



# **Golden Valley Mines Ltd.**

## **Consolidated Interim Financial Statements, as at March 31, 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 independent 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 March 31, 2015**  
(Unaudited)  
(in Canadian dollars)

	Notes	March 31, 2015 \$	December 31, 2014 \$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	5	1,852,759	1,347,620
Short-term financial assets	6	324,450	575,465
Other accounts receivable	7	337,982	40,126
Sales taxes recoverable		59,000	29,193
Tax credits receivable		40,362	40,362
Prepaid expenses		36,370	42,864
		<u>2,650,923</u>	<u>2,075,630</u>
<b>Non-current</b>			
Property and equipment	9	11,851	15,158
Exploration and evaluation assets	10	8,571,433	8,647,860
Investments	12	29,089,307	
		<u>37,672,591</u>	<u>8,663,018</u>
<b>Total assets</b>		<u><u>40,323,514</u></u>	<u><u>10,738,648</u></u>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities			
Related parties controlled by directors	21.1	7,698	12,009
Others	13	870,036	780,066
Funds held for third parties	8	<u>7,911</u>	
		<u>885,645</u>	<u>792,075</u>
<b>Non-Current</b>			
Deferred income taxes		<u>3,206,334</u>	
<b>Total liabilities</b>		<u><u>4,091,979</u></u>	<u><u>792,075</u></u>
<b>EQUITY</b>			
Capital stock	14.1	23,494,150	23,494,150
Warrants	14.2	45,571	45,571
Contributed surplus		2,752,785	2,752,785
Deficit		<u>(4,446,631)</u>	<u>(18,855,041)</u>
<b>Total equity attributable to owners of the parent company</b>		<u>21,845,875</u>	<u>7,437,465</u>
Non-Controlling interest		<u>14,385,660</u>	<u>2,509,108</u>
<b>Total equity</b>		<u>36,231,535</u>	<u>9,946,573</u>
<b>Total liabilities and equity</b>		<u><u>40,323,514</u></u>	<u><u>10,738,648</u></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 May 29, 2015.

"Glenn J. Mullan"  
Director

"Blair F. Morton"  
Director

**Golden Valley Mines Ltd.****Consolidated Statement of Comprehensive Loss****For the three-month period ended March 31, 2015**

(unaudited)

(in Canadian dollars)

	Notes	Three-month period ended March 31, 2015 \$	March 31, 2014 \$
<b>Revenues</b>			
Royalties	7	254,537	
Dividends	7	67,531	
Geological fees		112	
		322,180	
<b>Operating Expenses</b>			
Salaries and other employee benefits	15.1	210,657	180,387
Office expenses		33,533	42,268
Management fees		4,125	4,125
Professional and legal fees		188,648	91,595
Advertising and exhibitions		12,178	2,078
Travelling		18,055	7,214
Exploration and evaluation expenditures		117	3,861
Part XII.6 and other taxes		2,613	6,630
Depreciation of property and equipment	9	3,213	1,935
Gain on the disposal of exploration and evaluation assets	18	(29,534,734)	
Loss (gain) on short-term financial assets disposal		1,512	
		(29,060,083)	340,093
<b>Operating income (loss)</b>		29,382,263	(340,093)
Finance income	16	2,209	3,371
Change in fair value of financial assets at fair value through profit or loss	12	(1,029,263)	-
		(1,027,054)	(27,427)
<b>Income (loss) before income taxes</b>		28,355,209	(364,149)
Deferred income taxes		3,206,334	
<b>Net income (loss) and total comprehensive income (loss) for the year</b>		25,148,875	(364,149)
Net Income (loss) and total comprehensive income (loss) attributable to:			
Shareholders of Golden Valley Mines		13,950,127	(349,939)
Non-controlling interest		11,198,748	(14,210)
		25,148,875	(364,149)
<b>Earnings (loss) per share attributable to Golden Valley Mines shareholders</b>			
Basic earnings (loss) per share	17	0.147	(0.004)
Diluted earnings per share	17	0.139	

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-month period ended March 31, 2015**

