

VALOREM RESOURCES INC.
(formerly JDF Explorations Inc.)
CONDENSED INTERIM FINANCIAL STATEMENTS
For the Six Months ended October 31, 2020 and 2019
(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection, 4.3 (3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Valorem Resources Inc. (“the Company”) have been prepared by and are the responsibility of the Company’s management. The unaudited condensed interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management’s best estimate and judgements based on information currently available.

The Company’s independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review on interim financial statements by an entity’s auditor.

Valorem Resources Inc.
Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)

	Notes	As at October 31, 2020 \$	As at April 30, 2020 \$
ASSETS			
Current assets			
Cash		32,463	4,712
Share subscription receivable		21,688	21,688
Other receivables		25,491	18,961
Prepaid expense		1,401	4,877
		81,043	50,238
Fixed Assets			
Exploration and evaluation assets	4	85,000	-
Total assets		166,043	50,238
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities		1,774	26,823
Related parties	6	273,925	150,073
Total liabilities		275,699	176,896
Shareholders' equity			
Common shares	5	1,146,644	792,736
Contributed surplus		274,656	264,314
Deficit		(1,530,956)	(1,183,708)
Total shareholders' equity		(109,656)	(126,658)
Total liabilities and shareholders' equity		166,043	50,238

Nature of Operations and Going Concern (Note 1)

Approved on behalf of the board on December 28, 2020:

“Tony Louie”
Director

“Gregory Thomas”
Director

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

Valorem Resources Inc.

Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Notes	Three months ended		Six months ended	
		October 31, 2020 \$	October 31, 2019 \$	October 31, 2020 \$	October 31, 2019 \$
Expenses					
Consulting		69,247	37,890	107,992	38,745
Insurance		(323)	1,929	3,476	3,799
Office and miscellaneous		(1,020)	80	(414)	606
Professional fees	6	(8,686)	46,459	47,000	55,686
Promotion		171,117	-	171,117	-
Property expenses		(2)	1,331	1,329	1,331
Transfer agent fees		3,169	6,619	12,369	9,200
Travel and promotion		(2,651)	1,741	-	2,561
Website		(1,838)	-	4,379	6,217
Loss before other items		(229,013)	(102,266)	(347,248)	(118,145)
Other items					
Impairment of mineral properties		-	-	-	-
Net loss before income tax		(229,013)	(102,266)	(347,248)	(118,145)
Income taxes recovery		-	-	-	-
Net loss and comprehensive loss		229,013	(102,266)	(347,248)	(118,145)
Weighted average number of shares – basic and diluted		45,856,019	43,948,580	46,607,090	43,377,712
Loss and comprehensive loss per share					
Basic and diluted		0.005	(0.002)	(0.007)	(0.003)

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

Valorem Resources Inc.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian dollars)

	Six months ended	
	October 31, 2020	July 31, 2019
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the period	(347,248)	(118,145)
Changes in operating assets and liabilities:		
Due to related parties	123,852	-
Other receivables	(6,530)	(5,321)
Prepaid expense	3,476	(478)
Trade and other payables	(25,049)	(6,169)
Cash used in operating activities	(251,499)	(130,113)
INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(85,000)	-
Cash used in investing activities	(85,000)	-
FINANCING ACTIVITIES		
Proceeds from loan	-	41,425
Contributed surplus	10,342	-
Proceeds from issuance of common shares	353,908	50,000
Cash from (used in) financing activities	364,250	91,425
DECREASE IN CASH	27,751	(38,688)
Cash, beginning of period	4,712	38,809
CASH, END OF PERIOD	32,463	121

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

Valorem Resources Inc.

Condensed Interim Statements of Changes in Equity

For the six months ended October 31, 2020 and 2019

(Expressed in Canadian dollars)

	Number of shares	Common shares \$	Contributed surplus \$	Deficit \$	Total \$
Balances, 30 April 2019	42,813,049	421,736	264,314	(656,151)	29,899
Shares issued for cash	1,666,666	50,000	-	-	50,000
Net loss for the period	-	-	-	(118,145)	(118,145)
Balances, 31 October 2019	44,479,715	471,736	264,314	(774,296)	(38,246)
Balances, 30 April 2020	45,614,715	792,736	264,314	(1,183,708)	(126,658)
Shares returned to Treasury	(150,000)	-	-	-	-
Shares issued for property	500,000	50,000	-	-	50,000
Shares issued for cash	3,300,000	330,000	-	-	330,000
Share issue costs	-	(26,092)	-	-	(26,092)
Warrants issued	-	-	10,342	-	10,342
Net loss for the period	-	-	-	(347,248)	(347,248)
Balances, 31 October 2020	49,264,715	1,146,644	274,656	(1,530,956)	(109,656)

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

Valorem Resources Inc.

