

**VALORE METALS CORP.**

**(Formerly “Kivalliq Energy Corporation”)**

**Condensed Interim Consolidated Financial Statements**

**For the Six Months Ended March 31, 2020**

**(Unaudited – Expressed in Canadian Dollars)**

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

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

They have been reviewed and approved by the Company's Audit Committee and the Board of Directors.

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

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

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Notes	March 31, 2020	September 30, 2019
<b>ASSETS</b>			
Current assets:			
Cash		\$ 271,069	\$ 2,468,374
Marketable securities	5	51,517	77,276
Other receivables	6	13,142	12,764
GST recoverable		19,680	36,368
Prepaid expenses		111,345	145,645
Total current assets		466,753	2,740,427
Non-current assets:			
Equipment	7	141,347	157,203
Exploration and evaluation assets	8	9,867,889	9,867,889
Total assets		\$ 10,475,989	\$ 12,765,519
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	11	\$ 416,815	\$ 2,304,871
		416,815	2,304,871
Non-current liabilities:			
Long-term liability	8	75,000	100,000
Decommissioning liability	9	412,084	407,994
		903,899	2,812,865
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	10	73,750,131	72,198,531
Obligation to issue shares	10	587,500	705,000
Contributed surplus	10	13,391,291	13,391,291
Accumulated other comprehensive loss	5	(304,564)	(267,926)
Deficit		(77,852,268)	(76,074,242)
Total shareholders' equity		9,572,090	9,952,654
Total liabilities and shareholders' equity		\$ 10,475,989	\$ 12,765,519

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

APPROVED ON June 1, 2020 ON BEHALF OF THE BOARD:

“James Paterson”, CEO \_\_\_\_\_, Director“Dale Wallster” \_\_\_\_\_, Director

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

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

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

		Three months ended March 31,		Six months ended March 31,	
	Note	2020	2019	2020	2019
<b>Expenses</b>					
Depreciation	5	\$ 7,928	\$ 9,946	\$ 15,856	\$ 19,892
Bank charges and interest		178	23,095	802	23,550
Exploration expenditures	8	485,687	85,035	1,010,820	388,923
Investor relations		62,651	26,277	104,269	45,823
Listing and filing fees		20,384	17,804	24,691	20,042
Management and consulting fees	11	161,305	164,013	317,126	301,701
Office and sundry		32,878	46,086	51,481	74,346
Professional fees		75,830	8,282	116,012	44,811
Project evaluation		-	2,925	-	3,395
Share-based compensation		-	21,680	-	70,452
Transfer agent fees		-	3,576	-	5,672
Travel and conference		85,352	30,537	153,561	30,537
<b>Loss before the undernoted</b>		<b>(932,193)</b>	<b>(439,256)</b>	<b>(1,794,618)</b>	<b>(1,029,144)</b>
<b>Other income (expenses)</b>					
Interest income		3,413	2,221	12,286	2,276
Other income			(408)	5,250	(408)
Foreign exchange		(487)	-	(944)	
Mineral Property write-off		-	-	-	(1,005)
<b>Net income (loss) for the period</b>		<b>(929,267)</b>	<b>(437,443)</b>	<b>(1,778,026)</b>	<b>(1,028,281)</b>
Change in fair value of marketable securities		(45,078)	(32,198)	(25,759)	(51,517)
Tax recovery (expense) in OCI from change in fair value of marketable securities		-	4,347	-	6,955
<b>Total comprehensive loss for the period</b>		<b>\$(974,345)</b>	<b>\$(465,294)</b>	<b>\$(1,803,785)</b>	<b>\$(1,072,843)</b>
<b>Basic and diluted loss per common share</b>		<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>	<b>\$ (0.03)</b>
<b>Weighted average number of common shares outstanding</b>		<b>85,345,646</b>	<b>45,413,566</b>	<b>85,586,696</b>	<b>34,955,446</b>

