



Golden Valley Mines Ltd.

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

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

Golden Valley Mines Ltd.
Consolidated Statement of Financial Position
As at September 30, 2015

(Unaudited)
(in Canadian dollars)

	Notes	September 30, 2015 \$	December 31, 2014 \$
ASSETS			
Current			
Cash and cash equivalents	5	1,921,719	1,347,620
Short-term financial assets	6	675,401	575,465
Other accounts receivable	7	79,568	40,126
Sales taxes recoverable		29,318	29,193
Tax credits receivable		7,067	40,362
Prepaid expenses		57,563	42,864
		<u>2,770,636</u>	<u>2,075,630</u>
Non-current			
Property and equipment	9	12,571	15,158
Exploration and evaluation assets	10	8,772,371	8,647,860
Investment	12	23,013,998	
Total assets		<u>31,798,940</u>	<u>8,663,018</u>
		<u>34,569,576</u>	<u>10,738,648</u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities			
Related parties controlled by directors	15.1	13,159	12,009
Short term portion of success fee liability		3,425,000	
Others	13	561,080	780,066
Funds held for third parties	8	1,255	
		<u>4,000,494</u>	<u>792,075</u>
Non-Current			
Long term portion of success fee liability		790,000	
Deferred income taxes		1,398,165	
		<u>2,188,165</u>	
Total liabilities		<u>6,188,659</u>	<u>792,075</u>
EQUITY			
Capital stock	14.1	23,968,316	23,494,150
Warrants	14.2		45,571
Contributed surplus		2,848,741	2,752,785
Retained Earnings (Deficit)		<u>(9,394,351)</u>	<u>(18,855,041)</u>
Total equity attributable to owners of the parent company		<u>17,422,706</u>	<u>7,437,465</u>
Non-Controlling interest		<u>10,958,211</u>	<u>2,509,108</u>
Total equity		<u>28,380,917</u>	<u>9,946,573</u>
Total liabilities and equity		<u>34,569,576</u>	<u>10,738,648</u>

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

These consolidated financial statements were approved and authorized for issue by the Audit Committee of the Board of Directors on November 27, 2015.

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

(unaudited)
(in Canadian dollars)

	Notes	Three-month period ended		Nine-month period ended	
		September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
		\$	\$	\$	\$
Revenues					
Royalties		48,492		320,597	
Dividends		115,540		295,593	
Geological fees		522	10,729	1,357	13,252
		<u>345,442</u>	<u>10,729</u>	<u>617,547</u>	<u>13,252</u>
Operating Expenses					
Salaries and other employee benefits	15.1	396,876	506,820	769,481	1,110,110
Office expenses		28,625	43,091	140,285	122,102
Management fees		4,125	4,125	12,375	12,375
Professional and legal fees		164,532	200,534	680,727	709,683
Advertising and exhibitions		6,410	6,821	26,840	30,594
Travelling		19,680	22,570	60,271	73,466
Exploration and evaluation expenditures		1,021	94	11,990	7,310
Royalty purchase	10	63,573		73,573	
Write-off of exploration and evaluation assets					
Part XII.6 and other taxes		378	442	5,428	9,444
Depreciation of property and equipment	9	3,031	2,483	9,502	7,019
Gain on the disposal of exploration and evaluation assets	18			(25,246,624)	
Loss (gain) on short-term financial assets disposal				1,282	
		<u>688,251</u>	<u>786,980</u>	<u>(23,454,870)</u>	<u>2,082,103</u>
Operating income (loss)		<u>(342,809)</u>	<u>(776,251)</u>	<u>24,072,417</u>	<u>(2,068,851)</u>
Finance income	16	10,754	562	13,138	4,872
Other revenue		5,000		5,000	
Change in fair value of financial assets at fair value through profit or loss		(4,899,437)	(121,120)	(6,558,563)	(163,591)
		<u>(4,883,683)</u>	<u>(120,558)</u>	<u>(6,540,425)</u>	<u>(158,719)</u>
Net income (loss) before income taxes		<u>(5,226,492)</u>	<u>(896,809)</u>	<u>17,531,992</u>	<u>(2,227,570)</u>
Deferred income taxes		(406,356)	94,589	1,398,165	94,589
Net income (loss) and total comprehensive income (loss) for the period		<u>(5,632,848)</u>	<u>(802,220)</u>	<u>16,133,827</u>	<u>(2,132,981)</u>
Net income (loss) and total comprehensive income (loss) attributable to:					
Shareholders of Golden Valley Mines		(2,730,055)	(189,698)	9,013,419	(1,232,734)
Non-controlling interest		(2,270,969)	(612,522)	7,120,408	(900,246)
		<u>(5,001,024)</u>	<u>(802,220)</u>	<u>16,133,827</u>	<u>(2,132,980)</u>
Loss per share attributable to Golden Valley Mines shareholders					
Basic earnings (loss) per share	17	(0.028)	(0.002)	0.094	(0.014)
Diluted earning per share	17	(0.027)	-	0.090	-

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

Golden Valley Mines Ltd.
Consolidated Statement of Changes in Equity
For the three and nine-month period ended September 30, 2015

