



# **Golden Valley Mines Ltd.**

## **Consolidated Interim Financial Statements, as at September 30, 2015 (Unaudited)**

Golden Valley Mines Ltd.  
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The attached consolidated interim financial statements have been prepared by Management of Golden Valley Mines Ltd. The Company's independant auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**Golden Valley Mines Ltd.**  
**Consolidated Statement of Financial Position**  
**As at September 30, 2015**

(Unaudited)  
(in Canadian dollars)

|  | Notes | September 30,<br>2015<br>\$ | December 31,<br>2014<br>\$ |
|--|-------|-----------------------------|----------------------------|
| <b>ASSETS</b>  |       |                             |                            |
| <b>Current</b>   |       |                             |                            |
| Cash and cash equivalents  | 5     | 1,921,719                   | 1,347,620                  |
| Short-term financial assets                                      | 6     | 675,401                     | 575,465                    |
| Other accounts receivable  | 7     | 79,568                      | 40,126                     |
| Sales taxes recoverable  |       | 29,318                      | 29,193                     |
| Tax credits receivable   |       | 7,067                       | 40,362                     |
| Prepaid expenses   |       | 57,563                      | 42,864                     |
|  |       | <u>2,770,636</u>            | <u>2,075,630</u>           |
| <b>Non-current</b>   |       |                             |                            |
| Property and equipment   | 9     | 12,571                      | 15,158                     |
| Exploration and evaluation assets                                | 10    | 8,772,371                   | 8,647,860                  |
| Investment   | 12    | 23,013,998                  |                            |
| <b>Total assets</b>  |       | <u>31,798,940</u>           | <u>8,663,018</u>           |
|  |       | <u>34,569,576</u>           | <u>10,738,648</u>          |
| <b>LIABILITIES</b>   |       |                             |                            |
| <b>Current</b>   |       |                             |                            |
| Accounts payable and accrued liabilities                         |       |                             |                            |
| Related parties controlled by directors                          | 15.1  | 13,159                      | 12,009                     |
| Short term portion of success fee liability                      |       | 3,425,000                   |                            |
| Others   | 13    | 561,080                     | 780,066                    |
| Funds held for third parties                                     | 8     | 1,255                       |                            |
|  |       | <u>4,000,494</u>            | <u>792,075</u>             |
| <b>Non-Current</b>   |       |                             |                            |
| Long term portion of success fee liability                       |       | 790,000                     |                            |
| Deferred income taxes  |       | 1,398,165                   |                            |
|  |       | <u>2,188,165</u>            |                            |
| <b>Total liabilities</b>   |       | <u>6,188,659</u>            | <u>792,075</u>             |
| <b>EQUITY</b>  |       |                             |                            |
| Capital stock  | 14.1  | 23,968,316                  | 23,494,150                 |
| Warrants   | 14.2  |                             | 45,571                     |
| Contributed surplus  |       | 2,848,741                   | 2,752,785                  |
| Retained Earnings (Deficit)                                      |       | <u>(9,394,351)</u>          | <u>(18,855,041)</u>        |
| <b>Total equity attributable to owners of the parent company</b> |       | <u>17,422,706</u>           | <u>7,437,465</u>           |
| Non-Controlling interest   |       | <u>10,958,211</u>           | <u>2,509,108</u>           |
| <b>Total equity</b>  |       | <u>28,380,917</u>           | <u>9,946,573</u>           |
| <b>Total liabilities and equity</b>                              |       | <u>34,569,576</u>           | <u>10,738,648</u>          |

The accompanying notes are an integral part of the interim consolidated financial statements.

These consolidated financial statements were approved and authorized for issue by the Audit Committee of the Board of Directors on November 27, 2015.

**Golden Valley Mines Ltd.****Consolidated Statement of Comprehensive Loss****For the three and nine-month period ended September 30, 2015**

(unaudited)

(in Canadian dollars)

|   | Notes | Three-month period ended<br>September 30,<br>2015<br>\$ | September 30,<br>2014<br>\$ | Nine-month period ended<br>September 30,<br>2015<br>\$ | September 30,<br>2014<br>\$ |
|---|-------|---|-----------------------------|--|-----------------------------|
| <b>Revenues</b>   |       |   |                             |  |                             |
| Royalties   |       | 48,492  |                             | 320,597  |                             |
| Dividends   |       | 115,540   |                             | 295,593  |                             |
| Geological fees   |       | 522   | 10,729                      | 1,357  | 13,252                      |
|   |       | <u>345,442</u>  | <u>10,729</u>               | <u>617,547</u>   | <u>13,252</u>               |
| <b>Operating Expenses</b>   |       |   |                             |  |                             |
| Salaries and other employee benefits  | 15.1  | 396,876   | 506,820                     | 769,481  | 1,110,110                   |
| Office expenses   |       | 28,625  | 43,091                      | 140,285  | 122,102                     |
| Management fees   |       | 4,125   | 4,125                       | 12,375   | 12,375                      |
| Professional and legal fees   |       | 164,532   | 200,534                     | 680,727  | 709,683                     |
| Advertising and exhibitions   |       | 6,410   | 6,821                       | 26,840   | 30,594                      |
| Travelling  |       | 19,680  | 22,570                      | 60,271   | 73,466                      |
| Exploration and evaluation expenditures                                       |       | 1,021   | 94                          | 11,990   | 7,310                       |
| Royalty purchase  | 10    | 63,573  |                             | 73,573   |                             |
| Write-off of exploration and evaluation assets                                |       |   |                             |  |                             |
| Part XII.6 and other taxes  |       | 378   | 442                         | 5,428  | 9,444                       |
| Depreciation of property and equipment  | 9     | 3,031   | 2,483                       | 9,502  | 7,019                       |
| Gain on the disposal of exploration and evaluation assets                     | 18    |   |                             | (25,246,624)   |                             |
| Loss (gain) on short-term financial assets disposal                           |       |   |                             | 1,282  |                             |
|   |       | <u>688,251</u>  | <u>786,980</u>              | <u>(23,454,870)</u>                                    | <u>2,082,103</u>            |
| <b>Operating income (loss)</b>  |       | <u>(342,809)</u>  | <u>(776,251)</u>            | <u>24,072,417</u>                                      | <u>(2,068,851)</u>          |
|   |       |   |                             |  |                             |
| Finance income  | 16    | 10,754  | 562                         | 13,138   | 4,872                       |
| Other revenue   |       | 5,000   |                             | 5,000  |                             |
| Change in fair value of financial assets at fair value through profit or loss |       | (4,899,437)   | (121,120)                   | (6,558,563)  | (163,591)                   |
|   |       | <u>(4,883,683)</u>                                      | <u>(120,558)</u>            | <u>(6,540,425)</u>                                     | <u>(158,719)</u>            |
| <b>Net income (loss) before income taxes</b>                                  |       | <u>(5,226,492)</u>                                      | <u>(896,809)</u>            | <u>17,531,992</u>                                      | <u>(2,227,570)</u>          |
| Deferred income taxes   |       | (406,356)   | 94,589                      | 1,398,165  | 94,589                      |
| <b>Net income (loss) and total comprehensive income (loss) for the period</b> |       | <u>(5,632,848)</u>                                      | <u>(802,220)</u>            | <u>16,133,827</u>                                      | <u>(2,132,981)</u>          |
|   |       |   |                             |  |                             |
| Net income (loss) and total comprehensive income (loss) attributable to:      |       |   |                             |  |                             |
| Shareholders of Golden Valley Mines   |       | (2,730,055)   | (189,698)                   | 9,013,419  | (1,232,734)                 |
| Non-controlling interest  |       | (2,270,969)   | (612,522)                   | 7,120,408  | (900,246)                   |
|   |       | <u>(5,001,024)</u>                                      | <u>(802,220)</u>            | <u>16,133,827</u>                                      | <u>(2,132,980)</u>          |
| <b>Loss per share attributable to Golden Valley Mines shareholders</b>        |       |   |                             |  |                             |
| Basic earnings (loss) per share   | 17    | (0.028)   | (0.002)                     | 0.094  | (0.014)                     |
| Diluted earning per share   | 17    | (0.027)   | -                           | 0.090  | -                           |

The accompanying notes are an integral part of the interim consolidated financial statements.

## Golden Valley Mines Ltd.

## Consolidated Statement of Changes in Equity

For the three and nine-month period ended September 30, 2015

(unaudited)

(in Canadian dollars)

|  | Note | Capital Stock | Warrants   | Contributed Surplus | Equity Component of Convertible Debenture | Deficit      | Total attributable to owners of the parent | Non-controlling interest | Total Equity |
|--|------|---------------|------------|---------------------|---|--------------|--|--------------------------|--------------|
|  |      | Number        | \$         | \$                  | \$  | \$           | \$   | \$                       |              |
| <b>Balance at January 1, 2015</b>                    |      | 94,933,664    | 23,494,150 | 45,571              | 2,752,785                                 | (18,855,041) | 7,437,465                                  | 2,509,108                | 9,946,573    |
| Share issue expenses                                 | 14.2 |               | (2,145)    |                     |   |              | (2,145)                                    |                          | (2,145)      |
| Share-based payments                                 |      |               |            |                     |   |              |  |                          |              |
| Units issued by exercise of stock options            |      | 300,000       | 21,000     |                     |   |              | 21,000                                     |                          | 21,000       |
| Units issued by exercise of warrants                 |      | 1,910,000     | 217,471    | (45,571)            |   |              | 171,900                                    |                          | 171,900      |
| Change in interest of subsidiaries                   |      |               |            |                     |   | 282,188      | 282,188                                    | 913,717                  | 1,195,905    |
| Transactions with owners                             |      | 97,143,664    | 23,730,476 | (0)                 | 2,752,785                                 | (18,572,853) | 7,910,408                                  | 3,422,825                | 11,333,233   |
| Net loss and total comprehensive loss for the period |      |               |            |                     |   | 11,743,474   | 11,743,474                                 | 9,391,377                | 21,134,851   |
| <b>Balance at June 30, 2015</b>                      |      | 97,143,664    | 23,730,476 | (0)                 | 2,752,785                                 | (6,829,379)  | 19,653,882                                 | 12,814,202               | 32,468,084   |
| Share issue expenses                                 |      |               | (14,684)   |                     |   |              | (14,684)                                   |                          | (14,684)     |
| Share-based payments                                 |      |               |            | 129,535             |   |              | 129,535                                    |                          | 129,535      |
| Units issued for a debt settlement                   | 14.1 | 1,831,310     | 201,444    |                     |   |              | 201,444                                    |                          | 201,444      |
| Units issued by exercise of stock options            |      | 250,000       | 51,080     | (33,580)            |   |              | 17,500                                     |                          | 17,500       |
| Change in interest of subsidiaries                   |      |               |            |                     |   | 165,083      | 165,083                                    | 414,978                  | 580,061      |
| Transactions with owners                             |      | 2,081,310     | 237,840    |                     | 95,955                                    | 165,083      | 498,878                                    | 414,978                  | 913,856      |
| Net loss and total comprehensive loss for the period |      |               |            |                     |   | (2,730,055)  | (2,730,055)                                | (2,270,969)              | (5,001,024)  |
| <b>Balance at September 30, 2015</b>                 |      | 99,224,974    | 23,968,316 | (0)                 | 2,848,741                                 | (9,394,351)  | 17,422,706                                 | 10,958,211               | 28,380,917   |