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

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

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

		<b>Six months ended March 31,</b>	
		<b>2019</b>	
	<b>Notes</b>	<b>2020</b>	<b>Restated (Note 3)</b>
<b>Cash flows from operating activities:</b>			
Net loss for the period		\$ (1,778,026)	\$ (1,028,281)
Items not involving cash:			
Depreciation	7	15,856	19,892
Accretion	8,9	4,090	-
Share-based compensation	10,11	-	70,452
Interest income		(12,286)	(2,276)
Long term liability		(25,000)	-
Mineral property write-off		-	1,005
Changes in non-cash working capital:			
Other receivables		(378)	13,748
GST recoverable		16,688	27,630
Prepaid expenses		34,300	(31,941)
Accounts payable and accrued liabilities		(1,888,056)	(430,994)
		(3,632,812)	(1,360,765)
Interest received		12,286	2,276
<b>Net cash used in operating activities</b>		<b>(3,620,526)</b>	<b>(1,358,489)</b>
<b>Cash flows from investing activities:</b>			
Exploration and evaluation asset (acquisition) recovery		-	-
Proceeds from sale of royalty		-	-
<b>Net cash used in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities:</b>			
Issuance of share capital		-	2,348,238
Warrants exercised		1,271,600	-
Options exercised		162,500	-
<b>Net cash generated by financing activities</b>		<b>1,434,100</b>	<b>2,348,238</b>
Effect on foreign exchange on cash		(10,879)	-
Net increase (decrease) in cash		(2,197,305)	989,749
Cash, beginning of the period		2,468,374	145,557
Cash, end of the period		\$ 271,069	\$ 1,135,306

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

Change in fair value of marketable securities	\$	(25,759)	\$	(51,517)
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- The accompanying notes are an integral part of these condensed interim consolidated financial statements -

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

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Changes in Shareholders Equity

(Expressed in Canadian Dollars)

	Share Capital (Note 10)		Obligation to issue shares	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
	Number of shares	Amount					
<b>Balance, October 1, 2018, as previously stated</b>	<b>24,724,677</b>	<b>\$61,748,478</b>	<b>\$ -</b>	<b>\$11,608,187</b>	<b>\$(18,551,958)</b>	<b>\$ (197,090)</b>	<b>\$ 54,607,617</b>
Effect of change in accounting policy	-	-	-	-	(53,657,337)	-	(53,657,337)
<b>Balance, October 1, 2018, restated</b>	<b>24,724,677</b>	<b>\$61,748,478</b>	<b>\$ -</b>	<b>\$11,608,187</b>	<b>(72,209,295)</b>	<b>(197,090)</b>	<b>950,280</b>
Shares issued in rights offering	24,500,000	2,450,000	-	-	-	-	2,450,000
Share issuance costs - cash	-	(101,761)	-	-	-	-	(101,761)
Share issuance costs – finders' warrants	-	(5,471)	-	5,471	-	-	-
Share – based compensation	-	-	-	70,452	-	-	70,452
Fair value adjustment on marketable securities	-	-	-	-	-	(51,517)	(51,517)
Tax expense in OCI from fair value adjustment on marketable securities in OCI	-	-	-	-	-	6,955	6,955
Loss for the period	-	-	-	-	(1,028,281)	-	(1,028,281)
<b>Balance at March 31, 2019</b>	<b>49,224,677</b>	<b>\$64,091,246</b>	<b>\$ -</b>	<b>\$11,684,110</b>	<b>\$(73,237,576)</b>	<b>\$ (241,652)</b>	<b>\$ 2,296,128</b>
<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>
Warrants exercised	4,276,000	1,271,600	-	-	-	-	1,271,600
Options exercised	650,000	162,500	-	-	-	-	162,500
Shares issued for property acquisition	500,000	117,500	(117,500)	-	-	-	-
Fair value adjustment on marketable securities	-	-	-	-	-	(25,759)	(25,759)
Foreign exchange effect	-	-	-	-	-	(10,879)	(10,879)
Loss for the period	-	-	-	-	(1,778,026)	-	(1,778,026)
<b>Balance at March 31, 2020</b>	<b>90,450,677</b>	<b>\$73,750,131</b>	<b>\$ 587,500</b>	<b>\$13,391,291</b>	<b>\$(77,852,268)</b>	<b>\$ (304,564)</b>	<b>\$ 9,572,090</b>

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

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

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements for the Six Months Ended March 31, 2020

(Expressed in Canadian Dollars)

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## 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 condensed interim 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 March 31, 2020, 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 March 31, 2020, the Company had current assets of \$466,753 to settle current liabilities of \$416,815, leaving the company with a working capital of \$49,938 as at March 31, 2020, 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).