(unaudited)  
(in Canadian dollars)

		Capital Stock	Warrants	Contributed Surplus	Equity Component of Convertible Debenture	Deficit	Total attributable to owners of the parent	Non- controlling interest	Total Equity
	Note	Number	\$	\$	\$	\$	\$	\$	
Balance at January 1, 2015		94,933,664	23,494,150	45,571	2,752,785	(18,855,041)	7,437,465	2,509,108	9,946,573
Change in interest of subsidiaries						458,283	458,283	677,804	1,136,087
Transactions with owners						458,283	458,283	677,804	1,136,087
Net loss and total comprehensive loss for the period						13,950,127	13,950,127	11,198,748	25,148,875
Balance at March 31, 2015		94,933,664	23,494,150	45,571	2,752,785	(4,446,631)	21,845,875	14,385,660	36,231,535
Balance at January 1, 2014		89,601,356	22,853,604	328,352	2,393,819	16,729	(14,715,129)	677,569	11,554,944
Share-based payments	12.2				3,183		3,183	(5,919)	(2,736)
Transactions with owners		89,601,356	22,853,604	328,352	2,397,002	16,729	(14,715,129)	671,650	11,552,208
Net loss and total comprehensive loss for the period						(349,939)	(349,939)	(14,210)	(364,149)
Balance at March 31, 2014		89,601,356	22,853,604	328,352	2,397,002	(15,065,068)	10,530,619	657,440	11,188,059

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-month period ended March 31, 2015**

(unaudited)  
(in Canadian dollars)

	Three-month period ended	
	March 31,	March 31,
	2015	2014
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net Income (loss)	25,148,875	(364,149)
Adjustments		
Depreciation of property and equipment	3,213	1,935
Gain on the disposal of exploration and evaluation assets	(29,534,734)	
Share-based payments		(2,736)
Accrued interest on debenture		4,535
Loss (gain) on disposal of short-term financial assets	1,512	
Changes in fair value of financial assets at fair value through profit or loss	1,029,263	27,427
Deferred tax expense	3,206,334	
Changes in working capital items		
Fees and other accounts receivable	(297,856)	(11,863)
Sales taxes recoverable	(29,807)	15,375
Prepaid expenses	6,494	18,229
Accounts payable and accrued liabilities	63,415	(43,404)
Cash flows from operating activities	(403,291)	(354,651)
<b>INVESTING ACTIVITIES</b>		
Acquisition of short-term financial assets	(256)	(340)
Disposal of short-term financial assets	247,658	200,000
Tax credits received		60,301
Additions to exploration and evaluation assets	(63,998)	(59,248)
Disposal of exploration and evaluation assets transaction costs	(43,561)	
Cash flows from investing activities	139,843	200,713
<b>FINANCING ACTIVITIES</b>		
Issuance of shares by exercise of stock options	620,250	
Issuance of shares by private placement	170,000	
Share issue expenses	(21,663)	
Cash flows from financing activities	768,587	
<b>Net change in cash and cash equivalents</b>	505,139	(153,938)
Cash, beginning of period	1,347,620	552,383
Cash, end of period	1,852,759	398,445
<b>Cash transactions:</b>		
Dividends received	256	340
Interest received	1,953	106
Interest paid	64	
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-month period ended March 31, 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 March 31, 2015, the Corporation has a cumulated deficit of \$4,446,631 (\$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 three-month period ended March 31, 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-month period ended March 31, 2015**

(in Canadian dollars)

**5. CASH AND CASH EQUIVALENTS**

	March 31, 2015	December 31, 2014
	\$	\$
Cash	592,759	137,620
Demand deposits, 0.925%, redeemable at any time	1,075,000	1,125,000
Demand deposits, 0.7%, redeemable at any time	125,000	
Demand deposits, 0.65%, redeemable at any time	60,000	85,000
	<u>1,852,759</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 March 31, 2015 and 2014.

