Management's Discussion and Analysis
Golden Valley Mines Ltd.
For the period ended December 31, 2015
Dated: April 29, 2016

INTRODUCTION

The following is Management's Discussion and Analysis of the financial condition and results of operations of Golden Valley Mines Ltd. (the "**Company**" or "**Golden Valley Mines**") for the period ended December 31, 2015 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee. This discussion and analysis should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2015, and the related notes thereto. All figures are in Canadian dollars unless otherwise specified. The technical content in this Management's Discussion & Analysis has been prepared under the supervision of Glenn J. Mullan who is a "Qualified Person" as such term is defined in National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*.

Forward-Looking Statements

This document contains certain forward-looking statements. In some cases, words such as "plans", "expects", or "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipate" or "does not anticipate", "believe", "intend" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur, be achieved or continue, have been used to identify these forward-looking statements. These forward-looking statements are subject to a variety of risks and uncertainties beyond the Company's ability to control or predict and are not to be interpreted as guarantees for future performance. These forward-looking statements could cause actual events or results to differ materially from those anticipated in such forward-looking statements. All forward-looking statements speak only as of the date hereof and, except as required by law, the Company does not undertake any obligation to update or publicly release any revisions to such forward-looking statements to reflect events, circumstances, or changes in expectations after the date hereof. Accordingly, readers should not place undue reliance on such forward-looking statements.

NATURE OF OPERATIONS

Golden Valley Mines is a mineral exploration company whose assets and those of its subsidiaries (including the Reporting Subsidiaries (as hereinafter defined), include 91 exploration properties located in the following areas: (i) the Abitibi Greenstone Belt (Ontario and Québec); (ii) the James Bay, Mistassini and Otish regions of northern Québec; (iii) the Nunavik (Ungava and Labrador) region of northern Québec; (iv) the Athabasca Basin of Saskatchewan; and (v) the James Bay Lowlands of Ontario.

Golden Valley Mines' primary objective is to conduct basic exploration while the Company owns 100% of most of its properties. In instances where the exploration results are less than conclusive (such as when favourable geological conditions are encountered, but without an economically significant discovery) the Company will typically seek joint-venture partners (normally other public mining companies) to conduct follow-up exploration programs and continue the exploration effort. In most instances, Golden Valley Mines continues to act as the operator during the earn-in phase thus allowing the Company to reduce dilution to its share capital and decrease the amount of self-funded expenditures, while continuing exploration on these same properties with larger budgets than its own initial investment (most of the agreements allow the partner to earn into a property by incurring exploration expenditures typically over periods of three to six years). Furthermore, in addition to third party disbursements for exploration funding, the Company's option agreements typically provide for receipt by Golden Valley Mines of either cash or shares, or both from its partners and the retention of a free-carried interest or an NSR royalty. This allows the Company to focus primarily on other early-stage, 100%-owned properties while partners fund exploration on more expansive option/joint ventures and remote projects.

The Company has three subsidiaries: Abitibi Royalties Inc. ("Abitibi Royalties"), Nunavik Nickel Mines Ltd. ("Nunavik Nickel"), and Uranium Valley Mines Ltd. ("Uranium Valley"), together, the "Reporting Subsidiaries"). See section 3 herein, *Property Interests Assigned to the Reporting Subsidiaries*.

The information detailed in this report and pertaining to Abitibi Royalties, Nunavik Nickel, and Uranium Valley, has been extracted from Management's Discussion and Analysis prepared by each of the Reporting Subsidiaries and electronically filed with regulators, which are publicly available for viewing through the internet on the SEDAR website (www.sedar.com) under the respective issuer profile.

OVERALL PERFORMANCE

1. Exploration Activity:

A. Abitibi Greenstone Belt ("AGB") Grassroots Exploration Project, located in Québec and Ontario, 100%-owned Projects

The AGB properties are comprised of gold (47), copper-zinc-silver (25), nickel-copper-PGE (2), molybdenum (1) and cobalt-silver-nickel (2) prospects located in Québec (49) and Ontario (28). Golden Valley Mines' exploration strategy consists of a systematic approach designed to reduce grassroots exploration risk, and increase the possibility of exploration success, through the sequential exploration of a large number of grassroots properties. Preliminary fieldwork conducted over the Company's 100%-owned properties includes grid establishment, geophysical and/or geochemical surveys, prospecting, reconnaissance and grid mapping and sampling, with the objective of upgrading and advancing each property to the group of "drill-ready" prospects. This exploration pattern is consistently being repeated throughout the year as much as financial and logistical circumstances permit.

During the fourth quarter and year ended December 31, 2015, the Company's exploration work was focused on the completion of property compilations (for mandatory government assessment report filing and business development purposes), and on project generation activities directed to identifying and evaluating new opportunities.

2. Option and Joint Venture Properties Portfolio Review:

Abitibi Greenstone Belt Programs

A. Integra Gold Corp. ("Integra") Joint Venture – AGB

In 2008, the Company earned a 70% interest in the group of nine properties located on the AGB (Québec and Ontario) and a joint venture was formed thereon with Integra (the "GZZ-I JV"). The Company is the operator during the joint venture phase. In January 2012, the Company and Integra granted an option (the "GZZ-I Option") to Golden Cariboo Resources Ltd. ("Golden Cariboo") to acquire a 70% interest in certain properties comprising the GZZ-I JV. Upon the GZZ-I Option being exercised, Golden Valley Mines and Integra shall retain a combined 30% free carried interest to production (22.5% Golden Valley Mines/7.5% Integra).

A prospecting and sampling program was completed on the Matachewan Prospect at the beginning of October 2015. The report was filed for assessment purposes and the property claims renewed. No other exploration fieldwork was conducted on any of the other joint venture property claims during the year ended December 31, 2015.

