



# **Golden Valley Mines Ltd.**

## **Consolidated Interim Financial Statements, as at September 30, 2014 (Unaudited)**

Golden Valley Mines Ltd.  
152 chemin de la Mine Ecole  
Val-d'Or, Québec, J9P 7B6  
[www.goldenvalleymines.com](http://www.goldenvalleymines.com)  
Tel: 819.824.2808 fax: 819.824.3379

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 September 30, 2014**

(Unaudited)  
(in Canadian dollars)

	Notes	September 30, 2014 \$	December 31, 2013 \$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	5	1,906,748	552,383
Short-term financial assets	6	620,098	907,667
Other accounts receivable		40,950	13,639
Sales taxes recoverable		36,553	39,382
Tax credits receivable		328	72,306
Prepaid expenses		64,558	43,247
		<u>2,669,235</u>	<u>1,628,624</u>
<b>Non-current</b>			
Property and equipment	8	17,736	28,149
Exploration and evaluation assets	9	11,160,637	10,941,564
		<u>11,178,373</u>	<u>10,969,713</u>
<b>Total assets</b>		<u>13,847,608</u>	<u>12,598,337</u>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities			
Related parties controlled by directors	17.1	12,009	12,009
Others	11	932,803	767,350
Funds held for third parties	7	48,383	
		<u>993,195</u>	<u>779,359</u>
<b>Non-Current</b>			
Convertible unsecured debenture	13	81,891	74,000
Deferred income taxes		95,445	190,034
		<u>177,336</u>	<u>264,034</u>
<b>Total liabilities</b>		<u>1,170,531</u>	<u>1,043,393</u>
<b>EQUITY</b>			
Capital stock	12.1	23,399,043	22,853,604
Warrants	12.2	199,184	328,352
Contributed surplus		2,586,848	2,393,819
Equity component of convertible debenture	13	16,729	16,729
Deficit		(15,892,555)	(14,715,129)
<b>Total equity attributable to owners of the parent company</b>		<u>10,309,250</u>	<u>10,877,375</u>
Non-Controlling interest		2,367,827	677,569
<b>Total equity</b>		<u>12,677,077</u>	<u>11,554,944</u>
<b>Total liabilities and equity</b>		<u>13,847,608</u>	<u>12,598,337</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 28, 2014.

*"Glenn J. Mullan"*  
Director

*"Blair F. Morton"*  
Director

**Golden Valley Mines Ltd.**  
**Consolidated Statement of Comprehensive Loss**  
**For the three and nine-month period ended September 30, 2014**

(unaudited)  
(in Canadian dollars)

	Notes	Three-month period ended		Nine-month period ended	
		September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
		\$	\$	\$	\$
<b>Revenues</b>					
Geological fees		10,729		13,252	2,023
<b>Operating Expenses</b>					
Salaries and other employee benefits	14.1	506,820	602,629	1,110,110	862,579
Office expenses		43,091	38,576	122,102	118,792
Management fees		4,125	4,125	12,375	25,263
Professional and legal fees		200,534	27,921	709,683	373,789
Advertising and exhibitions		6,821	2,702	30,594	35,975
Travelling		22,570	140	73,466	42,015
Exploration and evaluation expenditures		94	1,230	7,310	27,016
Part XII.6 and other taxes		442	(412)	9,444	2,637
Depreciation of property and equipment	8	2,483	1,935	7,019	8,875
Gain on the disposal of exploration and evaluation assets					(208,159)
Loss (gain) on short-term financial assets disposal			(3,916)		(3,162)
		<u>786,980</u>	<u>(674,930)</u>	<u>2,082,103</u>	<u>(1,285,620)</u>
<b>Operating loss</b>		<u>(776,251)</u>	<u>(674,930)</u>	<u>(2,068,851)</u>	<u>(1,283,597)</u>
Finance income	15	562	1,410	4,873	6,871
Change in fair value of financial assets at fair value through profit or loss		(121,120)	(22,446)	(163,591)	(133,022)
		<u>(120,558)</u>	<u>(21,036)</u>	<u>(158,718)</u>	<u>(126,151)</u>
<b>Loss before income taxes</b>		<u>(896,809)</u>	<u>(695,966)</u>	<u>(2,227,569)</u>	<u>(713,782)</u>
Deferred income taxes		94,589		94,589	
<b>Net loss and total comprehensive loss for the year</b>		<u>(802,220)</u>	<u>(695,966)</u>	<u>(2,132,980)</u>	<u>(1,409,748)</u>
Net loss and total comprehensive loss attributable to:					
Shareholders of Golden Valley Mines		(189,698)	(349,324)	(1,232,734)	(977,852)
Non-controlling interest		(612,522)	(346,642)	(900,246)	(431,896)
		<u>(802,220)</u>	<u>(695,966)</u>	<u>(2,132,980)</u>	<u>(1,409,748)</u>
<b>Loss per share attributable to Golden Valley Mines shareholders</b>					
Basic and diluted loss per share	16	(0.002)	(0.004)	(0.014)	(0.011)