**6. SHORT-TERM FINANCIAL ASSETS**

	March 31, 2015	December 31, 2014
	\$	\$
Guaranteed investment certificates		
0.95% maturing in June 2015		175,000
Money market investment funds	3,909	3,901
Mutual funds	57,903	107,654
Marketable securities in quoted mining exploration companies	262,638	288,910
Undeposited certificates		
Short-term financial assets	<u>324,450</u>	<u>575,465</u>

**7. OTHER ACCOUNTS RECEIVABLES**

	March 31, 2015	December 31, 2014
	\$	\$
Royalties receivable from Canadian Malartic GP (2% NSR)	254,537	
Dividend receivable from Yamana Gold Inc	67,531	
Others	15,912	40,126
	<u>337,980</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 March 31, 2015, there is a balance of \$7,911 relating to these funds.

**Golden Valley Mines Ltd.**  
**Notes to the consolidated financial statements**  
**For the three-month period ended March 31, 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
	\$	\$	\$	\$	\$	\$
<b>Gross carrying amount</b>						
Balance at January 1 and March 31, 2015	46,282	72,693	60,385	179,360	36,215	215,575
<b>Accumulated depreciation</b>						
Balance at January 1, 2015	36,675	68,115	59,975	164,765	35,652	200,417
Depreciation	1,619	1,389	205	3,213	94	3,307
Balance at March 31, 2015	38,294	69,504	60,180	167,978	35,746	203,724
<b>Carrying amount at March 31, 2015</b>	<u>7,988</u>	<u>3,189</u>	<u>205</u>	<u>11,382</u>	<u>469</u>	<u>11,851</u>

	Property and equipment				Exploration and evaluation equipment	
	Office furniture	Computer equipment	Leasehold improvement	Total	Computer equipment	Total
	\$	\$	\$	\$	\$	\$
<b>Gross carrying amount</b>						
Balance at January 1 and March 31, 2014	45,832	72,693	60,385	178,910	36,215	215,125
<b>Accumulated depreciation</b>						
Balance at January 1, 2014	33,044	62,614	59,155	154,813	32,162	186,975
Depreciation	514	1,216	205	1,935	3,018	4,953
Balance at March 31, 2014	33,558	63,830	59,360	156,748	35,180	191,928
<b>Carrying amount at March 31, 2014</b>	<u>12,274</u>	<u>8,863</u>	<u>1,025</u>	<u>22,162</u>	<u>1,035</u>	<u>23,197</u>

**Golden Valley Mines Ltd.**  
**Notes to the consolidated financial statements**  
**For the three-month period ended March 31, 2015**  
**(unaudited)**  
(in Canadian dollars)

**10. EXPLORATION AND EVALUATION ASSETS**

The carrying amount can be analyzed as follows:

	Balance at January 1, 2015	Additions	Disposition	Write-off	Balance at March 31, 2015
	\$	\$	\$	\$	\$
<b>Golden Valley Mines Ltd. Properties</b>					
Acquisition and claims maintenance	4,925,117	12,011			4,937,128
Property option payments	312,500				312,500
Drilling, excavation and related costs	3,431,557				3,431,557
Technical and field staff	4,563,566	35,877			4,599,443
Airborne geophysics	671,742				671,742
Geophysics	2,383,411				2,383,411
Line cutting	1,153,807				1,153,807
Sampling and testing	771,830				771,830
Travel and transport	1,774,034	260			1,774,294
Program management and consultants	299,462	5,501			304,963
Professional Fees	6,978				6,978
Depreciation, insurance and office expenses	526,803	4,897			531,700
Communications	57,269	527			57,796
Option payments received	(1,682,035)				(1,682,035)
Write-off of exploration and evaluation assets	(3,974,450)				(3,974,450)
Impairment of exploration and evaluation assets	(4,381,156)				(4,381,156)
Government assistance	(1,494,095)				(1,494,095)
Net expenses incurred during the period	9,346,340	59,073			9,405,413
Exploration and evaluation assets transferred to subsidiaries	(2,464,773)				(2,464,773)
Balance, end of the period	<u>6,881,567</u>	<u>59,073</u>	<u>-</u>	<u>-</u>	<u>6,940,640</u>
<b>Abitibi Royalties Inc. Properties</b>					
Acquisition and claims maintenance	31,647		6,462		25,185
Technical and field staff	10,456		4,384		6,072
Program management and consultants	125,511	770	124,974		1,307
Geophysics	450		450		-
Net expenses incurred during the period	<u>168,064</u>	<u>770</u>	<u>136,270</u>	<u>-</u>	<u>32,564</u>
<b>Nunavik Nickel Mines Ltd. Properties</b>					
Acquisition and claims maintenance	1,760,625				1,760,625
Technical and field staff	5,268				5,268
Program management and consultants	2,701				2,701
Airborne geophysics	290,304				290,304
Government assistance	(127,220)				(127,220)
Impairment of exploration and evaluation assets	(550,241)				(550,241)
Net expenses incurred during the period	<u>1,381,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,381,437</u>
<b>Uranium Valley Mines Ltd. Properties</b>					
Acquisition and claims maintenance	1,574,016				1,574,016
Technical and field staff	3,139				3,139
Travel and transport	41,452				41,452
Program management and consultants	2,726				2,726
Communication	60				60
Government assistance	(654)				(654)
Write-off of exploration and evaluation assets	(1,403,948)				(1,403,948)
Net expenses incurred during the period	<u>216,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,791</u>
<b>Summary</b>					
Mining rights	8,529,636	12,011	6,462		8,535,185
Exploration and evaluation assets	2,989,006	47,832	129,808		2,907,030
Exploration and evaluation assets transferred to subsidiaries	(2,464,773)				(2,464,773)
Disposal of a subsidiary	(406,009)				(406,009)
	<u>8,647,860</u>	<u>59,843</u>	<u>136,270</u>	<u>-</u>	<u>8,571,433</u>

**Golden Valley Mines Ltd.**  
**Notes to the consolidated financial statements**  
**For the three-month period ended March 31, 2015**  
**(unaudited)**  
(in Canadian dollars)

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

	Balance at January 1, 2014 \$	Additions \$	Disposition \$	Write-off \$	Balance at March 31, 2014
<b>Golden Valley Mines Ltd. Properties</b>					
Acquisition and claims maintenance	4,865,581	6,130			4,871,711
Property option payments	312,500				312,500
Drilling, excavation and related costs	3,431,557				3,431,557
Technical and field staff	4,422,837	32,726			4,455,563
Airborne geophysics	671,742				671,742
Geophysics	2,373,572	390			2,373,962
Line cutting	1,153,751	56			1,153,807
Sampling and testing	770,260				770,260
Travel and transport	1,762,637	740			1,763,377
Program management and consultants	286,693				286,693
Professional Fees	6,978				6,978
Depreciation, insurance and office expenses	500,800	8,315			509,115
Communications	56,715	320			57,035
Option payments received	(1,682,035)				(1,682,035)
Write-off of exploration and evaluation assets	(3,974,450)				(3,974,450)
Impairment of exploration and evaluation assets	(1,836,783)				
Government assistance	(1,447,228)				(1,447,228)
Net expenses incurred during the period	11,675,127	48,677			11,723,804
Exploration and evaluation assets transferred to subsidiaries	(2,464,773)				(2,464,773)
Balance, end of the period	9,210,354	48,677	-	-	9,259,031
<b>Abitibi Royalties Inc. Properties</b>					
Acquisition and claims maintenance	31,572				31,572
Technical and field staff	9,082	1,793			10,875
Program management and consultants	115,726				115,726
Net expenses incurred during the period	156,380	1,793	-	-	158,173
<b>Nunavik Nickel Mines Ltd. Properties</b>					
Acquisition and claims maintenance	1,748,760	9,153			1,757,913
Technical and field staff	4,034	1,507			5,541
Program management and consultants	2,199				2,199
Airborne Geophysics	290,304				290,304
Government assistance	(128,092)	905			(127,187)
Write-off of exploration and evaluation assets	(550,241)				(550,241)
Net expenses incurred during the period	1,366,964	11,565	-	-	1,378,529
<b>Uranium Valley Mines Ltd. Properties</b>					
Acquisition and claims maintenance	1,567,349				1,567,349
Technical and field staff	2,599	62			2,661
Travel and Transport	41,452				
Program management and consultants	1,007	168			1,175
Communication	60				60
Government assistance	(654)				(654)
Write-off of exploration and evaluation assets	(1,403,948)				(1,403,948)
Net expenses incurred during the period	207,865	230	-	-	208,095
<b>Summary</b>					
Mining rights	8,451,493	15,283			8,466,776
Exploration and evaluation assets	5,360,853	46,982			5,407,835
Exploration and evaluation assets transferred to subsidiaries	(2,464,773)				(2,464,773)
Disposal of a subsidiary	(406,009)				(406,009)
	10,941,564	62,265	-	-	11,003,829