B. <u>Golden Cariboo Resources Ltd. – GZZ Properties and GZZ-I Properties</u>

The Company granted an option to Golden Cariboo to acquire a 70% interest in certain properties held as to a 100% interest by the Company (the "GZZ Option") and located in the Abitibi Greenstone Belt of northwestern Québec and northeastern Ontario (the "GZZ Properties"). Concurrently, and subject to net smelter return royalty interests and advance royalty interests in favour of the original vendors (one of which is a director and officer of the Company), Golden Valley Mines and Integra granted an option to Golden Cariboo to acquire a 70% interest in certain properties located in the Abitibi Greenstone Belt of northwestern Québec (the "GZZ-I Option"); these properties are held as to a 70% interest by Golden Valley Mines and as to a 30% interest by Integra pursuant to a joint venture agreement 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". Golden Valley Mines is the operator during the Option phase.

No exploration fieldwork was conducted during the year ended December 31, 2015. The Option was terminated effective January 3, 2016, in accordance with its terms.

<u>James Bay Properties</u>

C. <u>Sirios Resources Ltd. – Cheechoo Prospect</u>

Golden Valley Mines currently owns a 55% interest in the Cheechoo gold project, with Sirios owning the remaining 45% interest. Under the terms of a revised JV agreement, Sirios may acquire Golden Valley Mines' remaining 55% interest subject to the following general conditions:

(a) Sirios must spend an aggregate $4,200,000 in exploration expenditures prior to June 13, 2016 (of which $3,172,213 has been indicated as spent as of January 31, 2016, leaving approximately $1,027,787 remaining);

(b) Sirios issued 9.9% of its share capital to Golden Valley Mines as of December 31, 2013 (2,898,374 shares, currently representing approximately 4% of Sirios); and

(c) Sirios must make a payment to Golden Valley Mines of $500,000 (cash or equivalent in SOI shares) prior to June 13, 2016 (notwithstanding the foregoing, Sirios shall have the obligation to pay in cash that portion of the $500,000 which would result in Golden Valley Mines becoming an insider of Sirios).

As additional consideration for the grant of the Option and in order for Sirios to acquire Golden Valley Mines' remaining 55% interest in the Cheechoo gold project, Sirios has granted to Golden Valley Mines a royalty (the "Royalty") equal to 4% of the net returns from all mineral products mined or removed from the Cheechoo gold project. Notwithstanding the foregoing, the royalty relevant to gold mineral products mined or removed from the Cheechoo gold prospect (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.

For additional details with respect to the exploration and filed work completed to date or to be completed on the Cheechoo project, as well as for the details on the expenditures made to date by Sirios on the project, please refer to Sirios' continuous disclosure documents available for viewing by the public through the internet at the SEDAR website (www.sedar.com) by accessing Sirios' issuer profile.

Property Interests Assigned to the Reporting Subsidiaries:

A. Abitibi Royalties Inc.

Golden Valley Mines holds an approximate 51% interest in Abitibi Royalties as at April 29, 2016.

As of the date of this Management's Discussion and Analysis, Abitibi Royalties holds interests in the following assets.

a) Sale of Malartic CHL Property – March 19, 2015

The Malartic CHL Property was acquired through staking by Golden Valley Mines in 2006. Golden Valley Mines and Osisko Mining Corporation ("**Osisko**") entered into an option agreement pursuant to which Osisko acquired a 70% interest in the Malartic CHL Property. Pursuant to an Amended and Restated Transfer and Assignment and Assumption Agreement dated March 31, 2011, among Abitibi Royalties, Golden Valley Mines, and Osisko, Golden Valley Mines' interest in the property was assigned to Abitibi Royalties.

On April 16, 2014, Osisko, Agnico Eagle Mines Limited ("**Agnico**") and Yamana Gold Inc. ("**Yamana**") entered into an arrangement agreement 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.

On March 19, 2015, Abitibi Royalties entered into an acquisition agreement with Canadian Malartic GP, a general partnership, Yamana and Agnico to sell its 30% free carried interest in the Malartic CHL Property in consideration for 3,549,695 shares of Yamana and 459,197 shares of Agnico and a 3% net smelter return royalty on the Malartic CHL Property. Based on the closing prices of the shares of Yamana ($4.93) and Agnico ($38.11) on the TSX (on February 20, 2015, the last trading day before the day the transaction was announced), the consideration received by Abitibi Royalties amounted to $35 million excluding the royalty.

Abitibi Royalties has recorded a gain of $25,158,174 on the sale of its 30% free carried interest in the Malartic CHL Property, which was calculated as follows:

Market value of consideration received		33,489,813
Less	Fair value of mandatory retention period [1]	(3,374,856)
Fair value of consideration received		30,114,957
Less	Transaction costs	(530,513)
	Success fee payable as a result of the sale of the Malartic CHL Prospect [2]	(4,290,000)
Fair value of consideration received net of transaction costs		25,294,444
Less	Book value of exploration and evaluation asset sold	(136,270)
Gain on the sale of the Malartic CHL Property (no tax impact)		25,158,174

(1) As per securities regulations, shares received from Agnico and Yamana were subject to a hold period of four months and one day.

(2) Effective March 11, 2016, the Board of Directors of Abitibi Royalties terminated the Management Success Fees Agreement and the unpaid balance of $4,157,110 was reversed.

