Golden Valley Mines Ltd.

Interim Financial Statements
as at March 31, 2016 and 2015

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

Golden Valley Mines Ltd.
Consolidated Statement of Financial Position
As at March 31, 2016
(Unaudited)
(in Canadian dollars)

	Notes	March 31, 2016	December 31, 2015
		$	$
ASSETS			
Current			
Cash and cash equivalents	4	1,898,547	1,905,367
Short-term financial assets	5	2,164,525	1,243,206
Other accounts receivable	6	47,359	106,523
Sales taxes recoverable		53,815	24,389
Tax credits receivable		47,416	54,399
Prepaid expenses		24,508	36,984
		4,236,170	3,370,868
Non-current			
Property and equipment	7	7,598	9,968
Exploration and evaluation assets	8	6,542,591	6,687,723
Investment	10 - 14	34,858,615	25,278,161
Total assets		41,408,804	31,975,852
		45,644,974	35,346,720
LIABILITIES			
Current			
Accounts payable and accrued liabilities			
Related parties controlled by directors		17,698	23,219
Others		395,267	336,656
Derivative financial instrument	10	884,571	124,579
Short term portion of success fee liability	16		3,383,000
		1,297,536	3,867,454
Non-Current			
Long term portion of success fee liability	16		790,000
Deferred income taxes		3,775,320	2,640,798
		3,775,320	3,430,798
Total liabilities		5,072,856	7,298,252
EQUITY			
Capital stock	11.1	24,991,263	24,847,407
Warrants	11.2	424,448	161,250
Contributed surplus		2,812,260	2,812,260
Deficit		(4,867,571)	(10,947,451)
Total equity attributable to owners of the parent company		23,360,401	16,873,466
Non-Controlling interest		17,211,718	11,175,002
Total equity		40,572,118	28,048,468
Total liabilities and equity		45,644,974	35,346,720

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

Golden Valley Mines Ltd.
Consolidated Statement of Comprehensive Loss
For the three-month period ended March 31, 2016 and 2015
(Unaudited)
(in Canadian dollars)

	Notes	Three-month period ended March 31, 2016	March 31, 2015
		$	$
Revenues			
Royalties		1,542	254,537
Dividends		69,962	67,531
Geological fees			112
		71,504	322,180
Operating Expenses			
Salaries and other employee benefits	13.1	739,639	210,657
Office expenses		42,757	33,533
Management fees		25,032	4,125
Professional and legal fees		208,982	188,648
Advertising and exhibitions		11,140	12,178
Travelling		11,512	18,055
Exploration and evaluation expenditures		4,205	117
Royalty purchase	8	21,950	
Part XII.6 and other taxes		1,503	2,613
Depreciation of property and equipment	7	1,875	3,213
Reversal of success fee liability		(4,157,110)	
Gain on the disposal of exploration and evaluation assets	13		(29,534,734)
Loss (gain) on short-term financial assets disposal			1,512
		(3,088,514)	(29,060,083)
Operating income (loss)		3,160,018	29,382,263
Finance cost		(16,038)	
Finance income		2,828	2,209
Foreign exchange gain		105,972	
Change in fair value of financial assets at fair value through profit or loss		9,587,606	(1,029,263)
		9,680,368	(1,027,054)
Net income (loss) before income taxes		12,840,386	28,355,209
Deferred income taxes		1,134,522	3,206,334
Net income (loss) and total comprehensive income (loss) for the period		11,705,864	25,148,875
Net income (loss) and total comprehensive income (loss) attributable to:			
Shareholders of Golden Valley Mines		5,837,629	13,950,127
Non-controlling interest		5,868,235	11,198,748
		11,705,864	25,148,875
Income (loss) per share attributable to Golden Valley Mines shareholders			
Basic earnings (loss) per share	15	0.053	0.147
Diluted earning per share	15	0.051	0.14

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

Golden Valley Mines Ltd.
Consolidated Statement of Changes in Equity
For the three-month period ended March 31, 2016 and 2015
(Unaudited)
(in Canadian dollars)