## Golden Valley Mines Ltd.

## Consolidated Statement of Changes in Equity

For the three and nine-month period ended September 30, 2015

(unaudited)

(in Canadian dollars)

|  |      | Capital Stock | Warrants   | Contributed<br>Surplus | Equity<br>Component of<br>Convertible<br>Debenture | Deficit     | Total<br>attributable to<br>owners of the<br>parent | Non-<br>controlling<br>interest | Total Equity |
|--|------|---------------|------------|------------------------|--|-------------|---|---------------------------------|--------------|
|  | Note | Number        | \$         | \$                     | \$   | \$          | \$  | \$                              |              |
| <b>Balance at January 1, 2014</b>                    |      | 89,601,356    | 22,853,604 | 328,352                | 2,393,819  | 16,729      | (14,715,129)  | 677,569                         | 11,554,944   |
| Share issue expenses                                 | 14.2 |               | (16,433)   |                        |  |             | (16,433)  |                                 | (16,433)     |
| Share-based payments                                 |      |               |            |                        | 4,905  |             | 4,905   | 239,429                         | 244,334      |
| Units issued by exercise of stock options            |      |               |            |                        |  |             |   | 4,462                           | 4,462        |
| Units issued by private placements                   |      | 2,999,998     | 450,000    |                        |  |             | 450,000   | (1,909)                         | 448,091      |
| Transactions with owners                             |      | 2,999,998     | 433,567    |                        | 4,905  |             | 438,472   | 241,982                         | 680,454      |
| Net loss and total comprehensive loss for the period |      |               |            |                        |  | (1,043,036) | (1,043,036)   | (287,724)                       | (1,330,760)  |
| <b>Balance at June 30, 2014</b>                      |      | 92,601,354    | 23,287,171 | 328,352                | 2,398,724  | 16,729      | (15,758,165)  | 631,827                         | 10,904,638   |
| Share issue expenses                                 |      |               | (4,449)    |                        |  |             | (4,449)   |                                 | (4,449)      |
| Share-based payments                                 |      |               |            |                        | 101,544  |             | 101,544   | 214,173                         | 315,717      |
| Compensation warrants expired                        |      |               | 27,588     | (114,168)              | 86,580   |             |   |                                 |              |
| Unit issued for interest payment on debenture        |      | 33,019        | 5,984      |                        |  |             | 5,984   |                                 | 5,984        |
| Units issued by exercise of stock options            |      | 325,000       | 22,750     |                        |  |             | 22,750  |                                 | 22,750       |
| Units issued by exercise of warrants                 | 14.2 | 500,000       | 60,000     | (15,000)               |  |             | 45,000  |                                 | 45,000       |
| Units issued for property acquisition                | 10   |               |            |                        |  |             |   | 6,667                           | 6,667        |
| Units issued for debt settlement                     | 14.1 |               |            |                        |  |             |   | 140,803                         | 140,803      |
| Units issued by private placements                   |      |               |            |                        |  |             |   | 2,000,000                       | 2,000,000    |
| Changes in interest of a subsidiary                  |      |               |            |                        |  | 55,308      | 55,308  | (13,121)                        | 42,187       |
| Transactions with owners                             |      | 858,019       | 111,872    | (129,168)              | 188,124  | 55,308      | 226,137   | 2,348,522                       | 2,574,659    |
| Net loss and total comprehensive loss for the period |      |               |            |                        |  | (189,698)   | (189,698)   | (612,522)                       | (802,220)    |
| <b>Balance at September 30, 2014</b>                 |      | 93,459,373    | 23,399,043 | 199,184                | 2,586,848  | 16,729      | (15,892,555)  | 2,367,827                       | 12,677,077   |

The accompanying notes are an integral part of the interim consolidated financial statements.

**Golden Valley Mines Ltd.**  
**Consolidated Statement of Cash Flows**  
**For the three and nine-month period ended September 30, 2015**

(unaudited)  
(in Canadian dollars)

|  | Three-month period ended<br>September 30, |           | Nine-month period ended<br>September 30, |             |
|--|---|-----------|--|-------------|
|  | 2015                                      | 2014      | 2015                                     | 2014        |
|  | \$  | \$        | \$                                       | \$          |
| <b>OPERATING ACTIVITIES</b>  |   |           |  |             |
| Net income (loss)  | (5,001,024)                               | (896,809) | 16,133,827                               | (2,227,569) |
| Adjustments  | -   | -         | -  | -           |
| Depreciation of property and equipment   | 3,030                                     | 2,483     | 9,501                                    | 7,019       |
| Gain on the disposal of exploration and evaluation assets                      | -   | -         | (25,246,624)                             | -           |
| Share-based payments   | 118,740                                   | 300,960   | 118,740                                  | 545,294     |
| Shares issued for debt settlement  | 201,444                                   | 140,803   | 201,444                                  | 140,803     |
| Accrued interest on debenture  | -   | 4,710     | -  | 13,874      |
| Write-off of exploration and evaluation assets                                 | -   | 7,310     | -  | 7,310       |
| Loss (gain) on disposal of short-term financial assets                         | -   | -         | 1,282                                    | -           |
| Changes in fair value of financial assets at fair value through profit or loss | 4,899,437                                 | 121,120   | 6,558,563                                | 163,591     |
| Deferred tax expense   | (406,356)                                 | -         | 1,398,165                                | -           |
| Changes in working capital items   |   |           |  |             |
| Other accounts receivable  | 19,830                                    | 6,911     | (39,442)                                 | (27,311)    |
| Sales taxes recoverable  | 23,775                                    | 13,398    | (125)                                    | 2,829       |
| Prepaid expenses   | (51,498)                                  | (60,507)  | (14,699)                                 | (21,311)    |
| Accounts payable and accrued liabilities                                       | (457,430)                                 | (160,268) | (233,976)                                | 213,836     |
| Cash flows from operating activities   | (650,052)                                 | (519,889) | (1,113,344)                              | (1,181,635) |
| <b>INVESTING ACTIVITIES</b>  |   |           |  |             |
| Acquisition of short-term financial assets                                     | (250,000)                                 | (342)     | (350,299)                                | (301,022)   |
| Disposal of short-term financial assets  | 51,282                                    | 125,000   | 370,908                                  | 425,000     |
| Tax credits received   | -   | 6,832     | 33,927                                   | 78,810      |
| Additions to exploration and evaluation assets                                 | (75,461)                                  | (64,393)  | (202,961)                                | (181,209)   |
| Purchase of property and equipment   | -   | -         | (7,505)                                  | -           |
| Disposal of investment less transaction costs                                  | 426,900                                   | -         | 426,900                                  | -           |
| Disposal of exploration and evaluation assets transaction costs                | (75,000)                                  | -         | (149,562)                                | -           |
| Cash flows from investing activities   | 77,721                                    | 67,097    | 121,407                                  | 21,579      |
| <b>FINANCING ACTIVITIES</b>  |   |           |  |             |
| Issuance of shares by exercise of stock options                                | 17,500                                    | 22,750    | 38,500                                   | 25,303      |
| Issuance of units by private placements  | -   | 2,000,000 | -  | 2,450,000   |
| Share issue expenses   | (14,684)                                  | (4,449)   | (16,829)                                 | (20,882)    |
| Issuance of units by exercise of warrants                                      | -   | 60,000    | 171,900                                  | 60,000      |
| Change in interest of subsidiaries   | 580,061                                   | -         | 1,372,466                                | -           |
| Cash flows from financing activities   | 582,877                                   | 2,078,301 | 1,566,037                                | 2,514,421   |
| <b>Net change in cash and cash equivalents</b>                                 | 10,546                                    | 1,625,509 | 574,099                                  | 1,354,365   |
| Cash, beginning of period  | 1,911,173                                 | 281,239   | 1,347,620                                | 552,383     |
| Cash, end of period  | 1,921,719                                 | 1,906,748 | 1,921,719                                | 1,906,748   |

**Cash transactions:**

|  |        |     |        |       |
|--|--------|-----|--------|-------|
| Dividends received   |        | 342 | 299    | 1,022 |
| Interest received  | 10,754 | 220 | 12,839 | 3,851 |
| Interest paid  | 24     | 471 | 108    | 471   |
| Amounts paid or received for interest and dividend are reflected as operating cash flows |        |     |        |       |

The accompanying notes are an integral part of the interim consolidated financial statements.

## **Golden Valley Mines Ltd.**

### **Notes to the consolidated financial statements**

#### **For the three and nine-month period ended September 30, 2015**

(in Canadian dollars)

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#### **1. NATURE OF OPERATIONS**

Golden Valley Mines Ltd. and its subsidiaries (hereinafter "The Corporation") is specialized in the exploration and evaluation of minerals in Canada.

