \$250,000 at issuance date.
- On November 17, 2021, ValOre closed a brokered private placement for gross proceeds of \$11,000,000. The Company sold 18,333,333 flow-through units of the Company to charitable purchasers (each, a "Charity FT Unit") at a price of \$0.60 per Charity FT Unit. Each Charity FT Unit consists of one common share of the Company (each, a "FT Share") and one-half of one common share purchase warrant. Each warrant shall entitle the holder to purchase one common share of the Company (each, a "Warrant Share") at a price of \$0.65 per Warrant Share at any time on or before November 17, 2023. The FT Shares and Warrant Shares are subject to a hold period ending on March 18, 2022. In connection with the private placement a total of 1,032,368 finders warrants were issued.
- On December 9, 2021, the Company granted 6,600,000 incentive stock options to certain Directors, Officers, Employees and Consultants of the Company. The Options are exercisable at \$0.45 per share for a period of three years from the date of grant with  $\frac{1}{4}$  vesting upon grant and  $\frac{1}{4}$  vesting every 3 months thereafter.
- Subsequent to September 30, 2021, 624,500 stock options were exercised for proceeds of \$187,350 and 333,333 warrants were exercised for gross proceeds of \$150,000.