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, 2014**

(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, 2014</b>		89,601,356	22,853,604	328,352	2,393,819	16,729	(14,715,129)	10,877,375	677,569	11,554,944
Share-based payments	14.2			4,905			4,905	239,429	244,334	
Share issue expenses		(16,433)					(16,433)		(16,433)	
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)	10,272,811	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	13	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	12.2	500,000	60,000	(15,000)			45,000		45,000	
Units issued for property acquisition	9							6,667	6,667	
Units issued for debt settlement	12.1							140,803	140,803	
Units issued by private placements	12.1							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)	10,309,250	2,367,827	12,677,077

**Golden Valley Mines Ltd.**  
**Consolidated Statement of Changes in Equity**  
**For the three and nine-month period ended September 30, 2014**

(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, 2013</b>		85,859,356	22,743,842	402,781	2,044,115	(11,551,543)	13,639,195	1,007,119	14,646,314
Share-based payments	12.2			1,710			1,710		1,710
Transactions with owners				1,710			1,710		1,710
Net loss and total comprehensive loss for the period						(628,528)	(628,528)	(85,254)	(713,782)
<b>Balance at June 30, 2013</b>		85,859,356	22,743,842	402,781	2,045,825	(12,180,071)	13,012,377	921,865	13,934,242
Share-based payments	12.2			187,994			187,994	339,037	527,031
Compensation warrants-expired				(135,000)	135,000				
Transactions with owners				(135,000)	322,994		187,994	339,037	527,031
Net loss and total comprehensive loss for the period						(349,324)	(349,324)	(346,642)	(695,966)
<b>Balance at September 30, 2013</b>		85,859,356	22,743,842	267,781	2,368,819	(12,529,395)	12,851,047	914,260	13,765,307

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, 2014**

(unaudited)  
(in Canadian dollars)

	Three-month period ended		Nine-month period ended	
	September 30,		September 30,	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Loss before income taxes	(896,809)	(695,966)	(2,227,569)	(1,409,748)
Adjustments				
Depreciation of property and equipment	2,483	1,935	7,019	8,875
Gain on the disposal of exploration and evaluation assets				(208,159)
Share-based payments	300,960	508,714	545,294	510,424
Shares issued for debt settlement	140,803		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		(3,916)		(3,162)
Changes in fair value of financial assets at fair value through profit or loss	121,120	22,445.55	163,591	133,022
Changes in working capital items				
Fees and other accounts receivable	6,911	(9,488)	(27,311)	(13,877)
Sales taxes recoverable	13,398	(2,053)	2,829	(53,957)
Prepaid expenses	(60,507)	(35,623)	(21,311)	(12,767)
Accounts payable and accrued liabilities	(160,268)	(86,989)	213,836	2,672
Cash flows from operating activities	(519,889)	(300,940)	(1,181,635)	(1,046,677)
<b>INVESTING ACTIVITIES</b>				
Acquisition of short-term financial assets	(342)	(440)	(301,022)	(1,201,011)
Disposal of short-term financial assets	125,000	263,906	425,000	1,617,711
Tax credits received	6,832	72,762	78,810	142,312
Additions to exploration and evaluation assets	(64,393)	(111,885)	(181,209)	(674,171)
Cash flows from investing activities	67,097	224,343	21,579	(115,159)
<b>FINANCING ACTIVITIES</b>				
Issuance of units by private placements	2,000,000		2,450,000	
Issuance of units by exercise of warrants	60,000		60,000	
Issuance of shares by exercise of stock options	22,750		25,303	
Share issue expenses	(4,449)		(20,882)	
Cash flows from financing activities	2,078,301		2,514,421	
<b>Net change in cash and cash equivalents</b>	1,625,509	(76,597)	1,354,365	(1,161,836)
Cash, beginning of period	281,239	361,750	552,383	1,446,989
Cash, end of period	1,906,748	285,153	1,906,748	285,153

**Cash transactions:**

Dividends received	342	439	1,022	1,010
Interest received	220	971	3,851	5,861
Interest paid	471	14	471	26

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, 2014**(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 June 30, 2014, the Corporation has a cumulated deficit of \$15,892,555 (\$14,715,129 as at December 31, 2013). 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.