#### **2. GOING CONCERN ASSUMPTION AND COMPLIANCE WITH IFRS**

The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") and on the basis of the going concern assumption, meaning the Corporation will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Corporation has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Corporation has not yet generated income nor cash flows from its operations. As at September 30, 2015, the Corporation has a cumulated deficit of \$9,394,351 (\$18,855,041 as at December 31, 2014). These material uncertainties cast significant doubt regarding the Corporation's ability to continue as a going concern.

The Corporation's ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. Even if the Corporation has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

The carrying amounts of assets, liabilities, revenues and expenses presented in the consolidated financial statements and the classification used in the consolidated statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

#### **3. GENERAL INFORMATION**

Golden Valley Mines Ltd. is the parent company (and the ultimate parent company) of the following subsidiaries: Abitibi Royalties Inc., Calone Mining Ltd., James Bay Gold Corp., Nunavik Nickel Mines Ltd., and Uranium Valley Mines Ltd. Subsidiaries have all been incorporated under the Business Corporations Act (British Columbia).

Golden Valley Mines Ltd. was incorporated on August 15, 2000 under the Business Corporations Act (Canada).

The address of Golden Valley Mines Ltd.'s registered office is 152 Chemin de la Mine École, Val-d'Or, J9P 7B6, Quebec, Canada. The address of Golden Valley Mines Ltd.'s principal place of business is 2864 chemin Sullivan, Val-d'Or, Quebec, J9P 0B9. Golden Valley Mines Ltd.'s shares are listed on the TSX Venture Exchange.

#### **4. BASIS OF PRESENTATION**

These interim financial statements cover the nine-month period ended September 30, 2015 and were prepared in accordance with International Financing Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), under International Accounting Standard ("IAS") 34 - Interim Financial Reporting. These interim financial statements were prepared using the same accounting policies, methods of computation and basis of presentation as outlined in Note 5 - Summary of Accounting Policies, as described in the Company's annual audited financial statements for the year ended December 31, 2014. The interim financial statements do not include all the notes required in annual financial statements and, accordingly, should be read in conjunction with the annual financial statements for the year ended December 31, 2014.

**Golden Valley Mines Ltd.****Notes to the consolidated financial statements****For the three and nine-month period ended September 30, 2015**

(in Canadian dollars)

**5. CASH AND CASH EQUIVALENTS**

|   | September 30,<br>2015 | December 31,<br>2014 |
|---|-----------------------|----------------------|
|   | \$                    | \$                   |
| Cash  | 1,816,719             | 137,620              |
| Demand deposits, 0.925%, redeemable at any time |                       | 1,125,000            |
| Demand deposits, 0.7%, redeemable at any time   | 75,000                |                      |
| Demand deposits, 0.65%, redeemable at any time  | 30,000                | 85,000               |
|   | <u>1,921,719</u>      | <u>1,347,620</u>     |

There is no balance on flow-through financings according to the restrictions imposed by these financing arrangements as at September 30, 2015 and 2014.

**6. SHORT-TERM FINANCIAL ASSETS**

|  | September 30,<br>2015 | December 31,<br>2014 |
|--|-----------------------|----------------------|
|  | \$                    | \$                   |
| Guaranteed investment certificates                           |                       |                      |
| 0.95% maturing in June 2015                                  |                       | 175,000              |
| 0.65% maturing in June 2016                                  | 50,000                |                      |
| 0.50% maturing in August 2016                                | 250,000               |                      |
| Money market investment funds                                | 854                   | 3,901                |
| Mutual funds   |                       | 107,654              |
| Marketable securities in quoted mining exploration companies | 374,547               | 288,910              |
| Short-term financial assets                                  | <u>675,401</u>        | <u>575,465</u>       |

**7. OTHER ACCOUNTS RECEIVABLES**

|  | September 30,<br>2015 | December 31,<br>2014 |
|--|-----------------------|----------------------|
|  | \$                    | \$                   |
| Dividend receivable from Yamana Gold Inc | 68,740                |                      |
| Others                                   | 10,828                | 40,126               |
|  | <u>79,568</u>         | <u>40,126</u>        |

**8. FUNDS HELD FOR THIRD PARTIES**

In May 2014, the Corporation received funds from its partner on certain properties in order to perform work as per an agreement. There is no interest on this amount and it is payable on demand. As of September 30, 2015, there is a balance of \$1,255 relating to these funds.



**Golden Valley Mines Ltd.**  
**Notes to the consolidated financial statements**  
**For the three and nine-month period ended September 30, 2015**  
(in Canadian dollars)

**9. PROPERTY AND EQUIPMENT**

The carrying amount can be analysed as follows:

|  | Property and equipment |                    |                       |         | Exploration and evaluation equipment |        |         |
|--|------------------------|--------------------|-----------------------|---------|--------------------------------------|--------|---------|
|  | Office furniture       | Computer equipment | Leasehold improvement | Total   | Computer equipment                   | Total  | Total   |
|  | \$                     | \$                 | \$                    | \$      | \$                                   | \$     | \$      |
| <b>Gross carrying amount</b>                 |                        |                    |                       |         |                                      |        |         |
| Balance at January 1                         | 46,282                 | 72,693             | 60,385                | 179,360 | 36,215                               | 36,215 | 215,575 |
| Acquisition                                  |                        | 3,797              |                       | 3,797   | 3,708                                | 3,708  | 7,505   |
| Balance at September 30, 2015                | 46,282                 | 76,490             | 60,385                | 183,157 | 39,923                               | 39,923 | 223,080 |
| <b>Accumulated depreciation</b>              |                        |                    |                       |         |                                      |        |         |
| Balance at January 1, 2015                   | 36,675                 | 68,115             | 59,975                | 164,765 | 35,652                               | 35,652 | 200,417 |
| Depreciation                                 | 4,835                  | 4,256              | 410                   | 9,501   | 592                                  | 592    | 10,092  |
| Balance at September 30, 2015                | 41,510                 | 72,371             | 60,385                | 174,266 | 36,244                               | 36,244 | 210,509 |
| <b>Carrying amount at September 30, 2015</b> | 4,772                  | 4,119              |                       | 8,891   | 3,680                                | 3,680  | 12,571  |

  

|  | Property and equipment |                    |                       |         | Exploration and evaluation equipment |        |         |
|--|------------------------|--------------------|-----------------------|---------|--------------------------------------|--------|---------|
|  | Office furniture       | Computer equipment | Leasehold improvement | Total   | Computer equipment                   | Total  | Total   |
|  | \$                     | \$                 | \$                    | \$      | \$                                   | \$     | \$      |
| <b>Gross carrying amount</b>                 |                        |                    |                       |         |                                      |        |         |
| Balance at January 1 and September 30, 2014  | 46,284                 | 72,693             | 60,385                | 179,362 | 36,215                               | 91,549 | 270,911 |
| <b>Accumulated depreciation</b>              |                        |                    |                       |         |                                      |        |         |
| Balance at January 1, 2014                   | 33,496                 | 62,614             | 59,155                | 155,265 | 32,162                               | 87,496 | 242,761 |
| Depreciation                                 | 2,292                  | 4,111              | 615                   | 7,019   | 3,395                                | 3,395  | 10,414  |
| Balance at September 30, 2014                | 34,899                 | 65,337             | 59,565                | 159,801 | 35,557                               | 90,891 | 253,175 |
| <b>Carrying amount at September 30, 2014</b> | 11,384                 | 7,356              | 820                   | 19,561  | 658                                  | 658    | 17,735  |

**Golden Valley Mines Ltd.**  
**Notes to the consolidated financial statements**  
**For the three and nine-month period ended September 30, 2015**  
**(unaudited)**  
(in Canadian dollars)

**10. EXPLORATION AND EVALUATION ASSETS**

The carrying amount can be analyzed as follows:

|   | Balance at<br>January 1,<br>2015 | Additions | Disposition | Balance at<br>June 30,<br>2015 | Additions | Balance at<br>September 30,<br>2015 |
|---|----------------------------------|-----------|-------------|--------------------------------|-----------|-------------------------------------|
|   | \$                               | \$        | \$          | \$                             | \$        | \$                                  |
| <b>Golden Valley Mines Ltd. Properties</b>                    |                                  |           |             |                                |           |                                     |
| Acquisition and claims maintenance                            | 4,925,117                        | 24,538    |             | 4,949,655                      | 18,675    | 4,968,330                           |
| Property option payments                                      | 312,500                          |           |             | 312,500                        |           | 312,500                             |
| Drilling, excavation and related costs                        | 3,431,557                        |           |             | 3,431,557                      |           | 3,431,557                           |
| Technical and field staff                                     | 4,563,566                        | 65,422    |             | 4,628,988                      | 24,532    | 4,653,520                           |
| Airborne geophysics   | 671,742                          |           |             | 671,742                        |           | 671,742                             |
| Geophysics  | 2,383,411                        |           |             | 2,383,411                      |           | 2,383,411                           |
| Line cutting  | 1,153,807                        |           |             | 1,153,807                      |           | 1,153,807                           |
| Sampling and testing  | 771,830                          |           |             | 771,830                        |           | 771,830                             |
| Travel and transport  | 1,774,034                        | 626       |             | 1,774,660                      | 92        | 1,774,752                           |
| Program management and consultants                            | 299,462                          | 10,154    |             | 309,616                        | 16,820    | 326,436                             |
| Professional Fees   | 6,978                            |           |             | 6,978                          |           | 6,978                               |
| Depreciation, insurance and office expenses                   | 526,803                          | 13,318    |             | 540,121                        | 3,523     | 543,644                             |
| Communications  | 57,269                           | 844       |             | 58,113                         | 181       | 58,294                              |
| Option payments received                                      | (1,682,035)                      |           |             | (1,682,035)                    |           | (1,682,035)                         |
| Write-off of exploration and evaluation assets                | (3,974,450)                      |           |             | (3,974,450)                    |           | (3,974,450)                         |
| Impairment of exploration and evaluation assets               | (4,381,156)                      |           |             | (4,381,156)                    |           | (4,381,156)                         |
| Government assistance   | (1,494,095)                      |           |             | (1,494,095)                    |           | (1,494,095)                         |
| Net expenses incurred during the period                       | 9,346,339                        | 114,902   |             | 9,461,241                      | 63,823    | 9,525,064                           |
| Exploration and evaluation assets transferred to subsidiaries | (2,464,773)                      |           |             | (2,464,773)                    |           | (2,464,773)                         |
| Balance, end of the period                                    | 6,881,566                        | 114,902   |             | 6,996,468                      | 63,823    | 7,060,291                           |
| <b>Abitibi Royalties Inc. Properties</b>                      |                                  |           |             |                                |           |                                     |
| Acquisition and claims maintenance                            | 31,647                           |           | (6,462)     | 25,185                         | -         | 25,185                              |
| Technical and field staff                                     | 10,456                           | 2,583     | (4,384)     | 8,655                          | -         | 8,655                               |
| Program management and consultants                            | 125,511                          | 770       | (124,974)   | 1,307                          | -         | 1,307                               |
| Geophysics  |                                  |           | (450)       | (450)                          | -         | (450)                               |
| Depreciation, insurance and office expenses                   | 450                              |           |             | 450                            | -         | 450                                 |
| Communications  |                                  |           |             | -                              | -         | -                                   |
| Net expenses incurred during the period                       | 168,064                          | 3,353     | (136,270)   | 35,147                         | -         | 35,147                              |
| <b>Nunavik Nickel Mines Ltd. Properties</b>                   |                                  |           |             |                                |           |                                     |
| Acquisition and claims maintenance                            | 1,760,625                        | 41,000    |             | 1,801,625                      | 33,961    | 1,835,586                           |
| Technical and field staff                                     | 5,268                            | 509       |             | 5,777                          |           | 5,777                               |
| Program management and consultants                            | 2,701                            | 223       |             | 2,924                          | 56        | 2,980                               |
| Airborne geophysics   | 290,304                          |           |             | 290,304                        |           | 290,304                             |
| Government assistance   | (127,220)                        | (632)     |             | (127,852)                      | -         | (127,852)                           |
| Impairment of exploration and evaluation assets               | (550,241)                        |           |             | (550,241)                      |           | (550,241)                           |
| Net expenses incurred during the period                       | 1,381,437                        | 41,100    |             | 1,422,537                      | 56        | 1,456,554                           |
| <b>Uranium Valley Mines Ltd. Properties</b>                   |                                  |           |             |                                |           |                                     |
| Acquisition and claims maintenance                            | 1,574,016                        | 56        |             | 1,574,072                      | 3,333     | 1,577,405                           |
| Technical and field staff                                     | 3,139                            | 92        |             | 3,231                          | 39        | 3,270                               |
| Travel and transport  | 41,452                           |           |             | 41,452                         |           | 41,452                              |
| Program management and consultants                            | 2,726                            | 67        |             | 2,793                          |           | 2,793                               |
| Communication   | 60                               |           |             | 60                             |           | 60                                  |
| Government assistance   | (654)                            |           |             | (654)                          |           | (654)                               |
| Write-off of exploration and evaluation assets                | (1,403,948)                      |           |             | (1,403,948)                    |           | (1,403,948)                         |
| Net expenses incurred during the period                       | 216,791                          | 215       |             | 217,006                        | 3,372     | 220,378                             |
| <b>Summary</b>  |                                  |           |             |                                |           |                                     |
| Mining rights   | 8,529,636                        | 65,594    | 6,462       | 8,588,768                      | 55,968    | 8,644,736                           |
| Exploration and evaluation assets                             | 2,989,006                        | 93,976    | 129,808     | 2,953,174                      | 45,243    | 2,998,417                           |
| Exploration and evaluation assets transferred to subsidiaries | (2,464,773)                      |           |             | (2,464,773)                    |           | (2,464,773)                         |
| Disposal of a subsidiary                                      | (406,009)                        |           |             | (406,009)                      |           | (406,009)                           |
|   | 8,647,860                        | 159,570   | 136,270     | 8,671,160                      | 101,211   | 8,772,371                           |

**Golden Valley Mines Ltd.****Notes to the consolidated financial statements****For the three and nine-month period ended September 30, 2015****(unaudited)**

(in Canadian dollars)

**10. EXPLORATION AND EVALUATION ASSETS (continued)**

|   | Balance at<br>January 1,<br>2014 | Additions | Disposition | Balance at<br>June 30,<br>2014 | Additions | Balance at<br>September 30,<br>2014 |
|---|----------------------------------|-----------|-------------|--------------------------------|-----------|-------------------------------------|
|   | \$                               | \$        | \$          | \$                             | \$        | \$                                  |
| <b>Golden Valley Mines Ltd. Properties</b>                    |                                  |           |             |                                |           |                                     |
| Acquisition and claims maintenance                            | 4,865,581                        | 16,444    |             | 4,882,025                      | 22,990    | 4,905,015                           |
| Property option payments                                      | 312,500                          |           |             | 312,500                        |           | 312,500                             |
| Drilling, excavation and related costs                        | 3,431,557                        |           |             | 3,431,557                      |           | 3,431,557                           |
| Technical and field staff                                     | 4,422,837                        | 65,961    |             | 4,488,798                      | 46,080    | 4,534,878                           |
| Airborne geophysics   | 671,742                          |           |             | 671,742                        |           | 671,742                             |
| Geophysics  | 2,373,572                        | 391       |             | 2,373,963                      |           | 2,373,963                           |
| Line cutting  | 1,153,751                        | 56        |             | 1,153,807                      | 9,393     | 1,163,200                           |
| Sampling and testing  | 770,260                          |           |             | 770,260                        | 987       | 771,247                             |
| Travel and transport  | 1,762,637                        | 939       |             | 1,763,576                      | 3,671     | 1,767,247                           |
| Program management and consultants                            | 286,693                          |           |             | 286,693                        |           | 286,693                             |
| Professional Fees   | 6,978                            |           |             | 6,978                          |           | 6,978                               |
| Depreciation, insurance and office expenses                   | 500,800                          | 16,871    |             | 517,671                        | 9,579     | 527,250                             |
| Communications  | 56,715                           | 554       |             | 57,269                         | 4,460     | 61,729                              |
| Option payments received                                      | (1,682,035)                      |           |             | (1,682,035)                    |           | (1,682,035)                         |
| Write-off of exploration and evaluation assets                | (3,974,450)                      |           |             | (3,974,450)                    |           | (3,974,450)                         |
| Impairment of exploration and evaluation assets               | (1,836,783)                      |           |             | (1,836,783)                    |           | (1,836,783)                         |
| Government assistance   | (1,447,228)                      |           |             | (1,447,228)                    | (6,832)   | (1,454,060)                         |
| Net expenses incurred during the period                       | 11,675,127                       | 101,216   |             | 11,776,343                     | 90,328    | 11,866,671                          |
| Exploration and evaluation assets transferred to subsidiaries | (2,464,773)                      |           |             | (2,464,773)                    |           | (2,464,773)                         |
| Balance, end of the period                                    | 9,210,354                        | 202,432   |             | 9,311,570                      | 90,328    | 9,401,898                           |
| <b>Abitibi Royalties Inc. Properties</b>                      |                                  |           |             |                                |           |                                     |
| Acquisition and claims maintenance                            | 31,572                           |           |             | 31,572                         | 25        | 31,597                              |
| Technical and field staff                                     | 9,082                            | 2,257     |             | 11,339                         |           | 11,339                              |
| Program management and consultants                            | 115,726                          | 1,060     |             | 116,786                        | 1,172     | 117,958                             |
| Depreciation, insurance and office expenses                   |                                  | 9         |             | 9                              |           | 9                                   |
| Communications  |                                  | 558       |             | 558                            |           | 558                                 |
| Net expenses incurred during the period                       | 156,380                          | 3,884     |             | 159,697                        | 1,197     | 161,461                             |
| <b>Nunavik Nickel Mines Ltd. Properties</b>                   |                                  |           |             |                                |           |                                     |
| Acquisition and claims maintenance                            | 1,748,760                        | 11,865    |             | 1,760,625                      |           | 1,760,625                           |
| Technical and field staff                                     | 4,034                            | 1,644     |             | 5,678                          | 23        | 5,701                               |
| Program management and consultants                            | 2,199                            |           |             | 2,199                          |           | 2,199                               |
| Airborne geophysics   | 290,304                          |           |             | 290,304                        |           | 290,304                             |
| Government assistance   | (128,092)                        | 905       |             | (127,187)                      | (33)      | (127,220)                           |
| Impairment of exploration and evaluation assets               | (550,241)                        |           |             | (550,241)                      |           | (550,241)                           |
| Net expenses incurred during the period                       | 1,366,964                        | 14,414    |             | 1,381,378                      | (10)      | 1,381,368                           |
| <b>Uranium Valley Mines Ltd. Properties</b>                   |                                  |           |             |                                |           |                                     |
| Acquisition and claims maintenance                            | 1,567,349                        |           |             | 1,567,349                      | 6,667     | 1,574,016                           |
| Technical and field staff                                     | 2,599                            | 323       |             | 2,922                          | 558       | 3,480                               |
| Travel and transport  | 41,452                           |           |             | 41,452                         |           | 41,452                              |
| Program management and consultants                            | 1,007                            | 279       |             | 1,286                          | 217       | 1,503                               |
| Communication   | 60                               |           |             | 60                             |           | 60                                  |
| Government assistance   | (654)                            |           |             | (654)                          |           | (654)                               |
| Write-off of exploration and evaluation assets                | (1,403,948)                      |           |             | (1,403,948)                    |           | (1,403,948)                         |
| Net expenses incurred during the period                       | 207,865                          | 602       |             | 208,467                        | 7,442     | 215,909                             |
| <b>Summary</b>  |                                  |           |             |                                |           |                                     |
| Mining rights   | 8,451,493                        | 28,309    |             | 8,479,802                      | 29,682    | 8,509,484                           |
| Exploration and evaluation assets                             | 5,360,853                        | 91,807    |             | 5,452,660                      | 69,275    | 5,521,935                           |
| Exploration and evaluation assets transferred to subsidiaries | (2,464,773)                      |           |             | (2,464,773)                    |           | (2,464,773)                         |
| Disposal of a subsidiary                                      | (406,009)                        |           |             | (406,009)                      |           | (406,009)                           |
|   | 10,941,564                       | 62,265    |             | 11,061,680                     | 98,957    | 11,160,637                          |

**Golden Valley Mines Ltd.****Notes to the consolidated financial statements****For the three and nine-month period ended September 30, 2015****(in Canadian dollars)****10. EXPLORATION AND EVALUATION ASSETS (continued)**

The Corporation holds (together with its subsidiaries) 92 exploration and evaluation properties located in: (i) the Abitibi Greenstone Belt; (ii) the James Bay, Mistassini and Otish regions of northern Quebec; (iii) the Nunavik (Ungava and Labrador) region of northern Quebec; (iv) the Athabasca Basin of Saskatchewan, and (v) James Bay Lowlands of Ontario.