	Note	Number	Capital Stock $	Warrants $	Contributed Surplus $	Deficit $	Total attributable to owners of the parent company $	Non-controlling interest $	Total Equity
Balance at January 1, 2016		109,974,974	24,847,407	161,250	2,812,260	(10,947,451)	16,873,466	11,175,002	28,048,468
Share issue expenses			(271,144)	263,198			(7,946)		(7,946)
Shares issued for conversion of debenture	12	4,150,000	415,000				415,000		415,000
Change in interest of subsidiaries						242,251	242,251	168,480	410,731
Transactions with owners		114,124,974	24,991,263	424,448	2,812,260	(10,705,200)	17,522,771	11,343,482	28,866,253
Net loss and total comprehensive loss for the period						5,837,629	5,837,629	5,868,235	11,705,864
Balance at March 31, 2016		114,124,974	24,991,263	424,448	2,812,260	(4,867,571)	23,360,400	17,211,717	40,572,117
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
Changes 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

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

Golden Valley Mines Ltd.
Consolidated Statement of Cash Flows
For the three-month period ended March 31, 2016 and 2015
(Unaudited)
(in Canadian dollars)

		For the three-month period ended	
		March 31, 2016	March 31, 2015
OPERATING ACTIVITIES		$	$
Net income (loss)		11,705,864	25,148,875
Adjustments			
Depreciation of property and equipment		1,875	3,213
Gain on the disposal of exploration and evaluation assets		-	(29,534,734)
Reversal of success fee liability		(4,157,110)	-
Share-based payments		526,925	-
Loss (gain) on disposal of short-term financial assets		-	1,512
Changes in fair value of financial assets at fair value through profit or loss		(9,587,606)	1,029,263
Deferred income tax expense		1,134,522	3,206,334
Changes in working capital items			
Fees and other accounts receivable		59,164	(297,856)
Sales taxes recoverable		(29,426)	(29,807)
Prepaid expenses		12,476	6494
Accounts payable and accrued liabilities		53,090	63,415
Cash flows from operating activities		(280,225)	(403,291)
INVESTING ACTIVITIES			
Acquisition of short-term financial assets		(300,000)	(256)
Disposal of short-term financial assets		35,000	247,658
Tax credits received		6,983	
Additions to exploration and evaluation assets		(54,317)	(63,998)
Payment of success fees		(15,890)	
Disposal of exploration and evaluation assets transaction costs			(43,561)
Cash flows from investing activities		(328,224)	139,843
FINANCING ACTIVITIES			
Issuance of shares by exercise of stock options			620,250
Issuance of units by private placements			170,000
Convertible unsecured debenture	12	415,000	
Share issue expenses		(10,255)	(21,663)
Derivative financial instruments		313,135	
Change in interest of subsidiaries		(116,251)	
Cash flows from financing activities		601,629	768,587
Net change in cash and cash equivalents		(6,820)	505,139
Cash, beginning of year		1,905,367	1,347,620
Cash, end of year		1,898,547	1,852,759

See Note 18 for additional information on cash flows

Cash transactions:

Dividends received			256
Interest received		2,828	1,953
Interest paid		318	64

Amounts paid or received for interest and dividend are reflected as operating cash flows

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

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. *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.

3. *BASIS OF PRESENTATION*

These interim financial statements cover the three-month period ended March 31, 2016 and were prepared in accordance with International Financing Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), under International Accounting Standard ("IAS") 34 - Interim Financial Reporting. These interim financial statements were prepared using the same accounting policies, methods of computation and basis of presentation as outlined in Note 4 - Summary of Accounting Policies, as described in the Company's annual audited financial statements for the year ended December 31, 2015. 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, 2015.

