



Golden Valley Mines Ltd.

Consolidated Interim Financial Statements, as at June 30, 2015 (Unaudited)

Golden Valley Mines Ltd.
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The attached consolidated interim financial statements have been prepared by Management of Golden Valley Mines Ltd. The Company's 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 June 30, 2015
(Unaudited)
(in Canadian dollars)

	Notes	June 30, 2015 \$	December 31, 2014 \$
ASSETS			
Current			
Cash and cash equivalents	5	1,911,173	1,347,620
Short-term financial assets	6	462,529	575,465
Other accounts receivable	7	99,398	40,126
Sales taxes recoverable		53,093	29,193
Tax credits receivable		7,067	40,362
Prepaid expenses		6,065	42,864
		<u>2,539,325</u>	<u>2,075,630</u>
Non-current			
Property and equipment	9	15,850	15,158
Exploration and evaluation assets	10	8,671,159	8,647,860
Investment		28,348,158	
Total assets		<u>37,035,167</u>	<u>8,663,018</u>
		<u>39,574,492</u>	<u>10,738,648</u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities			
Related parties controlled by directors	15.1	53,400	12,009
Short term portion of success fee liability		3,500,000	
Others	13	952,110	780,066
Funds held for third parties	8	6,376	
		<u>4,511,886</u>	<u>792,075</u>
Non-Current			
Long term portion of success fee liability		790,000	
Deferred income taxes		1,804,521	
		<u>2,594,521</u>	
Total liabilities		<u>7,106,407</u>	<u>792,075</u>
EQUITY			
Capital stock	14.1	23,730,476	23,494,150
Warrants	14.2		45,571
Contributed surplus		2,752,785	2,752,785
Deficit		(6,829,379)	(18,855,041)
Total equity attributable to owners of the parent company		<u>19,653,883</u>	<u>7,437,465</u>
Non-Controlling interest		12,814,202	2,509,108
Total equity		<u>32,468,085</u>	<u>9,946,573</u>
Total liabilities and equity		<u>39,574,492</u>	<u>10,738,648</u>

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

These consolidated financial statements were approved and authorized for issue by the Audit Committee of the Board of Directors on August 28, 2015.

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

(unaudited)
(in Canadian dollars)

	Notes	Three-month period ended		Six-month period ended	
		June 30, 2015 \$	June 30, 2014 \$	June 30, 2015 \$	June 30, 2014 \$
Revenues					
Royalties	7	17,568		272,105	
Dividends	7	112,522		180,053	
Geological fees		723	2,523	835	2,523
		<u>198,456</u>	<u>2,523</u>	<u>452,993</u>	<u>2,523</u>
Operating Expenses					
Salaries and other employee benefits	15.1	161,948	422,903	372,605	603,290
Office expenses		78,127	36,743	111,660	79,011
Management fees		4,125	4,125	8,250	8,250
Professional and legal fees		327,547	417,554	516,195	509,149
Advertising and exhibitions		8,252	21,695	20,430	23,773
Travelling		22,536	43,682	40,591	50,896
Exploration and evaluation expenditures		10,852	3,355	10,969	7,216
Royalty purchase	10	10,000		10,000	
Write-off of exploration and evaluation assets					
Part XII.6 and other taxes		2,437	2,372	5,050	9,002
Depreciation of property and equipment	9	3,258	2,601	6,471	4,536
Gain on the disposal of exploration and evaluation assets	18	4,288,110		(25,246,624)	
Loss (gain) on short-term financial assets disposal		(230)		1,282	
		<u>4,916,962</u>	<u>955,030</u>	<u>(24,143,121)</u>	<u>1,295,123</u>
Operating income (loss)		<u>(4,718,506)</u>	<u>(952,507)</u>	<u>24,596,114</u>	<u>(1,292,600)</u>
Finance income	16	175	940	2,384	
Change in fair value of financial assets at fair value through profit or loss	12	(629,863)	(15,044)	(1,659,126)	4,311
		<u>(629,688)</u>	<u>(14,104)</u>	<u>(1,656,742)</u>	<u>(38,160)</u>
Net income (loss) before income taxes		<u>(5,348,194)</u>	<u>(966,611)</u>	<u>22,939,372</u>	<u>(1,330,760)</u>
Deferred income taxes		(1,401,813)		1,804,521	
Net income (loss) and total comprehensive income (loss) for the period		<u>(6,750,007)</u>	<u>(966,611)</u>	<u>21,134,851</u>	<u>(1,330,760)</u>
Net income (loss) and total comprehensive income (loss) attributable to:					
Shareholders of Golden Valley Mines		(2,206,653)	(693,097)	11,743,474	(1,043,036)
Non-controlling interest		(1,807,371)	(273,514)	9,391,377	(287,724)
		<u>(4,014,024)</u>	<u>(966,611)</u>	<u>21,134,851</u>	<u>(1,330,760)</u>
Loss per share attributable to Golden Valley Mines shareholders					
Basic earnings (loss) per share	17	(0.023)	(0.008)	0.123	(0.012)
Diluted earning per share	17	(0.022)	-	0.120	-