As of the date of this Management's Discussion and Analysis, Abitibi Royalties holds interests in the following assets, as further described below:

a) 3,549,695 shares of Yamana and 444,197 shares of Agnico,

b) a 3% net smelter return royalty on the Malartic CHL Property,

c) a 2% net smelter return royalty on the Canadian Malartic Property, and

d) a 100% interest in the Luc Bourdon and Bourdon West Prospects, and

e) various royalty interests on early stage properties near operating mines.

b) Malartic CHL 3% NSR Royalty - Malartic, Québec

The area covered by the 3% net smelter royalty is located immediately east of the Canadian Malartic Mine operated by Agnico and 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. No value has been assigned to the 3% NSR royalty. See the news release of Abitibi Royalties publicly disseminated and filed with regulators on February 22, 2016.

Abitibi Royalties has not received any additional assay results or drill hole locations, since it last reported exploration results on February 23, 2015, and there are no assurances that all or any of the recent drilling at Odyssey has encountered additional mineralization on the Malartic CHL property that is covered by the Company's 3% NSR.

c) Canadian Malartic 2% NSR Royalty – Malartic, Québec

Also pursuant to a separate agreement, Golden Valley Mines assigned to Abitibi Royalties a 2% net smelter royalty interest (the "**NSR**") on a claim block originally acquired by Golden Valley Mines through staking and subsequently sold to Osisko. The NSR is located on a single claim just south of the Canadian Malartic main pit, and covers the historic Charlie Zones and the Eastern portion of the Gouldie Zone. Production on the 2% net smelter royalty area started in 2014 and total royalty payments of $348,795 were received: $191,869, covering the last two quarters of 2014, $80,236 for the first quarter of 2015 and $48,492 for the second quarter of 2015 and $28,198, as a final payment, received in October 2015. Canadian Malartic GP (50% owned by Agnico and Yamana) reported that mining at the Gouldie deposit, stopped at the end of June 2015.

d) McFauld's Lake ("Ring of Fire") Area – Bourdon Prospects

Abitibi Royalties holds a 100% interest in the Luc Bourdon and Bourdon West prospects (the "Bourdon Prospects"). Abitibi Royalties is now seeking new partnerships to fund future exploration programs and, if warranted by the results, to further develop the Bourdon Prospects.

The Abitibi Royalty Search

On June 9, 2015, Abitibi Royalties launched the "Abitibi Royalty Search", by which it would reimburse a company for the renewal fees on existing claims or staking fees on new claims and receive in exchange a net smelter return royalty. The program offers junior mining companies an alternative to dropping potentially interesting claims or projects due to a lack of funds. Projects have to meet specific criteria to be eligible, such as being located in the close vicinity of an existing mine and showing good geology or signs of mineralization. As of December 31, 2015, Abitibi Royalties had acquired royalties on eight properties for a total investment of $79,774 (of which one of the royalty agreements in the amount of $5000, was signed with Golden Valley Mines). The properties are located in the provinces of Québec, Ontario and Manitoba and in Turkey. The amounts spent to acquire mining royalties are expensed.

Further discussion and analysis of the financial condition and results of operations of Abitibi Royalties for the year ended December 31, 2015, is included in Abitibi Royalties' Management's Discussion and Analysis, which has been electronically filed with regulators by Abitibi Royalties and is available for viewing at the SEDAR website (www.sedar.com) under Abitibi Royalties' issuer profile.

B. Nunavik Nickel Mines Ltd.

Golden Valley Mines holds an approximate 60% interest in Nunavik Nickel as at April 29, 2016.

As of the date of this Management's Discussion and Analysis, Nunavik Nickel holds interests in the following assets.

a) Marymac Prospect

Nunavik Nickel holds a 100% interest in the Marymac Prospect located in the Labrador Trough of Québec. Nunavik Nickel acquired its interest in the Marymac Prospect pursuant to a Further Amended and Restated Property Transfer Agreement dated March 30, 2011, between Golden Valley Mines and Nunavik Nickel. The Marymac Prospect consists of 182 Map Designated Units that collectively encompass approximately 10,000 hectares. 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.

b) Fortin Property

The Fortin Property is located in the central part of Ducros Township, approximately 80 km northeast of the Town of Val-d'Or, Québec, and consists of five contiguous mining claims. Nunavik Nickel holds a 100% interest in this property, subject to a 1.5% NSR in favour of the original vendors. Nunavik Nickel retains the right to buy back the NSR at any time as follows: (i) 0.5% in exchange for $500,000; and (ii) 1% in exchange for $1,000,000. The Fortin Property is without known resources or reserves.

c) Shoot Out Prospect

The Shoot Out Prospect (Shoot Out East and Shoot Out West) consists of 161 claims covering a surface area of approximately 7,526 hectares located in the Raglan Belt of Northern Québec. Nunavik Nickel holds a 100% interest in this property. The Shoot Out Prospect is subject to a 3% NSR in favour of the original vendors, one of which is a director and officer of Nunavik Nickel.

d) 2973090 Canada Inc. - Boston Bulldog Prospect

On February 16, 2015, Nunavik Nickel was granted an option to acquire a 100% interest in the Boston Bulldog Prospect from 2973090 Canada Inc. ("2973090"). The Boston Bulldog Prospect is a group of three mineral claims located in Kirkland Lake, Ontario. In consideration of the grant of the option Nunavik Nickel paid 2973090 $5,000 to cover 2973090's costs of staking the property and issued 300,000 common shares to 2973090. Nunavik Nickel must incur mining operation expenditures of $50,000 by April 7, 2017 and must keep the property in good standing.

The property is subject to a 3% NSR, which in accordance with the terms of the option agreement, Nunavik Nickel can reduce from 3% to 2% NSR by paying $1,000,000 at any time on or before February 16, 2022. To this date there is no known mineral deposit on the Boston Bulldog Prospect. See "Related Parties Transactions" in this report.