(unaudited)
(in Canadian dollars)

	Note	Capital Stock	Warrants	Contributed Surplus	Equity Component of Convertible Debenture	Deficit	Total attributable to owners of the parent	Non-controlling interest	Total Equity
	Number	\$	\$	\$	\$	\$	\$	\$	
Balance at January 1, 2015		94,933,664	23,494,150	45,571	2,752,785	(18,855,041)	7,437,465	2,509,108	9,946,573
Share issue expenses	14.2		(2,145)				(2,145)		(2,145)
Share-based payments									
Units issued by exercise of stock options		300,000	21,000				21,000		21,000
Units issued by exercise of warrants		1,910,000	217,471	(45,571)			171,900		171,900
Change in interest of subsidiaries						282,188	282,188	913,717	1,195,905
Transactions with owners		97,143,664	23,730,476	(0)	2,752,785	(18,572,853)	7,910,408	3,422,825	11,333,233
Net loss and total comprehensive loss for the period						11,743,474	11,743,474	9,391,377	21,134,851
Balance at June 30, 2015		97,143,664	23,730,476	(0)	2,752,785	(6,829,379)	19,653,882	12,814,202	32,468,084
Share issue expenses			(14,684)				(14,684)		(14,684)
Share-based payments				129,535			129,535		129,535
Units issued for a debt settlement	14.1	1,831,310	201,444				201,444		201,444
Units issued by exercise of stock options		250,000	51,080	(33,580)			17,500		17,500
Change in interest of subsidiaries						165,083	165,083	414,978	580,061
Transactions with owners		2,081,310	237,840		95,955	165,083	498,878	414,978	913,856
Net loss and total comprehensive loss for the period						(2,730,055)	(2,730,055)	(2,270,969)	(5,001,024)
Balance at September 30, 2015		99,224,974	23,968,316	(0)	2,848,741	(9,394,351)	17,422,706	10,958,211	28,380,917

Golden Valley Mines Ltd.
Consolidated Statement of Changes in Equity
For the three and nine-month period ended September 30, 2015

(unaudited)
(in Canadian dollars)

	Note	Capital Stock	Warrants	Contributed Surplus	Equity Component of Convertible Debenture	Deficit	Total attributable to owners of the parent	Non-controlling interest	Total Equity	
	Number	\$	\$	\$	\$	\$	\$	\$		
Balance at January 1, 2014		89,601,356	22,853,604	328,352	2,393,819	16,729	(14,715,129)	10,877,375	677,569	11,554,944
Share issue expenses	14.2	(16,433)					(16,433)			(16,433)
Share-based payments				4,905			4,905	239,429		244,334
Units issued by exercise of stock options								4,462		4,462
Units issued by private placements		2,999,998	450,000					450,000	(1,909)	448,091
Transactions with owners		2,999,998	433,567		4,905			438,472	241,982	680,454
Net loss and total comprehensive loss for the period						(1,043,036)	(1,043,036)	(287,724)		(1,330,760)
Balance at June 30, 2014		92,601,354	23,287,171	328,352	2,398,724	16,729	(15,758,165)	10,272,811	631,827	10,904,638
Share issue expenses			(4,449)				(4,449)			(4,449)
Share-based payments				101,544			101,544	214,173		315,717
Compensation warrants expired			27,588	(114,168)	86,580					
Unit issued for interest payment on debenture		33,019	5,984				5,984			5,984
Units issued by exercise of stock options		325,000	22,750				22,750			22,750
Units issued by exercise of warrants	14.2	500,000	60,000	(15,000)			45,000			45,000
Units issued for property acquisition	10							6,667		6,667
Units issued for debt settlement	14.1							140,803		140,803
Units issued by private placements								2,000,000		2,000,000
Changes in interest of a subsidiary						55,308	55,308	(13,121)		42,187
Transactions with owners		858,019	111,872	(129,168)	188,124		55,308	226,137	2,348,522	2,574,659
Net loss and total comprehensive loss for the period						(189,698)	(189,698)	(612,522)		(802,220)
Balance at September 30, 2014		93,459,373	23,399,043	199,184	2,586,848	16,729	(15,892,555)	10,309,250	2,367,827	12,677,077

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

Golden Valley Mines Ltd.
Consolidated Statement of Cash Flows
For the three and nine-month period ended September 30, 2015

(unaudited)
(in Canadian dollars)