During the period ended March 31, 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on ValOre as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may/ be put, in place by Canada and other countries to fight the virus.

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

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements for the Six Months Ended March 31, 2020

(Expressed in Canadian Dollars)

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### **2. Significant accounting policies and basis of presentation**

#### **a) Basis of presentation**

##### *Statement of compliance*

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) for interim information, specifically International Accounting Standards (“IAS”) 34 - Interim Financial Reporting. In addition, these interim consolidated financial statements have been prepared using interpretations issued by the International Financial Reporting Interpretation Committee (“IFRIC”) in effect at March 31, 2020 and the same accounting policies and methods of their application as the most recent annual financial statements of the Company, except the newly adopted standards and interpretations described below (Note 2). These interim financial statements do not include all disclosures normally provided in the annual financial statements and should be read in conjunction with the Company’s audited financial statements for the year ended September 30, 2019.

In management’s opinion, all adjustments necessary for fair presentation have been included in these condensed interim financial statements. Interim results are not necessarily indicative of the results expected for the year ending September 30, 2020.

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

#### **b) Basis of consolidation**

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

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

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

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

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

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

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



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

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements for the Six Months Ended March 31, 2020

(Expressed in Canadian Dollars)

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### 2. Significant accounting policies and basis of presentation

#### d) 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.

#### e) 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 condensed interim 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.

##### *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.

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

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements for the Six Months Ended March 31, 2020

(Expressed in Canadian Dollars)

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

#### e) Use of estimates and judgments (continued)

##### *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.

#### f) Recent accounting pronouncements

##### *New and Revised Standards and Interpretations*

##### Revised accounting pronouncements adopted during the year

The accounting policies in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company’s audited consolidated financial statements for the year ended September 30, 2019, except for the adoption, on October 1, 2019, of IFRS 16, Leases and IFRIC 23, Uncertainty over Income Tax Treatments which has an initial application as at this date.

The newly adopted IFRS 16, Leases standard establishes principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company has assessed its office lease agreement and concluded that the agreement does not constitute the ability to direct the use (right to use) of the underlying office premises on the context of IFRS 16. As such, the adoption of the above standard has not had an impact on the results and financial position of the Company.

The newly adopted IFRIC 23, Uncertainty over Income Tax Treatments clarifies 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 adoption of the above standard, amendments and interpretations has not had an impact on the financial statements of the Company.

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

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements for the Six Months Ended March 31, 2020

(Expressed in Canadian Dollars)

### 3. Changes in accounting policies during the year ended September 30, 2019 which effect the comparative figures

During the year ended September 30, 2019, we changed one of our accounting policies. Consequently, we restated the figures presented for the comparative period (namely, six months ended March 31, 2019). A discussion of the quantitative changes respecting the six months ended March 31, 2019 are presented in this note below. For a qualitative discussion of these changes in accounting policies we refer you to note 3 of our annual audited consolidated financial statements as at and for the years ended September 30, 2019 and 2018.

#### **Exploration and evaluation (“E&E”) expenditures**

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.

#### 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 Operations and Comprehensive Loss*

	As at March 31, 2019		
	Previously stated	Adjustments	As restated
<b>Expenses</b>			
Exploration and evaluation expenditures	-	\$388,923	\$388,923
<b>Net loss before income taxes</b>	(\$639,358)	(\$388,923)	(\$1,028,281)
Weighted number of shares O/S	34,955,446	-	34,955,446
<b>Basic and diluted loss per period</b>	(\$0.02)	-	(\$0.03)

#### *Effects on Statements of Cash Flows*

	As at March 31, 2019		
	Previously stated	Adjustments	As restated
<b>Operating activities</b>			
Net loss for the period	(\$639,358)	(\$388,923)	(\$1,028,281)
Accounts payable and accrued liabilities	\$(479,991)	\$48,997	\$(430,994)
<b>Cash flows from (used in) operating activities</b>	(\$1,018,563)	(\$339,926)	(\$1,358,489)
<b>Investing activities</b>			
Exploration and evaluation assets	(\$339,927)	\$339,927	-
<b>Cash flows from (used in) investing activities</b>	(\$339,927)	\$339,927	-

There were no changes in cash flows provided by financing activities.