The information detailed above has been extracted from Nunavik Nickel's issuer profile which is publicly available for viewing through the internet on the SEDAR website (www.sedar.com).

Further discussion and analysis of the financial condition and results of operations of Nunavik Nickel for the year ended December 31, 2015, is included in Nunavik Nickel's Management's Discussion and Analysis, which has been electronically filed with regulators by Nunavik Nickel and is available for viewing at the SEDAR website (www.sedar.com) under Nunavik Nickel's issuer profile.

C. Uranium Valley Mines Ltd.

Golden Valley Mines holds an approximate 37% interest in Uranium Valley as at April 29, 2016.

As of the date of this Management's Discussion and Analysis, Uranium Valley holds interests in the following assets.

a) Mistassini-Otish Basins Project

Uranium Valley holds a 100% interest in the Mistassini Otish Project.

On March 28, 2013, the Government of Québec announced it had decreed a "moratorium" on all exploration, development and mining for uranium. Following this announcement, Uranium Valley has indicated that it is of the view that it will be difficult and potentially impossible, to conduct exploration programs on its Otish and Mistassini prospects, which are located in Québec. Consequently, Uranium Valley's financial statements for the year ended December 31, 2012 reflect its decision to impair the carrying value of its uranium properties located in the Province of Québec. As a result, any further uranium exploration activities by Uranium Valley will be executed outside the Province of Québec.

b) 2973090 Canada Inc. - Porcupine Miracle Prospect

On July 3, 2014, Uranium Valley entered a Mining Option Agreement with 2973090 Canada Inc., ("2973090") pursuant which Uranium Valley has the option to acquire a 100% interest in the Porcupine Miracle Prospect. The Porcupine Miracle Prospect is constituted of four mineral claims located in the Langmuir Township in the province of Ontario, Canada. In consideration for the option, Uranium Valley agreed to issue to 2973090 common shares as follows: 133,332 common shares (which shares have been issued) 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 equal to 3% of net smelter returns. Advance royalty payments of $10,000 per annum are payable by Uranium Valley commencing on July 17, 2017; the advance royalty payments will be deducted from the amounts payable under the royalty. See "Related Parties Transactions" in this report.

Transfer of Listing to NEX

By letter dated November 3, 2015, the TSX Venture Exchange placed Uranium Valley on notice that its listing would be transferred to NEX if it did not, by May 3, 2016, resolve a continued listing deficiency under Exchange Policy 2.5. The deficiency identified relates to activity for an issuer classified as a Tier 2 Mining issuer. NEX is a separate board of the TSX Venture Exchange that provides a trading forum for listed issuers that have fallen below the Exchange's ongoing listing standards. Management of Uranium Valley has determined that it will take the required steps to transfer its listing to NEX and carry on its business as a NEX listed issuer.

Further discussion and analysis of the financial condition and results of operations of Uranium Valley for the year ended December 31, 2015, is included in Uranium Valley's Management's Discussion and Analysis, which has been electronically filed with regulators by Uranium Valley and is available for viewing at the SEDAR website (www.sedar.com) under Uranium Valley's issuer profile.

3. Calone Mining Company (S.L.) Ltd. ("Calone SL") /Calone Mining Ltd. ("Calone Canada"):

Calone Canada is Golden Valley Mines' wholly-owned Canadian subsidiary. During the year ended December 31, 2015, Calone Canada reviewed its previous holdings and others in Sierra Leone in terms of land status, access, recent work and general geological potential. Calone Canada continues to assess its alternatives.

SELECTED ANNUAL INFORMATION [1]

	2015	2014	2013
Total Revenue ($)	$770,406	$10,979	$10,131
Net income (loss) and total comprehensive income (loss) for the period ($)	$14,780,114	($6,794,166)	($4,001,532)
Basic earnings (loss) per share ($)	$0.08	($0.058)	($0.039)
Diluted earnings per share	$0.07	--	--
Total Assets ($)	$35,346,720	$10,738,648	$12,598,337
Total Liabilities ($)	$3,867,454	$792,075	$1,043,393

(1) This table represents selected annual information for the Company and its Subsidiaries.

DISCUSSION AND RESULTS OF OPERATIONS

In the year ended December 31, 2015, the Company reported a net income before income taxes of $17,420,912 compared to a net loss before income taxes of $6,977,980 for the same period in 2014. The gain of $25,158,174 realized on the sale of the Malartic CHL Property by Abitibi Royalties is a contributing factor towards the increase.

Revenues

Royalties of $348,795 were earned from the 2% NSR owned by Abitibi Royalties on the Canadian Malartic Property. In addition, Abitibi Royalties received dividend income of $420,117 as a shareholder of Agnico and Yamana.

An amount of $1,494 was generated from the Company's active option and joint-venture properties for the year ended December 31, 2015 ($10,979 for 2014).

Other Revenue

Other sources of income are interest and dividend income from cash and short-term financial assets ($16,693 for the year ended December 31, 2015 compared to $5,768 for 2014). The Company sold short-term investments held in its portfolio and realized a loss of $1,496 during the period ended December 31, 2015, compared to a gain of $41,713 in 2014.

The Company held money market investment and mutual funds having a market value of $854 as at December 31, 2015 as well as publicly traded securities comprised of common shares of third party optionees issued to the Company in accordance with the terms of certain property option agreements having a market value of $332,352 as at December 31, 2015 compared to $288,910 for the same period in 2014). The Company also has 2 guaranteed investment certificates. One in the amount of $10,000, at an interest rate of 0.65% maturing in August 2016 and the second in the amount of $900,000, at an interest rate of 1% maturing in December 2016).