**Golden Valley Mines Ltd.****Notes to the consolidated financial statements****For the three and nine-month period ended September 30, 2014**

(in Canadian dollars)

**4. BASIS OF PRESENTATION**

These interim financial statements cover the nine month period ended September 30, 2014 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 4 - Significant Accounting Policies, as described in the Company's annual audited financial statements for the year ended December 31, 2013. 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, 2013.

**5. CASH AND CASH EQUIVALENTS**

	September 30, 2014	September 30, 2013
	\$	\$
Cash	1,906,748	361,750

There is no balance on flow-through financings according to the restrictions imposed by these financing arrangements as at September 30, 2014 (\$258,644 as at September 30, 2013). The Corporation has to dedicate these funds to the exploration of Canadian mining properties exploration.

**6. SHORT-TERM FINANCIAL ASSETS**

	September 30, 2014	September 30, 2013
	\$	\$
Guaranteed investment certificates		
Guaranteed investment certificates, 0.95% (1% in 2013), maturing in January 2015 (January 2014 in 2013)	175,000	200,000
Money market investment funds	3,893	3,861
Mutual funds	107,327	105,998
Marketable securities in quoted mining exploration companies	333,878	163,278
Short-term financial assets	<u>620,098</u>	<u>473,137</u>

**7. 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, 2014, there is a balance of \$48,383 relating to these funds.



**Golden Valley Mines Ltd.**
**Notes to the consolidated financial statements**
**For the three and nine-month period ended September 30, 2014**

(in Canadian dollars)

**8. PROPERTY AND EQUIPMENT**

The carrying amount can be analysed as follows:

	<b>Property and equipment</b>				<b>Exploration and evaluation equipment</b>				
	Office furniture	Computer equipment	Leasehold improvement	Total	Automotive equipment	Machinery and equipment	Computer equipment	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Gross carrying amount</b>									
Balance at January 1 and September 30, 201	46,284	72,693	60,385	179,362	55,334		36,215	91,549	270,911
<b>Accumulated depreciation</b>									
Balance at January 1, 2014	33,496	62,614	59,155	155,265	55,334		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	35,788	66,725	59,770	162,284	55,334		35,557	90,891	253,175
<b>Carrying amount at September 30, 2014</b>	10,495	5,968	615	17,078			658	658	17,735

	<b>Property and equipment</b>				<b>Exploration and evaluation equipment</b>				
	Office furniture	Computer equipment	Leasehold improvement	Total	Automotive equipment	Machinery and equipment	Computer equipment	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Gross carrying amount</b>									
Balance at January 1 and September 30, 201	46,284	72,693	60,385	179,362	55,334	27,725	36,215	119,274	298,636
<b>Accumulated depreciation</b>									
Balance at January 1, 2013	30,451	57,751	56,252	144,454	47,104	27,725	20,372	95,201	239,655
Depreciation	2,531	3,648	2,698	8,877	8,230		8,842	17,072	25,949
Balance at September 30, 2013	32,982	61,399	58,950	153,331	55,334	27,725	29,214	112,273	265,604
<b>Carrying amount at September 30, 2013</b>	13,302	11,294	1,435	26,031			7,001	7,001	33,032

## Golden Valley Mines Ltd.

## Notes to the consolidated financial statements

For the three and nine-month period ended September 30, 2014

(unaudited)

(in Canadian dollars)

## 9. EXPLORATION AND EVALUATION ASSETS

The carrying amount can be analyzed as follows:

	Balance at January 1, 2014	Additions	Balance at June 30, 2014	Additions	Balance at September 30, 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	9,393	2,383,356
Line cutting	1,153,751	56	1,153,807		1,153,807
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	101,216	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	160,264	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		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	120,116	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, 2014

(unaudited)

(in Canadian dollars)