Golden Valley Mines Ltd.
Notes to the consolidated financial statements
For the three-month period ended March 31, 2016 and 2015
(Unaudited)
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4. *CASH AND CASH EQUIVALENTS*

	March 31, 2016	December 31, 2015
	$	$
Cash	1,898,547	1,825,367
Demand deposits, 0.7% and 0.65% (0.65% in 2015), redeemable at any time		80,000
	1,898,547	1,905,367

5. *SHORT-TERM FINANCIAL ASSETS*

	March 31, 2016	December 31, 2015
	$	$
Guaranteed investment certificates 0.65% to 1% maturing in August and December 2016	1,175,000	910,000
Money market investment funds	854	854
Marketable securities in quoted mining exploration companies	744,515	332,352
Undeposited certificates	244,156	
Short-term financial assets	2,164,525	1,243,206

6. OTHER ACCOUNTS RECEIVABLE

	March 31, 2016	December 31, 2015
	$	$
Royalties receivable	1542	
Dividends receivable	23,073	75,981
Interest receivable	770	769
Others	21,974	29,773
	47,359	106,523

Golden Valley Mines Ltd.
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7. *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	Automotive equipment	Machinery and equipment	Computer equipment	Total	Total
	$	$	$	$	$	$	$	$	$
Gross carrying amount									
Balance at January 1 and March 31, 2016	46,283	76,490	60,385	183,158	55,334	27,725	39,923	122,982	306,140
Accumulated depreciation									
Balance at January 1, 2016	43,068	73,168	60,385	176,621	55,334	27,725	36,491	119,550	296,171
Depreciation	1,557	316		1,873			497	497	2,370
Balance at March 31, 2016	44,625	73,484	60,385	178,494	55,334	27,725	36,988	120,047	298,541
Carrying amount at March 31, 2016	1,658	3,006		4,664			2,935	2,935	7,599

The carrying amount can be analysed as follows:

	Property and equipment				Exploration and evaluation equipment				
	Office furniture	Computer equipment	Leasehold improvement	Total	Automotive equipment	Machinery and equipment	Computer equipment	Total	Total
	$	$	$	$	$	$	$	$	$
Gross carrying amount									
Balance at January 1 and March, 2015	46,282	72,693	60,385	179,360	55,334	27,725	36,215	119,274	298,634
Accumulated depreciation									
Balance at January 1, 2015	36,675	68,115	59,975	164,765	55,334	27,725	35,652	115,221	270,485
Depreciation	1,619	1,389	205	3,213			94	94	3,307
Balance at March 31, 2015	38,294	69,504	60,180	167,978	55,334	27,725	35,746	115,315	283,293
Carrying amount at March 31, 2015	7,988	3,189	205	11,382			469	3,959	15,341

Golden Valley Mines Ltd.
Notes to the consolidated financial statements
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8. ***EXPLORATION AND EVALUATION ASSETS***

The carrying amount can be analyzed as follows

	Balance at January 1, 2016	Additions	Disposition	Impairment Write-off	Balance at March 31, 2016
	$	$	$	$	$
Golden Valley Mines Ltd. Properties					
Acquisition and claims maintenance	4,968,957	8,393			4,977,350
Property option payments	312,500				312,500
Drilling, excavation and related costs	3,431,557				3,431,557
Technical and field staff	4,694,303	26,699			4,721,002
Airborne geophysics	671,742				671,742
Geophysics	2,383,411				2,383,411
Line cutting	1,153,807				1,153,807
Sampling and testing	772,403				772,403
Travel and transport	1,776,683	148			1,776,831
Program management and consultants	329,615	3,646			333,261
Professional Fees	6,978				6,978
Depreciation, insurance and office expenses	547,260	6,354			553,614
Communications	58,476	183			58,659
Option payments received	(1,682,035)	(200,000)			(1,882,035)
Write-off of exploration and evaluation assets	(4,082,705)				(4,082,705)
Impairment of exploration and evaluation assets	(6,156,626)				(6,156,626)
Government assistance	(1,541,427)				(1,541,427)
Net expenses incurred during the period	7,644,899	(154,577)			7,490,322
Exploration and evaluation assets transferred to subsidiaries	(2,464,773)				(2,464,773)
Balance, end of the period	5,180,126	(154,577)			5,025,549
Abitibi Royalties Inc. Properties					
Acquisition and claims maintenance	25,185	2,500			27,685
Technical and field staff	8,655				8,655
Program management and consultants	1,307	1,060			2,367
Geophysics					
Depreciation, insurance and office expenses					
Communications					
Net expenses incurred during the period	35,147	3,560	-		38,707
Nunavik Nickel Mines Ltd. Properties					
Acquisition and claims maintenance	1,839,734	2,340			1,842,074
Technical and field staff	5,577				5,577
Program management and consultants	3,203	3,490			6,693
Airborne geophysics	290,304				290,304
Government assistance	(127,852)				(127,852)
Impairment of exploration and evaluation assets	(550,241)				(550,241)
Net expenses incurred during the period	1,460,725	5,830			1,466,555
Uranium Valley Mines Ltd. Properties					
Acquisition and claims maintenance	1,577,472				1,577,472
Technical and field staff	3,270				3,270
Travel and transport	41,452				41,452
Program management and consultants	2,782	55			2,837
Communication	60				60
Government assistance	(654)				(654)
Write-off of exploration and evaluation assets	(1,612,657)				(1,612,657)
Net expenses incurred during the period	11,725	55		-	11,780
Summary					
Mining rights	8,649,579	13,233			8,662,812
Exploration and evaluation assets	908,926	(158,365)			750,561
Exploration and evaluation assets transferred to subsidiaries	(2,464,773)				(2,464,773)
Disposal of a subsidiary	(406,009)				(406,009)
	6,687,723	(145,132)			6,542,591

