# Golden Valley Mines Ltd.

## Condensed Consolidated Interim Financial Statements
## For the three and nine months ended
## September 30, 2017 and 2016

**(Expressed in Canadian dollars)**

**(UNAUDITED)**

# GOLDEN VALLEY MINES LTD.

## NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated 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 Statements of Financial Position**

(Unaudited)

| | Notes | | September 30, 2017 | | December 31, 2016 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current** | | | | | |
| Cash and cash equivalents | | $ | 6,435,972 | $ | 2,725,177 |
| Restricted cash | 11 | | 1,344,878 | | - |
| Short-term financial assets | 6 | | 1,821,503 | | 2,322,465 |
| Other assets | 7 | | 227,505 | | 168,746 |
| Prepaid expenses | | | 134,652 | | 21,965 |
| | | | 9,964,510 | | 5,238,353 |
| **Non-current** | | | | | |
| Property and equipment | | | 10,684 | | 11,642 |
| Investment in associate | 10 | | 394,443 | | - |
| Exploration and evaluation assets | 8 | | 3,139,641 | | 3,029,712 |
| Investments | 11 | | 30,632,669 | | 38,457,271 |
| **TOTAL ASSETS** | | $ | 44,141,947 | $ | 46,736,978 |
| ***LIABILITIES*** | | | | | |
| **Current** | | | | | |
| Accounts payable and accrued liabilities | | | | | |
| Due to related parties | 15 | $ | 36,154 | $ | 36,154 |
| Other liabilities | | | 268,415 | | 284,037 |
| Derivative financial instrument | 11 | | 619,355 | | 489,131 |
| | | | 923,924 | | 809,322 |
| **Non-Current** | | | | | |
| Deferred income taxes | | | 3,200,185 | | 3,826,422 |
| **Total liabilities** | | | 4,124,109 | | 4,635,744 |
| ***EQUITY*** | | | | | |
| Capital stock | 12 | | 26,992,970 | | 25,317,470 |
| Warrants | 12 | | 216,816 | | 424,448 |
| Contributed surplus | | | 5,027,128 | | 3,843,686 |
| Deficit | | | (11,151,690) | | (7,993,947) |
| **Total equity attributable to owners of the parent company** | | | 21,085,224 | | 21,591,657 |
| Non-Controlling interest | | | 18,932,614 | | 20,509,577 |
| **Total equity** | | | 40,017,838 | | 42,101,234 |
| **TOTAL LIABILITIES AND EQUITY** | | $ | 44,141,947 | $ | 46,736,978 |

Approved by the Board of Directors on November 20, 2017.

| | |
|---|---|
| "*Glenn J. Mullan*" | "*William D. McCartney*" |
| (signed Glenn J. Mullan) | (signed William D. McCartney) |
| Director | Director |

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

## GOLDEN VALLEY MINES LTD.

**Consolidated Statements of income (loss) and Statement of Comprehensive Income (loss)**

(Unaudited)

| | Notes | Three months ended September 30, 2017 | Three months ended September 30, 2016 | Nine months ended September 30, 2017 | Nine months ended September 30, 2016 |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Dividends | | $ 62,213 | $ 81,010 | $ 196,966 | $ 219,353 |
| Option Revenue | | - | - | 82,067 | - |
| Royalties | | - | - | - | 1,542 |
| Geological fees | | 7,988 | - | 9,040 | - |
| | | 70,201 | 81,010 | 288,073 | 220,895 |
| **Operating Expenses** | | | | | |
| Salaries and other employee benefits | 15 | 308,609 | 274,209 | 1,221,657 | 747,582 |
| Share-based compensation | 12 | 1,347,606 | - | 1,653,008 | 1,123,386 |
| Office expenses | | 65,248 | 28,434 | 142,308 | 106,316 |
| Management fees | | 41,550 | 46,319 | 124,650 | 94,151 |
| Professional and legal fees | | 252,554 | 269,197 | 899,482 | 820,917 |
| Advertising and exhibitions | | 11,645 | 65,343 | 97,148 | 89,795 |
| Travelling | | (6,650) | 16,007 | 117,150 | 51,542 |
| Exploration and evaluation expenditures | | 716 | 8,504 | 28,340 | 25,148 |
| Royalty purchase | 9 | - | 20,000 | 20,977 | 49,500 |
| Other | | - | 1,750 | - | 5,783 |
| Depreciation of property and equipment | | 677 | 775 | 2,032 | 4,884 |
| Reversal of success fee liability | 15 | - | - | - | (4,157,110) |
| Loss on exploration and evaluation assets | | 52,666 | - | 52,666 | 1,106,927 |
| | | 2,074,621 | 730,538 | 4,359,418 | 68,821 |
| **Operating income (loss)** | | (2,004,420) | (649,528) | (4,071,345) | 152,074 |
| **Other income (loss)** | | | | | |
| Finance cost | | (18,582) | (702) | (56,778) | (20,658) |
| Finance income | | 2,655 | 2,642 | 7,384 | 8,504 |
| Foreign exchange gain (loss) | | (230,946) | 1,005 | (402,907) | 118,576 |
| Reversal of liability component of flow-through shares | | - | - | 19,941 | - |
| Gain resulting from loss of control of subsidiary | 10 | - | - | 450,912 | - |
| Share of loss of an associate | | (22,648) | - | (22,648) | - |
| Change in fair value of investments | | 284,861 | 140,117 | (1,070,784) | 26,861,680 |
| | | 15,340 | 143,062 | (1,074,880) | 26,968,102 |
| **Net income (loss) before income taxes** | | (1,989,080) | (506,466) | (5,146,225) | 27,120,176 |
| Deferred income tax expense (recovery) | | (134,560) | (469,744) | (626,237) | 3,236,102 |
| **Net income (loss) and total comprehensive income (loss) for the period** | | $ (1,854,520) | $ (36,722) | $ (4,519,988) | $ 23,884,074 |
| **Net income (loss) and total comprehensive income (loss) attributable to:** | | | | | |
| Shareholders of Golden Valley Mines | | $ (1,561,757) | $ 735,955 | $ (3,322,469) | $ 12,118,815 |
| Non-controlling interest | | (292,763) | (772,677) | (1,197,519) | 11,765,259 |
| | | $ (1,854,520) | $ (36,722) | $ (4,519,988) | $ 23,884,074 |
| **Income (loss) per share attributable to Golden Valley Mines shareholders** | | | | | |
| Basic earnings (loss) per share | 14 | $ (0.012) | $ 0.006 | $ (0.027) | $ 0.107 |
| Diluted earning per share | 14 | $ (0.012) | $ 0.006 | $ (0.027) | $ 0.101 |

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

## GOLDEN VALLEY MINES LTD.

**Consolidated Statements of Changes in Equity**

(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, 2017** | | 116,103,577 | $ 25,317,470 | $ 424,448 | $ 3,843,686 | $ (7,993,947) | $ 21,591,657 | $ 20,509,577 | $ **42,101,234** |
| Share based payments | | - | - | - | 1,274,082 | - | 1,274,082 | - | **1,274,082** |
| Units issued by exercise of stock options | 12 | 1,235,000 | 219,290 | - | (90,640) | - | 128,650 | - | **128,650** |
| Units issued by exercise of warrants | 12 | 9,000,000 | 1,467,632 | (207,632) | - | - | 1,260,000 | - | **1,260,000** |
| Share issue expenses | | - | (11,422) | - | - | - | (11,422) | - | **(11,422)** |
| Loss of control of subsidiary | | - | - | - | - | - | - | (551,128) | **(551,128)** |
| Change in interest of subsidiaries | | - | - | - | - | 164,726 | 164,726 | 171,683 | **336,409** |
| | | 126,338,577 | 26,992,970 | 216,816 | 5,027,128 | (7,829,221) | 24,407,693 | 20,130,132 | **44,537,825** |
| **Net loss and total comprehensive loss for the period** | | | | | | (3,322,469) | (3,322,469) | (1,197,518) | **(4,519,987)** |
| **Balance at September 30, 2017** | | 126,338,577 | $ 26,992,970 | $ 216,816 | $ 5,027,128 | $ (11,151,690) | $ 21,085,224 | $ 18,932,614 | $ **40,017,838** |
| **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 based payments | | - | - | - | 643,469 | - | 643,469 | - | 643,469 |
| Units issued by exercise of stock options | 12 | 210,000 | 28,337 | - | - | - | 28,337 | - | 28,337 |
| Units issued by exercise of warrants | 12 | 1,499,998 | 210,000 | - | (2,137) | - | 207,863 | - | 207,863 |
| Share issue expenses | | - | (274,428) | 263,198 | - | - | (11,230) | - | (11,230) |
| Shares issued for conversion of debenture | | 4,150,000 | 415,000 | - | - | - | 415,000 | - | 415,000 |
| Change in interest of subsidiaries | | - | - | - | - | (150,122) | (150,122) | 1,993,506 | 1,843,384 |
| | | 5,859,998 | 378,909 | 263,198 | 641,332 | (150,122) | 1,133,317 | 1,993,506 | 3,126,823 |
| **Net income and total comprehensive income for the period** | | | | | | 12,118,815 | 12,118,815 | 11,765,259 | 23,884,074 |
| **Balance at September 30, 2016** | | 115,834,972 | $ 25,226,316 | $ 424,448 | $ 3,453,592 | $ 1,021,242 | $ 30,125,598 | $ 24,933,767 | $ 55,059,365 |