	Three-month period ended		Nine-month period ended	
	September 30,		September 30,	
	2015	2014	2015	2014
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net income (loss)	(5,001,024)	(896,809)	16,133,827	(2,227,569)
Adjustments	-	-	-	-
Depreciation of property and equipment	3,030	2,483	9,501	7,019
Gain on the disposal of exploration and evaluation assets	-	-	(25,246,624)	-
Share-based payments	118,740	300,960	118,740	545,294
Shares issued for debt settlement	201,444	140,803	201,444	140,803
Accrued interest on debenture	-	4,710	-	13,874
Write-off of exploration and evaluation assets	-	7,310	-	7,310
Loss (gain) on disposal of short-term financial assets	-	-	1,282	-
Changes in fair value of financial assets at fair value through profit or loss	4,899,437	121,120	6,558,563	163,591
Deferred tax expense	(406,356)	-	1,398,165	-
Changes in working capital items	-	-	-	-
Other accounts receivable	19,830	6,911	(39,442)	(27,311)
Sales taxes recoverable	23,775	13,398	(125)	2,829
Prepaid expenses	(51,498)	(60,507)	(14,699)	(21,311)
Accounts payable and accrued liabilities	(457,430)	(160,268)	(233,976)	213,836
Cash flows from operating activities	(650,052)	(519,889)	(1,113,344)	(1,181,635)
INVESTING ACTIVITIES				
Acquisition of short-term financial assets	(250,000)	(342)	(350,299)	(301,022)
Disposal of short-term financial assets	51,282	125,000	370,908	425,000
Tax credits received	-	6,832	33,927	78,810
Additions to exploration and evaluation assets	(75,461)	(64,393)	(202,961)	(181,209)
Purchase of property and equipment	-	-	(7,505)	-
Disposal of investment less transaction costs	426,900	-	426,900	-
Disposal of exploration and evaluation assets transaction costs	(75,000)	-	(149,562)	-
Cash flows from investing activities	77,721	67,097	121,407	21,579
FINANCING ACTIVITIES				
Issuance of shares by exercise of stock options	17,500	22,750	38,500	25,303
Issuance of units by private placements	-	2,000,000	-	2,450,000
Share issue expenses	(14,684)	(4,449)	(16,829)	(20,882)
Issuance of units by exercise of warrants	-	60,000	171,900	60,000
Change in interest of subsidiaries	580,061	-	1,372,466	-
Cash flows from financing activities	582,877	2,078,301	1,566,037	2,514,421
Net change in cash and cash equivalents	10,546	1,625,509	574,099	1,354,365
Cash, beginning of period	1,911,173	281,239	1,347,620	552,383
Cash, end of period	1,921,719	1,906,748	1,921,719	1,906,748

Cash transactions:

Dividends received		342	299	1,022
Interest received	10,754	220	12,839	3,851
Interest paid	24	471	108	471

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

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

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

1. NATURE OF OPERATIONS

Golden Valley Mines Ltd. and its subsidiaries (hereinafter "The Corporation") is specialized in the exploration and evaluation of minerals in Canada.

2. GOING CONCERN ASSUMPTION AND COMPLIANCE WITH IFRS

The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") and on the basis of the going concern assumption, meaning the Corporation will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Corporation has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Corporation has not yet generated income nor cash flows from its operations. As at September 30, 2015, the Corporation has a cumulated deficit of \$9,394,351 (\$18,855,041 as at December 31, 2014). These material uncertainties cast significant doubt regarding the Corporation's ability to continue as a going concern.

The Corporation's ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. Even if the Corporation has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

The carrying amounts of assets, liabilities, revenues and expenses presented in the consolidated financial statements and the classification used in the consolidated statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

3. GENERAL INFORMATION

Golden Valley Mines Ltd. is the parent company (and the ultimate parent company) of the following subsidiaries: Abitibi Royalties Inc., Calone Mining Ltd., James Bay Gold Corp., Nunavik Nickel Mines Ltd., and Uranium Valley Mines Ltd. Subsidiaries have all been incorporated under the Business Corporations Act (British Columbia).

Golden Valley Mines Ltd. was incorporated on August 15, 2000 under the Business Corporations Act (Canada).

The address of Golden Valley Mines Ltd.'s registered office is 152 Chemin de la Mine École, Val-d'Or, J9P 7B6, Quebec, Canada. The address of Golden Valley Mines Ltd.'s principal place of business is 2864 chemin Sullivan, Val-d'Or, Quebec, J9P 0B9. Golden Valley Mines Ltd.'s shares are listed on the TSX Venture Exchange.

4. BASIS OF PRESENTATION

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

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

5. CASH AND CASH EQUIVALENTS

	September 30, 2015	December 31, 2014
	\$	\$
Cash	1,816,719	137,620
Demand deposits, 0.925%, redeemable at any time		1,125,000
Demand deposits, 0.7%, redeemable at any time	75,000	
Demand deposits, 0.65%, redeemable at any time	30,000	85,000
	<u>1,921,719</u>	<u>1,347,620</u>

There is no balance on flow-through financings according to the restrictions imposed by these financing arrangements as at September 30, 2015 and 2014.

6. SHORT-TERM FINANCIAL ASSETS

	September 30, 2015	December 31, 2014
	\$	\$
Guaranteed investment certificates		
0.95% maturing in June 2015		175,000
0.65% maturing in June 2016	50,000	
0.50% maturing in August 2016	250,000	
Money market investment funds	854	3,901
Mutual funds		107,654
Marketable securities in quoted mining exploration companies	374,547	288,910
Short-term financial assets	<u>675,401</u>	<u>575,465</u>

7. OTHER ACCOUNTS RECEIVABLES

	September 30, 2015	December 31, 2014
	\$	\$
Dividend receivable from Yamana Gold Inc	68,740	
Others	10,828	40,126
	<u>79,568</u>	<u>40,126</u>

8. FUNDS HELD FOR THIRD PARTIES

In May 2014, the Corporation received funds from its partner on certain properties in order to perform work as per an agreement. There is no interest on this amount and it is payable on demand. As of September 30, 2015, there is a balance of \$1,255 relating to these funds.