Golden Valley Mines Ltd.
Notes to the consolidated financial statements
For the three-month period ended March 31, 2016 and 2015
(Unaudited)
(in Canadian dollars)

8. *EXPLORATION AND EVALUATION ASSETS (continued)*

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

8. *EXPLORATION AND EVALUATION ASSETS (continued)*

The Corporation holds (together with its subsidiaries) 91 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.

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

Pursuant to a binding term sheet dated June 12, 2012, as amended and restated on October 23, 2013, Sirios Resources Ltd. ("Sirios") provided the Corporation with notice (the "Option Notice") of its intent to acquire the remaining 55% interest in the Sharks and 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-month period ended March 31, 2016 and 2015
(Unaudited)
(in Canadian dollars)

8. *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). The Option was terminated in January 2016.

Lac Barry property - BonTerra Resources - Val-d'Or, Québec

On March 16, 2016, the Corporation 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 such number of common shares in the capital of BonTerra having an aggregate value of $200,000 (issued), 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 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.

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's initial results which confirmed three target categories.

Malartic CHL Prospect - Malartic, Québec

On March 19, 2015, Abitibi Royalties sold its 30% free carried interest in the Malartic CHL Prospect for a consideration in shares and a 3% net smelter return royalty. For more information on the transaction, please refer to Note 14 - Sale of Malartic CHL Prospect.

8. *EXPLORATION AND EVALUATION ASSETS (continued)*

Malartic CHL 3% Royalty- Malartic, Québec

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. 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.

Canadian Malartic 2% Royalty- Malartic, Québec

The 2% net smelter royalty is on a 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 total royalty payments of $348,795 were received in 2015. Canadian Malartic GP reported that mining at the Gouldie deposit stopped at the end of June 2015.

Abitibi Royalty Search

On June 9, 2015, Abitibi Royalties launched the "Abitibi Royalty Search", by which it would reimburse a company for the renewal fees on existing claims or staking fees on new claims and receive in exchange a net smelter return royalty. The program offers junior mining companies an alternative to dropping potentially interesting claims or projects due to a lack of funds. Projects have to meet specific criteria to be eligible, such as being located in the close vicinity of an existing mine and showing good geology or signs of mineralization. As at March 31, 2016, Abitibi Royalties spent 21,950 to acquire new royalties or finalize deals already announced. The amounts spent to acquire mining royalties are expensed.

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8. *EXPLORATION AND EVALUATION ASSETS (continued)*

Porcupine Miracle Prospect - Langmuir Township, Ontario

On July 3, 2014, Uranium Valley 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 Uranium Valley.

The Porcupine Miracle Prospect is constituted of four (4) mineral claims located in the Langmuir Township in the province of Ontario, Canada. In consideration for the option, Uranium Valley will issue 200,000 common shares as follows: 133,333 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 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, Nunavik Nickel 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.