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

## GOLDEN VALLEY MINES LTD.

**Consolidated Statements of Cash Flows**

Unaudited

| | Note | Three months ended September 30, 2017 | Three months ended September 30, 2016 | Nine months ended September 30, 2017 | Nine months ended September 30, 2016 |
|---|---|---|---|---|---|
| ***OPERATING ACTIVITIES*** | | | | | |
| Net income (loss) | | $ (1,854,520) | $ (36,722) | $ (4,519,988) | $ 23,884,074 |
| Adjustments: | | | | | |
| Depreciation of property and equipment | | 677 | 776 | 2,032 | 4,884 |
| Amortization of exploration and evaluation assets | | 308 | 309 | 926 | 1,115 |
| Option revenue netted against exploration and evaluation assets | | 67,933 | - | 67,933 | - |
| Gain on the disposal of exploration and evaluation assets | | - | - | - | 1,106,927 |
| Gain resulting from loss of control of subsidiary | 10 | - | - | (450,912) | - |
| Share of loss in associate | 10 | 22,648 | - | 22,648 | - |
| Reversal of success fee liability | | - | - | - | (4,157,110) |
| Share-based payments | 12 | 1,347,606 | 18,709 | 1,653,008 | 1,115,821 |
| Changes in fair value of financial assets | | (236,042) | (140,117) | 1,119,603 | (26,861,680) |
| Deferred tax expense (recovery) | | (134,560) | (469,744) | (626,237) | 3,236,102 |
| | | (785,950) | (626,789) | (2,730,987) | (1,669,867) |
| Changes in working capital items | | | | | |
| Other accounts receivable | | (22,814) | 24,525 | (42,251) | 66,757 |
| Sales taxes recoverable | | 14,909 | 11,514 | (3,654) | (26,296) |
| Due from related party | | (55,346) | - | (55,346) | - |
| Prepaid expenses | | (111,380) | (17,400) | (123,257) | 1,216 |
| Accounts payable and accrued liabilities | | (12,924) | 156,379 | 49,671 | 182,453 |
| **Cash flows used by operating activities** | | (973,505) | (451,771) | (2,905,824) | (1,445,737) |
| | | | | | |
| ***INVESTING ACTIVITIES*** | | | | | |
| Acquisition of short-term financial assets | | (275,000) | - | (535,000) | (300,000) |
| Disposal of short-term financial assets | | 230,149 | 165,000 | 555,896 | 380,000 |
| Tax credits received | | - | 39,256 | 6,272 | 46,239 |
| Additions to exploration and evaluation assets | | (51,448) | (46,079) | (206,071) | (158,725) |
| Cash on loss of control of subsidiary | 10 | - | - | (536,673) | - |
| Purchase of property and equipment | | (2,000) | - | (2,000) | (8,660) |
| Payment of success fees | | - | - | - | (15,890) |
| Disposal of investments | 11 | - | - | 6,098,350 | - |
| **Cash flows from (or used by) investing activities** | | (98,299) | 158,177 | 5,380,774 | (57,036) |
| | | | | | |
| ***FINANCING ACTIVITIES*** | | | | | |
| Issuance of shares by exercise of stock options | | 73,400 | 23,750 | 128,650 | 26,200 |
| Convertible unsecured debenture | | - | - | - | 415,000 |
| Share issue expenses | | (4,219) | (3,284) | (11,422) | (13,539) |
| Issuance of units by exercise of warrants | 12 | 420,000 | 46,667 | 1,260,000 | 210,000 |
| Derivative financial instruments | 11 | 480,443 | - | 1,216,939 | 347,168 |
| Increase in restricted cash | 11 | (1,344,878) | - | (1,344,878) | - |
| Change in interest of subsidiaries | | (7,371) | 273,802 | (13,444) | 1,265,671 |
| **Cash flows from financing activities** | | (382,625) | 340,935 | 1,235,845 | 2,250,500 |
| | | | | | |
| **Net change in cash and cash equivalents** | | $ (1,454,429) | $ 47,341 | $ 3,710,795 | $ 747,727 |
| Cash, beginning of the period | | 7,890,401 | 2,605,753 | 2,725,177 | 1,905,367 |
| **Cash, end of the period** | | $ 6,435,972 | $ 2,653,094 | $ 6,435,972 | $ 2,653,094 |

See Note 17 for additional information on cash flows.

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

## 1) NATURE OF OPERATIONS

Golden Valley Mines Ltd. and its subsidiaries (hereinafter "the Company") specialize in identifying, acquiring and developing exploration and evaluation minerals in Canada as well as acquiring royalties.

Golden Valley Mines Ltd. is the parent company (and the ultimate parent company) of the following subsidiaries: Abitibi Royalties Inc. ("Abitibi Royalties"), Calone Mining Ltd. and Val-d'Or Mining Corporation (previously Nunavik Nickel Mines Ltd.). Subsidiaries have all been incorporated under the Business Corporations Act (British Columbia).

On July 31, 2017, the Company's subsidiary, Nunavik Nickel Mines Ltd., changed its name to Val-d'Or Mining Corporation. Effective August 1, 2017, the common shares of Val-d'Or Mining began to trade on the TSX Venture Exchange under the symbol "MZZ", and the common shares of Nunavik Nickel Mines Ltd. trading under "KZZ" were delisted.

## 2) BASIS OF PRESENTATION

These interim financial statements cover the nine months ended September 30, 2017 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 audited consolidated annual financial statements for the year ended December 31, 2016. 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, 2016.

## 3) SIGNIFICANT ACCOUNTING POLICIES

### *Principles of consolidation*

The Company's financial statements comprise the financial statements of Golden Valley Mines Ltd. and all of its subsidiaries until September 30, 2017. The significant entities of the Company are listed below. Principal activities of these entities, which are all incorporated in Canada, are mineral exploration and acquisition of royalties and have a reporting date of September 30.

## 3) SIGNIFICANT ACCOUNTING POLICIES (continued)

| | As at September 30, 2017 | As at December 31, 2016 |
|---|---|---|
| **Entity** | **Percentage of ownership** | |
| **Subsidiaries** (consolidated) | | |
| Abitibi Royalties Inc. | 49.14% | 49.45% |
| Val-d'Or Mining Corporation | 44.49% | 60.27% |
| Calone Mining Ltd. | 100.00% | 100.00% |
| **Investment in associate** (equity accounted) | | |
| International Prospect Ventures Ltd. (formerly "Uranium Valley Mines Ltd.") | 20.8% | 22.4% |

*Subsidiaries*

Subsidiaries are entities controlled by the Company. Control exists when an investor is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. Where the Company's interest in a subsidiary is less than 100%, the Company recognizes non-controlling interests. All intercompany balances, transactions, income, expenses, profits and losses, including unrealized gains and losses have been eliminated on consolidation.

When the Company ceases to have control; any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

For Abitibi Royalties Inc. ("Abitibi Royalties"), the Company has control through its own percentage holding in Abitibi Royalties combined with interest of certain members of its Board of Directors in Abitibi Royalties as well as its ability to appoint members of the Board of Directors and key management who have the ability to direct activities.

For Val-d'Or Mining Corporation ("Val-d'Or Mining"), the Company exercises control through its own percentage holding in Val-d'Or Mining combined with interest of certain members of its Board of Directors in Val-d'Or Mining as well as its ability to appoint key management who have the ability to direct its activities.