***Abitibi Greenstone Belt Properties – Integra Gold Corp. (formerly Kalahari Resources Inc.) – Quebec and Ontario***

On February 21, 2005, the Corporation was granted an option by Integra to acquire up to a 85% interest in nine mineral properties provided that, amongst other things, it incur an aggregate \$1,000,000 in exploration expenditures on any one of or a combination of the nine properties (\$500,000 for 70%, completed). The Corporation provided Integra with notice of its intent to vest as to a 70% interest in the properties and, a joint venture agreement was concluded as at December 8, 2008 (the "GZZ-I JV"). The GZZ-I JV is subject to underlying royalties ranging between 3% and 3½% in favour of the original vendors, one of which is a director and an officer of the Corporation. On January 11, 2012, the Corporation and Integra granted an option (the "GZZ-I Option") to Golden Cariboo Resources Ltd. ("GCC") to acquire a 70% interest in some of the properties comprising the GZZ-I JV. Upon the GZZ-I Option being exercised, the Corporation and Integra shall retain a combined 30% free carried interest to production (22.5% Golden Valley Mines/7.5% Integra) in those properties.

The agreement governing the GZZ-I Option was amended and restated by the parties on January 10, 2013. As of the date hereof, the GZZ-I Option and the agreement continue to be in good standing as does the GZZ-I JV. For additional information with respect to the transaction between the Corporation and GCC, please refer to the GZZ Properties - Golden Cariboo Resources Ltd. – Abitibi Greenstone Belt, Quebec and Ontario paragraph herein.

***Broker's Fee Prospect – Cambrian Corp. - Kirkland Lake, Ontario***

On October 7, 2010 (the "Effective Date"), the Corporation granted an option (the "Cambrian Option") to Cambrian Corp. ("Cambrian"), a private company, to acquire up to a 70% interest in the Broker's Fee prospect. On April 2, 2013, the parties entered into a third amended and restated mining option agreement with respect to the Cambrian Option. Pursuant to this third further amended and restated agreement, in order to maintain in force the Cambrian Option, Cambrian must incur aggregate exploration expenditures of \$6,000,000 over a six year period, of which \$200,000 must be spent on or before October 7, 2013, issue an aggregate 600,000 common shares (issued), and deliver a definitive feasibility study on the property on or before the 6th anniversary of the Effective Date. Upon the Cambrian Option vesting, the Corporation will retain a 30% free and carried interest to production.

In January 2015, the Cambrian Option has been terminated. As a result, the Corporation retains a 100% interest in the Broker's Fee Prospect.

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

Pursuant to a binding term sheet dated June 12, 2012, as amended and restated on October 23, 2013, Sirios Resources Ltd. ("Sirios") provided the Corporation with notice (the "Option Notice") of its intent to acquire the remaining 55% interest in the Sharks and Cheechoo prospects (the "S&C Properties"), located in the James Bay area of northern Québec, from the Corporation. In accordance with the agreement Sirios has issued 2,898,374 common shares to Golden Valley Mines (the "Payment Shares"). In addition, within 3 years of the Option Notice Sirios will have to: (i) further complete approximately \$4,000,000 in exploration expenditures; and (ii) pay \$500,000 in cash or in shares to the Corporation. The Corporation retains a royalty equal to 4% of the net returns from all mineral products mined or removed from the S&C Properties. Notwithstanding the foregoing, the royalty relevant to gold mineral products mined or removed from the S&C Properties (the "Gold Portion") may vary between 2.5% and 3.5% depending on the market price of gold at the time of the payment of the Gold Portion.

Sirios is the operator and the exploration expenditures incurred on the S&C Properties shall include an amount representing 10% of same in lieu of the payment of operator's fees in cash by the Corporation. Sirios must keep the S&C Properties in good standing during the Option period and for a period of at least one year from the lapse or termination of the Option. In 2013, Sirios abandoned the claims comprising the Sharks Prospect in favour of the Corporation resulting in the Corporation retaining a 100% interest in the Sharks Prospect. As of the date hereof, the Sirios Option is in good standing for Cheechoo prospect.

**Golden Valley Mines Ltd.****Notes to the consolidated financial statements****For the three and nine-month period ended September 30, 2015****(in Canadian dollars)****10. EXPLORATION AND EVALUATION ASSETS (continued)*****GZZ Properties - Golden Cariboo Resources Ltd. – Abitibi Greenstone Belt, Quebec and Ontario***

On January 11, 2012, the Corporation granted an option to GCC to acquire a 70% interest in certain properties held as to a 100% interest by the Corporation (the "GZZ Option") and located in the Abitibi Greenstone Belt of northwestern Quebec and northeastern Ontario (the "GZZ Properties"). Concurrently, and subject to net smelter return royalty interests and advance royalty interests in favour of the original vendors (one of which is a director and officer of the Corporation), the Corporation and Integra granted an option to GCC to acquire a 70% interest in certain properties located in the Abitibi Greenstone Belt of northwestern Quebec (the "GZZ-I Option"); these properties are held as to a 70% interest by the Corporation and as to a 30% interest by Integra pursuant to the GZZ-I JV between Integra and Golden Valley Mines (the "GZZ-I Properties"). The GZZ Option and the GZZ-I Option are together referred to herein as "the Option".

The Corporation is the operator during the option phase. On January 10, 2013, the Corporation, Integra and GCC entered into an amended and restated agreement in respect of the Option. In order to maintain in force and exercise the Option, GCC must: (i) issue to the Corporation such number of common shares (the "GCC Payment Shares") in the capital of GCC as is equal to 9.9% of GCC's issued share capital (the "GZZ Share Interest") (issued), calculated forthwith after and taking into account the issuance of the Payment Shares; (ii) incur expenditures in an aggregate amount of \$4,500,000 over a 6 year period (the "Expenditures") to be allocated between the GZZ Properties and the GZZ-I Properties as GCC may determine provided that no more than \$4,000,000 of the Expenditures shall be incurred with respect to the GZZ Properties and at least \$500,000 of the Expenditures shall be incurred with respect to the GZZ-I Properties; and (iii) reimburse the Corporation for all costs related to the preparation of any technical reports.

The Corporation has the right, but not the obligation to participate in future financings of GCC in order to maintain the GZZ Share Interest. Upon the GZZ Option being exercised, the Corporation shall retain a 30% free carried interest to production in respect of the GZZ Properties. Upon the GZZ-I Option being exercised, the Corporation and Integra shall retain a combined 30% free carried interest to production (allocated as to 22.5% the Corporation/7.5% Integra). As of the date hereof, the agreement and the Option are in good standing.

***Malartic CHL Prospect - Malartic, Quebec***

Abitibi Royalties acquired a 100% interest in the Malartic CHL Prospect (the "Malartic CHL Property") located near Malartic, Quebec from the Corporation. The Malartic CHL Property was subject to an option agreement in favour of Osisko Mining Corporation ("Osisko") pursuant to which Osisko can earn a 70% interest in the Malartic CHL Property by making expenditures of \$2,000,000 (the "Malartic CHL Property Option"). Osisko has exercised the Malartic CHL Property Option, resulting in a deemed joint venture between Abitibi Royalties and Osisko. Abitibi Royalties retains a 30% free carried interest in the Malartic CHL Property with no further expenditure requirements until the property achieves commercial production.

Abitibi Royalties also acquired from the Corporation a 2% net smelter royalty interest in one mining claim held by Osisko and located in the township of Fournière, Registration Division of Abitibi, Province of Québec.

On March 19, 2015, Abitibi Royalties sold its 30% free carried interest in the Malartic CHL Prospect for a consideration in shares and a 3% net smelter return royalty. For more information on the transaction, please refer to Note 18 - Sale of Malartic CHL Prospect..

**Golden Valley Mines Ltd.****Notes to the consolidated financial statements****For the three and nine-month period ended September 30, 2015****(in Canadian dollars)****10. EXPLORATION AND EVALUATION ASSETS (continued)****Malartic CHL 3% Royalty- Malartic, Quebec**

The area covered by the 3% net smelter royalty is located immediately east of the Canadian Malartic Mine operated by Agnico Eagle Mines Ltd. ("Agnico Eagle") and Yamana Gold Inc. ("Yamana"). The 3% net smelter royalty covers a number of known mineralized zones; the historic Shaft Zone and Porphyry 12 Zone, the Norrie Zone, the Mammoth Zone (eastern extension of the barnat Zone), the Jeffrey Zone, the Hal Zone, the Geo Zones and the recent Odyssey North discovery.

**Canadian Malartic 2% Royalty- Malartic, Quebec**

The 2% net smelter royalty is on one single mining claim located south of the Canadian Malartic main pit and covers the historic Charlie Zone and part of the eastern portion of the Gouldie Zone. Production on the 2% net smelter royalty area started in 2014 and the first royalty payment, covering the last two quarters of 2014 and the first quarter of 2015 (to March 31, 2015), is expected in May 2015.