9. *LEASES*

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

			Minimum lease payments due
	Within 1 year	1 to 5 years	Total
	$	$	$
March 31, 2016	19,321	-	19,321
March 31, 2015	57,244	19,081	76,325

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

Lease payments recognized as an expense during the three-month period ended March 31, 2016 amount to $19,321 ($14,311 in the same period of 2015). 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.

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10. *INVESTMENTS*

	March 31, 2016		December 31,
	Number of shares	Fair Value	2015
			$
Yamana Gold Inc.	3,549,695	13985798	9,122,716
Agnico Eagle Mines Limited	444,197	20872817	16,155,445
		34,858,615	25,278,161

Sale of Agnico Eagle Shares
On August 5, 2015, Abitibi Royalties sold 15,000 of its Agnico Eagle shares at a price of $28.49 per share.

Derivative financial instrument
Abitibi Royalties sold 9,058 call option contracts, covering 905,800 shares of its investment in Yamana and Agnico Eagle, for total cash proceeds of $313,135 ($259,273 USD). As at March 31, 2016, Abitibi Royalties has 13,053 (3,995 at December 31, 2015) call options contracts outstanding covering a total of 1,305,300 (399,500 at December 31, 2015) shares of its investment in Yamana and Agnico. The call options are exercisable until January 20, 2017 and January 19, 2018 at prices varying from $40 to $45 USD for the contracts covering the Agnico Eagle shares and from $5 to $12 USD for those on Yamana Shares.

11. *EQUITY*

11.1 *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.

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11.2 ***Warrants***

On March 18, 2016, 4,150,000 warrants were issued at an exercise price of $0.14 per share.

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

	March 31, 2016		December 31, 2015	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Balance, beginning of reporting period	12,250,000	0.14	3,410,000	0.15
Granted	4,150,000	0.14	10,750,000	0.14
Exercised			(1,910,000)	0.09
Expired				
Balance, end of reporting period	16,400,000	0.14	12,250,000	0.14

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

	March 31, 2016		December 31, 2015	
Expiry date	Number	Exercise price	Number	Exercise price
		$		$
November 30, 2017	11,750,000	0.14	11,750,000	0.14
December 5, 2017	83,333	0.22	83,333	0.22
December 5, 2017	416,667	0.14	416,667	0.14
March 18, 2018	4,150,000	0.14		
	16,400,000	0.14	12,250,000	0.14

The fair value of $0.06 each to the warrants issued as compensation warrants was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions:

		2016
Share price at date of grant	$	0.13
Expected dividends yield		0%
Expected weighted volatility		96%
Risk-free interest average rate		0.54%
Expected average life		2 years
Exercise price at date of grant		0.14

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

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11.2 *Warrants (continued)*

Nunavik Nickel Mines Ltd.
On January 30, 2015, 1,250,000 warrants were issued at an exercise price of $0.12 and 41,250 compensation warrants were issued at an exercise price of $0.10.

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

	March 31, 2016		December 31, 2015	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of reporting period	1,291,250	0.12	0	
Granted			1,291,250	0.12
Balance, end of reporting period	1,291,250	0.12	1,291,250	0.12

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

	March 31, 2016	
Expiry date	Number of warrants	Exercise price
		$
January 30, 2017	1,291,250	0.12

When granted, the fair value of the 41,250 warrants issued as compensation warrants was measured by the reference to the fair value of the equity instruments granted, the fair value of services received cannot be estimated reliably. The fair value of $4,877 was recorded for these warrants.

The fair value of $0.12 each to the warrants issued as compensation warrants was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions:

	2015
Share price at date of grant	$0.18
Expected dividends yield	0%
Expected weighted volatility	100%
Risk-free interest average rate	0.39%
Expected average life	2 years
Exercise price at date of grant	$0.10

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

(in Canadian dollars)

12. *CONVERTIBLE UNSECURED DEBENTURE*

On January 25, 2016, the Corporation issued a $415,000 principal amount convertible debenture to an arm's length existing shareholder, which constituted the second and final tranche of a non-brokered private placement offering.