## 3) SIGNIFICANT ACCOUNTING POLICIES (continued)

*Associates*

Associates are entities, including unincorporated entities such as partnerships, over which the Company has significant influence and that are neither subsidiaries nor interests in joint arrangements. Significant influence is the ability to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies. In general, significant influence is presumed to exist when the Company has between 20% and 50% of voting power. Significant influence may also be evidenced by factors such as the Company's representation on the board of directors, participation in policy-making of the investee, material transactions with the investee, interchange of managerial personnel, or the provision of essential technical information. Associates are equity accounted for from the effective date of commencement of significant influence to the date that the Company ceases to have significant influence.

Results of associates are equity accounted for using the results of their most recent annual financial statements or interim financial statements, as applicable. Losses from associates are recognized in the consolidated financial statements until the interest in the associate is written down to nil. Thereafter, losses are recognized only to the extent that the Company is committed to providing financial support to such associates.

The carrying value of the investment in an associate represents the cost of the investment, including goodwill, a share of the post-acquisition retained earnings and losses, accumulated other comprehensive income ("AOCI") and any impairment losses. At the end of each reporting period, the Company assesses whether there is any objective evidence that its investment in associate is impaired.

The investment in associate relates to the Company's investment in Uranium Valley Mines Ltd. ("Uranium Valley"), which changed its name to "International Prospect Ventures Ltd" on October 26, 2017. In prior years and up to May 23, 2017, the Company had control over Uranium Valley. On May 23, 2017, the Company reviewed the criteria for previously consolidating Uranium Valley and determined it no longer controls Uranium Valley but just has significant influence. Consequently, the Company recognized the investment in Uranium Valley using the equity method (see Note 10).

## 4) RECENT ACCOUNTING PRONOUNCEMENTS

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company. Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

## 4) RECENT ACCOUNTING PRONOUNCEMENTS (continued)

*IFRS 9 - Financial Instruments*

In July 2014, the IASB published IFRS 9 which replaces IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking "expected credit loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

*IFRS 15 - Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15. The new standard is effective for fiscal years beginning on or after January 1, 2018 and is to be applied retrospectively. Early adoption is permitted. IFRS 15 will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. The Company is currently evaluating the impact of IFRS 15 on its consolidated financial statements.

*FRS 16 - Leases*

In January 2016, the IASB published IFRS 16 – Leases, which will replace IAS 17 – Leases. This IFRS eliminates the classification as an operating lease and requires lessees to recognise a right-of-use asset and a lease liability in the statement of financial position for all leases with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease, sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods, changes the accounting for sale and leaseback arrangements, largely retains IAS 17's approach to lessor accounting and introduces new disclosure requirements. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 with early application permitted in certain circumstances. The Company is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

## 5) USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the unaudited condensed interim consolidated financial statements requires management to undertake a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from these judgements and estimates. These estimates and judgements are based on management's best knowledge of the events or circumstances and actions the Company may take in the future.

The estimates are reviewed on an ongoing basis. Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed in Note 5 of the Company's 2016 consolidated annual financial statements and are still applicable for the period ended September 30, 2017.

## 6) SHORT TERM FINANCIAL ASSETS

| | | September 30, 2017 | | December 31, 2016 |
|---|---|---|---|---|
| Guaranteed investment certificates | $ | 480,000 | $ | 250,000 |
| Money market investment funds | | 854 | | 854 |
| Marketable securities | | 1,340,649 | | 2,071,611 |
| | $ | 1,821,503 | $ | 2,322,465 |

Guaranteed investment certificates are with a Schedule One Canadian chartered bank earning income at 0.5%, maturing in March 2018 and July 2018.

Marketable securities represent shares of publicly traded mining exploration companies and are recorded at fair value using quoted market prices.

## 7) OTHER ASSETS

| | | September 30, 2017 | | December 31, 2016 |
|---|---|---|---|---|
| Tax credits receivable | $ | 78,763 | $ | 85,035 |
| Due from related party | | 55,346 | | - |
| Other accounts receivable | | 59,249 | | 46,572 |
| Sales taxes recoverable | | 34,147 | | 37,139 |
| **Other assets** | $ | 227,505 | $ | 168,746 |

Due from related party is due from Uranium Valley Mines (note 10).

## 8) EXPLORATION AND EVALUATION ASSETS

The carrying amount can be analyzed as follows:

| | Balance at January 1, 2017 | Additions | Credits | Disposition | Impairment Write-off | Balance at September 30, 2017 |
|---|---|---|---|---|---|---|
| **Golden Valley Mines Ltd.** | | | | | | |
| Acquisition and claims maintenance | $ 3,239,269 | $ 43,256 | $ - | $ - | $ - | $ 3,282,525 |
| Property option payments | 312,500 | - | - | - | - | 312,500 |
| Drilling, excavation and related costs | 3,227,329 | - | - | - | - | 3,227,329 |
| Technical and field staff | 4,488,978 | 116,866 | - | - | - | 4,605,844 |
| Airborne geophysics | 780,702 | 9,200 | - | - | - | 789,902 |
| Geophysics | 2,315,628 | - | - | - | - | 2,315,628 |
| Line cutting | 1,099,431 | - | - | - | - | 1,099,431 |
| Sampling and testing | 736,963 | 7,107 | - | - | - | 744,070 |
| Travel and transport | 1,682,529 | 5,026 | - | - | - | 1,687,555 |
| Program management and consultants | 420,767 | 14,074 | - | - | - | 434,841 |
| Professional Fees | 4,715 | - | - | - | - | 4,715 |
| Depreciation, insurance and office expenses | 566,960 | 14,386 | - | - | - | 581,346 |
| Communications | 45,435 | 463 | - | - | - | 45,898 |
| Option payments received | (1,838,650) | - | (67,933) | - | - | (1,906,583) |
| Write-off of exploration and evaluation assets | (4,082,705) | - | - | - | - | (4,082,705) |
| Impairment of exploration and evaluation assets | (6,853,787) | - | - | - | - | (6,853,787) |
| Government assistance | (1,622,905) | - | - | - | - | (1,622,905) |
| Net expenses incurred during the period | 4,523,158 | 210,378 | (67,933) | - | - | 4,665,604 |
| Exploration and evaluation assets sold to third parties | (1,606,927) | - | - | - | - | (1,606,927) |
| Balance, end of the period | 2,916,231 | 210,378 | (67,933) | - | - | 3,058,677 |

## 8) EXPLORATION AND EVALUATION ASSETS (continued)

| | Balance at January 1, 2017 | Additions | Credits | Disposition | Impairment Write-off | Balance at September 30, 2017 |
|---|---|---|---|---|---|---|
| **Abitibi Royalties Inc.** | | | | | | |
| Acquisition and claims maintenance | $ 27,791 | $ - | $ - | $ - | $ - | $ 27,791 |
| Technical and field staff | 8,655 | - | - | - | - | 8,655 |
| Program management and consultants | 2,551 | 255 | - | - | - | 2,806 |
| Net expenses incurred during the period | 38,997 | 255 | - | - | - | 39,252 |
| **Val-d'Or Mining Corporation** | | | | | | |
| Acquisition and claims maintenance | $ 1,850,318 | 2,823 | - | - | - | $ 1,853,141 |
| Technical and field staff | 9,625 | 30,819 | - | - | - | 40,444 |
| Program management and consultants | 8,257 | - | - | - | - | 8,257 |
| Geophysics | 290,304 | - | - | - | - | 290,304 |
| Amortization, insurance, administration | 219 | 727 | - | - | - | 946 |
| Government assistance | (128,456) | - | - | - | - | (128,456) |
| Impairment of exploration and evaluation assets | (1,970,258) | - | - | - | (52,666) | (2,022,924) |
| Net expenses incurred during the period | 60,009 | 34,369 | - | - | (52,666) | 41,712 |
| **Uranium Valley Mines Ltd.** | $ 14,474 | $ - | $ - | $ (14,474) | $ - | $ - |
| **Summary** | | | | | | |
| Mining rights | $ 6,933,131 | $ 46,079 | $ - | $ - | $ - | $ 6,979,210 |
| Exploration and evaluation assets | (1,890,483) | 198,923 | (67,933) | - | (52,666) | (1,812,159) |
| Exploration and evaluation assets sold to third parties | (1,606,927) | - | - | - | - | (1,606,927) |
| Disposal of a subsidiary | (406,009) | - | - | (14,474) | - | (420,483) |
| | $ 3,029,712 | $ 245,002 | $ (67,933) | $ (14,474) | $ (52,666) | $ 3,139,641 |

## 8) EXPLORATION AND EVALUATION ASSETS (continued)

*Island 27 property - Battery Mineral Resources - Matachewan, Kirkland Lake, Ontario*

On June 1, 2017, the Company entered into mining option agreement with Battery Mineral Resources Limited (“Battery Minerals”) (which superceded a term sheet dated March 4, 2017) pursuant to which the Company will grant to Battery Minerals an option to acquire up to an 80% interest in the Island 27 Property, located in the Matachewan area, west of Kirkland Lake, Ontario, in consideration for which the Company will receive $500,000 in cash payments and Battery Minerals will incur $5,000,000 in expenditures over a four (4) year period. Once the option is exercised, the Company will have a 20% free carried interest in the property and a 1% net smelter royalty (“NSR”). The Company received a $25,000 non-refundable deposit in accordance with the term sheet, and an additional $75,000 upon execution of the option agreement, for an aggregate of $100,000 towards the $500,000 cash payment.