Investments

	Number of shares held at December 31, 2015	Value at March 19, 2015	Value at December 31, 2015
Yamana Gold Inc.	3,549,695	16,825,554	9,122,716
Agnico Eagle Mines Ltd.	444,197	16,664,259	16,155,445
Fair value of retention period (1)		(3,374,856)	-
Total fair value		30,114,957	25,278,161
Variation during the period			(4,836,796)

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

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

As of December 31, 2015, Abitibi Royalties sold call option contracts, covering 355,000 shares of its holding in Yamana and 44,500 shares of its holding in Agnico, for total cash proceeds of US $122,030. The call options are exercisable until January 20, 2017 and January 19, 2018 at prices varying from US $40 to $45 for the contracts covering the Agnico shares and from US $5 to $12 for those on Yamana Shares. The obligations related to the call option contracts has been valued at December 31, 2015 at $124,579 and has been included in the accrued liabilities.

Non-Exploration Expenditures

For the year ended December 31, 2015, the Company recorded a total operating income of $21,689,119, as opposed to an operating loss of $6,834,507 in 2014.

The sale of the Malartic CHL Property was made without generating any immediate income tax payable. There is a potential tax liability on the capital gain to be realized on the eventual sale of those shares, which Abitibi Royalties has recognized by recording a deferred income tax liability of $2,640,798 at December 31, 2015.

The value of Abitibi Royalties' investment in the shares of Agnico and Yamana, received as consideration for the sale of the Malartic CHL Property, has to be shown at fair value. At December 31, 2015, Abitibi Royalties recorded an adjustment of $4,836,796 to reflect the variation in the fair value of the investment between March 19, 2015 and December 31, 2015.

The largest operating expense is impairment of exploration and evaluation assets in the amount of $1,984,179 ($2,544,373 in 2014).

The second largest operating expense, which is salaries and other employee benefits decreased to $953,467 for the year ended December 31, 2015 (compared to $3,017,119 in the prior year). Included in this amount are director's fees, in the amount of $74,543 ($70,084 in 2014 not being paid as a result of the austerity measures implemented in 2012 and reinstated in the third quarter of 2013) for Golden Valley Mines' directors that were paid in September by the issuance of shares and $98,629 ($130,000 in 2014) for Abitibi Royalties' directors fees paid or accrued.

Professional and legal fees decreased from $918,986 in 2014 to $771,642 in 2015. Part of the professional fees can be attributed to professional fees incurred by Abitibi Royalties for the year ended December 31, 2015, which amounted to $394,618. For further details, please review the Management Discussion and Analysis for Abitibi Royalties for the year ended December 31, 2015, which can be accessed under Abitibi Royalties' issuer profile at www.sedar.com.

The following expenditures - travelling (from $103,212 in 2014 to $76,792 for 2015) and advertising and exhibition (from $56,794 for 2014 to $32,143 for 2015) decreased. Office expenses increased to $170,632 for the year 2015 (compared to $145,511 for 2014). Management fees also increased from $16,500 in 2014 to $27,075 in 2015. Part XII.6 and other taxes decreased from $10,089 for 2014 to $5,779 for 2015.

Exploration Activities and Expenditures

For the year ended December 31, 2015, total investments in exploration and evaluation assets decreased to $6,687,723, compared to $8,647,860 as at December 31, 2014. In accordance to accounting policies, the Company reviewed certain of its exploration expenses and determined to record an amount of $2,092,435 as an impairment of exploration and evaluation assets.

The Company's and the Reporting Subsidiaries' property interests in Québec, Ontario and Saskatchewan are considered to be prospective for precious metals (i.e. gold, silver and platinum group metals), base-metals (i.e. nickel, copper, zinc, and cobalt), and energy minerals (i.e. uranium).

Over the course of the Company's 2015 exploration program in the year ended December 31, 2015, expenditures were allocated to the following activities: (i) regional and property compilation maps and reports for mandatory government assessment report filing and business development purposes; and (ii) project generation activities, directed at identifying and evaluating new opportunities.

The primary focus for the Company's project generation activities during the year ending December 31, 2015 was in the Abitibi Greenstone Belt ("AGB") region of Québec and Ontario. During the year ending December 31, 2015, a total of 32 claims units, covering 1,710 hectares were added to eight (8) existing properties. Claim acquisition and maintenance fees for this period on the Company's AGB properties amounted to $43,839.

No line cutting and geophysical surveys were conducted on any of the Company's AGB properties during the year ended December 31, 2015.

Technical and field staff expenditures amounted to $130,737 during the year ended December 31, 2015 for the Company's self-funded AGB Grassroots Exploration Project, project generation activities and/or related corporate developments, and $3,180 for the Golden Valley Mines/Integra Joint Venture related property costs.

No drilling activities were completed during 2015.

Related exploration program expenditures included $573 for sampling and testing, $20,457 for amortization, office and general expenses, $30,153 for program management and consultants, $2,650 for travel and transport, and $1,207 for communications, were incurred during the year ended December 31, 2015.

SUMMARY OF QUARTERLY RESULTS

The following selected financial information is for the 8 most recently completed quarters as derived from the Company's respective financial statements and notes thereto. The following information should be read in conjunction with the referenced financial statements, the notes to those statements and "Results of Operations" herein.