The debenture was automatically convertible into Units of the Corporation at a deemed price of $0.10 per Unit upon confirmation from the TSX Venture Exchange that it has completed satisfactory background searches on the lender, who would become an insider of the Corporation on conversion of the debenture. On conversion, each Unit would be comprised of one common share in the capital of the Corporation and one non-transferable share purchase warrant, each warrant entitling the holder to purchase one common share of the Corporation at a per share price of $0.14 for two years from the date of issuance of the warrants.

The debenture automatically converted on March 18, 2016, into 4,150,000 Units of the Corporation. The warrants are subject to the condition that they cannot be exercised until such time as the Corporation obtains disinterested shareholder approval for the potential creation of the lender as a new control person.

All common shares issued on conversion of the debenture and shares which may be acquired upon the exercise of the warrants issued on conversion of the debenture are subject to a hold period until May 26, 2016, in accordance with applicable securities legislation and Exchange policy.

No finder's fees were paid in connection with the convertible debenture. The $415,000 gross proceeds raised from the debenture, will be used by the Corporation for general corporate purposes.

13. *EMPLOYEE REMUNERATION*

13.1 *Salaries and other employee benefits expense*

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

	March 31, 2016	March 31, 2015
	$	$
Salaries and other employee benefits	190,323	212,979
Share-based payments	526,925	
Defined contribution State plans	22,391	8,849
	739,639	221,828
Less: salaries capitalized in exploration and evaluation assets		(11,171)
Salaries and other employee benefits expense	739,639	210,657

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13.2 *Share-based payments*

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

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

	March 31, 2016		December 31, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of reporting period	6,114,025	0.17	7,369,025	0.22
Granted			1,200,000	0.11
Exercised			(550,000)	0.07
Cancelled			(1,250,000)	0.26
Expired			(655,000)	0.50
Outstanding, end of reporting period	6,114,025	0.17	6,114,025	0.17
Exercisable, end of reporting period	6,114,025	0.17	6,114,025	0.17

The table below summarizes the information related to share options as at March 31, 2016:

	Outstanding options			Exercisable options
Expiry date	Number of options	Weighted average exercise price	Weighted average remaining contractual life (years)	Number of options
		$		
October 5, 2016	1,615,000	0.35	0.76	1,615,000
July 23, 2017	520,000	0.15	1.56	520,000
August 1, 2018	2,125,000	0.07	2.59	2,125,000
June 30, 2019	654,025	0.17	3.50	654,025
July 24, 2020	1,200,000	0.11	4.57	1,200,000
	6,114,025	0.17		6,114,025

(in Canadian dollars)

13.2 *Share-based payments (continued)*

Abitibi Royalties Inc.

Incentive stock options

Abitibi Royalties has adopted a 20% fixed option plan (the "New Plan") in 2013. Pursuant to the New Plan, options, for an aggregate total of 1,740,200 common shares, may be granted to its directors, officers, employees, consultants or management companies employees from time to time. The exercise price of each option is fixed by the Board of Directors, but shall not be less than the closing price of Abitibi Royalties' share on the trading day immediately prior to the date of grant less any discount permitted by the Exchange; if no sales were reported, it shall be the sales closing price on the last trading day immediately prior to the date of grant on which sales were reported. The vesting period of the options shall be determined by the Board of Directors, in accordance with the rules and regulations of the TSX Venture Exchange.
There has been no incentive stock option issued in the three-month period ended March 31, 2016.

Termination of Management Success Fees Agreement

Effective March 11, 2016, Abitibi Royalties' Board of Directors terminated the Management Success Fees Agreement. Prior to its termination an amount of $132,890 (including an amount of $15,890 paid in January 2016) was paid out under the terms of the Management Success Fees Agreement, with no further amounts payable. Following this termination the remaining liability of $4,157,110 was reversed in the first quarter of 2016.

A summary of the status of Abitibi Royalties' incentive stock option plan for the reporting period is presented below:

	March 31, 2016		December 31, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of reporting period	1,224,978	1.61	1,612,500	1.69
Exercised	(1,059)	2.18	(387,522)	1.93
Outstanding, end of reporting period	1,223,919	1.61	1,224,978	1.61
Exercisable, end of reporting period	1,223,919	1.61	1,224,978	1.61

The Weighted average price at the date of exercise was $2.98 ($3.49 in 2015).