**Abitibi Royalty Search**

On June 9, 2015, Abitibi Royalties launched the "Abitibi Royalty Search", by which it would reimburse a company for the renewal fees on existing claims or staking fees on new claims and receive in exchange a net smelter return royalty. The program offers junior mining companies an alternative to dropping potentially interesting claims or projects due to a lack of funds. Projects have to meet specific criteria to be eligible, such as being located in the close vicinity of an existing mine and showing good geology or signs of mineralization. As of the end of September 2015, Abitibi Royalties closed seven NSR royalty acquisitions for a total investment of \$73,573. The amounts spent to acquire mining royalties are expensed.

**Porcupine Miracle Prospect - Langmuir Township, Ontario**

On July 3, 2014, Uranium Valley Mines entered into a Mining Option Agreement to acquire up to 100% property in the Porcupine Miracle Prospect from 2973090 Canada Inc, a company owned and controlled by Mr. Glenn J. Mullan, the CEO of the Company.

The Porcupine Miracle Prospect is constituted of four (4) mineral claims located in the Langmuir Township in the province of Ontario, Canada. In consideration for the option Uranium Valley will issue 200,000 common shares as follows: 66,666 common shares (which shares have been issued on July 25, 2014 at a deemed price of \$0.10 per share), 66,667 common shares on July 17, 2015 and, 66,667 common shares on July 17, 2016. In order to exercise the option, Uranium Valley is required to incur exploration expenditures of \$50,000 by July 17, 2016 and, in addition, to maintain the property in good standing. The property will be subject to a royalty in favour of 2973090 Canada Inc. equal to 3% of net smelter returns. Advance royalty payments of \$10,000 per annum will be payable by Uranium Valley commencing on July 17, 2017; the advance royalty payments will be deducted from the amounts payable under the royalty.

**Boston Bulldog Prospect - Kirkland Lake, Ontario**

On February 16, 2015, Nunavik Nickel entered into a Mining Option Agreement, amended on March 27, 2015, pursuant to which it has been granted by 2973090 Canada Inc., a Canadian private company wholly-owned and controlled by Glenn J. Mullan, the CEO and a director of Nunavik Nickel, an option to acquire a 100% interest in the mineral claims comprising the Boston Bulldog Prospect, located in Kirkland Lake, Ontario, subject to a 3% net smelter returns royalty. In consideration of the grant of the option, the Company paid 2973090 Canada Inc. a sum of \$5,000 in cash to cover the cost of staking the property and issued 300,000 common shares. To maintain and exercise the option, Nunavik Nickel must keep the property in good standing and incur minimum mining operations expenditures of \$50,000 by the second anniversary of the date that the Exchange issues its written acceptance of the option.

In accordance with the terms of the option, Nunavik Nickel has the right to reduce the royalty from 3% to 2% of the net smelter returns by paying 2973090 Canada Inc. \$1,000,000 at any time on or before February 16, 2022. On April 7, 2015, Nunavik Nickel received the Exchange acceptance of the option and the issuance of the 300,000 shares. The shares were issued on April 10, 2015 at a price of \$0.12 per share.

**Marymac Prospect - Labrador Trough, Québec**

The Marymac Prospect located in the Labrador Trough of Québec, consists of 182 Map Designated Units that collectively encompass approximately 10,000 hectares. Nunavik Nickel holds a 100% interest in the Marymac Prospect. The Marymac Prospect is subject to a 2% net smelter royalty interest in favour of Capex Group Inc.(formerly 862539 Alberta Ltd.), which was granted to 862539 Alberta Ltd. pursuant to an agreement dated March 1, 2001.

**Golden Valley Mines Ltd.**  
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**11. LEASES**

The Corporation's future minimum operating lease payments are as follows:

|                    | Within 1 year | 1 to 5 years | Minimum lease<br>payments due<br>Total |
|--------------------|---------------|--------------|--|
|                    | \$            | \$           | \$                                     |
| September 30, 2015 | 47,704        |              | 47,704                                 |
| September 30, 2014 | 56,121        | 42,091       | 98,212                                 |

The Corporation leases its offices under a lease expiring in July 2016.

Lease payments recognized as an expense during 2015 amount to \$ 42,933 (\$42,091 in 2014). This amount consists of minimum lease payments. No surface payments or contingent rent payments were made or received. The Corporation's operating lease agreements do not contain any contingent rent clauses, renewal options or escalation clauses or any restrictions, such as those concerning dividends, additional debt, and further leasing. In March 2014, the Corporation sublet a portion of its Montreal office space to help reduce monthly expenses.

**12. INVESTMENTS**

|                            | Number of shares | Market value | September 30,<br>2015 |
|----------------------------|------------------|--------------|-----------------------|
|                            |                  | \$           | \$                    |
| Yamana Gold Inc            | 3,549,695        | 2.25         | 7,986,814             |
| Agnico Eagle Mines Limited | 444,197          | 33.83        | 15,027,185            |
|                            |                  |              | 23,013,998            |

Investments are presented at their fair value. A fair value adjustment of \$6,686,236 has been recorded for the nine-months ended September 30, 2015. (\$4,919,437 in the quarter ended on September 30, 2015).

**Sale of Agnico Eagle Shares**

On August 5, 2015, Abitibi Royalties sold 15,000 of its Agnico Eagle shares at price of \$28.49 for a net proceed after brokerage commission of \$426,900.

**Sale of Call Options**

Abitibi Royalties sold 1,947 call option contracts, covering 194,700 shares of its holding in Yamana and Agnico Eagle, for total cash proceeds of \$42,238 USD. The call options are exercisable until January 20, 2017 at prices varying from \$40 to \$45 for the contracts covering the Agnico Eagle shares and from \$7 to \$12 for those on Yamana Shares. The obligations related to the call option contracts has been valued at September 30, 2015 at \$64,987 and as been included in the accrued liabilities.

**13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|                           | September 30,<br>2015 | September 30,<br>2014 |
|---------------------------|-----------------------|-----------------------|
|                           | \$                    | \$                    |
| Others                    |                       |                       |
| Trade accounts            | 171,109               | 544,948               |
| Wage and salaries payable | 324,984               | 387,855               |
| Current charges           | 64,987                |                       |
|                           | 561,080               | 932,803               |

**Golden Valley Mines Ltd.****Notes to the consolidated financial statements****For the three and nine-month period ended September 30, 2015***(in Canadian dollars)*

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**14. EQUITY****14.1 Capital Stock**

The Capital Stock of the Corporation consists of fully paid common shares.

**Authorized**

Unlimited number of common shares without par value. All shares are equally eligible to receive dividends and the repayment of capital, and represent one vote each at the shareholders' meeting of the Corporation.

Unlimited number of preferred shares, issuable in series with rights and restrictions to be determined by the directors.

**Private Placement**

On January 30, 2015, Nunavik Nickel closed a non-brokered private placement pursuant to which it issued 2,500,000 units at a per unit price of \$0.10 for gross proceeds of \$250,000, of which 800,000 units were issued to the Corporation. Each unit consists of one common share in the capital of Nunavik Nickel and one-half of one non-transferable share purchase warrant, each whole warrant entitling the purchase of one common share at a per share price of \$0.12 until January 30, 2017. The Corporation now holds 7,763,634 common shares of Nunavik Nickel or approximately 61.7% of Nunavik Nickel's issued and outstanding common shares.

**Shares issued for professional fees**

Abitibi Royalties elected to settle the fairness opinion fee and the advisory fee of \$367,500, incurred in the sale process of its Malartic CHL Property by issuing 100,791 of its common shares. This transaction has been reflected at March 31, 2015 although the shares were issued subsequently.

In connection with the private placement, Nunavik Nickel paid finder's fees of \$3,300 and issue finder's fee warrants entitling the purchase of 41,250 of its common shares at a per share price of \$0.10 until January 30, 2017, to an individual related to the President and CEO of Nunavik Nickel. The fair value of finder's fee warrants has been estimated using the Black-Scholes option-pricing model at \$4,877. In accordance with applicable securities legislation, the shares issued under the private placement and the shares issuable on the exercise of warrants, including the finder's fee warrants, cannot be traded before May 31, 2015.



**Golden Valley Mines Ltd.**  
**Notes to the consolidated financial statements**  
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**14.2 Warrants**

Outstanding warrants entitle their holders to subscribe to an equivalent number of ordinary shares, as follows:

|  | September 30, 2015    |                                       | December 31, 2014     |                                       |
|--|-----------------------|---------------------------------------|-----------------------|---------------------------------------|
|  | Number<br>of warrants | Weighted<br>average<br>exercise price | Number<br>of warrants | Weighted<br>average<br>exercise price |
|  |                       | \$                                    |                       | \$                                    |
| Balance, beginning of reporting period | 3,410,000             | 0.15                                  | 10,711,192            | 0.17                                  |
| Granted                                |                       |                                       | 1,500,000             | 0.22                                  |
| Exercised                              | (1,910,000)           | 0.09                                  | (500,000)             | 0.09                                  |
| Forfeited                              |                       |                                       | (8,301,192)           | 0.20                                  |
| Balance, end of reporting period       | <u>1,500,000</u>      | <u>0.22</u>                           | <u>3,410,000</u>      | <u>0.15</u>                           |

The number of outstanding warrants which could be exercised for an equivalent number of common shares is as follows:

|                   | September 30, 2015 |                | December 31, 2014 |                |
|-------------------|--------------------|----------------|-------------------|----------------|
| Expiry date       | Number             | Exercise price | Number            | Exercise price |
|                   |                    | \$             |                   | \$             |
| June 19, 2015     |                    |                | 1,210,000         | 0.09           |
| June 20, 2015     |                    |                | 700,000           | 0.09           |
| November 30, 2015 | 1,000,000          | 0.22           | 1,000,000         | 0.22           |
| December 5, 2015  | 500,000            | 0.22           | 500,000           | 0.22           |
|                   | <u>1,500,000</u>   | <u>0.22</u>    | <u>3,410,000</u>  | <u>0.15</u>    |

In the quarter ended June 30, 2015, 1,910,000 share purchase warrants were exercised at \$0.09 for a total consideration of \$171,900.