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

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements for the Six Months Ended March 31, 2020

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

[i] The Company paid \$1,000,000 on August 14, 2019, \$1,000,000 on November 12, 2019 and the final cash payment of \$1,000,000 was paid during the six months ended March 31, 2020 (Note 15).

[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). During the six months ended March 31, 2020, the company issued 500,000 shares to Jangada pursuant to the purchase agreement.

### 5. Marketable securities

	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
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	Fair value Oct 1, 2019	Additions Mar 31, 2020	Disposals Mar 31, 2020	Fair value adjustment Mar 31, 2020	Fair value Mar 31, 2020
Common shares	\$ 77,276	\$ -	\$ -	\$ (25,759)	\$ 51,517

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.

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

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements for the Six Months Ended March 31, 2020

(Expressed in Canadian Dollars)

### 5. Marketable securities (continued)

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.

### 6. Other receivables

	March 31, 2020	September 30, 2019
Other miscellaneous receivables	13,142	12,764
Total other receivables	\$ 13,142	\$ 12,764

Other miscellaneous receivables as at March 31, 2020 pertains to monies due from various companies.

### 7. Equipment

	Furniture & Equipment	Computer Equipment	Field Equipment	Total
<b>Cost</b>				
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
<b>Accumulated depreciation</b>				
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
<b>Net book value at September 30, 2019</b>	<b>\$ 4,897</b>	<b>\$ 2,706</b>	<b>\$ 149,600</b>	<b>\$ 157,203</b>

	Furniture & Equipment	Computer Equipment	Field Equipment	Total
<b>Cost</b>				
Balance at September 30, 2019	\$ 31,595	\$ 24,719	\$ 925,225	\$ 981,539
Additions	-	-	-	-
Disposals	-	-	-	-
Balance at March 31, 2020	\$ 31,595	\$ 24,719	\$ 925,225	\$ 981,539
<b>Accumulated depreciation</b>				
Balance at September 30, 2019	\$26,698	\$ 22,013	\$ 775,625	\$ 824,336
Depreciation	490	406	14,960	15,856
Disposals	-	-	-	-
Balance at March 31, 2020	\$ 27,188	\$ 22,419	\$ 790,585	\$ 840,191
<b>Net book value at March 31, 2020</b>	<b>\$ 4,407</b>	<b>\$ 2,300</b>	<b>\$ 134,640</b>	<b>\$ 141,347</b>

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

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements for the Six Months Ended March 31, 2020

(Expressed in Canadian Dollars)

**8. Exploration and evaluation assets**

	<b>Angilak</b>	<b>Baffin Gold</b>	<b>Baker Basin</b>	<b>Genesis</b>	<b>Hatchet Lake</b>	<b>Pedra Branca</b>	<b>Total</b>
<b>September 30, 2017</b>	<b>\$ 846,470</b>	<b>\$ 131,718</b>	<b>\$ 205,130</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,183,318</b>
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)
<b>September 30, 2018</b>	<b>\$ 949,439</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,439</b>	<b>\$ 1,042</b>	<b>\$ -</b>	<b>\$ 952,920</b>
Additions:							
Acquisition costs (recovery)	-	-	-	-	(1,042)	8,918,450	8,917,408
Sale of royalty	-	-	-	-	-	-	-
Write-off of property	-	-	-	(2,439)	-	-	(2,439)
<b>September 30, 2019</b>	<b>\$ 949,439</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,918,450</b>	<b>\$ 9,867,889</b>
Additions:							
Acquisition costs (recovery)	-	-	-	-	-	-	-
Sale of royalty	-	-	-	-	-	-	-
Write-off of property	-	-	-	-	-	-	-
<b>March 31, 2020</b>	<b>\$ 949,439</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,918,450</b>	<b>\$ 9,867,889</b>

