



GOLDEN VALLEY MINES LTD.

Management's Discussion and Analysis For the three and six months ended June 30, 2019 Dated: August 28, 2019

INTRODUCTION

The following is Management's Discussion and Analysis of the financial condition and results of operations of Golden Valley Mines Ltd. (the "**Company**" or "**Golden Valley**") for the three and six months ended June 30, 2019 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee. This discussion and analysis should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2019 and the audited consolidated financial statements of the Company for the year ended December 31, 2018, and the related notes thereto. All figures are in Canadian dollars unless otherwise specified.

The technical content in this Management's Discussion & Analysis has been prepared under the supervision of Mr. Glenn J. Mullan who is a "Qualified Person" as such term is defined in National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*. All technical disclosure regarding the Company's joint venture properties has been derived solely from the public disclosure of the Company's various joint venture partners, without independent verification.

This MD&A has been reviewed by the audit committee and approved by the Company's Board of Directors on August 28, 2019.

FORWARD-LOOKING STATEMENTS

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

COMPANY OVERVIEW

Golden Valley is a mineral exploration company whose assets, direct or indirect through entities, include 72 exploration properties located in the following areas: (i) the Abitibi Greenstone Belt (Ontario and Québec); (ii) the James Bay; (iii) the Nunavik (Ungava and Labrador) region of northern Québec; and (v) the James Bay Lowlands of Ontario. Refer below to “Abitibi Greenstone Belt (“AGB”) Grassroots Exploration Project” and “Option and Joint Venture Properties” for further details.

Golden Valley is the parent company of the following subsidiaries: Abitibi Royalties Inc. (“Abitibi Royalties”) and Calone Mining Ltd (“Calone Mining”). Subsidiaries have all been incorporated under the Business Corporations Act (British Columbia).

The Company’s investments in associates includes International Prospect Ventures Ltd. (“International Prospect”) and Val-d’Or Mining Corporation (“Val-d’Or Mining”), which are involved in the process of exploring, evaluating and promoting its mineral properties and other projects

Golden Valley’s shares trade on the TSX Venture Exchange (the “Exchange”) under the symbol “GZZ”.

The Company’s other significant assets are the shares that it holds in other mining or exploration companies, the fair market value of which has a continuing impact on the Company’s financial condition:

a) Abitibi Royalties Inc. (“Abitibi Royalties”)

As at June 30, 2019, Golden Valley holds a 44.74% equity interest in Abitibi Royalties, a company listed on the Exchange under symbol “RZZ”, that has the objective to build a premium quality royalty company by acquiring first class royalties and by exploring, evaluating and promoting its mineral properties and other projects. Abitibi Royalties owns various 1.5% to 3% Net Smelter Returns (“NSR”) and 15% Net Profit Interests (“NPI”) in areas located at or near the Canadian Malartic Mine, a partnership jointly operated by Agnico Eagle Mines Limited (“Agnico Eagle”) and Yamana Gold Inc. (“Yamana”).

Refer below to “Property Interests Assigned to Reporting Subsidiaries” for further details.

b) Val-d’Or Mining Corporation (“Val-d’Or Mining”)

As at June 30, 2019, Golden Valley holds a 31.03% equity interest in Val-d’Or Mining, a company listed on the Exchange under symbol “VZZ”, that is involved in the process of exploring, evaluating and promoting its mineral properties and whose 100%-owned assets include 14 exploration properties located in the Abitibi Greenstone Belt (Québec), the Nunavik Region (Ungava Belt and Labrador Trough) in northern Québec, and in north-central (James Bay) Québec. It also has an option agreement with Golden Valley to acquire a 100% interest in the Abitibi Greenstone Belt Prospect consisting of 61 grassroots properties.

Refer below to “Investment in Associates” for further details.

c) *International Prospect Ventures Ltd. (“International Prospect”)*,

As at June 30, 2019, Golden Valley holds a 16.50% equity interest in International Prospect, a company listed on the Exchange under symbol “IZZ”, that is also in the process of exploring, evaluating and promoting its mineral properties and whose assets include a 100% interest in the Porcupine Miracle Prospect (Ontario), and a 40% interest in the Beartooth Island Prospect (Saskatchewan).

On September 19, 2018, International Prospect was granted one exploration licence and on January 9, 2019, International Prospect was granted a further seven exploration licences in the Pilbara region in western Australia. The eight licenses cover more than 1,026 square kilometres and are proximal to and/or cover target lithologies for gold-bearing conglomerate/sedimentary rocks at the base of the Mt. Roe Basalt (2 tenements), gold-bearing Mosquito Creek and Hardey formations (4 tenements), and other prospective rocks of the Fortescue Group (2 tenements).

Refer below to “Investment in Associates” for further details.

The information detailed in this report and pertaining to Abitibi Royalties, Val-d’Or Mining and International Prospect has been extracted from publicly available documents prepared by each of these companies and electronically filed with regulators, which are publicly available on SEDAR website (www.sedar.com) under their respective issuer profile.