**15. EMPLOYEE REMUNERATION**

**15.1 Salaries and other employee benefits expense**

Salaries and other employee benefits expense recognized for employee benefits are analyzed below:

|   | Three-month period ended |                       | Nine-month period ended |                       |
|---|--------------------------|-----------------------|-------------------------|-----------------------|
|   | September 30,<br>2015    | September 30,<br>2014 | September 30,<br>2015   | September 30,<br>2014 |
|   | \$                       | \$                    | \$                      | \$                    |
| Salaries and group insurance                                    | 181,170                  | 208,219               | 562,103                 | 564,240               |
| Share-based payments  | 118,740                  | 300,960               | 118,740                 | 545,294               |
| Defined contribution State plans                                | 96,966                   | 12,398                | 110,057                 | 32,150                |
|   | <u>396,876</u>           | <u>521,577</u>        | <u>790,900</u>          | <u>1,141,684</u>      |
| Less: salaries capitalized in exploration and evaluation assets |                          | (14,757)              | (21,419)                | (31,574)              |
| Salaries and other employee benefits expense                    | <u>396,876</u>           | <u>506,820</u>        | <u>769,481</u>          | <u>1,110,110</u>      |

## Golden Valley Mines Ltd.

## Notes to the consolidated financial statements

For the three and nine-month period ended September 30, 2015

(in Canadian dollars)

**15. EMPLOYEE REMUNERATION (continued)****15.2 Share-based payments**

The Corporation has in place a stock option incentive plan under which directors, officers, employees and consultants are eligible to receive incentive stock options for the purchase of common shares of the Corporation. Under the terms of the option plan, the aggregate number of shares issuable upon the exercise of options may not exceed 19,006,732, which represents 20% of the Corporation's issued and outstanding common shares on May 25, 2015, the date of adoption of the option plan by the Corporation's Board of Directors. The option plan was approved by the Corporation's disinterested shareholders on June 25, 2015, and subsequently accepted by the TSX Venture Exchange. The exercise price of each option is fixed by the Board of Directors at the time of grant and shall not be less than the closing price of the Corporation's shares on the trading day immediately prior to the date of grant less any discount permitted by the TSX Venture Exchange; if no sales were reported on such day, the exercise price shall be based on the closing sales price on the last trading day prior to the time of determination on which sales were reported. The term of any options granted under the option plan will be fixed by the Board of Directors and may not exceed ten years and the vesting period of options granted under the plan, if any, shall be determined by the Board of Directors at the time of grant. All options granted under the option plan will be in accordance with the rules and regulations of the TSX Venture Exchange.

All share-based payments will be settled in equity. The Corporation has no legal or constructive obligation to repurchase or settle the options.

The Corporation's share options are as follows for the reporting periods presented:

|  | September 30, 2015   |   | December 31, 2014    |   |
|--|----------------------|---|----------------------|---|
|  | Number<br>of options | Weighted<br>average<br>exercise price<br>\$ | Number<br>of options | Weighted<br>average<br>exercise price<br>\$ |
| Outstanding as at January 1                  | 7,369,025            | 0.22  | 7,595,000            | 0.22  |
| Granted                                      | 1,200,000            | 0.11  | 854,025              | 0.17  |
| Exercised                                    | (550,000)            | 0.07  |                      |   |
| Cancelled                                    | (1,125,000)          | 0.28  | (325,000)            | 0.07  |
| Expired                                      |                      |   | (755,000)            | 0.30  |
| Outstanding as at September 30               | 6,894,025            | 0.20  | 7,369,025            | 0.22  |
| Exercisable as at January 1 and September 30 | 6,894,025            | 0.18  | 7,369,025            | 0.22  |

**Golden Valley Mines Ltd.**  
**Notes to the consolidated financial statements**  
**For the three and nine-month period ended September 30, 2015**  
**(in Canadian dollars)**

**15.2 Share-based payments (continued)**

The table below summarizes the information related to share options as at September 30, 2015:

| Expiry date       | Outstanding options |                                 |   | Exercisable options |
|-------------------|---------------------|---------------------------------|---|---------------------|
|                   | Number of options   | Weighted average exercise price | Weighted average remaining contractual life (years) | Number of options   |
|                   |                     | \$                              |   |                     |
| December 22, 2015 | 655,000             | 0.50                            | 0.23  | 655,000             |
| October 5, 2016   | 1,615,000           | 0.35                            | 1.02  | 1,615,000           |
| July 23, 2017     | 520,000             | 0.15                            | 1.81  | 520,000             |
| August 1, 2018    | 2,125,000           | 0.07                            | 2.84  | 2,125,000           |
| June 30, 2019     | 779,025             | 0.17                            | 3.75  | 779,025             |
| July 24, 2020     | 1,200,000           | 0.11                            | 4.82  | 1,200,000           |
|                   | 6,894,025           | 0.20                            |   | 6,894,025           |

On June 2, 2015 an ex-officer of Golden Valley Mines exercised 300,000 options at \$0.07 for a total consideration of \$21,000. The share price at the day before the exercise was \$0.16.

On August 13, 2015 an ex-director of Golden Valley Mines exercised 250,000 options at \$0.07 for a total consideration of \$17,500. The share price, prior to the exercise date, was \$0.115.

On July 24, 2015, the Corporation granted an aggregate 1,200,000 incentive stock options with an exercise price of \$0.11 to its directors, officers, employees and consultants. The options are exercisable for a period of 5 years from the date of grant. All options are exercisable immediately.

**Abitibi Royalties Inc.**

**Exercise of incentive stock options**

During the nine month period ended on September 30, 2015, Abitibi Royalties issued 358,792 of its common shares for a total consideration of \$683,017 from the exercise of stock options. In the first quarter a total of 330,000 stock options were exercised: 225,000 options at \$2.50 and 105,000 at \$0.55. The share price on the market at the day before the exercise was \$3.65. In the third quarter 28,792 stock options were exercised at \$2.18. The share prices on the market at the day before the exercise were \$1.80 (19,848 stock options) and \$2.50 (8,944 stock options).

**Restricted Share Unit Plan**

Abitibi Royalties' Board of Directors has implemented a Restricted Share Unit Plan (the "RSU Plan"), which provides that restricted share units ("Share Units") may be granted by the Company's Compensation and Corporate Governance Committee (the "Committee") to executive officers, directors, bona-fide full or part-time employees and consultants (each a "Participant") as a bonus or similar payment in respect of services rendered or otherwise as compensation, including as an incentive for future performance, or in satisfaction of dividends declared by the Company and payable to Participants. The aggregate number of common shares issuable pursuant to Share Units granted under the RSU Plan will not, at any given time, exceed 896,769 common shares, among other limits with respect to individual grants under the RSU Plan. At the time Share Units are granted to a Participant, the Committee will determine any time-based or other conditions as to the vesting of the Share Units and the expiry date (the "Expiry Date") for such Share Units. The Expiry Date of a Share Unit will be the tenth anniversary of its date of grant, unless the Committee determines an earlier date, or subject to accelerated expiry in the event of a change of control of the Company. As of September 30, 2015, no Share Units have been granted.

**16. FINANCE INCOME**

Finance income may be analyzed as follows for the reporting periods presented:

|  | Three-month period ended |                    | Nine-month period ended |                    |
|--|--------------------------|--------------------|-------------------------|--------------------|
|  | September 30, 2015       | September 30, 2014 | September 30, 2015      | September 30, 2014 |
|  | \$                       | \$                 | \$                      | \$                 |
| Interest and dividend income from cash and short-term financial assets | 10,754                   | 562                | 13,138                  | 4,873              |

**Golden Valley Mines Ltd.****Notes to the consolidated financial statements****For the three and nine-month period ended September 30, 2015***(in Canadian dollars)***17. EARNINGS (LOSS) PER SHARE**

The calculation of basic earning (loss) per share is based on the income (loss) for the period divided by the weighted average number of shares in circulation during the period. In calculating the diluted loss per share, potential common shares such as share options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in

Both the basic and diluted earnings (loss) per share have been calculated using the net loss attributable to owners of the Corporation as the numerator, i.e. no adjustment to the net loss were necessary in 2015 and 2014.

Only share equivalents with exercise prices exceeding the average market price for the period of \$0.14 (\$0.11 for the current quarter) have been considered in the calculation of the diluted earnings per share.

|  | Three-month period ended |               | Nine-month period ended |               |
|--|--------------------------|---------------|-------------------------|---------------|
|  | September 30,            | September 30, | September 30,           | September 30, |
|  | 2015                     | 2014          | 2015                    | 2014          |
| Net income (loss) attributable to shareholders of Golden Valley Mines Ltd. | (2,730,055)              | (189,698)     | 9,013,419               | (1,232,734)   |
| Weighted average number of shares in circulation - basic                   | 97,851,360               | 90,258,487    | 96,100,323              | 90,988,694    |
| Dilutive effect of stock options and warrants                              | 3,650,000                |               | 3,915,000               |               |
| Weighted average number of shares in circulation - basic                   | 101,501,360              |               | 100,015,323             |               |
| Basic earnings (loss) per share  | (0.028)                  | (0.002)       | 0.094                   | (0.014)       |
| Diluted earnings per share   | (0.027)                  |               | 0.090                   |               |

**18. SALE OF MALARTIC CHL PROSPECT BY ABITIBI ROYALTIES**

On March 19, 2015, Abitibi Royalties entered into an acquisition agreement with Canadian Malartic GP, a general partnership, Yamana and Agnico Eagle to sell its 30% free carried interest in the Malartic CHL Prospect (the "Project") in consideration for 3,549,695 shares of Yamana and 459,197 shares of Agnico Eagle and a 3% net smelter return royalty on the Project. Based on the closing prices of the shares of Yamana (\$4.74) and Agnico Eagle (\$36.29) on the TSX the day before the closing of the transaction the consideration received is worth \$33,489,813 excluding the 3% NSR royalty. No value has been assigned to the 3% NSR royalty: the Project still being at the early stage of exploration, future cash flow could not be reliably estimated.