**Golden Valley Mines Ltd.****Notes to the consolidated financial statements****For the three-month period ended March 31, 2015***(in Canadian dollars)***10. EXPLORATION AND EVALUATION ASSETS (continued)**

The Corporation holds (together with its subsidiaries) 102 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 Gold Corp. ("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. 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 the Corporation (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.

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**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 Québec 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 Québec (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. In 2011, Osisko provided notice to Abitibi Royalties of its intent to exercise the Malartic CHL Property Option, as a result, 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 Quebec.

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.

***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.

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

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

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

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 shall pay 2973090 Canada Inc. a sum of \$5,000 in cash to cover the cost of staking the property and issue 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.

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**11. LEASES**

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

			Minimum lease payments due
	Within 1 year	1 to 5 years	Total
	\$	\$	\$
March 31, 2015	57,244	19,081	76,326
March 31, 2014	56,121	70,152	126,273

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

Lease payments recognized as an expense during 2015 amount to \$14,311 (\$14,030 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	March 31, 2015	December 31 2014
		\$	\$	\$
Yamana Gold Inc	3,549,695	4.54	16,115,616	
Agnico Eagle Mines Limited	459,197	35.27	16,195,878	
			32,311,494	
Fair value of mandatory retention period			(3,222,187)	
			29,089,307	

Investments are presented at their fair value. A fair value adjustment of \$1,025,650 has been recorded at March 31, 2015.

**13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	March 31, 2015	December 31, 2014
Others	\$	\$
Trade accounts	423,631	200,823
Wage and salaries payable	446,405	579,243
	870,036	780,066

**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.

**Golden Valley Mines Ltd.****Notes to the consolidated financial statements****For the three-month period ended March 31, 2015***(in Canadian dollars)***14.1 Capital Stock (continued)****Private Placements**

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.

**14.2 Warrants**

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

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

Expiry date	March 31, 2015		December 31, 2014	
	Number	Exercise price \$	Number	Exercise price \$
June 19, 2015	1,210,000	0.09	1,210,000	0.09
June 20, 2015	700,000	0.09	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>3,410,000</u>	<u>0.15</u>	<u>1,910,000</u>	<u>0.15</u>

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**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	
	March 31, 2015	March 31, 2014
	\$	\$
Salaries and group insurance	212,979	190,399
Share-based payments		(2,736)
Defined contribution State plans	8,849	
	221,828	187,663
Less: salaries capitalized in exploration and evaluation asset	(11,171)	(7,276)
Salaries and other employee benefits expense	210,657	180,387

**15.2 Share-based payments**

The Corporation has in place stock option plans under which directors, officers, employees and consultants are eligible to receive incentive stock options. Under the terms of these plans, the aggregate number of shares issuable upon the exercise of all options granted thereunder may not exceed 11,175,595 shares. The exercise price of each option is fixed by the Board of Directors, but 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, it shall be the sales closing price on the last trading day immediately prior to the date of grant on which sales were reported. The vesting period of the options shall be determined by the Board of Directors, 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:

	March 31, 2015		December 31, 2014	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding as at January 1	7,369,025	0.22	7,595,000	0.22
Granted			854,025	0.17
Exercised			(325,000)	0.07
Expired			(755,000)	0.30
Outstanding as at March 31	7,369,025	0.22	7,369,025	0.22
Exercisable as at January 1 and March 31	7,369,025	0.22	7,369,025	0.22

**Golden Valley Mines Ltd.****Notes to the consolidated financial statements****For the three-month period ended March 31, 2015***(in Canadian dollars)***15.2 Share-based payments (continued)**

The table below summarizes the information related to share options as at March 31, 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	765,000	0.50	0.98	765,000
October 5, 2016	2,200,000	0.35	1.76	2,200,000
July 23, 2017	675,000	0.15	2.56	675,000
August 1, 2018	2,875,000	0.07	3.59	2,875,000
June 30, 2019	854,025	0.17	4.50	854,025
	<u>7,369,025</u>	<u>0.22</u>		<u>7,369,025</u>

**Abitibi Royalties Inc.****Exercise of incentive stock options**

On March 3, 2015 an ex-director of Abitibi Royalties exercised 90,000 options at \$2.50 for a total consideration of \$225,000. The share price at the day before the exercise was \$3.65. On March 27, 2015, one ex-director, one officer and two consultants of Abitibi Royalties exercised 240,000 options, 135,000 at \$2.50 and 105,000 at \$0.55 for a total consideration of \$395,250. The weighted average share price at the date of exercise was \$3.65.

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**16. FINANCE INCOME**

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

	Three-month period ended March 31, 2015 \$	March 31, 2014 \$
Interest and dividend income from cash and short-term financial assets	2,209	3,371

**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 Notes 14.2 and 15.2.

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 \$0.16 have been considered in the calculation of the diluted earnings per share.

	Three-month period ended March 31, 2015	March 31, 2014
Net income (loss) attributable to shareholders of Golden Valley Mines Ltd.	13,950,127	(349,939)
Weighted average number of shares in circulation - basic	94,933,664	89,601,356
Dilutive effect of stock options and warrants	5,460,000	
Weighted average number of shares in circulation - basic	100,393,664	
Basic earnings (loss) per share	0.147	(0.004)
Diluted earnings per share	0.139	

**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.

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**18. SALE OF MALARTIC CHL PROSPECT BY ABITIBI ROYALTIES (continued)**

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 asset sold	(136,270)
Gain on the sale of the Malartic CHL Prospect (no tax impact)	29,534,734

<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.

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**19. ADDITIONAL INFORMATION - CASH FLOWS**

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

	March 31, 2015	March 31, 2014
	\$	\$
Accounts payable and accrued liabilities included in exploration and evaluation assets		12,453
Accounts payable and accrued liabilities of transaction costs included		
in gain on disposal of exploration and evaluation assets	32,892	
Common shares issued in consideration of payment of transaction costs		
included in gain on disposal of exploration and evaluation assets	367,500	
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 stock options.

**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 March 31, 2015	March 31, 2014
	\$	\$
Short-term employee benefits		
Salaries including bonuses <sup>(1)</sup>	110,031	88,031
Benefits	55,145	17,216
Director's fees <sup>(2)</sup>	42,379	98,750
Total short-term employee benefits	207,555	203,997
Other transactions with key management		
Management Fees	4,125	4,125
Expenses capitalized in exploration and evaluation assets	23,751	23,528
Total other transactions with key management	27,876	27,653
Total remuneration	235,431	231,650

<sup>(1)</sup> All 2015 amounts have been paid. An amount of \$40,000 has been accrued in salaries including bonuses by the Corporation in 2014.

<sup>(2)</sup> An amount of \$42,379 (\$33,750 by the Corporation and \$65,000 by Abitibi Royalties in 2014) has been accrued in director's fees which have been deferred and not yet paid. \$8,629 by Abitibi Royalties and \$33,750 by the Corporation.

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**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.

As at March 31, 2015, no payout has been made or approved by the Board of Directors of Abitibi Royalties under the Management Success Fees Agreement. The agreement has, however, been triggered by the sale of the Malartic CHL Prospect on March 19, 2015. 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. 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.