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

9. PROPERTY AND EQUIPMENT

The carrying amount can be analysed as follows:

	Property and equipment				Exploration and evaluation equipment		
	Office furniture	Computer equipment	Leasehold improvement	Total	Computer equipment	Total	Total
	\$	\$	\$	\$	\$	\$	\$
Gross carrying amount							
Balance at January 1	46,282	72,693	60,385	179,360	36,215	36,215	215,575
Acquisition		3,797		3,797	3,708	3,708	7,505
Balance at September 30, 2015	46,282	76,490	60,385	183,157	39,923	39,923	223,080
Accumulated depreciation							
Balance at January 1, 2015	36,675	68,115	59,975	164,765	35,652	35,652	200,417
Depreciation	4,835	4,256	410	9,501	592	592	10,092
Balance at September 30, 2015	41,510	72,371	60,385	174,266	36,244	36,244	210,509
Carrying amount at September 30, 2015	4,772	4,119		8,891	3,680	3,680	12,571
	Property and equipment				Exploration and evaluation equipment		
	Office furniture	Computer equipment	Leasehold improvement	Total	Computer equipment	Total	Total
	\$	\$	\$	\$	\$	\$	\$
Gross carrying amount							
Balance at January 1 and September 30, 2014	46,284	72,693	60,385	179,362	36,215	91,549	270,911
Accumulated depreciation							
Balance at January 1, 2014	33,496	62,614	59,155	155,265	32,162	87,496	242,761
Depreciation	2,292	4,111	615	7,019	3,395	3,395	10,414
Balance at September 30, 2014	34,899	65,337	59,565	159,801	35,557	90,891	253,175
Carrying amount at September 30, 2014	11,384	7,356	820	19,561	658	658	17,735

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

10. EXPLORATION AND EVALUATION ASSETS

The carrying amount can be analyzed as follows:

	Balance at January 1, 2015	Additions	Disposition	Balance at June 30, 2015	Additions	Balance at September 30, 2015
	\$	\$	\$	\$	\$	\$
Golden Valley Mines Ltd. Properties						
Acquisition and claims maintenance	4,925,117	24,538		4,949,655	18,675	4,968,330
Property option payments	312,500			312,500		312,500
Drilling, excavation and related costs	3,431,557			3,431,557		3,431,557
Technical and field staff	4,563,566	65,422		4,628,988	24,532	4,653,520
Airborne geophysics	671,742			671,742		671,742
Geophysics	2,383,411			2,383,411		2,383,411
Line cutting	1,153,807			1,153,807		1,153,807
Sampling and testing	771,830			771,830		771,830
Travel and transport	1,774,034	626		1,774,660	92	1,774,752
Program management and consultants	299,462	10,154		309,616	16,820	326,436
Professional Fees	6,978			6,978		6,978
Depreciation, insurance and office expenses	526,803	13,318		540,121	3,523	543,644
Communications	57,269	844		58,113	181	58,294
Option payments received	(1,682,035)			(1,682,035)		(1,682,035)
Write-off of exploration and evaluation assets	(3,974,450)			(3,974,450)		(3,974,450)
Impairment of exploration and evaluation assets	(4,381,156)			(4,381,156)		(4,381,156)
Government assistance	(1,494,095)			(1,494,095)		(1,494,095)
Net expenses incurred during the period	9,346,339	114,902		9,461,241	63,823	9,525,064
Exploration and evaluation assets transferred to subsidiaries	(2,464,773)			(2,464,773)		(2,464,773)
Balance, end of the period	<u>6,881,566</u>	<u>114,902</u>		<u>6,996,468</u>	<u>63,823</u>	<u>7,060,291</u>
Abitibi Royalties Inc. Properties						
Acquisition and claims maintenance	31,647		(6,462)	25,185	-	25,185
Technical and field staff	10,456	2,583	(4,384)	8,655	-	8,655
Program management and consultants	125,511	770	(124,974)	1,307	-	1,307
Geophysics			(450)	(450)	-	(450)
Depreciation, insurance and office expenses	450			450	-	450
Communications				-	-	-
Net expenses incurred during the period	<u>168,064</u>	<u>3,353</u>	<u>(136,270)</u>	<u>35,147</u>	<u>-</u>	<u>35,147</u>
Nunavik Nickel Mines Ltd. Properties						
Acquisition and claims maintenance	1,760,625	41,000		1,801,625	33,961	1,835,586
Technical and field staff	5,268	509		5,777		5,777
Program management and consultants	2,701	223		2,924	56	2,980
Airborne geophysics	290,304			290,304		290,304
Government assistance	(127,220)	(632)		(127,852)	-	(127,852)
Impairment of exploration and evaluation assets	(550,241)			(550,241)		(550,241)
Net expenses incurred during the period	<u>1,381,437</u>	<u>41,100</u>		<u>1,422,537</u>	<u>56</u>	<u>1,456,554</u>
Uranium Valley Mines Ltd. Properties						
Acquisition and claims maintenance	1,574,016	56		1,574,072	3,333	1,577,405
Technical and field staff	3,139	92		3,231	39	3,270
Travel and transport	41,452			41,452		41,452
Program management and consultants	2,726	67		2,793		2,793
Communication	60			60		60
Government assistance	(654)			(654)		(654)
Write-off of exploration and evaluation assets	(1,403,948)			(1,403,948)		(1,403,948)
Net expenses incurred during the period	<u>216,791</u>	<u>215</u>		<u>217,006</u>	<u>3,372</u>	<u>220,378</u>
Summary						
Mining rights	8,529,636	65,594	6,462	8,588,768	55,968	8,644,736
Exploration and evaluation assets	2,989,006	93,976	129,808	2,953,174	45,243	2,998,417
Exploration and evaluation assets transferred to subsidiaries	(2,464,773)			(2,464,773)		(2,464,773)
Disposal of a subsidiary	(406,009)			(406,009)		(406,009)
	<u>8,647,860</u>	<u>159,570</u>	<u>136,270</u>	<u>8,671,160</u>	<u>101,211</u>	<u>8,772,371</u>