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 six-month period ended June 30, 2015

(unaudited)
(in Canadian dollars)

	Note	Capital Stock	Warrants	Contributed Surplus	Equity Component of Convertible Debenture	Deficit	Total attributable to owners of the parent	Non-controlling interest	Total Equity
	Number	\$	\$	\$	\$	\$	\$	\$	
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
Share issue expenses		(2,145)					(2,145)		(2,145)
Share-based payments									
Units issued by exercise of stock options	300,000	21,000					21,000		21,000
Units issued by exercise of warrants	1,910,000	217,471	(45,571)				171,900		171,900
Change in interest of subsidiaries						(176,095)	(176,095)	235,913	59,818
Transactions with owners	2,210,000	236,326	(45,571)			(176,095)	14,660	235,913	250,573
Net loss and total comprehensive loss for the period						(2,206,653)	(2,206,653)	(1,807,371)	(4,014,024)
Balance at June 30, 2015	97,143,664	23,730,476	(0)	2,752,785		(6,829,379)	19,653,882	12,814,202	32,468,084

Golden Valley Mines Ltd.
Consolidated Statement of Changes in Equity
For the three and six-month period ended June 30, 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, 2014	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			3,183			3,183	(5,919)	(2,736)
Transactions with owners				3,183			3,183	(5,919)	(2,736)
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	16,729	(15,065,068)	10,530,619	657,440	11,188,059
Share issue expenses		(16,433)					(16,433)		(16,433)
Share-based payments				1,722			1,722	245,348	247,070
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		1,722			435,289	247,901	683,190
Net loss and total comprehensive loss for the period						(693,097)	(693,097)	(273,514)	(966,611)
Balance at June 30, 2014	92,601,354	23,287,171	328,352	2,398,724	16,729	(15,758,165)	10,272,811	631,827	10,904,638

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 six-month period ended June 30, 2015

(unaudited)
(in Canadian dollars)