## 9. EXPLORATION AND EVALUATION ASSETS (continued)

	Balance at January 1, 2013		Balance at June 30, 2013		Balance at September 30, 2013	
	\$	\$	\$	\$	\$	\$
<b>Golden Valley Mines Ltd. Properties</b>						
Acquisition and claims maintenance	4,797,667	54,390	4,852,057	14,241	4,866,298	
Property option payments	312,500		312,500		312,500	
Drilling, excavation and related costs	3,244,395	182,696	3,427,091	3,852	3,430,943	
Technical and field staff	4,030,568	200,541	4,231,109	59,744	4,290,853	
Airborne geophysics	671,742		671,742		671,742	
Geophysics	2,268,422	1,600	2,270,022		2,270,022	
Line cutting	1,097,836	1,240	1,099,076		1,099,076	
Sampling and testing	710,017	35,841	745,858	23,964	769,822	
Travel and transport	1,736,342	19,127	1,755,469	6,591	1,762,060	
Program management and consultants	239,376		239,376	18,316	257,692	
Professional Fees	6,978		6,978		6,978	
Depreciation, insurance and office expenses	463,986	23,809	487,795	6,372	494,167	
Communications	55,434	690	56,124	343	56,467	
Option payments received	(1,068,104)		(1,068,104)		(1,068,104)	
Write-off of exploration and evaluation assets	(3,856,597)		(3,856,597)		(3,856,597)	
Government assistance	(1,447,228)		(1,447,228)		(1,447,228)	
Net expenses incurred during the period	13,263,334	519,934	13,783,268	133,423	13,916,692	
Exploration and evaluation assets transferred to subsidiaries	(2,464,773)		(2,464,773)		(2,464,773)	
Balance, end of the period	10,798,561	519,934	11,318,495	133,423	11,451,919	
<b>Abitibi Royalties Inc. Properties</b>						
Acquisition and claims maintenance	31,018	554	31,572	-	31,572	
Technical and field staff	7,232	644	7,876	1,819	9,695	
Program management and consultants	71,862	42,413	114,275	502	114,777	
Net expenses incurred during the period	110,112	43,611	153,723	2,321	156,044	
<b>Nunavik Nickel Mines Ltd. Properties</b>						
Acquisition and claims maintenance	1,739,181	9,308	1,748,489		1,748,489	
Technical and field staff	3,062	655	3,717	140	3,857	
Program management and consultants	2,031	167	2,198		2,198	
Airborne geophysics	290,304		290,304		290,304	
Government assistance	(128,092)		(128,092)		(128,092)	
Net expenses incurred during the period	1,906,486	10,130	1,916,616		1,916,756	
<b>Uranium Valley Mines Ltd. Properties</b>						
Acquisition and claims maintenance	1,567,349		1,567,349		1,567,349	
Technical and field staff	2,568		2,568		2,568	
Travel and transport	41,452		41,452		41,452	
Program management and consultants	1,007		1,007		1,007	
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	207,834	-	207,834		207,834	
<b>Summary</b>						
Mining rights	8,373,446	64,252	8,437,698	14,241	8,451,939	
Exploration and evaluation assets	7,520,330	509,423	8,029,753	121,644	8,151,397	
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)	
	13,022,994	573,675	13,596,669	135,885	13,732,554	

**Golden Valley Mines Ltd.**

**Notes to the consolidated financial statements**

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

The Corporation holds (together with its subsidiaries) 120 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. Notwithstanding that Cambrian has not incurred the expenditures required under the agreement, given current market conditions, the Corporation has not taken steps to terminate the Cambrian Option.

**Golden Valley Mines Ltd.**  
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**9. 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

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.

***Sirios Resources Ltd. - Sharks and Chechoo 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 Chechoo 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. On October 23, 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.

**Golden Valley Mines Ltd.**  
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**9. EXPLORATION AND EVALUATION ASSETS (continued)**

***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 Quebec.

Osisko, Agnico Eagle Mines Limited and Yamana Gold Inc. entered into an arrangement agreement dated April 16, 2014 pursuant to which Osisko agreed to transfer its Canadian Malartic assets to a new partnership that would ultimately be owned by Agnico and Yamana as to 50% each. The Malartic CHL Property, however, was not transferred to the partnership and is still held by Osisko.

***Porcupine Miracle Prospect - Landmuir 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 Mines 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, the company 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 equal to 3% of net smelter returns. Advance royalty payments of \$10,000 per annum are payable by the company commencing on July 17, 2017; the advance royalty payments will be deducted from the amounts payable under the royalty. The transaction received approval from the TSX Venture Exchange on July 16, 2014.

**10. LEASES**

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

	Within 1 year	1 to 5 years	Minimum lease payments due Total
	\$	\$	\$
September 30, 2014	56,121	42,091	98,213
September 30, 2013	54,995	96,241	151,236

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

Lease payments recognized as an expense during 2014 amount to \$ 42,091 (\$46,181 in 2013). 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. As of April 1, 2014, the Corporation sublet a portion of its Montreal office space to help reduce monthly expenses.

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11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	September 30, 2014	September 30, 2013
Others	\$	\$
Trade accounts	544,948	33,383
Wage and salaries payable	387,855	247,982
	<u>932,803</u>	<u>281,365</u>

**12. EQUITY**

**12.1 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.

**Non-Brokered Private Placement**

On May 30 and June 6, 2014, the Corporation closed a non-brokered private placement offering for gross proceeds of \$450,000, having issued 2,999,998 units (each a "Unit") at a per Unit price of \$0.15. Each Unit consisted of one common share in the capital of Golden Valley and one-half of one non-transferable share purchase warrant, each whole warrant entitling the holder to purchase one common share of Golden Valley at a per share price of \$0.22 for a period of 18 months from the closing of the offering.