Golden Valley Mines Ltd.**Notes to the consolidated financial statements****For the three and nine-month period ended September 30, 2015****(unaudited)**

(in Canadian dollars)

10. EXPLORATION AND EVALUATION ASSETS (continued)

	Balance at January 1, 2014	Additions	Disposition	Balance at June 30, 2014	Additions	Balance at September 30, 2014
	\$	\$	\$	\$	\$	\$
Golden Valley Mines Ltd. Properties						
Acquisition and claims maintenance	4,865,581	16,444		4,882,025	22,990	4,905,015
Property option payments	312,500			312,500		312,500
Drilling, excavation and related costs	3,431,557			3,431,557		3,431,557
Technical and field staff	4,422,837	65,961		4,488,798	46,080	4,534,878
Airborne geophysics	671,742			671,742		671,742
Geophysics	2,373,572	391		2,373,963		2,373,963
Line cutting	1,153,751	56		1,153,807	9,393	1,163,200
Sampling and testing	770,260			770,260	987	771,247
Travel and transport	1,762,637	939		1,763,576	3,671	1,767,247
Program management and consultants	286,693			286,693		286,693
Professional Fees	6,978			6,978		6,978
Depreciation, insurance and office expenses	500,800	16,871		517,671	9,579	527,250
Communications	56,715	554		57,269	4,460	61,729
Option payments received	(1,682,035)			(1,682,035)		(1,682,035)
Write-off of exploration and evaluation assets	(3,974,450)			(3,974,450)		(3,974,450)
Impairment of exploration and evaluation assets	(1,836,783)			(1,836,783)		(1,836,783)
Government assistance	(1,447,228)			(1,447,228)	(6,832)	(1,454,060)
Net expenses incurred during the period	11,675,127	101,216		11,776,343	90,328	11,866,671
Exploration and evaluation assets transferred to subsidiaries	(2,464,773)			(2,464,773)		(2,464,773)
Balance, end of the period	9,210,354	202,432		9,311,570	90,328	9,401,898
Abitibi Royalties Inc. Properties						
Acquisition and claims maintenance	31,572			31,572	25	31,597
Technical and field staff	9,082	2,257		11,339		11,339
Program management and consultants	115,726	1,060		116,786	1,172	117,958
Depreciation, insurance and office expenses		9		9		9
Communications		558		558		558
Net expenses incurred during the period	156,380	3,884		159,697	1,197	161,461
Nunavik Nickel Mines Ltd. Properties						
Acquisition and claims maintenance	1,748,760	11,865		1,760,625		1,760,625
Technical and field staff	4,034	1,644		5,678	23	5,701
Program management and consultants	2,199			2,199		2,199
Airborne geophysics	290,304			290,304		290,304
Government assistance	(128,092)	905		(127,187)	(33)	(127,220)
Impairment of exploration and evaluation assets	(550,241)			(550,241)		(550,241)
Net expenses incurred during the period	1,366,964	14,414		1,381,378	(10)	1,381,368
Uranium Valley Mines Ltd. Properties						
Acquisition and claims maintenance	1,567,349			1,567,349	6,667	1,574,016
Technical and field staff	2,599	323		2,922	558	3,480
Travel and transport	41,452			41,452		41,452
Program management and consultants	1,007	279		1,286	217	1,503
Communication	60			60		60
Government assistance	(654)			(654)		(654)
Write-off of exploration and evaluation assets	(1,403,948)			(1,403,948)		(1,403,948)
Net expenses incurred during the period	207,865	602		208,467	7,442	215,909
Summary						
Mining rights	8,451,493	28,309		8,479,802	29,682	8,509,484
Exploration and evaluation assets	5,360,853	91,807		5,452,660	69,275	5,521,935
Exploration and evaluation assets transferred to subsidiaries	(2,464,773)			(2,464,773)		(2,464,773)
Disposal of a subsidiary	(406,009)			(406,009)		(406,009)
	10,941,564	62,265		11,061,680	98,957	11,160,637