*Centremaque property - Alexandria Minerals Corporation – Val-D’Or Québec*

On April 13, 2017, the Company entered into a mining option agreement with Alexandria Minerals Corporation (“Alexandria”), enabling Alexandria to earn 80% on the Centremaque Prospect located in the Abitibi Greenstone Belt, northeast of Val-d'Or, Québec. In accordance with the option agreement, Alexandria must issue over a four-year period from the date of signing, to the Company such number of common shares in its capital having an aggregate value of $250,000, and must incur expenditures in an aggregate amount of $4,000,000 over the same four-year period. Once the option is exercised, the Company will retain a 20% free carried interest and a 1.5% NSR, with 0.5% of the NSR being subject to a buyback in favor of Alexandria for $1 million. The Company received 357,143 common shares valued at $25,000 of Alexandria in May 2017 as required under the option agreement.

*Lac Barry Prospect - BonTerra Resources Inc. – Urban Barry, Québec*

On March 16, 2016, the Company 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, BonTerra must issue to the Company 519,480 common shares in the capital of BonTerra having an aggregate value of $200,000, and must incur expenditures in an aggregate amount of $2,000,000 over a three-year period, of which $250,000 is to be spent in the first year of the option agreement. Upon exercising the option, BonTerra will obtain an 85% interest in the property and, the Company will retain a 15% free carried interest and a 3% NSR, with 1% of the NSR being subject to a buyback in favour of BonTerra for $1 million. Prospecting, till sampling, line-cutting, geophysical surveys and data compilation were conducted on the property during the year ended December 31, 2016. As BonTerra did not incur $250,000 in exploration expenditures by March 15, 2017 in accordance with the terms of the option agreement, the Company agreed to extend this date to April 15, 2017, in consideration for which BonTerra paid $25,000 to the Company.

## 8) EXPLORATION AND EVALUATION ASSETS (continued)

The Company's subsidiary, Val-D'Or Mining has the following Exploration and Evaluation Assets:

*Marymac Prospect - Labrador Trough, Quebec*

The Marymac Prospect located in the Labrador Trough of Quebec, consists of 32 Map Designated Units (each an "MDU"). The Company holds a 100% interest in the Marymac Prospect that is subject to a 2% NSR interest in favour of Capex Group Inc. (formerly 862539 Alberta Ltd.), which was granted pursuant to an agreement dated March 1, 2001. Since it is not planning any work in the near future, Val-D'Or Mining recorded an impairment on its Marymac Prospect at December 31, 2016.

*Boston Bulldog Prospect - Kirkland Lake, Ontario*

The Boston Bulldog Prospect is a group of 3 claims located in Kirkland Lake, Ontario. On February 16, 2015, Val-d'Or Mining entered into a Mining Option Agreement, amended on March 6, 2015 and March 24, 2017, pursuant to which it has been granted by 2973090 Canada Inc., a company controlled by an officer and a director of the Company, an option to acquire a 100% interest in the mineral claims comprising the Boston Bulldog Prospect, subject to a 3% NSR royalty. In consideration of the grant of the option, Val-d'Or Mining 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 of Val-d'Or Mining (issued in April 2015). To maintain and exercise the option, the Company must keep the property in good standing and incur minimum mining expenditures of $50,000 by April 7, 2018. In accordance with the terms of the option, the Company has the right to reduce the royalty from 3% to 2% of the NSR by paying 2973090 Canada Inc. $1,000,000 at any time on or before February 16, 2022.

On December 30, 2016, the three mining claims expired and Val-d'Or Mining attempted to re-stake the claims, but was met with competition for the said claims and they were staked by another party. However, Val-d'Or Mining was of the opinion that the other party did not follow proper staking procedures on one of the claims, re-staked it and subsequently submitted a claim dispute to Mining Recorder at the Ministry of Northern Development and Mines ("MNDM"). No decision has been made by the MNDM on the on-going claim dispute. Val-d'Or Mining recorded an impairment of $44,986 on its Boston Bulldog Prospect for the three and nine months ended September 30, 2017.

## 8) EXPLORATION AND EVALUATION ASSETS (continued)

*Shoot-Out Prospect - Northern Quebec*

The Shoot-Out Prospect is the combination of two properties, Shoot-Out East and Shoot-Out West, and consists of 62 claims located in the Raglan Belt of northern Quebec. Val-d'Or Mining has a 100% ownership interest in this property that is subject to a 3% NSR in favour of the original vendors, one of which is a director and officer of the Company. Since it is not planning any work in the near future, Val-d'Or Mining recorded an impairment of $7,680 on its Shoot-Out Prospect for the three and nine months ended September 30, 2017.

*Chibougamau-Chapais Prospect - Central, Quebec*

The Chibougamau-Chapais Prospect is a non-contiguous group of 40 claims, located in the Chibougamau area in central Quebec. Val-d'Or Mining holds a 100% interest in this property.

*Fortin Prospect - Abitibi, Quebec*

The Fortin Prospect is located in the central part of Ducros Township, approximatively 80 kilometres northeast of the City of Val-d'Or, Quebec, and consists of 5 contiguous mining claims. Val-d'Or Mining holds a 100% interest in this property that is subject to a 1.5% NSR in favour of the original vendors. Val-D'Or Mining retains the right to buyback the NSR at anytime; 0.5% buyback for $500,000 and 1% buyback for $1,000,000. This prospect was impaired in 2013.

## 9) ROYALTY INTEREST

The Company's subsidiary, Abitibi Royalties has the following royalty interest:

*a) Malartic CHL 3% Royalty - Malartic, Quebec*

The area covered by the 3% NSR is located immediately east of the current Canadian Malartic Mine open pit operated by Canadian Malartic GP (50% owned by Agnico Eagle Mines Limited ("Agnico Eagle") and Yamana Gold Inc. ("Yamana"). The 3% NSR covers a number of known mineralized zones. No value for accounting purposes has been assigned to the 3% NSR.

*b) Canadian Malartic 2% Royalty - Malartic, Quebec*

The area covered by the 2% NSR is on a single claim located just to the south of the Canadian Malartic open pit, and covers the eastern portion of the Gouldie Zone and the historic Charlie Zone. Production on this 2% NSR area started in 2014 and stopped in June 2015.

## 9) ROYALTY INTEREST (continued)

*c) Abitibi Royalty Search Program*

In 2015, the Company launched the "Abitibi Royalty Search Program", by which it would reimburse renewal fees on existing claims or staking fees on new claims in exchange for a net smelter return royalty. The program offers mining companies and prospectors 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.

For the nine months ended September 30, 2017, the Company has invested $20,977 ($49,500 for the nine months ended September 30, 2016), to acquire NSR royalties in 3 projects; one in Saskatchewan and two in Ontario. These amounts were expensed as Abitibi Royalties does not expect to receive royalty income in the foreseeable future.

## 10) INVESTMENT IN ASSOCIATE

The investment in associate relates to the Company's investment in International Prospect Ventures Ltd. (formerly Uranium Valley Mines Ltd. ("Uranium Valley")), which is involved in the process of exploring, evaluating and promoting its mineral properties and other projects.