The proceeds raised from this offering will be used by Golden Valley for general corporate purposes. All securities issued will be subject to a hold period of four months and one day from the date of closing of the offering in accordance with applicable securities legislation.

On July 17, 2014, Abitibi Royalties closed the non-brokered private placement it had previously announced. It has issued 800,000 of its common shares at a price of \$2.50 per share for gross proceeds of \$2,000,000. Mr. Rob McEwen who was the sole subscriber for this offering has also been granted the right to maintain his pro-rata ownership in the Company on future financings.

**Shares for debt issued by Abitibi Royalties**

On September 8, 2014, after receiving Exchange approval and pursuant to share for debt subscription agreements between Abitibi Royalties and its executive officers and directors, the company issued 38,055 common shares, at a price of \$3.70 per common share, in settlement of \$140,803 in accrued executive officer salary and director fees, covering the period from June 1, 2013 to July 31, 2014. This is the maximum number of shares in replacement of cash that could be issued in accordance with the policies of the Exchange.

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**12.2 Warrants**

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

	September 30, 2014		December 31, 2013	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Balance, beginning of reporting period	10,711,192	0.17	9,426,191	0.22
Granted	1,500,000	0.22	2,410,000	0.09
Exercised	(500,000)	0.09		
Expired	(3,466,196)	0.20	(1,124,999)	0.40
Balance, end of reporting period	<u>8,244,996</u>	<u>0.18</u>	<u>10,711,192</u>	<u>0.17</u>

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

Expiry date	September 30, 2014		December 31, 2013	
	Number	Exercise price	Number	Exercise price
		\$		\$
March 25, 2014			3,097,833	0.20
March 25, 2014			368,363	0.15
November 8, 2014	4,644,441	0.20	4,644,441	0.20
November 8, 2014	190,555	0.15	190,555	0.15
June 19, 2015	1,210,000	0.09	1,710,000	0.09
June 20, 2015	700,000	0.09	700,000	0.09
November 30, 2015	1,000,000	0.22		
December 5, 2015	500,000	0.22		
	<u>8,244,996</u>	<u>0.18</u>	<u>10,711,192</u>	<u>0.17</u>

**13. CONVERTIBLE UNSECURED DEBENTURE**

On December 20, 2013, the Corporation completed a private placement with SIDEX, Limited Partnership ("SIDEX") of a convertible unsecured debenture. This convertible unsecured debenture totalling \$100,000, is payable at the Corporation's discretion on December 20, 2016 in cash or in shares. Pursuant to the Agreement, the 12% interest shall be payable per semester in cash or common shares. The effective interest rate is 25%. The holder has an option to convert the debenture to common shares at any time prior to December 20, 2014 at \$0.07 per common share and at \$0.10 after December 20, 2014, until December 20, 2016. The Corporation has also issued 700,000 compensation warrants allowing SIDEX to subscribe to an additional 700,000 common shares at an exercise price of \$0.09 per share during a period of 18 months following the closing date.

On July 18, 2014, the Corporation issued 33,019 common shares at a deemed per share price of \$0.18 to SIDEX in settlement of \$6,000 of accrued interest to June 20, 2014.

	September 30, 2014		
	Debenture	Conversion option	Compensation warrants
	\$	\$	\$
Convertible unsecured debenture	<u>81,891</u>	<u>16,729</u>	<u>9,271</u>



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**14. EMPLOYEE REMUNERATION**

**14.1 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, 2014	September 30, 2013	September 30, 2014	September 30, 2013
	\$	\$	\$	\$
Salaries and group insurance	208,219	128,844	564,240	463,267
Share-based payments	300,960	508,714	545,294	510,424
Defined contribution State plans	12,398	9,953	32,150	44,907
	<u>521,577</u>	<u>647,511</u>	<u>1,141,684</u>	<u>1,018,598</u>
Less: salaries capitalized in exploration and evaluation assets	(14,757)	(40,368)	(31,574)	(151,505)
Salaries and other employee benefits expense	<u>506,820</u>	<u>607,143</u>	<u>1,110,110</u>	<u>867,093</u>

**14.2 Share-based payments**

The Corporation has in place a stock option plan under which officers, directors, employees and consultants are eligible to receive incentive stock options. Under the terms of this plan, 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:

	September 30, 2014		December 31, 2013	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding as at January 1	7,595,000	0.33	6,985,000	0.33
Granted	854,025	0.17	3,275,000	0.07
Exercised	(325,000)	0.07		
Cancelled			(920,000)	0.33
Expired	(605,000)	0.33	(1,745,000)	0.31
Outstanding as at September 30	<u>7,519,025</u>	<u>0.22</u>	<u>7,595,000</u>	<u>0.23</u>
Exercisable as at January 1 and September 30	<u>7,519,025</u>	<u>0.22</u>	<u>7,445,000</u>	<u>0.33</u>

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

The table below summarizes the information related to share options as at September 30, 2014:

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	790,000	0.50	1.23	790,000
October 5, 2016	2,225,000	0.35	2.02	2,225,000
July 23, 2017	700,000	0.15	2.81	700,000
August 1, 2018	2,950,000	0.07	3.84	2,950,000
June 30, 2019	854,025	0.17	4.75	854,025
	<u>7,519,025</u>	<u>0.22</u>		<u>7,519,025</u>

On June 30, 2014, the Corporation granted an aggregate 854,025 incentive stock options with an exercise price of \$0.17 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. The fair value of the stock options granted has been estimated using the Black-Scholes option-pricing model at \$100,821.

The weighted fair value of the granted options of \$0.12 (\$0.06 in 2013) was determined using the Black-Scholes option pricing model and based on the following weighted average assumptions:

	2014	2013
Share price at date of grant	\$ 0.18	\$ 0.07
Expected dividends yield	0%	0%
Expected weighted volatility	80.5%	134.1%
Risk-free interest average rate	1.53%	1.82%
Expected average life	5 years	5 years
Exercise price at date of grant	0.17	0.07

The underlying expected volatility was determined by reference to historical data of the Corporation's shares over the expected life of the options. No special features inherent to the options granted were incorporated into measurement of fair value.

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

On April 3, 2014, Nunavik Nickel Mines granted incentive stock options to directors, officers and consultants to purchase an aggregate 114,272 of the company's common shares. The options are exercisable at a price of \$0.065 until April 3, 2019 and are vested immediately. The fair value of the stock options granted has been estimated using the Black-Scholes option-pricing model at \$5,556.

On June 30, 2014, Abitibi Royalties has adopted a further amended and restated incentive stock option plan so as to convert its rolling 10% plan into a 20% fixed option plan (the "New Plan"). Pursuant to the New Plan options for an aggregate total of 1,740,200 common shares may be granted to its directors, officers, employees, consultants or management companies employees from time to time. The exercise price of each option is fixed by the Board of Directors, but shall not be less than the closing price of the Company's share on the trading day immediately prior to the date of grant less any discount permitted by the 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 (the "Exchange").

The New Plan has been approved by the disinterested shareholders of Abitibi Royalties at his annual general meeting on June 30, 2014 and by the Exchange subsequently in July 2014.

On September 27, 2013, Abitibi Royalties granted incentive stock options (the "Stock Options") pursuant to its New Plan to directors, officers and consultants entitling the purchase of an aggregate 860,000 common shares. The Stock Options are exercisable at a price of \$0.55 for a period of 5 years. The exercise of the Stock Options was subject to the receipt of disinterested shareholders approval, which was received on June 30, 2014.

On June 2, 2014, the four directors at the time, agreed to surrender for cancellation a portion of their stock options entitling them to purchase an aggregate of 130,000 common shares (32,500 each) such that the reserve under Abitibi Royalties's plan had sufficient room to provide for the grant of stock options to new directors.

On June 2, 2014, Abitibi Royalties granted an aggregate 150,000 incentive stock options at an exercise price of \$2.18 per common share to two consultants (who were subsequently elected to Abitibi Royalties's Board on June 30, 2014). The options are exercisable at the date of grant and expire 5 years from the date of grant on June 2, 2019. The fair value of the options granted, calculated using the Black-Scholes option-pricing model at the date of grant, was estimated to \$247,771.

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

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

A summary of the status of the Abitibi Royalties's incentive stock options as at September 30, 2014, is presented below:

	<u>Remaining life</u>	<u>Expiry Date</u>	<u>Options Number</u>	<u>Weighted average \$</u>
Issued on September 29, 2011	2 years	Sep 29, 2016	860,000	2.50
Issued on September 27, 2013	4 years	Sep 27, 2018	860,000	0.55
Cancelled options June 2, 2014			(130,000)	2.50
Issued on June 2, 2014	4.67 years	Jun 2, 2019	150,000	2.18
Cancelled options September 2, 2014			(40,000)	2.50
Cancelled options September 2, 2014			(40,000)	0.55
Issued on September 15, 2014	4.96 years	Sep 15, 2019	60,000	3.62
Issued on September 19, 2014	4.97 years	Sep 19, 2019	20,000	3.70
Total number of options outstanding			<u>1,740,000</u>	
Total outstanding and exercisable			<u>Outstanding</u>	<u>Exercisable</u>
As at September 30 2013			<u>1,720,000</u>	<u>860,000</u>
As at December 31 2013			<u>1,720,000</u>	<u>860,000</u>
As at September 30 2014			<u>1,740,000</u>	<u>1,740,000</u>

The fair value of the stock options granted on September 27, 2013 of \$0.39 per share for a total expense of \$333,396, as of December 31, 2013 (all of which related to equity-settled share-based payment transactions) has been reduced by \$ 12,897 to reflect the fact that shareholders approval was only obtained at the annual general meeting on June 30, 2014.