	Three-month period ended		Six-month period ended	
	June 30,		June 30,	
	2015	2014	2015	2014
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net income (loss)	(4,014,024)	(966,611)	21,134,851	(1,330,760)
Adjustments				
Depreciation of property and equipment	3,258	2,601	6,471	4,536
Gain on the disposal of exploration and evaluation assets	4,288,110		(25,246,624)	
Share-based payments		247,070		244,334
Shares issued for debt settlement	-			
Accrued interest on debenture	-	4,629		9,164
Loss (gain) on disposal of short-term financial assets	(230)		1,282	
Changes in fair value of financial assets at fair value through profit or loss	629,863	15,044	1,659,126	42,471
Deferred tax expense	(1,401,813)		1,804,521	
Changes in working capital items				
Other accounts receivable	238,584	(22,359)	(59,272)	(34,222)
Sales taxes recoverable	5,907	(25,944)	(23,900)	(10,569)
Prepaid expenses	30,305	20,967	36,799	39,196
Accounts payable and accrued liabilities	160,038	417,508	223,453	374,104
Cash flows from operating activities	(60,002)	(307,095)	(463,293)	(661,746)
INVESTING ACTIVITIES				
Acquisition of short-term financial assets	(100,043)	(300,341)	(100,299)	(300,680)
Disposal of short-term financial assets	71,968	100,000	319,626	300,000
Tax credits received	33,927	11,677	33,927	71,978
Additions to exploration and evaluation assets	(63,503)	(57,568)	(127,501)	(116,816)
Purchase of property and equipment	(7,505)		(7,505)	
Disposal of exploration and evaluation assets transaction costs	(31,001)		(74,562)	
Cash flows from investing activities	(96,157)	(246,231)	43,686	(45,518)
FINANCING ACTIVITIES				
Issuance of shares by exercise of stock options	21,000	2,553	21,000	2,553
Issuance of units by private placements		450,000		450,000
Share issue expenses	(2,145)	(16,433)	(2,145)	(16,433)
Issuance of units by exercise of warrants	171,900		171,900	
Change in interest of subsidiaries	23,818		792,405	
Cash flows from financing activities	214,573	436,120	983,160	436,120
Net change in cash and cash equivalents	58,414	(117,206)	563,553	(271,144)
Cash, beginning of period	1,852,759	398,445	1,347,620	552,383
Cash, end of period	1,911,173	281,239	1,911,173	281,239

Cash transactions:

Dividends received	43	340	299	680
Interest received	132	3,525	2,085	3,631
Interest paid	20		84	

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 six-month period ended June 30, 2015
(in Canadian dollars)

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, 2015, the Corporation has a cumulated deficit of \$6,829,379 (\$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 June 30, 2015 and were prepared in accordance with International Financing Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), under International Accounting Standard ("IAS") 34 - Interim Financial Reporting. These interim financial statements were prepared using the same accounting policies, methods of computation and basis of presentation as outlined in Note 5 - Summary of Accounting Policies, as described in the Company's annual audited financial statements for the year ended December 31, 2014. The interim financial statements do not include all the notes required in annual financial statements and, accordingly, should be read in conjunction with the annual financial statements for the year ended December 31, 2014.

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

5. CASH AND CASH EQUIVALENTS

	June 30, 2015	December 31, 2014
	\$	\$
Cash	531,173	137,620
Demand deposits, 0.925%, redeemable at any time	1,275,000	1,125,000
Demand deposits, 0.7%, redeemable at any time	75,000	
Demand deposits, 0.65%, redeemable at any time	30,000	85,000
	<u>1,911,173</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 June 30, 2015 and 2014.

6. SHORT-TERM FINANCIAL ASSETS

	June 30, 2015	December 31, 2014
	\$	\$
Guaranteed investment certificates		
Guaranteed investment		
0.95% maturing in June		175,000
0.65% maturing in June	100,000	
Money market investment funds	854	3,901
Mutual funds		107,654
Marketable securities in quoted mining exploration companies	361,675	288,910
Short-term financial assets	<u>462,529</u>	<u>575,465</u>

7. OTHER ACCOUNTS RECEIVABLES

	June 30, 2015	December 31, 2014
	\$	\$
Dividend receivable from Yamana Gold Inc	66,418	
Others	32,980	40,126
	<u>99,398</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 June 30, 2015, there is a balance of \$6,295 relating to these funds.