	Dec 15	**Sep 15**	**Jun 15**	**Mar 15**	**Dec 14**	**Sep 14**	**Jun 14**	**Mar 14**
Total revenues ($)	152,859	164,554	130,813	322,180	2,981	5,475	2,523	0
Net income (loss) ($)	2,262,625	(5,813,736)	(6,817,650)	25,148,875	(4,661,186)	(802,220)	(966,611)	(364,149)
Net earnings (loss) per share								
- Basic	(0.016)	(0.028)	(0.023)	0.147	0.04	(0.002)	(0.008)	(0.004)
- Diluted	(0.02)	(0.027)	(0.022)	0.139	0.04	(0.002)	(0.008)	(0.004)

FINANCIAL CONDITION

Liquidity and Capital Resources

As at December 31, 2015, the Company had cash and cash equivalents of $1,905,367 and a working capital deficiency of $496,586 compared to a positive working capital of $1,283,555 as of December 31, 2014. The working capital deficiency is the result of the accrual of the short term portion of the success fee related to the sale by Abitibi Royalties of its stake in the Malartic CHL Property. Effective March 11 2016 the Success Fee Agreement was terminated and the related liability reversed. Should this reversal have been reflected at December 31, 2015, the Company would have shown a positive working capital of $2,886,414.

During the year ended December 31, 2015, Abitibi Royalties collected an aggregate $747,914 from the exercise of incentive stock options. Golden Valley Mines collected $187,900 from the exercise of incentive stock options and warrants.

Contractual Obligations

<u>1. Golden Valley Mines Ltd.</u>

a) Office Lease

		Payments due by period	
Obligation	Total	1 year or less	2 years or more
Office Lease	$ 33,812	$ 33,812	$ -

b) Advisory Agreement

On April 4 2015, the Company entered into an advisory agreement with Maxit Capital LP to provide advisory services. The engagement is for an indefinite term and either Golden Valley Mines or Maxit may terminate the engagement at any time upon five days written notice to the other party. For its services under the engagement, Maxit is entitled to a fee on delivery of a fairness opinion in connection with a potential future transaction, should preparation of a fairness opinion be requested by Golden Valley Mines, and is entitled to a transaction fee should a potential future transaction be completed and, in certain circumstances, a termination fee should a transaction be announced by Golden Valley Mines and not completed, all plus any applicable taxes. Maxit is also entitled to be reimbursed for its reasonable out-of-pocket expenses incurred in entering into and providing services under the engagement. A transaction or termination fee may be paid in cash or satisfied by issuance of shares (subject to acceptance by the TSX Venture Exchange) at the election of Golden Valley Mines.

<u>2. Abitibi Royalties Inc.</u>

a) <u>Management Success Fees Agreement</u>

On May 28, 2014, Abitibi Royalties entered into an Amended and Restated Management Success Fees Agreement, as amended on September 11, 2014, with 2973090 Canada Inc., a company of which Glenn J. Mullan is the sole shareholder, director and officer, as the "Trustee" pursuant to which a success fee would be paid in certain circumstances.

Effective March 11, 2016, Abitibi's Board of Directors terminated the Management Success Fees Agreement. Prior to its termination, $132,890 was paid ($117,000 as at December 31, 2015 and

$15,890 in January 2016) under the terms of the Management Success Fees Agreement, with no further amounts payable. In March 2016, the liability of $4,157,110 representing the unpaid balance of the success fee was reversed.

b) Advisory Agreement

On February 2015, Abitibi Royalties entered into an advisory agreement with Maxit Capital LP to provide advisory services and a fairness opinion in relation with the sales of the Malartic CHL Property. The advisory fee and the fairness opinion was paid by the issuance of 100,791 common shares of Abitibi Royalties in April 2015.

FOURTH QUARTER

On November 13, 2015, Golden Valley Mines announced a non-brokered private placement offering pursuant to which it will issue up to 14,900,000 units (each a "Unit") at a per Unit price of $0.10 for gross proceeds of up to $1,490,000. Each Unit will consist of one common share in the capital of Golden Valley Mines and one non-transferable share purchase warrant, each warrant entitling the holder to purchase one common share of Golden Valley Mines at a per share price of $0.14 for a period of two years from the closing of the offering. The TSX Venture Exchange provided its conditional acceptance of the financing on November 26, 2015, and the first tranche of the offering closed on November 30, 2015. The second and final tranche of the offering closed on January 25, 2016, and the Exchange issued its final acceptance of the offering on February 3, 2016.

CAPITAL STOCK INFORMATION

Authorized

The Company is authorized to issue an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares without nominal or par value, issuable in one or more series with restrictions as determined by the Company's Board of Directors. The holders of the common shares of the Company shall be entitled to vote at all shareholder meetings and to receive such dividends as the Board of Directors of the Company in their discretion shall declare.

Issued and Outstanding

The following details the issued and outstanding securities of the Company as at April 29, 2016:

Common shares: 114,124,974

Preferred Shares: Nil

Escrowed Shares: Nil

Share Purchase Warrants: 16,400,000

Incentive Stock Options:

Expiry Date	Outstanding	Exercise Price
October 5, 2016	1,615,000	$0.35
July 23, 2017	520,000	$0.15
August 1, 2018	2,125,000	$0.07
June 30, 2019	654,025	$0.17

Expiry Date	Outstanding	Exercise Price
July 24, 2020	1,200,000	$0.11
TOTAL:	**6,114,025**	

Incentive stock options

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

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 at the day before the exercise was $0.115.

On September 1, 2015, Golden Valley Mines issued an aggregate 1,831,310 common shares in settlement of an aggregate of $201,444 in accrued management and director fees covering the period April 1, 2012 to June 30, 2015.

Exercise of Share Purchase Warrants

On June 18, 2016, 1,160,000 common shares were issued pursuant to the exercise of share purchase warrants at a price of $0.09 per warrant for a total of $149,400.

2015 Stock Option Incentive Plan

The Company's Board of Directors implemented a new 2015 Stock Option Incentive Plan (the "2015 Plan") following receipt of approval by the Company's disinterested shareholders and by the TSX Venture Exchange. The 2015 Plan replaces the Company'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 Company. 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 Company'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 Company'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.