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

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(Expressed in Canadian Dollars)

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

#### a) Exploration expenditures

	Angilak	Baffin Gold	Baker Basin	Genesis	Hatchet Lake	Pedra Branca	Total
Accretion (Note 9)	\$ 4,090	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,090
Land administration	104,544	217,917	-	-	154,816	-	477,277
Air support and transportation	-	-	-	-	-	6,326	6,326
Field and general operations	18,874	6,385	-	-	-	143,133	168,392
Field contractors and consultants	1,216	1,164	-	-	1,165	45,234	48,779
Fuel	-	-	-	-	-	-	-
Laboratory costs	-	-	-	-	-	-	-
Property investigation	-	-	-	-	-	-	-
Salaries and wages	-	-	-	-	-	290,651	290,651
Travel and accommodation	-	-	-	-	-	15,305	15,305
<b>Period ending March 31, 2020</b>	<b>\$ 128,724</b>	<b>\$ 225,466</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 155,981</b>	<b>\$ 500,649</b>	<b>\$ 1,010,820</b>

	Angilak	Baffin Gold	Baker Basin	Genesis	Hatchet Lake	Pedra Branca	Total
Land administration	\$ 80,059	\$ 145,278	\$ -	\$ -	\$ 870	\$ -	\$ 226,207
Air support and transportation	10,104	-	-	-	1,037	-	11,141
Field and general operations	8,244	5,973	-	-	3,241	-	17,458
Field contractors and consultants	-	-	-	-	1,377	-	1,377
Fuel	-	-	-	-	714	-	714
Laboratory costs	-	1,187	-	-	66,628	-	67,455
Salaries and wages	9,915	36,637	-	133	10,988	-	57,673
Travel and accommodation	890	(2,292)	-	-	8,300	-	6,898
<b>Period ending March 31, 2019</b>	<b>\$ 109,212</b>	<b>\$ 186,783</b>	<b>\$ -</b>	<b>\$ 133</b>	<b>\$ 92,795</b>	<b>\$ -</b>	<b>\$ 388,923</b>

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(Expressed in Canadian Dollars)

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

#### b) General

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

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

During the 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 (Note 4).
  - 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 paid in February 2020, (on or before, 6 months after Closing)

\* During the six months ended March 31, 2020, pursuant to the share purchase agreement, the company issued 500,000 shares to Jangada (Note 4).

#### ***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.



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(Expressed in Canadian Dollars)

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

#### b) General (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. The \$50,000 payment originally due in December 2015 was made during the six months ended March 31, 2020. As at March 31, 2020, \$75,000 is recorded as a long-term liability and \$25,000 is included in accounts payable and accrued liabilities.

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%. During the six months ended March 31, 2020, the Company recorded \$4,090 for accretion to adjust the reclamation obligation (Note 8 a).

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

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

The Baffin Gold Property consists of:

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

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Notes to the Condensed Interim Consolidated Financial Statements for the Six Months Ended March 31, 2020

(Expressed in Canadian Dollars)

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

#### b) General (continued)

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

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

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

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

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

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.

During the six months ended March 31, 2020 an annual fee amount of \$145,278 (2018 - \$145,278) was paid to NTI.

##### ***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.

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Notes to the Condensed Interim Consolidated Financial Statements for the Six Months Ended March 31, 2020

(Expressed in Canadian Dollars)

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

#### b) General (continued)

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

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.

##### **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.

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.

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### 9. Decommissioning liability

The changes in the rehabilitation provision during the six months ended March 31, 2020 and the year ended September 30, 2019 were as follows:

	March 31, 2020	September 30, 2019
Balance, beginning of period	\$ 407,994	\$ -
Additions	-	407,994
Accretion	4,090	-
Balance, end of period	\$ 412,084	\$ 407,994

For the year ended September 30, 2019, the Company has recognized a reclamation obligation of \$407,994 (2018 - \$Nil) in relation to the Angilak Project. The liability was estimated using undiscounted risk adjusted cash flows of \$450,458 expected to be incurred in 5 years, an inflation rate of 2.1% and a risk-free discount rate of 2%.