Golden Valley Mines Ltd.**Notes to the consolidated financial statements****For the three and nine-month period ended September 30, 2015****(in Canadian dollars)****10. EXPLORATION AND EVALUATION ASSETS (continued)**

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

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

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

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

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

On October 7, 2010 (the "Effective Date"), the Corporation granted an option (the "Cambrian Option") to Cambrian Corp. ("Cambrian"), a private company, to acquire up to a 70% interest in the Broker's Fee prospect. On April 2, 2013, the parties entered into a third amended and restated mining option agreement with respect to the Cambrian Option. Pursuant to this third further amended and restated agreement, in order to maintain in force the Cambrian Option, Cambrian must incur aggregate exploration expenditures of \$6,000,000 over a six year period, of which \$200,000 must be spent on or before October 7, 2013, issue an aggregate 600,000 common shares (issued), and deliver a definitive feasibility study on the property on or before the 6th anniversary of the Effective Date. Upon the Cambrian Option vesting, the Corporation will retain a 30% free and carried interest to production.

In January 2015, the Cambrian Option has been terminated. As a result, the Corporation retains a 100% interest in the Broker's Fee Prospect.

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

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

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

Golden Valley Mines Ltd.**Notes to the consolidated financial statements****For the three and nine-month period ended September 30, 2015****(in Canadian dollars)****10. EXPLORATION AND EVALUATION ASSETS (continued)*****GZZ Properties - Golden Cariboo Resources Ltd. - Abitibi Greenstone Belt, Quebec and Ontario***

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

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

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

Malartic CHL Prospect - Malartic, Quebec

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

Abitibi Royalties also acquired from the Corporation a 2% net smelter royalty interest in one mining claim held by Osisko and located in the township of Fournière, Registration Division of Abitibi, Province of 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 18 - Sale of Malartic CHL Prospect..

Golden Valley Mines Ltd.**Notes to the consolidated financial statements****For the three and nine-month period ended September 30, 2015***(in Canadian dollars)***10. EXPLORATION AND EVALUATION ASSETS (continued)****Malartic CHL 3% Royalty- Malartic, Quebec**

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

Canadian Malartic 2% Royalty- Malartic, Quebec

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

Abitibi Royalty Search

On June 9, 2015, Abitibi Royalties launched the "Abitibi Royalty Search", by which it would reimburse a company for the renewal fees on existing claims or staking fees on new claims and receive in exchange a net smelter return royalty. The program offers junior mining companies an alternative to dropping potentially interesting claims or projects due to a lack of funds. Projects have to meet specific criteria to be eligible, such as being located in the close vicinity of an existing mine and showing good geology or signs of mineralization. As of the end of September 2015, Abitibi Royalties closed seven NSR royalty acquisitions for a total investment of \$73,573. The amounts spent to acquire mining royalties are expensed.

Porcupine Miracle Prospect - Langmuir Township, Ontario

On July 3, 2014, Uranium Valley Mines entered into a Mining Option Agreement to acquire up to 100% property in the Porcupine Miracle Prospect from 2973090 Canada Inc, a company owned and controlled by Mr. Glenn J. Mullan, the CEO of the Company.

The Porcupine Miracle Prospect is constituted of four (4) mineral claims located in the Langmuir Township in the province of Ontario, Canada. In consideration for the option Uranium Valley will issue 200,000 common shares as follows: 66,666 common shares (which shares have been issued on July 25, 2014 at a deemed price of \$0.10 per share), 66,667 common shares on July 17, 2015 and, 66,667 common shares on July 17, 2016. In order to exercise the option, Uranium Valley is required to incur exploration expenditures of \$50,000 by July 17, 2016 and, in addition, to maintain the property in good standing. The property will be subject to a royalty in favour of 2973090 Canada Inc. equal to 3% of net smelter returns. Advance royalty payments of \$10,000 per annum will be payable by Uranium Valley commencing on July 17, 2017; the advance royalty payments will be deducted from the amounts payable under the royalty.

Boston Bulldog Prospect - Kirkland Lake, Ontario

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

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

Marymac Prospect - Labrador Trough, Québec

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

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

11. LEASES

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

	Minimum lease payments due	
	Within 1 year	1 to 5 years
	\$	\$
September 30, 2015	47,704	47,704
September 30, 2014	56,121	98,212

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

Lease payments recognized as an expense during 2015 amount to \$ 42,933 (\$42,091 in 2014). This amount consists of minimum lease payments. No surface payments or contingent rent payments were made or received. The Corporation's operating lease agreements do not contain any contingent rent clauses, renewal options or escalation clauses or any restrictions, such as those concerning dividends, additional debt, and further leasing. In March 2014, the Corporation sublet a portion of its Montreal office space to help reduce monthly expenses.

12. INVESTMENTS

	Number of shares	Market value	September 30,
			2015
		\$	\$
Yamana Gold Inc	3,549,695	2.25	7,986,814
Agnico Eagle Mines Limited	444,197	33.83	15,027,185
			23,013,998

Investments are presented at their fair value. A fair value adjustment of \$6,686,236 has been recorded for the nine-months ended September 30, 2015. (\$4,919,437 in the quarter ended on September 30, 2015).