(in Canadian dollars)

13.2 *Share-based payments (continued)*

The table below summarizes the information related to outstanding share options as at March 31, 2016:

Range of exercise price	March 31, 2016 Outstanding options	
	Number of options	Weighted average remaining contractual life (year)
$0.55 to $1.00	587,500	2.41
$1.01 to $3.00	556,419	1.13
$3.01 to $4.00	80,000	3.25
	1,223,919	

Restricted Share Unit Plan

Abitibi Royalties' Board of Directors has implemented a RSU 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, 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 at March 31, 2016, 583,365 Share Units were granted (none as at December 31, 2015).

In January and March 2016, Abitibi Royalties granted 583,365 RSU to its officers, directors and consultant of which 145,841 vested immediately. The market price of its shares at the time of grant was as follows: $3.00 for the first grant of 72,500 RSU and $3.70 for the second grant of 510,865 RSU. Expiration dates for the two grants were respectively February 4, 2019 and March 16, 2019. 25% of the RSU granted vested immediately for a cost of $526,925 (included in contributed surplus) and none of the RSU vested were converted to common shares as at March 31, 2016.

Nunavik Nickel Mines Ltd.

Nunavik Nickel has adopted an incentive stock option plan pursuant to which directors, officers, 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 10% of the Nunavik Nickel's common shares issued and outstanding at the time of grant. The exercise price of each option is fixed by the Board of Directors, but shall not be less than the closing price of the Nunavik Nickel's share on the trading day immediately prior to the date of grant less any discount permitted by the Exchange; if no sales were reported, it shall be the sales closing price on the last trading day immediately prior to the date of grant on which sales were reported. The vesting period of the options shall be determined by the Board of Directors, in accordance with the rules and regulations of the Exchange.

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13.2 *Share-based payments (continued)*

A summary of the status of Nunavik Nickel's incentive stock option plan for the reporting period is presented below

	March 31, 2016		December 31, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of reporting year	793,199	0.18	1,008,199	0.18
Forfeited			(215,000)	0.19
Outstanding, end of reporting year	793,199	0.18	793,199	0.18

The table below summarizes the information related to stock options for the reporting period :

		March 31, 2016		December 31, 2015	
		Outstanding and exercisable options		Outstanding and exercisable options	
Exercise price	Expiry date	Number of options	Weighted average remaining contractual life (year)	Number of options	Weighted average remaining contractual life
0.20	July 24, 2017	675,000	1.58	675,000	1.58
0.07	April 3, 2019	60,000	3.25	60,000	3.25
0.08	November 20, 2019	58,199	3.87	58,199	3.87
		793,199		793,199	

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

Uranium Valley Mines Ltd.

The Uranium Valley has adopted an incentive stock option plan pursuant to which directors, officers, 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 10% of the Uranium Valley's common shares issued and outstanding at the time of grant. The exercise price of each option is fixed by the Board of Directors, but shall not be less than the closing price of the Uranium Valley's share on the trading day immediately prior to the date of grant less any discount permitted by the Exchange; if no sales were reported, it shall be the sales closing price on the last trading day immediately prior to the date of grant on which sales were reported. The vesting period of the options shall be determined by the Board of Directors, in accordance with the rules and regulations of the Exchange. As of December 31, 2015 and March 31, 2016, no options had been granted.

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

On March 19, 2015, Abitibi Royalties entered into a sell agreement with Canadian Malartic GP, a general partnership, Yamana and Agnico 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 and a 3% net smelter return royalty on the Project. Based on the prices of the shares of Yamana ($4.74) and Agnico ($36.29) on the TSX 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.

Abitibi Royalties engaged Maxit Capital LP as its financial advisor and Getz Prince Wells LLP as its legal advisor in connection with this transaction. The $367,500 advisory fees of Maxit Capital LP were paid by issuing 100,791 common shares. These fees are included in the transaction costs below.