During the six months ended March 31, 2020, the Company recorded \$4,090 for accretion to adjust the reclamation obligation which was included in Evaluation and Exploration Expenditures (Note 8 a).

### 10. Share Capital

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 condensed interim consolidated financial statements.

#### a) Authorized

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

#### b) Issued

##### Six months ended March 31, 2020

During the six months ended March 31, 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.

##### Six months ended March 31, 2019

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.

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### 10. Share capital (continued)

#### c) 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
Exercised	(4,276,000)	\$0.30
Outstanding Warrants, March 31, 2020	6,291,285	\$0.62

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

Expiry Date	Weighted Average Exercise Price	Number of Warrants	Weighted Average Remaining Contractual Life in Years
January 14, 2021	\$0.23	637,235	0.79
August 7, 2021	\$0.35	3,355,500	1.35
August 14, 2021	\$0.35	775,500	1.37
January 16, 2022	\$1.50	1,451,800	1.80
February 17, 2022	\$1.50	71,250	1.88
Weighted average of exercise price and remaining contractual life	\$0.49	6,291,285	1.41

#### d) 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.

	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
Exercised	(650,000)	\$0.25
Outstanding options, March 31, 2020	6,940,000	\$0.37

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(Expressed in Canadian Dollars)

### 10. Share capital (continued)

#### d) Stock Options (continued)

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

Expiry Date	Weighted Average Exercise Price	Issued Number of Options	Vested and Exercisable Number of Options	Weighted Average Remaining Contractual Life in Years
July 6, 2022	\$1.00	1,090,000	1,090,000	2.27
September 6, 2024	\$0.25	5,850,000	5,850,000	4.44
Weighted average of exercise price and remaining contractual life	\$0.37	6,940,000	6,940,000	4.10

The fair value of stock options issued during 2020 and 2019 was estimated at the grant date based on the Black-Scholes option pricing model with the following weighted average assumptions:

	2020	2019
Risk-free interest rate	n/a	n/a
Expected dividend yield	n/a	n/a
Share price	n/a	n/a
Expected stock price volatility	n/a	n/a
Average expected option life	n/a	n/a
Fair value of options granted	n/a	n/a

As at March 31, 2020, the Company recognized \$Nil (2019 – \$70,452) 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.

### 11. 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 six months ended March 31, 2020 was \$183,900 (2019 - \$294,532) and was comprised of the following:

	Six months ended March 31, 2020	Six months ended March 31, 2019
Management and consulting fees	\$ 67,500	\$ 138,571
Directors fees (included in management and consulting fees)	116,400	98,400
Share-based compensation	-	56,229
Non-cash benefits	-	1,332
Total remuneration	\$ 183,900	\$ 294,532

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### 11. Related Party Transactions (continued)

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

The balance payable to key management at March 31, 2020 was \$110,786 (September 30, 2019 - \$57,465) 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.

### 12. 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.

#### *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 March 31, 2020 was \$355,408 (September 30, 2019 - \$2,594,782).

#### *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 March 31, 2020, ValOre had a cash balance of \$271,069 (September 30, 2019 - \$2,468,374) to settle accounts payable and accrued liabilities of \$416,815 (September 30, 2019 \$2,304,871).

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### 12. Financial Instruments

#### Categories of financial assets and liabilities (continued)

##### *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 \$5,152 as at March 31, 2020 (September 30, 2019 - \$7,728).

### 13. 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 six months ended March 31, 2020. The Company is not subject to externally imposed capital requirements.

### 14. 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.



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

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements for the Six Months Ended March 31, 2020

(Expressed in Canadian Dollars)

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### **15. Subsequent Events**

Subsequent to the six months ended March 31, 2020, ValOre entered into an unsecured revolving credit facility with the CEO of the Company, pursuant to which the Company may borrow up to \$1.2 million on a revolving basis. ValOre will pay to the CEO a standby fee of \$24,000 (2% of the committed facility) and interest of 10% per annum on amounts drawn down under the facility. ValOre has agreed to use commercially reasonable efforts to complete an equity financing prior to December 31, 2020 in an amount sufficient to repay amounts borrowed under the facility.