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

9. PROPERTY AND EQUIPMENT

The carrying amount can be analysed as follows:

	Property and equipment				Exploration and evaluation equipment		
	Office furniture	Computer equipment	Leasehold improvement	Total	Computer equipment	Total	Total
	\$	\$	\$	\$	\$	\$	\$
Gross carrying amount							
Balance at January 1	46,282	72,693	60,385	179,360	36,215	36,215	215,575
Acquisition		3,797		3,797	3,708	3,708	7,505
Balance at June 30, 2015	46,282	76,490	60,385	183,157	39,923	39,923	223,080
Accumulated depreciation							
Balance at January 1, 2015	36,675	68,115	59,975	164,765	35,652	35,652	200,417
Depreciation	3,238	2,822	410	6,470	343	343	6,813
Balance at June 30, 2015	39,913	70,937	60,385	171,235	35,995	35,995	207,230
Carrying amount at June 30, 2015	6,369	5,553		11,922	3,928	3,928	15,850
	Property and equipment				Exploration and evaluation equipment		
	Office furniture	Computer equipment	Leasehold improvement	Total	Computer equipment	Total	Total
	\$	\$	\$	\$	\$	\$	\$
Gross carrying amount							
Balance at January 1 and June 30, 2014	46,284	72,693	60,385	179,362	36,215	91,549	270,911
Accumulated depreciation							
Balance at January 1, 2014	33,496	62,614	59,155	155,265	32,162	87,496	242,761
Depreciation	1,403	2,723	410	4,536	3,301	3,301	7,837
Balance at June 30, 2014	34,899	65,337	59,565	159,801	35,463	90,797	250,598
Carrying amount at June 30, 2014	11,384	7,356	820	19,561	752	752	20,312

Golden Valley Mines Ltd.
Notes to the consolidated financial statements
For the three and six-month period ended June 30, 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	Balance at March 31, 2015	Additions	Balance at June 30, 2015
	\$	\$	\$	\$	\$	\$
Golden Valley Mines Ltd. Properties						
Acquisition and claims maintenance	4,925,117	12,010		4,937,127	12,526	4,949,653
Property option payments	312,500			312,500		312,500
Drilling, excavation and related costs	3,431,557			3,431,557		3,431,557
Technical and field staff	4,563,566	35,876		4,599,442	29,545	4,628,987
Airborne geophysics	671,742			671,742		671,742
Geophysics	2,383,411			2,383,411		2,383,411
Line cutting	1,153,807			1,153,807		1,153,807
Sampling and testing	771,830			771,830		771,830
Travel and transport	1,774,034	260		1,774,294	367	1,774,661
Program management and consultants	299,462	5,501		304,963	4,654	309,617
Professional Fees	6,978			6,978		6,978
Depreciation, insurance and office expenses	526,803	4,897		531,700	8,421	540,121
Communications	57,269	527		57,796	316	58,112
Option payments received	(1,682,035)			(1,682,035)		(1,682,035)
Write-off of exploration and evaluation assets	(3,974,450)			(3,974,450)		(3,974,450)
Impairment of exploration and evaluation assets	(4,381,156)			(4,381,156)		(4,381,156)
Government assistance	(1,494,095)			(1,494,095)		(1,494,095)
Net expenses incurred during the period	9,346,340	59,071		9,405,411	55,829	9,461,240
Exploration and evaluation assets transferred to subsidiaries	(2,464,773)			(2,464,773)		(2,464,773)
Balance, end of the period	<u>6,881,567</u>	<u>59,071</u>		<u>6,940,638</u>	<u>55,829</u>	<u>6,996,467</u>
Abitibi Royalties Inc. Properties						
Acquisition and claims maintenance	31,647		(6,462)	25,185		25,185
Technical and field staff	10,456	371	(4,384)	6,443	2,212	8,655
Program management and consultants	125,511	770	(124,974)	1,307		1,307
Geophysics			(450)	(450)		(450)
Depreciation, insurance and office expenses	450			450		450
Communications				-		-
Net expenses incurred during the period	<u>168,064</u>	<u>1,141</u>	<u>(136,270)</u>	<u>32,935</u>	<u>2,212</u>	<u>35,147</u>
Nunavik Nickel Mines Ltd. Properties						
Acquisition and claims maintenance	1,760,625	41,000		1,801,625		1,801,625
Technical and field staff	5,268	195		5,463	114	5,577
Program management and consultants	2,701			2,701	423	3,124
Airborne geophysics	290,304			290,304		290,304
Government assistance	(127,220)			(127,220)	(632)	(127,852)
Impairment of exploration and evaluation assets	(550,241)			(550,241)		(550,241)
Net expenses incurred during the period	<u>1,381,437</u>	<u>41,195</u>		<u>1,422,632</u>	<u>(95)</u>	<u>1,422,537</u>
Uranium Valley Mines Ltd. Properties						
Acquisition and claims maintenance	1,574,016	56		1,574,072		1,574,072
Technical and field staff	3,139	92		3,231		3,231
Travel and transport	41,452			41,452		41,452
Program management and consultants	2,726			2,726	67	2,793
Communication	60			60		60
Government assistance	(654)			(654)		(654)
Write-off of exploration and evaluation assets	(1,403,948)			(1,403,948)		(1,403,948)
Net expenses incurred during the period	<u>216,791</u>	<u>148</u>		<u>216,939</u>	<u>67</u>	<u>217,006</u>
Summary						
Mining rights	8,529,636	53,066	6,462	8,576,240	12,526	8,588,766
Exploration and evaluation assets	2,989,006	48,489	129,808	2,907,687	45,487	2,953,174
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)
	<u>8,647,860</u>	<u>101,555</u>	<u>136,270</u>	<u>8,613,145</u>	<u>58,013</u>	<u>8,671,159</u>