<u>Abitibi Royalties Inc.</u>

a) <u>Exercise of incentive stock options</u>

In March 2015, 330,000 common shares were issued pursuant to the exercise of 225,000 incentive stock options at a price per share of $2.50, and 105,000 incentive stock options at a price per share of $0.55.

In August 2015, 28,792 common shares were issued pursuant to the exercise of incentive stock options at a price per share of $2.18.

In November 2015, 22,999 common shares were issued pursuant to the exercise of 7,084 incentive stock options at a price per share of $2.50 and 15,915 incentive stock options at 2.18.

In December 2015, 5,731 common shares were issued pursuant to the exercise of incentive stock options at a price per share of $2.18.

In January 2016, 755 common shares were issued pursuant to the exercise of incentive stock options at a price per share of $2.18.

In February 2016, 304 common shares were issued pursuant to the exercise of incentive stock options at a price per share of $2.18.

No incentive stock options were granted by Abitibi Royalties in 2015.

b) Restricted Share Units

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 Abitibi Royalties' 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 Abitibi Royalties 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 Abitibi Royalties. As of the date of this report 583,365 RSU had been granted to officers, directors and consultant of Abitibi Royalties.

c) Normal Course Issuer Bid

On October 2, 2015, Abitibi Royalties received the Exchange acceptance of its notice to commence a normal course issuer bid ("NCIB"). This approval allows Abitibi Royalties to purchase back up to 546,300 of its common shares (representing 5% of Abitibi Royalties total issued and outstanding common shares as of September 21, 2015) from October 6, 2015 to October 5, 2016. Common shares that will be purchased under the NCIB will be cancelled. As of December 31, 2015, Abitibi Royalties had repurchased and cancelled 25,500 of its common shares at a total cost of $65,868.

In 2016, to date, 35,700 common shares were repurchased and cancelled for a total of $118,382.

RELATED PARTIES TRANSACTIONS

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

	Twelve-Month Period ended December 31	
	2015	**2014**
Short-term employee benefits		
Salaries including bonuses (1)	469,490	371,329
Benefits	100,801	59,815
Director's Fees (2)	226,129	352,502
Total short-term employee benefits	796,420	783,646
Other transaction with consultants		
Rent (3)	49,816	
Management Fees	27,075	16,500
Expenses capitalized in exploration and evaluation assets	154,468	97,188
Professional Fees (4)	8,177	149,00
Success Fee included in gain on the disposal of exploration and evaluation assets (5)	4,290,000	
Total transactions with consultants	4,529,536	262,688
Share-based payments	85,250	1,829,467
Total remuneration	4,614,786	2,875,801

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

(2) An amount of $74,543 ($70,084 by the Company 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 private company controlled by Mr. Glenn J. Mullan, an officer and director of the Company. This amount represents 3 years of rent owing for the Val-d'Or Office. $7,816 paid by Abitibi Royalties to its President.

(4) In 2014, professional fees were paid by the issuance of shares to Red Cloud. 150,000 common shares of Abitibi Royalties. The fair value of $134,000, and 150,000 common shares of Nunavik Nickel at a fair value of $15,000.

(5) Effective March 11, 2016, the Board of Directors of Abitibi Royalties terminated the Management Success Fees Agreement and the unpaid balance of $4,157,110 was reversed.

The fees detailed above are equivalent to what the Company would otherwise pay to an unrelated third party in the industry and were completed in the normal course of the Company's operations.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off balance-sheet arrangements.

CORPORATE DEVELOPMENTS

<u>Golden Valley Mines Ltd.</u>

On March 15, 2016, Jimmy S.H. Lee was appointed as a director of Golden Valley Mines.

<u>Abitibi Royalties Inc.</u>

Mr. Ian J. Ball, the President of Abitibi Royalties since August 5, 2014,was appointed by the Abitibi Royalties' board of directors as President and CEO following the Annual General Meeting of Abitibi Royalties' shareholders held on June 25, 2015. Mr. Glenn J. Mullan, the former CEO of Abitibi Royalties, retained the office of Chairman of the Board.

Nunavik Nickel Mines Ltd.

Dr. C. Jens Zinke was appointed by the Board of Directors as President and CEO following the Annual General Meeting of Nunavik Nickel's shareholders held on June 25, 2015. Mr. Glenn J. Mullan, the former CEO of Nunavik Nickel, retained the office of Chairman of the Board.

OUTLOOK

The Company is actively searching and evaluating certain strategic business opportunities and potential acquisitions in the exploration/mining industry due to the current volatile financing conditions in capital markets. A number of internal reviews have recently been completed or are in progress for distressed companies and certain assets, both in Canada and abroad.

Furthermore, the general public market volatility that has continued to affect the overall state of the exploration industry has offered Golden Valley Mines new opportunities for its project generation ("PGEN") activities, where previously the demand for prospective land was at a much more competitive state. One of the Company's most important attributes is its ability to identify new high priority exploration opportunities and flexibility to adapt quickly to changing market conditions. Our exploration team routinely assesses government data and/or historical work reports to acquire prospective mining claims. The results of this grassroots exploration generative business model have led to the identification of new mineral discoveries (Co-Ag-Ni, Ni-Cu-PGE and Au-VMS) in the Abitibi Greenstone Belt on 100%-owned properties; it has also assisted the Company in the successful creation of several option/joint venture agreements allowing for diamond drilling, in particular on those projects on which reconnaissance work has already been completed to identify prospective drill targets. In this manner, the Company remains focused on its core business of early-stage acquisitions, PGEN and drill target definition, while working with partners to conduct the more expensive and detailed drill-based exploration programs.