Notes to the Condensed Interim Financial Statements

For the Six months ended October 31, 2020 and 2019

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Valorem Resources Inc (formerly JDF Explorations Inc.) (“VALU” or the “Company”) is an exploration stage junior mining company engaged in the identification, acquisition, evaluation and exploration of gold, precious metals, and base metal properties. VALU was incorporated on May 9, 2014.

The head office, principal address and registered and records office of the Company is located at 1100-1111 Melville Street, Vancouver, BC, Canada, V6E 3V6.

On September 15, 2020, the Company changed its name from JDF Explorations Inc. to Valorem Resources Inc.

Going concern

These condensed Interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on the basis that the Company is a going concern and will be able to meet its obligations and continue its operations for its next fiscal year. Several conditions as set out below cast uncertainties on the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern is dependent upon the financial support from its shareholders and other related parties, its ability to obtain financing for the continuing exploration and development of its mineral properties, the existence of economically recoverable reserves, and the attainment of profitable operations or proceeds from disposition of these properties.

The Company has not yet achieved profitable operations and at October 31, 2020, had accumulated losses of \$1,530,956; accordingly, the Company will need to raise additional funds through future issuance of securities or debt financing. Although the Company has raised funds in the past, there can be no assurance the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. It is not possible to predict whether financing efforts will be successful or if the Company will attain a profitable level of operations.

The current cash resources are not adequate to meet its minimum commitments at the date of these financial statements, including planned corporate and administrative expenses, and other project implementation costs, accordingly, there is significant doubt about the Company’s ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Statement of compliance

These financial statements have been prepared in conformity with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company’s audited financial statements for the six months ended October 31, 2020, and do not include all the information required for full annual financial statements in accordance 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”). It is suggested that these financial statements be read in conjunction with the audited financial statements.

Basis of presentation

The Company’s financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value and are presented in Canadian dollars except where otherwise indicated.

Valorem Resources Inc.

Notes to the Condensed Interim Financial Statements

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(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates and critical judgments, methods of computation and presentation applied in these financial statements are consistent with those of the most recent audited financial statements and are those the Company expects to adopt in its financial statements for the year ended April 30, 2021.

4. EXPLORATION AND EVALUATION PROPERTY

Black Dog Lake Gold Project

In August 2020, the Company signed an option agreement to purchase Black Dog Lake Gold property, which comprises 19 contiguous mineral claims covering 1,003 hectares, located in the James Bay region of Quebec. Under the terms of the option agreement, the Company agrees over three years, to pay a total of \$195,000 cash, to issue a total of 2.75 million common shares, and to spend a total of \$750,000 in exploration expenditures on the property.

Blue Hawk Property, British Columbia

The Company earned a 100% interest in the Blue Hawk property, which consists of the Blue Hawk claims located near Kelowna, British Columbia in 2015 and it continues to be the Company's primary exploration property. While evaluating the future economic benefits on its Blue Hawk property, the Company chose to make a payment to the Minister of Finance, in lieu of completing exploration and development work on the property. The Company entered into an agreement to sell the Blue Hawk Property (Note 9).

East Cortez Gold Project

On January 14, 2020 ("the Closing Date"), the Company signed an asset purchase agreement (the "APA") with an arm's length party (the "Vendor") to acquire 32 lode mining claims comprising the East Cortez Gold project, in Eureka County, Nevada. The APA required total cash payment of \$435,000 and total issuance of 500,000 common shares.

Subsequent to the signing of the APA, due to limitations caused by the COVID-19 pandemic, the Company was unable to send personnel to the property to conduct the work program, and as a result on April 30, 2020, the Company and the Vendor decided to terminate the APA agreement. Pursuant to the termination agreement, the Vendor agreed to forgive the payment of the \$25,000 cash and to return 150,000 common shares to the Company (fair valued at \$11,250). The Company has received and cancelled the 150,000 common shares.

5. SHARE CAPITAL

Authorized share capital

Unlimited number of voting common shares without par value.

Issued and outstanding

On October 31, 2020, the Company had 49,264,715 (April 30, 2020 – 45,614,715) common shares outstanding.

Shares issuances

On September 4, 2020, the Company closed a non-brokered private placement and issued 3,450,000 units of the Company at a price of \$0.10 per Unit. Each Unit consists of one common share of the Company and one-half of one transferrable Share purchase warrant. Each whole warrant will entitle the holder thereof to acquire one additional share at a price of \$0.15 for term of 1 year following closing, being September 4, 2021. The Share purchase warrant is subject to acceleration.