After this transaction Abitibi Royalties retains the following:

- a) Shares in Yamana and Agnico Eagle for a value of \$33.5 million (as at March 19, 2015)
- b) a 3% net smelter return royalty on the Project
- c) a 2% net smelter return royalty on a portion of the Gouldie gold deposit at the Canadian Malartic mine
- d) its 100% interest in the Luc Bourdon and Bourdon West Prospects in the McFauld's Lake ("Ring of Fire") area, Ontario.

Abitibi Royalties has engaged Maxit Capital LP as its financial advisor and Getz Prince Wells LLP as its legal advisor in connection with this transaction. The advisory fees can be settled in cash (\$350,000) or in common shares (100,791 common shares), at the option of Abitibi Royalties. 100,791 common shares were issued in April 2015.

The gain on this transaction has been determined as follows:

|  | March 19, 2015 |
|--|----------------|
| Market value of consideration received   | 33,489,813     |
| Less: Fair value of mandatory retention period <sup>(1)</sup>                            | (3,374,856)    |
| Fair value of consideration received   | 30,114,957     |
| Less: Transaction costs  | (443,953)      |
| Fair value of consideration received net of transaction costs                            | 29,671,004     |
| Less: Book value of exploration and evaluation   | (136,270)      |
| Gain on the sale of the Malartic CHL Prospect (no tax impact) reported on March 13, 2015 | 29,534,734     |
| Variation in transaction costs   | 1,890          |
| Success fee payable as a result of the sale of the Malartic CHL prospect                 | (4,290,000)    |
| Gain on the sale of the Malartic CHL Prospect (no tax impact) reported on June 30, 2015  | 25,246,624.00  |

<sup>(1)</sup> As per securities regulations, shares received from Agnico Eagle and Yamana are subject to a mandatory retention period of four months and one day.

**Golden Valley Mines Ltd.**  
**Notes to the consolidated financial statements**  
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**19. ADDITIONAL INFORMATION - CASH FLOWS**

Non-cash transactions included in the statement of financial position are the following :

|   | September 30,<br>2015 | September 30,<br>2014 |
|---|-----------------------|-----------------------|
|   | \$                    | \$                    |
| Accounts payable and accrued liabilities included in exploration and evaluation assets  | 502                   | 12,453                |
| Accounts payable and accrued liabilities of transaction costs included in gain on disposal of exploration and evaluation assets         |                       | 2,849                 |
| Common shares issued for the acquisition of a mineral property  | 36,000                |                       |
| Common shares issued for a debt settlement  | 201,444               |                       |
| Common shares issued in consideration of payment of transaction costs included in gain on disposal of exploration and evaluation assets | 367,500               |                       |
| Success fee payable included in gain on disposal of exploration and evaluation assets   | 4,290,000             |                       |
| Common shares received in consideration of disposal of exploration and evaluation assets net of the fair value of the retention period  | 30,114,957            |                       |

**20. RELATED PARTY TRANSACTIONS**

The Corporation's related parties include its joint key management and related companies, as described below.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash. Other than the related party transactions disclosed below, there were no other direct transactions with related parties other than routine payments for management and exploration services and grants of

**20.1 Transaction with key management**

Key management includes directors and senior executives. The compensation paid to key management for employee and consulting services is presented below.

|   | Three-month period ended |                       | Nine-month period ended |                       |
|---|--------------------------|-----------------------|-------------------------|-----------------------|
|   | September 30,<br>2015    | September 30,<br>2014 | September 30,<br>2015   | September 30,<br>2014 |
|   | \$                       | \$                    | \$                      | \$                    |
| Short-term employee benefits  |                          |                       |                         |                       |
| Salaries including bonuses <sup>(1)</sup>   | 129,450                  | 60,168                | 313,976                 | 182,152               |
| Benefits  | 30,282                   | 32,265                | 91,428                  | 50,715                |
| Director's fees <sup>(2)</sup>  | 60,000                   | 62,837                | 166,129                 | 262,920               |
| Total short-term employee benefits  | 219,732                  | 155,270               | 571,533                 | 495,787               |
| Other transactions with key management  |                          |                       |                         |                       |
| Rent <sup>(3)</sup>   | 3,000                    |                       | 39,000                  |                       |
| Management Fees   | 4,125                    | 4,125                 | 12,375                  | 12,375                |
| Expenses capitalized in exploration and evaluation assets                         | 26,038                   | 24,365                | 112,643                 | 70,955                |
| Professional Fees   |                          |                       | 8,177                   |                       |
| Success Fee included in gain on the disposal of exploration and evaluation assets |                          |                       | 4,290,000               |                       |
| Total other transactions with key management                                      | 33,163                   | 28,490                | 4,462,195               | 83,330                |
| Share-based payments  | 118,740                  | 304,367               | 118,740                 | 554,785               |
| Total remuneration  | 371,635                  | 488,127               | 5,152,468               | 1,133,902             |

<sup>(1)</sup> All 2015 amounts have been paid. An amount of \$80,000 has been accrued in salaries including bonuses by the Corporation in 2014.

<sup>(2)</sup> An amount of \$30,000 (\$70,084 the Corporation and \$130,000 by Abitibi Royalties in 2014) has been accrued in director's fees which have been deferred and not yet paid.

<sup>(3)</sup> Amount paid to 2973090 Canada Inc., a company controlled by Mr. Glenn J. Mullan who is an officer and a director of the Company. This amount represents 3 years of rent owing for the Val-d'Or office.

**Golden Valley Mines Ltd.**  
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*(in Canadian dollars)*

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**20. RELATED PARTY TRANSACTIONS**

**20.2 Abitibi Royalties Inc.**

**20.2.1 - Transactions with key management**

- a) Management success fees agreement with 2973090 Canada Inc.

Abitibi Royalties entered into an agreement with 2973090 Canada Inc., a company of which Glenn J. Mullan is the sole shareholder, director and officer, as the "Trustee" and the CEO of the Company. This agreement provides that upon Abitibi Royalties completing a transaction or series of transactions (in either case, a "Transaction") pursuant to which:

- a) Abitibi Royalties is acquired by or combined with a third party,
- b) a third party acquires any of Abitibi Royalties' assets or operations,
- c) Abitibi Royalties completes an equity or debt financing that meet particular thresholds, subject to Exchange approval, or
- d) there is a change of control of Abitibi Royalties.

Abitibi Royalties will get an independent determination of the value of the Transaction based on the value of the consideration received by Abitibi Royalties or its shareholders for the shares or assets subject to the Transaction. Once the value of the transaction has been determined, Abitibi Royalties will pay to the Trustee a success fee (the "Success Fee") which the Trustee will then allocate among the members of Abitibi Royalties' management (including its President, Chief Executive Officer and its Chief Financial Officer) and/or its key consultants. After consultation with Abitibi Royalties' Compensation and Corporate Governance Committee, the Trustee will have sole discretion to determine how the Success Fee is to be allocated. The amount of the Success Fee is to be based on the value of the Transaction.

Following the sale of the Malartic CHL Property, the Board of Directors and the Trustee opened discussions which resulted, on May 16, 2015, in a second amendment to the Management Success Fees Agreement. On May 22, 2015, the Board of Directors approved the Management Success Fees Agreement by virtue of the sale of the Malartic CHL Prospect, and established that the amount of the Success Fee payable with respect to the sale is \$4,290,000 of which \$3,500,000 of the Success Fee is payable in one or more payments, from time to time as and when Abitibi Royalties has the funds available to do so, as determined by its Board of Directors, in accordance with the Management Success Fees Agreement. A first tranche of \$75,000 was paid in August 2015 and a second tranche of \$42,000 was approved for payment in November 2015. Abitibi Royalties and the Trustee have agreed, however, that portions of the remaining \$790,000 (the "Contingent Amount") will become payable in the same way but only as Proven and Probable Reserves are established on the Malartic CHL Project in accordance with National Instrument 43-101, provided that if Abitibi Royalties undergoes a Change of Control (as defined in the Management Success Fees Agreement), any remaining portion of the Contingent Amount that has not already become payable will be paid on the Change of Control.

**21. CONTINGENCIES AND COMMITMENTS**

The Corporation is partially financed through the issuance of flow-through shares and, according to tax rules regarding this type of financing, the Corporation is engaged in realizing mining exploration work.

These tax rules set deadlines for carrying out the exploration work, which must be performed no later than the first of the following dates:

- Two years following the flow-through placements;
- One year after the Corporation has renounced the tax deductions relating to the exploration work.

However, there is no guarantee that its expenses will qualify as Canadian exploration expenses, even if the Corporation is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors.

The Corporation has no other commitment other than the agreements mentioned in Note 20 above.

**22. SUBSEQUENT EVENTS**

**Normal Course Issuer Bid**

On October 2, 2015, Abitibi Royalties received the Exchange acceptance of its notice to commence a normal course issuer bid ("NCIB"). This approval allows Abitibi Royalties to purchase back up to 546,300 of its common shares (representing 5% of the Company's total issued and outstanding common shares as at September 21, 2015) from October 6, 2015 to October 5, 2016. Common shares that will be purchased under the NCIB will be cancelled.

**Private Placement**

On November 13, 2015, Golden Valley announced a non-brokered private placement offering pursuant to which it will issue up to 14,900,000 units (each a "Unit") at a per Unit price of \$0.10 for gross proceeds of up to \$1,490,000. Each Unit will consist of one common share in the capital of Golden Valley and one non-transferable share purchase warrant, each warrant entitling the holder to purchase one common share of Golden Valley at a per share price of \$0.14 for a period of two years from the closing of the offering. The TSX Venture Exchange provided its conditional acceptance of the financing on November 26, 2015.