In prior years and up to May 23, 2017, the Company had control over Uranium Valley. On May 23, 2017, Uranium Valley issued 1,400,000 common shares pursuant to an exercise of share purchase warrants further reducing Golden Valley's interest in Uranium Valley to 20.8% (December 31, 2016 - 22.4%). As a result of this transaction, the Company reviewed the criteria for previously consolidating Uranium Valley and determined it no longer controls Uranium Valley but just has significant influence. Consequently, the Company recognized the investment in Uranium Valley using the equity method, under which the investment is recognized at fair value. Consequently, the Company recognized a gain of $450,912 resulting from loss of control as follows:

| | Number of shares | Value |
|---|---|---|
| Uranium Valley Mines Ltd. | 4,170,910 | $ 417,091 |

| | |
|---|---|
| Fair value retained in Uranium Valley on May 23, 2017 | $ 417,091 |
| Carrying value of subsidiary's net assets | (33,821) |
| Gain resulting from loss of control | $ 450,912 |

## 10) INVESTMENT IN ASSOCIATE (continued)

As at September 30, 2017, the Company has a 20.80% interest in Uranium Valley. For the three months ended September 30, 2017, the Company recognized a loss of $22,648 from its share in the associate. The Company has no contingent liabilities relating to its interest in the associate.

The following table summarizes financial information of Uranium Valley:

| | | As at September 30, 2017 | | As at May 23, 2017 |
|---|---|---|---|---|
| Current Assets | $ | 825,137 | $ | 583,464 |
| Non-current assets | | 85,932 | | 54,234 |
| Current liabilities | | (88,425) | | (65,293) |
| Equity | $ | 822,644 | $ | 572,405 |

| | | Nine months ended September 30, 2017 | | From January 1, 2017 to May 23, 2017 |
|---|---|---|---|---|
| Operating expenses | $ | 199,095 | $ | 90,314 |
| Finance costs (income) | | (19,597) | | (19,702) |
| Net loss and total comprehensive loss | $ | 179,498 | $ | 70,612 |
| Proportion of ownership | | 20.80% | | |
| The Company's share of loss since May 23, 2017 | $ | 22,648 | | |

## 11) INVESTMENTS

The Company's subsidiary, Abitibi Royalties has the following investments:

| | As at September 30, 2017 | | | As at December 31, 2016 | | |
|---|---|---|---|---|---|---|
| | Number of shares | | Fair value | Number of shares | | Fair value |
| Yamana Gold Inc. | 3,549,695 | $ | 11,713,993 | 3,549,695 | $ | 13,382,350 |
| Agnico Eagle Mines Limited | 335,497 | | 18,918,676 | 444,197 | | 25,074,921 |
| | | $ | 30,632,669 | | $ | 38,457,271 |

*Sale of Agnico Eagle Shares*

On January 20, 2017, the Company was called to deliver 108,700 shares of Agnico Eagle from the covered call options it had sold. For further details, refer to Derivative financial instruments section.

## 11) INVESTMENTS (continued)

*Derivative financial instrument*

Abitibi Royalties' total call/put options outstanding at September 30, 2017 are as follows:

| | Expiry date | Number of shares under option September 30, 2017 | Exercise price range (USD) | Market value as at September 30, 2017 |
|---|---|---|---|---|
| ***Calls*** | | | | |
| Yamana | January 19, 2018 | 2,138,000 | $ 4.00 to 10.00 | $ 149,902 |
| Yamana | January 18, 2019 | 995,000 | 5.00 to 7.00 | 192,945 |
| Agnico | January 19, 2018 | 52,900 | 60.00 to 75.00 | 14,875 |
| Agnico | February 16, 2018 | 62,600 | 60.00 to 70.00 | 24,905 |
| Agnico | May 18, 2018 | 31,300 | 70.00 | 23,437 |
| Agnico | January 19, 2019 | 58,900 | 60.00 to 75.00 | 148,087 |
| ***Puts*** | | | | |
| Agnico | October 20, 2017 | 33,500 | $ 44.00 | 25,921 |
| | November 17, 2017 | 75,100 | 39.00 to 44.00 | 39,283 |
| | | 3,447,300 | | $ 619,355 |

The total call options sold outstanding at December 31, 2016 are as follows:

| | Expiry date | Number of shares under option December 31, 2016 | Exercise price range (USD) | Market value as at December 31, 2016 |
|---|---|---|---|---|
| ***Calls*** | | | | |
| Yamana | January 20, 2017 | 1,166,500 | $ 4.50 to 12.00 | $ 15,954 |
| Yamana | January 19, 2018 | 538,900 | 4.00 to 10.00 | 128,780 |
| Agnico | January 20, 2017 | 167,500 | 40.00 to 55.00 | 344,397 |
| | | 1,872,900 | | $ 489,131 |

On January 20, 2017, the Company was called to deliver 108,700 shares of Agnico Eagle (43,600 shares at US $45 per share and 65,100 shares at US$40 per share) and received, net of commission paid, $6,096,765 (or US$4,564,813) from the covered call options it had sold.

## 11) INVESTMENTS (continued)

For the nine months ended September 30, 2017, the Company sold 29,417 calls and 4,444 put option contracts (3,476 calls and 4,444 puts on Agnico Eagle shares and 25,941 calls on Yamana Gold shares) for total cash proceeds of $1,225,224 (or USD$937,112).

For the nine months ended September 30, 2016, the Company sold 11,346 call option contracts (1,230 calls on Agnico Eagle shares and 10,116 calls on Yamana Gold shares) covering 1,011,600 shares of its investment in Yamana and 123,000 in Agnico Eagle for total cash proceeds of $451,318 (or US$347,168).

For the nine months ended September 30, 2017, 17,030 (none in 2016) option contracts (2,007 calls and 3,358 puts on Agnico Eagle and 11,665 calls on Yamana) expired or were repurchased before expiration.

*Restricted cash*

Restricted cash of $1,344,878 (or US$1,077,627) relates to funds held as collateral on the put option contracts of 108,600 shares of Agnico Eagle referred to in the *Derivative financial instruments* above. The funds will become unrestricted once the put option contracts are exercised, repurchased or expired.

## 12) EQUITY

*Capital Stock*

The capital stock of the Company 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 Company.

## 12) EQUITY (continued)

*Issued share capital*

The change in issued share capital for the period was as follows:

| | September 30, 2017 | | | December 31, 2016 | | |
|---|---|---|---|---|---|---|
| | Number of shares | | Stated Value | Number of shares | | Stated Value |
| Balance, beginning of period | 116,103,577 | $ | 25,317,470 | 109,974,974 | $ | 24,847,407 |
| Units issued by exercise of stock options | 1,235,000 | | 128,650 | 330,000 | | 37,000 |
| Units issued by exercise of warrants | 9,000,000 | | 1,260,000 | 1,500,000 | | 210,000 |
| Units issued for debt settlement | - | | - | 148,603 | | 52,011 |
| Shares issued for conversion of debenture | - | | - | 4,150,000 | | 415,000 |
| Share issue expenses | - | | (11,422) | - | | (15,207) |
| Value allocation on option exercised | - | | 90,640 | - | | 34,457 |
| Value allocation on warrants exercised | - | | 207,632 | - | | - |
| Value allocation on warrants issued | - | | - | - | | (263,198) |
| Balance, end of period | 126,338,577 | $ | 26,992,970 | 116,103,577 | $ | 25,317,470 |

*Share capital issued from exercise of incentive stock options and share purchase warrants*

For the three and nine months ended September 30, 2017, the Company issued 600,000 and 1,235,000 of its common shares from the exercise of incentive stock options for a total consideration of $73,400 and $128,650, respectively.

For the three and nine months ended September 30, 2017, the Company issued 3,000,000 and 9,000,000 of its common shares from the exercise of share purchase warrants for a total consideration of $420,000 and $1,260,000, respectively.

*Share capital issued from convertible debenture*

On January 25, 2016, the Company issued a $415,000 principal amount convertible debenture at a deemed price of $0.10 per share, to an arm’s length existing shareholder, which constituted the second and final tranche of a non-brokered private placement offering.

The debenture was converted on March 18, 2016, into 4,150,000 Units of the Company. Each Unit would be comprised of one common share in the capital of the Company and one non-transferable share purchase warrant, each warrant entitling the holder to purchase one common share of the Company at a per share price of $0.14 for two years from the date of issuance of the warrants. The warrants are subject to the condition that they cannot be exercised until such time as the Company obtains disinterested shareholder approval for the potential creation of the lender as a new control person.