	<u>Incentive stock options issued on</u>			
	<u>September 27, 2013</u>	<u>June 2, 2014</u>	<u>September 15, 2014</u>	<u>September 19, 2014</u>
Share price at date of grant	\$0.53	\$2.20	\$3.62	\$3.50
Expected dividend yield	0%	0%	0%	0%
Expected volatility	100%	100%	100%	100%
Risk-free interest rate (based on 5 years Canada Bonds)	1.87%	1.56%	1.69%	1.71%
Expected life	4.24	5	5	5
Exercise price at date of grant	\$0.55	\$2.18	\$3.62	\$3.70

In reason of the limited trading history of the Abitibi Royalties' common shares, the underlying expected volatility was determined by reference to historical data of comparable mining exploration companies' share on the TSX Venture Exchange over the expected average life of the options. No special features inherent to the options granted were incorporated into measurement of fair value.

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**15. FINANCE INCOME**

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

	Three-month period ended		Nine-month period ended	
	September 30,	September 30,	September 30,	September 30,
	2014	2013	2014	2013
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Interest and dividend income from cash and short-term financial assets	562	1,410	4,873	6,871

**16. LOSS PER SHARE**

The calculation of basic loss per share is based on the 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 12 and 14.

Both the basic and diluted loss per share have been calculated using the loss attributable to owners of the Corporation as the numerator, i.e. no adjustment to the loss were necessary in 2014 and 2013.

	Three-month period ended		Nine-month period ended	
	September 30,	September 30,	September 30,	September 30,
	2014	2013	2014	2013
	<u></u>	<u></u>	<u></u>	<u></u>
Net loss attributable to shareholders of Golden Valley Mines Ltd.	(189,698)	(349,324)	(1,232,734)	(977,852)
Weighted average number of shares in circulation	90,258,487	85,859,356	90,988,694	85,859,356
Basic and diluted loss per share	(0.002)	(0.004)	(0.014)	(0.011)

**Golden Valley Mines Ltd.**  
**Notes to the consolidated financial statements**  
**For the three and nine-month period ended September 30, 2014**  
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**17. RELATED PARTY TRANSACTIONS**

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

Expenses incurred to related parties, including those expenses incurred following the preceding agreements.

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.

**17.1 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,	September 30,	September 30,	September 30,
	2014	2013	2014	2013
	\$	\$	\$	\$
Short-term employee benefits				
Salaries including bonuses	60,168	28,928	182,152	170,826
Benefits	32,265	2,106	50,715	14,717
Director's fees <sup>(1)</sup>	62,837		262,920	
Total short-term employee benefits	155,270	31,034	495,787	185,543
Other transactions with key management				
Management Fees	4,125	4,125	12,375	23,338
Professional fees				30,000
Expenses capitalized in exploration and evaluation assets	24,365	22,578	70,955	94,063
Total other transactions with key management	28,490	26,703	83,330	147,401
Share-based payments	304,367	472,851	554,785	472,851
Total remuneration	488,127	530,588	1,133,902	805,795

<sup>(1)</sup> This amount represents director's fees . Abitibi Royalties paid \$130,000 to its three independent directors of which some of this amount was paid in shares. Also, \$29,087 from Abitibi Royalties and \$103,833 from Golden Valley Mines have been deferred and not yet paid.

**Golden Valley Mines Ltd.**  
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**17.2 Abitibi Royalties Inc.**

**17.2.1 - Transactions with key management**

a) Management success fees agreement with 2973090 Canada Inc.

The Company entered into an agreement with 2973090 Canada Inc., a company owned and controlled by Glenn J. Mullan, the Company's CEO, to provide for payment of success fees to some or all of the Company's management upon completion by the company of certain types of transactions. No disbursement has been made under this agreement as of September 30, 2014.