The gain on this transaction has been determined 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 (including success fees of $132,890)	(663,403)
Fair value of consideration received net of transaction costs	29,451,554
Less: Book value of exploration and evaluation asset sold	(136,270)
Gain on the sale of the Malartic CHL Prospect (no tax impact)	29,315,284

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

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15. *EARNINGS (LOSS) PER SHARE*

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 either periods ended March 31, 2016 and 2015.

As at March 31, 2016, 22,514,025 warrants and stock options (10,779,025 warrants and stock option in 2015) were excluded from the calculation of diluted earnings per share attributable to shareholders of the Corporation.

	March 31, 2016	March 31, 2015
Net income (loss) attributable to shareholders of Golden Valley Mines Ltd.	5,837,629	13,950,127
Weighted average number of shares in circulation - basic	110,567,831	94,933,664
Dilutive effect of stock options and warrants	3,325,000	5,460,000
Weighted average number of shares in circulation - basic	113,892,831	100,393,664
Basic earnings (loss) per share	$ 0.05	$ 0.147
Diluted earnings per share	$ 0.05	$ 0.139

16. *RELATED PARTY TRANSACTIONS*

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

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

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16.1 *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.

	March 31, 2016	March 31 2015
	$	$
Short-term employee benefits		
Salaries including bonuses	127,690	110,031
Benefits	26,190	55,145
Director's fees [(1)]	53,750	42,379
Total short-term employee benefits	207,630	207,555
Other transactions with key management		
Rent [(2)]	4,985	
Management Fees	25,032	4,125
Professional Fees (3)	15,000	
Expenses capitalized in exploration and evaluation assets	27,755	23,751
Success Fee included in gain on the disposal of exploration and evaluation assets [(4)]	15,890	
Total other transactions with key management	88,662	27,876
Share-based payments	525,050	
Total remuneration	821,342	235,431

[(1)] An amount of $23,750 has been accrued in director's fees which have been deferred and not yet paid.

[(2)] $3000 paid to 2973090 Canada Inc., a company controlled by Mr. Glenn J. Mullan who is an officer and a director of the Corporation. $1,985 paid by Abitibi Royalties to its President.

[(3)] Consulting Fees paid to Jackie Koh, the spouse of Glenn J. Mullan, President and CEO of Golden Valley, pursuant to a consulting agreement related to corporate finance services dated January 1, 2016.

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

16. *RELATED PARTY TRANSACTIONS (continued)*

16.1 *Transactions with key management (continued)*

Abitibi Royalties - Transaction with key management

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 Abitibi Royalties. 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.

16.1 *Transactions with key management (continued)*

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

Termination of Management Success Fees Agreement

Effective March 11, 2016, the Board of Directors terminated the Management Success Fees Agreement. Prior to its termination, an amount of $132,890 was paid out under the terms of the Management Success Fees Agreement, with no further amounts payable. Following this termination, the remaining liability of $4,157,110 was reversed in the first quarter of 2016.

Nunavik Nickel Mines - Transaction with key management

In April 2015, Nunavik Nickel issued 300,000 of its common shares to acquire the Boston Bulldog Prospect from 2973090 Canada Inc. a private company wholly-owned and controlled by Glenn J. Mullan the CEO and a director of Nunavik Nickel.

Golden Valley Mines Ltd.
Notes to the consolidated financial statements
For the three-month period ended March 31, 2016 and 2015
(Unaudited)
(in Canadian dollars)

17. *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.

18. *ADDITIONAL INFORMATION - CASH FLOWS*

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

	March 31, 2016	March 31, 2015
	$	$
Accounts payable and accrued liabilities included in exploration and evaluation assets	9,116	-
Accounts payable and accrued liabilities of transaction costs related to the disposal of exploration and evaluation assets	-	32,892
Depreciation of exploration and evaluation equipment charged to exploration and evaluation assets	-	-
Common shares issued by subsidiary in consideration of payment of transaction costs included in gain on disposal of exploration and evaluation assets	-	367,500
Options on exploration and evaluation assets received as shares of quoted mining exploration companies included in short-term financial assets	200,000	-
Common shares received in consideration of disposal of exploration and evaluation assets net of the fair value of the retention period	-	30,114,957