Sale of Agnico Eagle Shares

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

Sale of Call Options

Abitibi Royalties sold 1,947 call option contracts, covering 194,700 shares of its holding in Yamana and Agnico Eagle, for total cash proceeds of \$42,238 USD. The call options are exercisable until January 20, 2017 at prices varying from \$40 to \$45 for the contracts covering the Agnico Eagle shares and from \$7 to \$12 for those on Yamana Shares. The obligations related to the call option contracts has been valued at September 30, 2015 at \$64,987 and as been included in the accrued liabilities.

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Others	September 30,	September 30,
	2015	2014
	\$	\$
Trade accounts	171,109	544,948
Wage and salaries payable	324,984	387,855
Current charges	64,987	
	561,080	932,803

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

14. EQUITY**14.1 Capital Stock**

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

Authorized

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

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

Private Placement

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

Shares issued for professional fees

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

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

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

14.2 Warrants

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

	September 30, 2015		December 31, 2014	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Balance, beginning of reporting period	3,410,000	0.15	10,711,192	0.17
Granted			1,500,000	0.22
Exercised	(1,910,000)	0.09	(500,000)	0.09
Forfeited			(8,301,192)	0.20
Balance, end of reporting period	<u>1,500,000</u>	<u>0.22</u>	<u>3,410,000</u>	<u>0.15</u>

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

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

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

15. EMPLOYEE REMUNERATION

15.1 Salaries and other employee benefits expense

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

	Three-month period ended		Nine-month period ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	\$	\$	\$	\$
Salaries and group insurance	181,170	208,219	562,103	564,240
Share-based payments	118,740	300,960	118,740	545,294
Defined contribution State plans	96,966	12,398	110,057	32,150
	<u>396,876</u>	<u>521,577</u>	<u>790,900</u>	<u>1,141,684</u>
Less: salaries capitalized in exploration and evaluation assets		(14,757)	(21,419)	(31,574)
Salaries and other employee benefits expense	<u>396,876</u>	<u>506,820</u>	<u>769,481</u>	<u>1,110,110</u>

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

15. EMPLOYEE REMUNERATION (continued)

15.2 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.

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

	September 30, 2015		December 31, 2014	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding as at January 1	7,369,025	0.22	7,595,000	0.22
Granted	1,200,000	0.11	854,025	0.17
Exercised	(550,000)	0.07		
Cancelled	(1,125,000)	0.28	(325,000)	0.07
Expired			(755,000)	0.30
Outstanding as at September 30	<u>6,894,025</u>	<u>0.20</u>	<u>7,369,025</u>	<u>0.22</u>
Exercisable as at January 1 and September 30	<u>6,894,025</u>	<u>0.18</u>	<u>7,369,025</u>	<u>0.22</u>

Golden Valley Mines Ltd.
Notes to the consolidated financial statements
For the three and nine-month period ended September 30, 2015
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15.2 Share-based payments (continued)

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

Expiry date	Outstanding options			Exercisable options
	Number of options	Weighted average exercise price	Weighted average remaining contractual life (years)	Number of options
		\$		
December 22, 2015	655,000	0.50	0.23	655,000
October 5, 2016	1,615,000	0.35	1.02	1,615,000
July 23, 2017	520,000	0.15	1.81	520,000
August 1, 2018	2,125,000	0.07	2.84	2,125,000
June 30, 2019	779,025	0.17	3.75	779,025
July 24, 2020	1,200,000	0.11	4.82	1,200,000
	6,894,025	0.20		6,894,025

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

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

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

Abitibi Royalties Inc.

Exercise of incentive stock options

During the nine month period ended on September 30, 2015, Abitibi Royalties issued 358,792 of its common shares for a total consideration of \$683,017 from the exercise of stock options. In the first quarter a total of 330,000 stock options were exercised: 225,000 options at \$2.50 and 105,000 at \$0.55. The share price on the market at the day before the exercise was \$3.65. In the third quarter 28,792 stock options were exercised at \$2.18. The share prices on the market at the day before the exercise were \$1.80 (19,848 stock options) and \$2.50 (8,944 stock options).

Restricted Share Unit Plan

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

16. FINANCE INCOME

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

	Three-month period ended		Nine-month period ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Interest and dividend income from cash and short-term financial assets	\$ 10,754	\$ 562	\$ 13,138	\$ 4,873

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17. EARNINGS (LOSS) PER SHARE

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

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

Only share equivalents with exercise prices exceeding the average market price for the period of \$0.14 (\$0.11 for the current quarter) have been considered in the calculation of the diluted earnings per share.