Valorem Resources Inc.

Notes to the Condensed Interim Financial Statements

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On August 20, the Company issued 500,000 common shares in accordance with the Black Dog Lake Gold project agreement (note 4).

On April 20, 2020, the Company received and returned to treasury 150,000 common shares when the APA on the East Cortez Gold project was cancelled (Note 4).

On January 24, 2020, the Company issued 300,000 common shares (fair valued at \$85,000) pursuant to the asset purchase agreement for the East Cortez Gold project (Note 4).

On October 25, 2019, the Company closed a non-brokered private placement see of 835,000 units at \$0.30 per unit for total cash proceeds of \$250,500. One unit consists of one common share and one share purchase warrant.

On August 28, 2019, the Company issued 1,666,666 common shares through a non-brokered private placement at \$0.03 per share for proceeds of \$50,000.

Share purchase warrants

On October 31, 2020, the Company issued 1,650,000 (April 30, 2020 – nil) transferrable share purchase warrants as part of a units (Note 5 share issuances September 4, 2020). Each warrant entitles the holder to acquire one share at \$0.15 until September 4, 2021. The Share purchase warrants are subject to acceleration.

On October 25, 2019, the Company issued 835,000 warrants share purchase warrants as part of a units (Note 5 share issuances August 20, the Company). Each warrant entitles the holder to acquire one common share at a price of \$0.40 for a period of five years from the date of issuance.

Stock options

In December 2019, the Company approved a stock option plan which authorizes the Directors to grant options to directors, officers, key employees and others who are in a position to contribute to the future success and growth of the Company. Stock options granted under the Plan may have a maximum term of ten years and may be subject to vesting terms at the discretion of the directors.

No stock options have been issued under the plan as of October 31, 2020.

6. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel are the Directors and Officers of the Company. A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount agreed upon by the transacting parties.

The Company transacted the consulting fees with the following related parties during the six months ended October 31, 2020 and 2019:

Compensation	Three months ended	
	October 31, 2020	October 31, 2019
	\$	\$
Chief Executive Officer and Director	48,000	16,800
A company controlled by the Chief		
Financial Officer and Director	32,000	11,025
Director	48,000	13,600
	128,000	41,425

Valorem Resources Inc.

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(Expressed in Canadian dollars)

The Company owed the amounts shown to related parties on October 31, 2020 and 2019:

Payable	October 31, 2020	October 31, 2019
	\$	\$
Loan from a Director	-	1,000
Consulting services		
Chief Executive Officer and Director	102,310	24,000
A company controlled by the Chief		
Financial Officer and Director	76,215	18,000
Director	95,400	18,000
	273,925	61,000

7. CAPITAL MANAGEMENT

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition, exploration, and development of resource properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company manages its share capital as capital, which as a October 31, 2020 was \$1,146,644 (April 30, 2020 – \$792,736). Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the six months ended October 31, 2020.

8. FINANCIAL RISK MANAGEMENT

The fair value of the Company's accounts payable and accrued liabilities and amounts due to related parties approximate their carrying value, which is the amount recorded on the statements of financial position. The Company's cash under the fair value hierarchy is recorded at fair value based on level one quoted prices in active markets for identical assets or liabilities. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

i. 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 its liquid financial assets including cash. Management believes that its credit risk is not significant.

ii. Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. On October 31, 2020, the Company had a cash balance of \$31,463 to settle current liabilities of \$275,699. All the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. Management expects to fund those liabilities through equity financing and loans from related parties over the coming year.

iii. Commodity Price Risk

The Company is subject to price risk from fluctuations in the market prices of commodities as it relates to the possible underlying values of its commodity based mineral properties and the corresponding ability to raise funds for future operations. Management closely monitors commodity prices to determine the appropriate course of actions to be taken in its investing and financing activities. As the Company has not yet developed commercial mineral interests, it is not exposed to significant commodity price risk.

Valorem Resources Inc.

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9. SUBSEQUENT EVENTS

On November 9, 2020, the Company issued 300,000 shares to settle \$45,000 in debt.

On November 11, 2020, the Company issued 52,500 1 year \$0.20 warrants and 101,500 2 year \$0.20 warrants with a fair value of \$10,342.

During December 2020, the Company received \$527,000 for 5,270,000 common shares through a private placement at \$0.10 per share. As of the filing of these statements the private placement was not closed. The shares will be issued when the private placement is closed.