POST-REPORTING DATE EVENTS

Option Agreement – BonTerra Resources Inc. – Lac Barry, Québec

On March 16, 2016, Golden Valley Mines entered into an option agreement with BonTerra Resources Inc. ("BonTerra") on the Lac Barry Prospect located in the Abitibi Greenstone Belt, northeast of Val-D'Or, Québec. In accordance with the option agreement, (i) BonTerra must issue to Golden Valley Mines such number of common shares in the capital of BonTerra having an aggregate value of $200,000 based on the closing price of BonTerra's shares on the Exchange on the day prior to the date that the Exchange issues its written acceptance of the option agreement and the transaction contemplated thereby, and (ii) BonTerra must incur expenditures in an aggregate amount of $2,000,000 over a three (3) year period.

Upon exercising the option, Golden Valley Mines shall retain a 15% free carried interest in the Lac Barry Prospect and a 3% net smelter royalty ("NSR"), with 1% of the NSR being subject to a buyback in favour of BonTerra for $1 million payable by BonTerra to Golden Valley Mines.

BonTerra has agreed to a $250,000 work commitment in the first year, which will consist of a detailed evaluation of all existing technical data on the property with the objective of implementing a follow-up drill program to Golden Valley Mines' initial results which confirmed three target categories.

Management Success Fees Agreement of Abitibi Royalties

Effective March 11, 2016, the Board of Directors of Abitibi Royalties terminated the Management Success Fees Agreement and the unpaid balance of $4,157,110 was reversed.

RISKS AND UNCERTAINTIES

The Company does not generate income or cash flows from its operations. As at December 31, 2015, the Company had an accumulated deficit of $10,947,451 ($18,855,041 as at December 31, 2014). These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern.

The Company'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 Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

Investment of Speculative Nature
Investing in the Company is of a highly speculative nature.

Nature of Mineral Exploration and Mining
There is no known mineral resource on any of the Company's property interests. Mineral exploration and development involves a high degree of risk, requires substantial expenditures and few properties that are explored are ultimately developed into producing mines.

Mineral Deposits and Production Costs; Metal Prices
The economics of developing mineral deposits are affected by many factors including variations in the grade of ore mined, the cost of operations, and fluctuations in the sales price of products. The value of the Company's mineral property interests is heavily influenced by metal prices. There can be no assurance that the prices of mineral products will be sufficient to ensure that the Company's properties can be mined profitably.

Exploration and Development Risks
Resource exploration and development is a speculative business, involving considerable financial and technical risks, including the failure to discover mineral deposits, market fluctuations and government regulations, which are beyond the control of the Company.

Additional Financing
Future exploration and development activities will require additional equity and debt financing. Failure to obtain such additional financing could result in delay or indefinite postponement of exploration and development of the property interests of the Company.

Permits and Licenses
The operations of the Company require licenses and permits from various governmental and non-governmental authorities. There can be no assurances that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations for its proposed projects.

Competition
The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company's, in the search for and the acquisition of

attractive mineral properties. There is no assurance that the Company will continue to be able to compete successfully with the competition in acquiring such properties or prospects.

Dependence on Key Individuals
The Company is dependent on a relatively small number of key personnel, the loss of any one of whom could have an adverse effect on the Company. The Company does not maintain key-person insurance on the lives of any of its key personnel. In addition, while certain of the Company's officers and directors have experience in the exploration of mineral producing properties, the Company will remain highly dependent upon contractors and third parties in the performance of their exploration and development activities. There can be no guarantee that such contractors and third parties will be available to carry out such activities on behalf of the Company or be available upon commercially acceptable terms.

Environmental and other Regulatory Requirements
The operations of the Company require permits from various levels of government. Such operations are subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Political Regulatory Risks
Any changes in government policy may result in changes to laws affecting the Company's ability to undertake exploration and development activities in respect of present and future properties.

Moratorium imposed by the Government of Québec
There is no assurance that the Company will be able to continue exploration on its uranium properties located in Québec.

Currency Risk
Currency fluctuations may affect the cash flow which the Company may realize from its operations, since most mineral commodities are sold in a world market in U.S. dollars. The Company's costs are incurred primarily in Canadian dollars.

Conflicts of Interest
The directors and officers of the Company will not be devoting all of their time to the affairs of the Company. Some of the directors and officers of the Company are also directors and officers of other companies, some of which are in the same business as Golden Valley Mines. The directors and officers of the Company are required by law to act in the best interests of the Company. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligation to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives.

Insurance

The Company does not have insurance to adequately protect itself against certain risks associated with mineral exploration. Even if they were to obtain insurance, the Company will remain at risk and will be potentially subject to liability for hazards which it cannot insure against or which it may elect not to insure against because of premium costs or other reasons.

Influence of Third Party Stakeholders

The lands in which the Company holds interests, or the exploration equipment and roads or other means of access which the Company intends to utilize in carrying out work programs or general exploration mandates, may be subject to interests or claims by third party individuals, groups or companies. In the event that such third parties assert any claims, the work programs of the Company may be delayed even if such claims are not meritorious. Such delays may result in significant financial loss and loss of opportunity for the Company.

Fluctuation in Market Value of Shares

The market price of a publicly-traded stock is affected by many variables not directly related to the corporate performance of the entity, including the market in which it is traded, the strength of the economy in general, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock. The future effect of these and other factors on the market price of the Company's shares on the Exchange cannot be predicted.

ADDITIONAL INFORMATION

Additional information about Golden Valley Mines may be obtained from the Company's website (www.goldenvalleymines.com) or through the SEDAR website (www.sedar.com) by accessing the Company's issuer profile.