## 12) EQUITY (continued)

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 were subject to a hold period until May 26, 2016, in accordance with applicable securities legislation and Exchange policy.

*Share capital issued as part of debt settlement*

On November 15, 2016, the Company issued 148,603 common shares in settlement of $52,011 in accrued management and director fees covering the period July 1, 2015 to June 30, 2016. Shares issued by the Company in settlement of the debt was issued at a deemed price of $0.35 per share in accordance with the policies of the TSX Venture Exchange and was subject to a hold period of four months and one day from the date of issuance in accordance with applicable securities legislation.

*Warrants*

A summary of changes in the number of warrants issued by the Company for the nine months ended September 30, 2017 and 2016 is presented as follows:

| | September 30, 2017 | | | September 30, 2016 | | |
|---|---|---|---|---|---|---|
| | Number of warrants | | Weighted average exercise price | Number of warrants | | Weighted average exercise price |
| Balance, beginning of period | 14,900,000 | $ | 0.14 | 12,250,000 | $ | 0.14 |
| Granted | - | | - | 4,150,000 | | 0.14 |
| Exercised | (9,000,000) | | 0.14 | (1,500,000) | | 0.14 |
| Balance, end of period | 5,900,000 | $ | 0.14 | 14,900,000 | $ | 0.14 |

For the three and nine months September 30, 2017, the Company issued 3,000,000 and 9,000,000 of its common shares for a total consideration of $420,000 and $1,260,000, respectively from the exercise of share purchase warrants at $0.14 per share.

Subsequent to quarter end, the Company issued 1,125,000 of its common shares for a total consideration of $157,500 from the exercise of 1,125,000 share purchase warrants at $0.14 per share.

## 12) EQUITY (continued)

The table below provides a summary of the number of outstanding warrants which can be exercised for an equivalent number of common shares:

| Expiry date | September 30, 2017 Number of warrants | | September 30, 2017 Exercise price | September 30, 2016 Number of warrants | | September 30, 2016 Exercise price |
|---|---|---|---|---|---|---|
| November 30, 2017 | 3,250,000 | $ | 0.14 | 10,750,000 | $ | 0.14 |
| March 18, 2018 | 2,650,000 | | 0.14 | 4,150,000 | | 0.14 |
| | 5,900,000 | $ | 0.14 | 14,900,000 | $ | 0.14 |

*Incentive stock option*

The Company 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 Company. 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 Company's issued and outstanding common shares on May 25, 2015, the date of adoption of the option plan by the Company's Board of Directors. The option plan was approved by the Company'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 Company'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.

## 12) EQUITY (continued)

A summary of changes in the number of incentive stock options issued by the Company for the nine months ended September 30, 2017 and 2016 is presented as follows:

| | September 30, 2017 | | | September 30, 2016 | | |
|---|---|---|---|---|---|---|
| | Number of options | | Weighted average exercise price | Number of options | | Weighted average exercise price |
| Outstanding, beginning of period | 16,349,959 | $ | 0.28 | 6,114,025 | $ | 0.17 |
| Granted | 100,000 | | 0.47 | 12,080,934 | | 0.34 |
| Exercised | (1,235,000) | | 0.09 | (210,000) | | 0.13 |
| Cancelled | (707,847) | | 0.35 | - | | - |
| Expired | (728,923) | | 0.27 | - | | - |
| Outstanding, end of period | 13,778,189 | $ | 0.29 | 17,984,959 | $ | 0.28 |
| Exercisable, end of period | 8,282,080 | $ | 0.25 | 8,679,025 | $ | 0.21 |

For the three and nine months September 30, 2017, certain employees and consultants exercised 600,000 and 1,235,000 incentive stock options at prices ranging from $0.07 to $0.15 for gross proceeds of $73,400 and $128,650, respectively.

The table below summarizes the information related to outstanding share options as at September 30, 2017:

| | Outstanding options | | | | |
|---|---|---|---|---|---|
| Expiry date | Number of options | | Weighted average exercise price | Weighted average remaining contractual life (years) | Exercisable options |
| August 1, 2018 | 1,300,000 | $ | 0.07 | 0.84 | 1,300,000 |
| June 30, 2019 | 559,025 | | 0.17 | 1.75 | 559,025 |
| July 24, 2020 | 875,000 | | 0.11 | 2.82 | 875,000 |
| January 1, 2021 | 100,000 | | 0.10 | 3.26 | 100,000 |
| June 30, 2021 | 2,575,000 | | 0.30 | 3.75 | 2,575,000 |
| February 3, 2022 | 100,000 | | 0.47 | 4.35 | 100,000 |
| September 30, 2026 | 8,269,164 | | 0.35 | 9.01 | 2,773,055 |
| | 13,778,189 | $ | 0.29 | | 8,282,080 |

## 12) EQUITY (continued)

*Share-based compensation expense*

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| **Golden Valley** | | | | |
| February 2017 option grant [1] | $ - | $ - | $ 36,918 | $ - |
| September 2016 option grant [2] | 1,211,139 | | 1,211,139 | - |
| June 2016 option grant [3] | - | - | - | 568,108 |
| January 2016 option grant levies [4] | - | - | - | 7,565 |
| **Abitibi Royalties** | | | | |
| 2016 Restricted Share Units grant [5] | 136,467 | - | 404,951 | 526,925 |
| **Val-d'Or Mining** | | | | |
| 2016 option grant | - | - | - | 20,788 |
| Share-based compensation expense | $ 1,347,606 | $ - | $ 1,653,008 | $ 1,123,386 |

(1) On February 3, 2017, the Company granted 100,000 incentive stock options with an exercise price of $0.465 to a consultant. The options are exercisable for a period of 5 years from the date of grant. All options are exercisable immediately. The fair value of the stock options granted has been estimated using the Black-Scholes option-pricing model at $36,918.

(2) On September 30, 2016, the Company granted to its directors, officers, employees and consultants incentive stock options entitling the purchase of an aggregate 9,305,934 common shares at an exercise price of $0.35 per share. The options are exercisable for a period of 10 years until September 30, 2026, subject to earlier termination in accordance with the terms of the Company's Stock Option Plan. All of the options vest equally over a period of 3 years unless there is a change of control event, in which case the options will vest immediately on occurrence of the change of control. To date, 2,773,055 options have vested under this grant.

The fair value of the stock options granted has been estimated using the Black-Scholes option-pricing model at $2,427,448 of which to date $1,618,187 has been expensed and $33,826 has been capitalized to Exploration and evaluation assets. For the three and nine months ended September 30, 2017, an amount of $1,211,139 has been expensed and $26,025 has been capitalized to Exploration and evaluation assets. The estimated percentage of options granted that are expected to be forfeited or canceled before becoming fully vested is 10%. This percentage is derived from historical experience.

## 12) EQUITY (continued)

(3) On June 27, 2016, the Company granted an aggregate 2,775,000 incentive stock options with an exercise price of $0.30 to its directors, officers, employees and consultants. The options are exercisable for a period of 5 years from the date of grant. All options are exercisable immediately. The fair value of the stock options granted has been estimated using the Black-Scholes option-pricing model at $643,469. For the nine months ended September 30, 2017, an amount of $568,108 has been expensed and $75,362 has been capitalized to Exploration and evaluation assets.

(4) On January 1, 2016, the Company granted 100,000 incentive stock options with an exercise price of $0.10 to a consultant. The options are exercisable for a period of 5 years from the date of grant. All options are exercisable immediately. The fair value of the stock options granted has been estimated using the Black-Scholes option-pricing model at $7,565.

(5) The total compensation related to the 2016 grants totalled $2,107,701 of which Abitibi Royalties recognized an amount of $136,467 and $404,951 for the three and nine months ended September 30, 2017 ($nil and $526,925 for the three and nine months ended September 30, 2016) has been recognized in the Statement of Comprehensive Income, respectively (see Note 13).

*Fair value of options granted*

The fair value of the granted options was determined using the Black-Scholes option pricing model and based on the following weighted average assumptions:

| | February 3, 2017 | September 30, 2016 | June 27, 2016 | January 1, 2016 |
|---|---|---|---|---|
| Share price at date of grant | $ 0.465 | $ 0.34 | $ 0.29 | $ 0.095 |
| Expected dividends yield | 0% | 0% | 0% | 0% |
| Expected weighted volatility | 111.66% | 125.00% | 114.67% | 114.00% |
| Risk-free interest average rate | 1.11% | 1.00% | 0.56% | 0.73% |
| Expected average life | 5 years | 10 years | 5 years | 5 years |
| Exercise price at date of grant | $ 0.465 | $ 0.35 | $ 0.30 | $ 0.10 |

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

## 13) SHARE BASED PAYMENTS

### *Share capital and warrants transaction of subsidiaries*

a) Abitibi Royalties Inc.