Golden Valley Mines Ltd.

Notes to the consolidated financial statements

For the three and six-month period ended June 30, 2015

(unaudited)

(in Canadian dollars)

10. EXPLORATION AND EVALUATION ASSETS (continued)

	Balance at January 1, 2014	Additions	Disposition	Balance at March 31, 2014	Additions	Balance at June 30, 2014
	\$	\$	\$	\$	\$	\$
Golden Valley Mines Ltd. Properties						
Acquisition and claims maintenance	4,865,581	6,130		4,871,711	10,314	4,882,025
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	32,726		4,455,563	33,235	4,488,798
Airborne geophysics	671,742			671,742		671,742
Geophysics	2,373,572	391		2,373,963		2,373,963
Line cutting	1,153,751	56		1,153,807		1,153,807
Sampling and testing	770,260			770,260		770,260
Travel and transport	1,762,637	740		1,763,377	199	1,763,576
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	8,315		509,115	8,556	517,671
Communications	56,715	320		57,035	234	57,269
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)		(1,447,228)
Net expenses incurred during the period	11,675,127	48,678		11,723,805	52,538	11,776,343
Exploration and evaluation assets transferred to subsidiaries	(2,464,773)			(2,464,773)		(2,464,773)
Balance, end of the period	9,210,354	97,356		9,259,032	105,076	9,311,570
Abitibi Royalties Inc. Properties						
Acquisition and claims maintenance	31,572			31,572		31,572
Technical and field staff	9,082	1,793		10,875	464	11,339
Program management and consultants	115,726			115,726	1,060	116,786
Depreciation, insurance and office expenses					9	9
Communications					558	558
Net expenses incurred during the period	156,380	1,793		158,173	2,091	160,264
Nunavik Nickel Mines Ltd. Properties						
Acquisition and claims maintenance	1,748,760	9,153		1,757,913	2,712	1,760,625
Technical and field staff	4,034	1,507		5,541	137	5,678
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)		(127,187)
Impairment of exploration and evaluation assets	(550,241)			(550,241)		(550,241)
Net expenses incurred during the period	1,366,964	11,565		1,378,529	2,849	1,381,378
Uranium Valley Mines Ltd. Properties						
Acquisition and claims maintenance	1,567,349			1,567,349		1,567,349
Technical and field staff	2,599	62		2,661	261	2,922
Travel and transport	41,452			41,452		41,452
Program management and consultants	1,007	168		1,175	111	1,286
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	230		208,095	372	208,467
Summary						
Mining rights	8,451,493	15,283		8,466,776	13,026	8,479,802
Exploration and evaluation assets	5,360,853	46,982		5,407,835	44,825	5,452,660
Exploration and evaluation assets transferred to subsidiaries	(2,464,773)			(2,464,773)		(2,464,773)
Disposal of a subsidiary	(406,009)			(406,009)		(406,009)
	10,941,564	62,265		11,003,829	57,851	11,061,680