On May 27, 2014, the Company entered into a Management Success Fee Agreement with 2973090 Canada Inc., a company of which Glenn J. Mullan is the sole shareholder, director and officer, as the "Trustee". This agreement provides that upon the Company completing a transaction or series of transactions (in either case, a "Transaction") pursuant to which:

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

The Company will cause its auditor to determine the value of the Transaction based on the value of the consideration received by the Company or its shareholders for the shares or assets subject to the Transaction. Once the value of the transaction has been determined, the Company will pay to the Trustee a success fee (the "Success Fee") which the Trustee will then allocate among the members of the Company's management (including its President, Chief Executive Officer and its Chief Financial Officer) and/or its key consultants. After consultation with the Company's 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 will be based on the value of the Transaction.

b) Advisory agreement with Red Cloud Mining Capital Inc.

The Company entered into advisory and corporate finance bonus agreements with Red Cloud Capital Mining Inc. Chad Williams, a director of the Company until June 30, 2014, is also the President of Red Cloud.

On April 10, 2014, the Company entered into an advisory agreement with Red Cloud Mining Capital Inc. ("Red Cloud") as a non-exclusive independent contractor to provide strategic advisory services to the Company. The term of the agreement is for a period of eight months until December 10, 2014. The Company will, subject to prior approval by the Exchange, issue Red Cloud 50,000 common shares in the capital of the Company and reimburse Red Cloud for reasonable out-of-pocket expenses incurred in performing the services. The Company has also entered into a Corporate Finance Bonus Agreement dated April 10, 2014 with Red Cloud which provides that in the event of a successful transaction completed by the Company, Red Cloud will be entitled, subject to the approval of the Exchange, to a finance bonus payable in cash or shares, at the discretion of the Company, based on the value of such transaction.

**Golden Valley Mines Ltd.**  
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**17.2.3 - Shares for debts**

On September 8, 2014, after receiving Exchange approval and pursuant to share for debt subscription agreements between the Company and its executive officers and directors, the Company issued 38,055 common shares, at a price of \$3.70 per common share, in settlement of \$140,803 in accrued executive officer salary and director fees, covering the period from June 1, 2013 to July 31, 2014. This is the maximum number of shares in replacement of cash that could be issued in accordance with the policies of the Exchange.

**17.3 - Uranium Valley Mines Ltd.**

**17.3.1 - Transactions with key management**

In July 2014, the Company 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 the Company 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, the Company 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 equal to 3% of net smelter returns. Advance royalty payments of \$10,000 per annum are payable by the Company commencing on July 17, 2017; the advance royalty payments will be deducted from the amounts payable under the royalty. The transaction received approval from the TSX Venture Exchange on July 16, 2014.

**17.4 - Nunavik Nickel Mines Ltd.**

On April 3, 2014, the Company granted incentive stock options to directors, officers and consultants to purchase an aggregate 114,272 of the Company's common shares. The options are exercisable at a price of \$0.065 until April 3, 2019 and are vested immediately. The fair value of the stock options granted has been estimated using the Black-Scholes option-pricing model at \$5,556.

On April 11, 2014, The Company issued 39,272 common shares for a consideration of \$2,553 on the exercise of stock options at a price of \$0.065 per share by Red Cloud Mining Capital Inc. ("Red Cloud"). Red Cloud was granted stock options as part of the consulting agreement described in Note 19.



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**18. CONTINGENCIES**

On May 30, 2014, following the approval by Osisko's shareholders of the plan of arrangement (the " Plan of Arrangement") among Osisko, Agnico Eagle Mines Limited and Yamana Gold Inc. dated April 16, 2014, Abitibi Royalties has filed a motion with the Québec Superior Court to institute proceedings for the issuance of an injunction for the protection and enforcement of its contractual rights under the joint venture (refer to Note 9 - EXPLORATION AND EVALUATION ASSETS). The Plan of Arrangement was approved by the Court after certain modifications ordered by the Court be made; the Malartic CHL Property is not being transferred to the partnership along with the other Canadian Malartic assets and will be retained by Osisko and the proposed 5% NSR to be granted on the Canadian Malartic assets does not include the Malartic CHL Property. In addition, Osisko undertook not to transfer the Malartic CHL Property without first notifying Abitibi Royalties.

Abitibi Royalties also advised the Court that, at this stage of the proceedings, its primary claim is that Osisko has triggered its right to re-acquire Osisko's 70% interest in the Malartic CHL Property, where recent exploration drilling has returned significant gold mineralization at the Odyssey Zones, as referenced in Abitibi Royalties' news released of April 23, 2014. On June 13, 2014, the Québec Superior Court ordered that the Company's claims be sent to arbitration without costs to either party. Abitibi Royalties initially appealed the Québec Superior Court's decision to hear the Company's claims in arbitration, but it has since dropped the appeal. The Company is considering all of its options in order to protect its rights and interests in the Malartic CHL Property, which may include proceeding with arbitration against Osisko.