*Normal Course Issuer Bid*

On October 2, 2015, Abitibi Royalties received acceptance of its notice to commence a normal course issuer bid ("NCIB"). This approval allowed Abitibi Royalties to purchase 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. On October 6, 2016, Abitibi Royalties renewed its NCIB for another year until October 5, 2017 which allowed Abitibi Royalties to purchase up to 566,812 of its common shares. On September 25, 2017, Abitibi Royalties further renewed its NCIB from October 6, 2017 to October 5, 2018 allowing Abitibi Royalties to purchase for cancellation 569,797 of its issued and outstanding common shares. Common shares purchased under the NCIB will be cancelled.

For the nine months ended September 30, 2017, the Company repurchased and cancelled 66,600 of its common shares at prices varying from $9.03 to $9.40 for a total of $614,930. For the nine months ended September 30, 2016, the Company repurchased and cancelled 52,100 of its common shares at prices varying from $2.90 to $4.15 for a total of $181,805.

b) Val-d'Or Mining

On March 30, 2017, Val-d'Or Mining closed a non-brokered private placement financing pursuant to which it issued 4,353,461 units at a price of $0.065 per unit for gross proceeds of $282,975. Each unit consists of one common share in the capital of Val-d'Or Mining and one non-transferable share purchase warrant, each whole warrant entitling the purchase of one common share at a per share price of $0.085 until March 30, 2019.

In connection with the financing, Val-d'Or Mining issued an aggregate 225,200 common shares at a deemed per share price of $0.04 for $9,008 representing 8% of the purchase proceeds received from subscribers introduced to Val-d'Or Mining by the finders and issued 225,200 non-transferable finders warrants entitling the purchase of an aggregate 225,200 common shares of Val-d'Or Mining at a per share price of $0.085 until March 30, 2019, representing 8% of the number of units placed with the assistance of the finders. When granted, the fair value of the 225,200 non-transferable finders warrants of $5,630, issued as compensation warrants to settle finder's fees, was established based on the value of the service received and recorded as an increase of issuance costs, deducted from share capital, and as an increase of Warrants in the statement of changes in equity. Val-d'Or Mining also incurred regulatory fees in relation with the private placement of $2,238.

## 13) SHARE BASED PAYMENTS (continued)

A summary of changes in the number of outstanding warrants for the nine months ended September 30, 2017 and 2016 is presented as follows:

| | September 30, 2017 | | | September 30, 2016 | | |
|---|---|---|---|---|---|---|
| | Number of warrants | | Weighted average exercise price | Number of warrants | | Weighted average exercise price |
| Balance, beginning of period | 1,291,250 | $ | 0.120 | 1,291,250 | $ | 0.12 |
| Granted | 4,578,661 | | 0.085 | - | | - |
| Exercised | (890,000) | | 0.120 | - | | - |
| Expired | (401,250) | | 0.120 | - | | - |
| Balance, end of period | 4,578,661 | **$** | 0.085 | 1,291,250 | **$** | 0.12 |

On March 30, 2017, Val-d'Or Mining closed a non-brokered private placement pursuant to which it has issued 4,353,461 units at a price of $0.065 per unit for gross proceeds of $282,975. Each unit consists of one common share in the capital of the Company and one non-transferable share purchase warrant, entitling the purchase of one common share at a per share price of $0.085 until March 30, 2019.

In connection with the financing, Val-d'Or Mining issued an aggregate 225,200 common shares at a deemed per share price of $0.065 for $14,638 representing 8% of the purchase proceeds received from subscribers introduced to Val-d'Or Mining by the finders and issued 225,200 non-transferable finders warrants entitling the purchase of an aggregate 225,200 common shares of the Company at a per share price of $0.085 until March 30, 2019, representing 8% of the number of units placed with the assistance of the finders.

On February 3, 2017, a total of 890,000 warrants were exercised at a price of $0.12 for gross proceeds of $106,800.

The table below provides a summary of the number of outstanding warrants which can be exercised for an equivalent number of common shares:

| | September 30, 2017 | | | September 30, 2016 | | |
|---|---|---|---|---|---|---|
| Expiry date | Number of warrants | | Exercise price | Number of warrants | | Exercise price |
| January 30, 2017 | - | $ | - | 1,291,250 | $ | 0.12 |
| March 30, 2019 | 4,578,661 | $ | 0.085 | - | $ | - |

## 13) SHARE BASED PAYMENTS (continued)

***Incentive stock option and Restricted Share Units plans of subsidiaries***

a) Abitibi Royalties Inc.

*Incentive stock option*

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 would 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 would 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 would be determined by the Board of Directors, in accordance with the rules and regulations of the TSX Venture Exchange.

A summary of changes in the number of incentive stock option for the nine months ended September 30, 2017 and 2016 is presented as follows:

| | September 30, 2017 | | September 30, 2016 | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise |
| Outstanding, beginning of period | 766,003 | $ 1.08 | 1,224,978 | $ 1.61 |
| Exercised | (135,978) | 0.96 | (458,975) | 2.50 |
| Outstanding, end of period | 630,025 | $ 1.11 | 766,003 | $ 1.08 |
| Exercisable, end of period | 630,025 | $ 1.11 | 766,003 | $ 1.08 |

There has been no incentive stock option issued for the three and nine months ended September 30, 2017 and 2016.

For the nine months ended September 30, 2017, Abitibi Royalties issued 135,978 of its common shares for a total consideration of $130,558 from the exercise of stock options at prices of $0.55 per share for 101,763 common shares and of $2.18 per share for 31,215 common shares.

For the nine months ended September 30, 2016, Abitibi Royalties issued 458,975 of its common shares for a total consideration of $1,147,099 from the exercise of stock options at prices of $2.18 per share for 1,059 common shares and of $2.50 per share for 457,916 common shares.

## 13) SHARE BASED PAYMENTS (continued)

The table below summarizes the information related to outstanding share options as at September 30, 2017 and 2016:

| Range of Exercise price | 2017 Outstanding options Number of options | Weighted average remaining contractual life (year) | 2016 Outstanding options Number of options | Weighted average remaining contractual life (year) |
|---|---|---|---|---|
| $0.55 | 485,737 | 0.99 | 587,500 | 2.00 |
| $2.18 | 64,288 | 1.67 | 98,503 | 1.66 |
| $3.62 to $3.70 | 80,000 | 1.77 | 80,000 | 2.96 |
| | 630,025 | | 766,003 | |

*Restricted Share Unit Plan*

Abitibi Royalties' Board of Directors has implemented a Restricted Share Unit Plan (the "RSU Plan"), which provides that restricted share units ("Share Units") may be granted 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, Abitibi Royalties 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.

In February and March 2016, Abitibi Royalties granted 583,365 Share Units to officers, directors and consultant of which 25% vested on the date of grant with the remaining balance vesting equally on each anniversary date of grant. Expiration dates for the two grants were respectively February 4, 2019 and March 16, 2019.