Golden Valley Mines Ltd.

Notes to the consolidated financial statements

For the three and six-month period ended June 30, 2015

(in Canadian dollars)

10. EXPLORATION AND EVALUATION ASSETS (continued)

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

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

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

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

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

On 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.

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

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

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

Golden Valley Mines Ltd.

Notes to the consolidated financial statements

For the three and six-month period ended June 30, 2015

(in Canadian dollars)

10. EXPLORATION AND EVALUATION ASSETS (continued)

GZZ Properties - Golden Cariboo Resources Ltd. - Abitibi Greenstone Belt, Quebec and Ontario

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

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

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

Malartic CHL Prospect - Malartic, Quebec

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

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

Golden Valley Mines Ltd.

Notes to the consolidated financial statements

For the three and six-month period ended June 30, 2015

(in Canadian dollars)

10. EXPLORATION AND EVALUATION ASSETS (continued)

Malartic CHL 3% Royalty- Malartic, Quebec

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

Canadian Malartic 2% Royalty- Malartic, Quebec

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

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

Boston Bulldog Prospect - Kirkland Lake, Ontario

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

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

Marymac Prospect - Labrador Trough, Québec

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

Internet Royalty Search by Abitibi Royalties

On June 9, 2015, Abitibi Royalties launched its internet royalty search, by which it would reimburse a company for the renewal fees on existing claims or staking fees on new claims and receive in exchange a net smelter return royalty. The program offers junior mining companies an alternative to dropping potentially interesting claims or projects due to lack of funds. Projects have to meet specific criteria to be eligible, such as being located in the close vicinity of an existing mine and showing good geology or signs of mineralization. As at June 30, 2015, Abitibi Royalties had acquired a 2% NSR royalty from Tamarack Gold Resources for \$10,000. The amounts spent to acquire mining royalties are expensed.

Golden Valley Mines Ltd.
Notes to the consolidated financial statements
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11. LEASES

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

			Minimum lease
	Within 1 year	1 to 5 years	payments due
	\$	\$	Total
June 30, 2015	57,244	4,770	62,015
June 30, 2014	56,121	56,121	112,242

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

Lease payments recognized as an expense during 2015 amount to \$28,622 (\$28,061 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	June 30, 2015
		\$	\$
Yamana Gold Inc	3,549,695	3.76	13,346,853
Agnico Eagle Mines Limited	459,197	35.46	16,283,126
			29,629,979
Fair value of mandatory retention period			(1,281,821)
			<u>28,348,158</u>

Investments are presented at their fair value. A fair value adjustment of \$1,659,126 has been recorded for the six onths ended June 30, 2015. (\$629,863 in the quarter ended on June 30, 2015).

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2015	December 31, 2014
Others	\$	\$
Trade accounts	475,959	200,823
Wage and salaries payable	476,151	579,243
	<u>952,110</u>	<u>780,066</u>

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

14. EQUITY**14.1 Capital Stock**

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

Authorized

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

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

Private Placement

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

Shares issued for professional fees

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

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

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

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

	June 30, 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	(1,910,000)	0.09	(500,000)	0.09
Forfeited			(8,301,192)	0.20
Balance, end of reporting period	<u>1,500,000</u>	<u>0.22</u>	<u>3,410,000</u>	<u>0.15</u>