	Three-month period ended		Nine-month period ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Net income (loss) attributable to shareholders of Golden Valley Mines Ltd.	<u>(2,730,055)</u>	<u>(189,698)</u>	<u>9,013,419</u>	<u>(1,232,734)</u>
Weighted average number of shares in circulation - basic	97,851,360	90,258,487	96,100,323	90,988,694
Dilutive effect of stock options and warrants	3,650,000		3,915,000	
Weighted average number of shares in circulation - basic	<u>101,501,360</u>	<u></u>	<u>100,015,323</u>	<u></u>
Basic earnings (loss) per share	(0.028)	(0.002)	0.094	(0.014)
Diluted earnings per share	(0.027)		0.090	

18. SALE OF MALARTIC CHL PROSPECT BY ABITIBI ROYALTIES

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

After this transaction Abitibi Royalties retains the following:

- Shares in Yamana and Agnico Eagle for a value of \$33.5 million (as at March 19, 2015)
- a 3% net smelter return royalty on the Project
- a 2% net smelter return royalty on a portion of the Gouldie gold deposit at the Canadian Malartic mine
- its 100% interest in the Luc Bourdon and Bourdon West Prospects in the McFauld's Lake ("Ring of Fire") area, Ontario.

Abitibi Royalties has engaged Maxit Capital LP as its financial advisor and Getz Prince Wells LLP as its legal advisor in connection with this transaction. The advisory fees can be settled in cash (\$350,000) or in common shares (100,791 common shares), at the option of Abitibi Royalties. 100,791 common shares were issued in April 2015.

The gain on this transaction has been determined as follows:

	March 19, 2015
Market value of consideration received	33,489,813
Less: Fair value of mandatory retention period ⁽¹⁾	<u>(3,374,856)</u>
Fair value of consideration received	30,114,957
Less: Transaction costs	<u>(443,953)</u>
Fair value of consideration received net of transaction costs	<u>29,671,004</u>
Less: Book value of exploration and evaluation	<u>(136,270)</u>
Gain on the sale of the Malartic CHL Prospect (no tax impact) reported on March 13, 2015	<u>29,534,734</u>
Variation in transaction costs	1,890
Success fee payable as a result of the sale of the Malartic CHL prospect	<u>(4,290,000)</u>
Gain on the sale of the Malartic CHL Prospect (no tax impact) reported on June 30, 2015	25,246,624.00

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

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19. ADDITIONAL INFORMATION - CASH FLOWS

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

	September 30, 2015	September 30, 2014
	\$	\$
Accounts payable and accrued liabilities included in exploration and evaluation assets	502	12,453
Accounts payable and accrued liabilities of transaction costs included in gain on disposal of exploration and evaluation assets		2,849
Common shares issued for the acquisition of a mineral property	36,000	
Common shares issued for a debt settlement	201,444	
Common shares issued in consideration of payment of transaction costs included in gain on disposal of exploration and evaluation assets	367,500	
Success fee payable included in gain on disposal of exploration and evaluation assets	4,290,000	
Common shares received in consideration of disposal of exploration and evaluation assets net of the fair value of the retention period	30,114,957	

20. RELATED PARTY TRANSACTIONS

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

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

20.1 Transaction with key management

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

	Three-month period ended		Nine-month period ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	\$	\$	\$	\$
Short-term employee benefits				
Salaries including bonuses ⁽¹⁾	129,450	60,168	313,976	182,152
Benefits	30,282	32,265	91,428	50,715
Director's fees ⁽²⁾	60,000	62,837	166,129	262,920
Total short-term employee benefits	219,732	155,270	571,533	495,787
Other transactions with key management				
Rent ⁽³⁾	3,000		39,000	
Management Fees	4,125	4,125	12,375	12,375
Expenses capitalized in exploration and evaluation assets	26,038	24,365	112,643	70,955
Professional Fees			8,177	
Success Fee included in gain on the disposal of exploration and evaluation assets			4,290,000	
Total other transactions with key management	33,163	28,490	4,462,195	83,330
Share-based payments	118,740	304,367	118,740	554,785
Total remuneration	<u>371,635</u>	<u>488,127</u>	<u>5,152,468</u>	<u>1,133,902</u>

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

⁽²⁾ An amount of \$30,000 (\$70,084 the Corporation and \$130,000 by Abitibi Royalties in 2014) has been accrued in director's fees which have been deferred and not yet paid.

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

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20. RELATED PARTY TRANSACTIONS

20.2 Abitibi Royalties Inc.

20.2.1 - Transactions with key management

- a) Management success fees agreement with 2973090 Canada Inc.

Abitibi Royalties entered into an agreement with 2973090 Canada Inc., a company of which Glenn J. Mullan is the sole shareholder, director and officer, as the "Trustee" and the CEO of the Company. This agreement provides that upon Abitibi Royalties completing a transaction or series of transactions (in either case, a "Transaction") pursuant to which:

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

Abitibi Royalties will get an independent determination of the value of the Transaction based on the value of the consideration received by Abitibi Royalties or its shareholders for the shares or assets subject to the Transaction. Once the value of the transaction has been determined, Abitibi Royalties will pay to the Trustee a success fee (the "Success Fee") which the Trustee will then allocate among the members of Abitibi Royalties' management (including its President, Chief Executive Officer and its Chief Financial Officer) and/or its key consultants. After consultation with Abitibi Royalties' Compensation and Corporate Governance Committee, the Trustee will have sole discretion to determine how the Success Fee is to be allocated. The amount of the Success Fee is to be based on the value of the Transaction.

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.

21. CONTINGENCIES AND COMMITMENTS

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

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

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

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

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

22. SUBSEQUENT EVENTS

Normal Course Issuer Bid

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

Private Placement

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