## 13) SHARE BASED PAYMENTS (continued)

*Restricted Share Units (continued)*

A summary of changes in the number of Share Units for the nine months ended September 30, 2017 and 2016 is presented as follows:

| | 2017 | 2016 |
|---|---|---|
| Outstanding at January 1 | 583,365 | - |
| Granted | - | 583,365 |
| Outstanding at September 30 | 583,365 | 583,365 |

None of the vested RSU were converted to common shares as at September 30, 2017.

b) Val-d'Or Mining

*Incentive stock option*

A summary of the status of Val-d'Or Mining's incentive stock option plan for the reporting period is presented below

| | September 30, 2017 | | | September 30, 2016 | | |
|---|---|---|---|---|---|---|
| | Number of options | | Weighted average exercise price | Number of options | | Weighted average exercise price |
| Outstanding, beginning of period | 565,000 | $ | 0.07 | 793,199 | $ | 0.18 |
| Granted | - | | - | 446,801 | | 0.07 |
| Cancelled | - | | - | (675,000) | | 0.20 |
| Outstanding, end of period | 565,000 | $ | 0.07 | 565,000 | $ | 0.07 |
| Exercisable, end of period | 565,000 | $ | 0.07 | 565,000 | $ | 0.07 |

## 13) SHARE BASED PAYMENTS (continued)

The table below summarizes the information related to outstanding share options as at September 30, 2017:

| | Outstanding options | | | | |
|---|---|---|---|---|---|
| Expiry date | Number of options | | Weighted average exercise price | Weighted average remaining contractual life (years) | Exercisable options |
| April 3, 2019 | 60,000 | $ | 0.065 | 1.76 | 60,000 |
| November 20, 2019 | 58,199 | | 0.080 | 2.39 | 58,199 |
| May 16, 2021 | 446,801 | | 0.065 | 3.88 | 446,801 |
| | 565,000 | $ | 0.067 | | 565,000 |

*Restricted Share Unit Plan*

At the annual general and special meeting of shareholders of Val-d'Or Mining held on June 27, 2016, the shareholders approved the adoption and implementation of a Restricted Share Unit Plan (the " RSU Plan"). The RSU Plan will be adopted and implemented by Val-d'Or Mining's Board upon receipt of acceptance by the Exchange. The RSU Plan provides that restricted share units (“Share Units”) may be granted by Val-d'Or Mining’s 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. 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 third anniversary of its date of grant. 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. Val-d'Or Mining has yet to make the submission to the Exchange to obtain its acceptance of the RSU Plan.

## 14) EARNINGS PER SHARE

Both the basic and diluted earnings (loss) per share have been calculated using the net loss attributable to owners of the Company as the numerator. No adjustment to the net loss were necessary in either periods ended September 30, 2017 and 2016.

As at September 30, 2017, no warrants and stock options (4,390,000 warrants and stock options as at September 30, 2016) were excluded from the calculation of diluted earnings per share attributable to shareholders of the Company.

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Net income (loss) attributable to shareholders of Golden Valley Mines Ltd. | $ (1,561,757) | $ 735,955 | $ (3,322,469) | $ 12,118,815 |
| Weighted average number of shares in circulation - basic | 125,383,736 | 115,750,099 | 121,150,590 | 113,593,988 |
| Dilutive effect of stock options and warrants | 4,903,438 | 10,986,012 | 5,703,429 | 5,892,383 |
| Weighted average number of shares in circulation | 130,287,174 | 126,736,111 | 126,854,019 | 119,486,371 |
| Basic earnings (loss) per share | $ (0.012) | $ 0.006 | $ (0.027) | $ 0.107 |
| Diluted earnings (loss) per share | $ (0.012) | $ 0.006 | $ (0.027) | $ 0.101 |

## 15) RELATED PARTY TRANSACTIONS

*Transactions with key management*

The Company'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.

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

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Short-term employee benefits | | | | |
| Salaries including bonuses | $ 166,660 | $ 148,438 | $ 729,637 | $ 421,102 |
| Benefits | 42,461 | 4,597 | 106,195 | 80,000 |
| Director's fees | 37,500 | 104,417 | 221,250 | 205,084 |
| Additional cash amounts (1) | - | - | 87,750 | - |
| Total short-term employee benefits | 246,621 | 257,452 | 1,144,832 | 706,186 |
| Other transactions with key management | | | | |
| Rent (2) | 4,286 | 10,058 | 14,093 | 15,043 |
| Management Fees (3) | 49,050 | 69,119 | 142,150 | 98,551 |
| Professional Fees (4) | 36,501 | 34,400 | 109,503 | 84,068 |
| Fees capitalized to exploration and evaluation assets (5) | 23,682 | 61,006 | 83,600 | 88,761 |
| Success fee | - | - | - | 15,890 |
| Total other transactions with key management | 113,519 | 174,583 | 349,346 | 302,313 |
| Share-based payments (6) | 1,332,735 | 577,302 | 1,638,137 | 1,102,352 |
| Total remuneration | $ 1,692,875 | $ 1,009,337 | $ 3,132,315 | $ 2,110,851 |

## 15) RELATED PARTY TRANSACTIONS (continued)

*Transactions with key management (continued)*

(1) Abitibi Royalties' Board of Directors approved additional cash payments of $79,000 to its directors, chairman, president and CEO. These amounts were awarded as a substitute for stock options or RSUs.

(2) Rent of $9,000 ($9,000 in 2016) paid to 2973090 Canada Inc., a company controlled by an officer and a director of the Company and rent of $5,093 ($6,043 in 2016) paid by Abitibi Royalties to its President.

(3) Management fees of $124,650 ($94,151 in 2016) paid to 2973090 Canada Inc. and of $17,500 ($4,400 in 2016) paid to the Chief Financial Officer of Val d'Or Mining.

(4) Consulting fees of $45,000 ($45,000 in 2016) paid to the spouse of an officer and a director of the Company, pursuant to a consulting agreement related to corporate finance services dated January 1, 2016.

(5) Exploration and evaluation costs paid to 2973090 Canada Inc and to Rosatelli Exploration Services, a company controlled by an officer of the Company.

(6) Share-based compensation relating to the incentive stock option program for officers and directors of the Company (notes 12 and 13).

*Management Success Fees Agreement*

On May 27, 2014, (as subsequently amended and restated and further amended) Abitibi Royalties entered into a Management Success Fees Agreement with 2973090 Canada Inc. (“2973090”), a company controlled by an officer and director of the Company. This agreement provided that upon Abitibi Royalties completing a transaction or series of transactions the amount of the success fee payable will be determined based on the value of the transaction. On May 22, 2015, following the sale of the Malartic CHL Property, the Board of Directors established the amount of the Success Fee payable with respect to the sale to $4,290,000 of which $3,500,000 was to be payable from time to time as and when Abitibi Royalties would have the funds available to do so, as determined by its Board of Directors and of which $790,000 would become payable in the same way but only as Proven and Probable Reserves were established on the Malartic CHL Project in accordance with National Instrument 43-101.

On March 11, 2016, Abitibi Royalties terminated the Management Success Fees Agreement. Prior to its termination, an amount of $132,890 was paid out ($117,000 paid in 2015 and $15,890 paid in January 2016) 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.

## 16) CONTINGENCIES AND COMMITMENTS

a) The Company is partially financed through the issuance of flow-through shares and, according to tax rules regarding this type of financing, the Company 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 Company 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 Company 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.

b) The Company has entered into agreements with officers and consultants that include termination and change of control clauses. In the case of termination, the officers and consultants are entitled to an amount equal to a multiple (ranging from one to two times) the annual base fee payable. In the case of a change of control, the officers and consultants are entitled to an amount equal to a multiple (ranging from one to three times) the sum of the annual base fee. As at September 30, 2017, the total annual base fee of the officers and consultants under the agreements is $460,900. As a triggering event has not taken place, the contingent payments have not been reflected in the consolidated financial statements.

## 17) ADDITIONAL INFORMATION - CASH FLOWS

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

| | | September 30, 2017 | September 30, 2016 |
|---|---|---|---|
| (a) | Accounts payable and accrued liabilities included in exploration and evaluation assets | $ 8,251 | $ 2,389 |
| (b) | Depreciation of exploration and evaluation equipment charged to exploration and evaluation assets | $ 926 | $ 1,115 |
| (c) | Options on exploration and evaluation assets received as shares of quoted mining exploration companies included in short-term financial assets | $ 25,000 | $ 200,000 |
| (d) | Common shares received in consideration of disposal of exploration and evaluation assets | $ - | $ 500,000 |
| (e) | Issuance of units as part of a finder's fee payment | $ 14,638 | $ - |

## 18) SUBSEQUENT EVENT

*Val-d'Or Mining*

On August 28, 2017, Val-d'Or Mining announced it has engaged Canaccord Genuity Corp pursuant to a proposed commercially reasonable effort public offering of $1,200,000 (12,000,000 units at a price of $0.10 per unit) by short form prospectus. On October 12, 2017, Val-d'Or Mining further announced that it will conduct a non-brokered private placement offering, pursuant to which it will issue up to 1,000,000 units at a price of $0.10 per unit for gross proceeds of up to $100,000. On closing of these transactions, the Company will need to review its own percentage holding in Val-d'Or Mining combined with interest of certain members of its Board of Directors in Val-d'Or Mining as well as its ability to appoint key management who have the ability to direct its activities to determine if consolidating the financial results of Val-d'Or Mining is still appropriate.