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

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

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

Golden Valley Mines Ltd.
Notes to the consolidated financial statements
For the three and six-month period ended June 30, 2015
(in Canadian dollars)
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		Six-month period ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	\$	\$	\$	\$
Salaries and group insurance	167,954	165,623	380,933	356,021
Share-based payments		247,070		244,334
Defined contribution State plans	4,242	19,752	13,091	19,752
	172,196	432,445	394,024	620,107
Less: salaries capitalized in exploration and evaluation assets	(10,248)	(9,542)	(21,419)	(16,817)
Salaries and other employee benefits expense	161,948	422,903	372,605	603,290

15.2 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:

	June 30, 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	(300,000)	0.07		
Cancelled			(325,000)	0.07
Expired	(495,000)	0.27	(755,000)	0.30
Outstanding as at June 30	6,574,025	0.22	7,369,025	0.22
Exercisable as at January 1 and June 30	6,574,025	0.22	7,369,025	0.22

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

15.2 Share-based payments (continued)

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

Expiry date	Outstanding options			Exercisable options
	Number of options	Weighted average exercise price	Weighted average remaining contractual life (years)	Number of options
		\$		
December 22, 2015	690,000	0.50	0.98	690,000
October 5, 2016	1,990,000	0.35	1.76	1,990,000
July 23, 2017	590,000	0.15	2.56	590,000
August 1, 2018	2,450,000	0.07	3.59	2,450,000
June 30, 2019	854,025	0.17	4.50	854,025
	6,574,025	0.22		6,574,025

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

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.

Restricted Share Unit Plan

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

16. FINANCE INCOME

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

	Three-month period ended		Six-month period ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Interest and dividend income from cash and short-term financial assets	\$ 175	\$ 940	\$ 2,384	\$ 4,311

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

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

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

Only share equivalents with exercise prices exceeding the average market price for the period of \$0.15 have been considered in the calculation of the diluted earnings per share.

	Three-month period ended		Six-month period ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Net income (loss) attributable to shareholders of Golden Valley Mines Ltd.	<u>(2,206,653)</u>	<u>(693,097)</u>	<u>11,743,474</u>	<u>(1,043,036)</u>
Weighted average number of shares in circulation - basic	95,476,741	90,546,410	95,210,294	90,076,494
Dilutive effect of stock options and warrants	3,040,000		3,040,000	
Weighted average number of shares in circulation - basic	<u>98,516,741</u>	<u></u>	<u>98,250,294</u>	<u></u>
Basic earnings (loss) per share	(0.023)	(0.008)	0.123	(0.012)
Diluted earnings per share	(0.022)		0.120	

18. SALE OF MALARTIC CHL PROSPECT BY ABITIBI ROYALTIES

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

After this transaction Abitibi Royalties retains the following:

- Shares in Yamana and Agnico Eagle for a value of \$33.5 million (as at March 19, 2015)
- a 3% net smelter return royalty on the Project
- a 2% net smelter return royalty on a portion of the Gouldie gold deposit at the Canadian Malartic mine
- 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 ⁽¹⁾	<u>(3,374,856)</u>
Fair value of consideration received	30,114,957
Less: Transaction costs	<u>(443,953)</u>
Fair value of consideration received net of transaction costs	29,671,004
Less: Book value of exploration and evaluation	<u>(136,270)</u>
Gain on the sale of the Malartic CHL Prospect (no tax impact) reported on March 13, 2015	<u>29,534,734</u>
Variation in transaction costs	1,890
Success fee payable as a result of the sale of the Malartic CHL prospect	(4,290,000)
Gain on the sale of the Malartic CHL Prospect (no tax impact) reported on June 30, 2015	25,246,624.00

⁽¹⁾ 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 :

	June 30, 2015	June 30, 2014
	\$	\$
Accounts payable and accrued liabilities included in exploration and evaluation assets	470	12,453
Accounts payable and accrued liabilities of transaction costs included in gain on disposal of exploration and evaluation assets		2,849
Common shares issued for the acquisition of a mineral property	36,000	
Common shares issued in consideration of payment of transaction costs included in gain on disposal of exploration and evaluation assets	367,500	
Success fee payable included in gain on disposal of exploration and evaluation assets	4,290,000	
Common shares received in consideration of disposal of exploration and evaluation assets net of the fair value of the retention period	30,114,957	

20. RELATED PARTY TRANSACTIONS

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

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

20.1 Transaction with key management

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

	Three-month period ended		Six-month period ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	\$	\$	\$	\$
Short-term employee benefits				
Salaries including bonuses ⁽¹⁾	74,495	62,789	184,526	121,984
Benefits	6,001	(914)	61,146	18,450
Director's fees ⁽²⁾	63,750	101,333	106,129	200,083
Total short-term employee benefits	144,246	163,208	351,801	340,517
Other transactions with key management				
Rent ⁽³⁾	36,000		36,000	
Management Fees	4,125	4,125	8,250	8,250
Expenses capitalized in exploration and evaluation assets	62,854	23,062	86,605	46,590
Professional Fees	8,177		8,177	
Success Fee included in gain on the disposal of exploration and evaluation assets	4,290,000		4,290,000	
Total other transactions with key management	4,401,156	27,187	4,429,032	54,840
Share-based payments				250,418
Total remuneration	4,545,402	190,395	4,780,833	645,775

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

⁽²⁾ An amount of \$67,500 (\$70,084 the Corporation and \$130,000 by Abitibi Royalties in 2014) has been accrued in director's fees which have been deferred and not yet paid.

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

⁽⁴⁾ 2973090 Canada Inc, received 300,000 common shares of Nunavik Nickel Mines at a deemed price of \$0.12. For further details on the transaction, please refer to Note 10 - Exploration and Evaluation Assets.

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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.

The agreement has, however, been triggered by the sale of the Malartic CHL Prospect on March 19, 2015. Following the sale of the Malartic CHL Property, the Board of Directors and the Trustee opened discussions which resulted, on May 16, 2015, in a second amendment to the Management Success Fees Agreement. On May 22, 2015, the Board of Directors approved the Management Success Fees Agreement by virtue of the sale of the Malartic CHL Prospect, and established that the amount of the Success Fee payable with respect to the sale is \$4,290,000 of which \$3,500,000 of the Success Fee is payable in one or more payments, from time to time as and when Abitibi Royalties has the funds available to do so, as determined by its Board of Directors, in accordance with the Management Success Fees Agreement. A first tranche of \$75,000 has been approved for payment and paid in August 2015. Abitibi Royalties and the Trustee have agreed, however, that portions of the remaining \$790,000 (the "Contingent Amount") will become payable in the same way but only as Proven and Probable Reserves are established on the Malartic CHL Project in accordance with National Instrument 43-101, provided that if Abitibi Royalties undergoes a Change of Control (as defined in the Management Success Fees Agreement), any remaining portion of the Contingent Amount that has not already become payable will be paid on the Change of Control.

21. CONTINGENCIES AND COMMITMENTS

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

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

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

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

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

Golden Valley Mines Ltd.**Notes to the consolidated financial statements****For the three and six-month period ended June 30, 2015***(in Canadian dollars)***22. SUBSEQUENT EVENTS**

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

Subsequent to June 30, 2015, the Corporation's Board of Directors implemented a new 2015 Stock Option Incentive Plan (the "2015 Plan") following receipt of approval by the Corporation's disinterested shareholders and by the TSX Venture Exchange. The 2015 Plan replaces the Corporation's prior stock option plan, which terminated on implementation of the 2015 Plan by the Board of Directors, and all incentive stock options then outstanding under the prior plan are now outstanding under and governed by the 2015 Plan.

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

Subsequent to June 30, 2015, Abitibi Royalties sold 15,000 of its Agnico Eagle shares at price of \$28.49 for a net proceed after brokerage commission of \$426,900.