CORPORATE STRATEGY

Golden Valley is focused on project generation and evaluates opportunities to enhance its mining exploration property portfolio. The Company typically seeks partners to fund projects by way of option and joint venture agreements. Most of the agreements allow the partner to earn into a property by incurring exploration expenditures typically over periods of three to five years. In some instances, Golden Valley acts as the operator and continues exploration on these same properties funded in advance by or recovered from the partner. Furthermore, in addition to third party disbursements for exploration funding, the Company’s option agreements typically provide for receipt by Golden Valley of either cash, shares, or both from its partners as well as the retention of a free-carried interest or a net smelter royalty.

PROPERTIES AND INTEREST

The Company’s exploration activities for the second quarter of 2019 focused primarily on managing and/or monitoring joint venture and/or option project exploration programs, and project generation activities directed to identifying and evaluating new opportunities and business development purposes.

Abitibi Greenstone Belt (“AGB”) Grassroots Exploration Project

The AGB properties (68), including the grassroots properties optioned to Val-d’Or Mining (as discussed below) are comprised of gold (38), copper-zinc-silver (26), nickel-copper-PGE (1), molybdenum (1) and cobalt-silver-nickel (2) prospects located in Québec (49) and Ontario (19).

Golden Valley’s exploration strategy consists of a systematic approach designed to reduce grassroots exploration risk, and increase the possibility of exploration success, through the sequential exploration of

a large number of grassroots properties. Preliminary fieldwork conducted over the Company's properties typically includes grid establishment, geophysical and/or geochemical surveys, prospecting, reconnaissance and grid mapping and sampling, with the objective of upgrading and advancing each property to the group of "drill-ready" prospects. This exploration pattern is consistently being repeated throughout the year as much as financial and logistical circumstances permit.

OPTION AND JOINT VENTURE PROPERTIES

Abitibi Greenstone Belt ("AGB") Programs

a) Mining Option Agreement with Val-d'Or Mining Corporation

On July 17, 2017, the Company announced that the Exchange had issued its final acceptance of the Mining Option Agreement (the "Option Agreement") made as of April 18, 2017, pursuant to which Golden Valley had granted to Val-d'Or Mining effective July 31, 2017 an option to acquire a 100% interest in 61 of its grassroots properties.

Pursuant to the terms of the Option Agreement, Val-d'Or Mining must incur \$4,000,000 of expenditures with respect to exploration and other mining operations on the properties before December 31, 2021 (with \$500,000 to be incurred on or before December 31, 2018; \$750,000 to be incurred on or before December 31, 2019; \$1,000,000 to be incurred on or before December 31, 2020 and \$1,750,000 to be incurred on or before December 31, 2021). As consideration for the option, Val-d'Or Mining will issue 16,666,668 common shares to Golden Valley at a deemed price of \$0.12 per share for an aggregate deemed value of \$2,000,000 (issuable as to 25% on or before each of December 31, 2018, 2019, 2020 and 2021). In addition, Val-d'Or Mining has granted Golden Valley a royalty equal to 1.25% of the net smelter returns from the properties on the terms set out in the Option Agreement. One (1) percent of the royalty may be bought back by Val-d'Or Mining by paying Golden Valley \$5,000,000 at Val-d'Or Mining's option, in cash or shares at a deemed price per share equal to the market price of Val-d'Or Mining's shares at the time of such election. If Val-d'Or Mining has issued the shares and incurred the expenditures provided for in the Option Agreement, it may exercise the option on or before December 31, 2021.

Golden Valley has retained 17 of its currently held properties (in whole or in part pursuant to its interests in the various joint venture agreements it has entered into with third parties) and will continue to meet the listing requirements to be a Tier 2 mining issuer on the Exchange.

Val-d'Or Mining has exceeded its obligation to incur \$500,000 of expenditures on or before December 31, 2018 as required under the Option Agreement. Val-d'Or Mining intends to continue the earn-in process on the 61 properties optioned from Golden Valley and has therefore issued in the first quarter of 2019 a total of 4,166,667 of its common shares, valued at \$416,667, to Golden Valley pursuant to the share consideration to be received on grant of the option to Val-d'Or Mining.

Val-d'Or Mining's objective for 2019 is to advance a limited number of key properties to the drill-stage. During this process, Val-d'Or Mining as a matter of course takes or acquires otherwise additional claims and/or drops claims as circumstances determine.

Program Details – Key Properties

Val-d'Or Mining's main efforts were concentrated on the Oregon and Magoma prospects, both located in northwestern Québec.

Val-d'Or Mining conducted ground geophysical surveys and geological and prospecting programs are planned for further delineation of geophysical anomalies, together with reviews of historical mineralization and regional exploration activity, all to assist with drill target selection.

Program Details – Other Programs

Val-d'Or Mining initiated or completed geoscientific compilations and/or technical evaluation reports on selective properties from the properties optioned from Golden Valley.

New Initiatives

Val-d'Or Mining acquired, by way of staking, two new properties located in the Matachewan and Cobalt areas in northeastern Ontario, within the highly prospective Abitibi Greenstone Belt. The two properties are prospective for gold and cobalt-silver-nickel mineralization. Property compilations have been initiated with the objective of defining targets for ground follow-up exploration work and for further project generation initiatives in these new areas of interest.

For additional details with respect to the exploration and field work completed to date at Val-d'Or Mining, please refer to Val-d'Or Mining's continuous disclosure documents available at the SEDAR website (www.sedar.com) by accessing Val-d'Or Mining's issuer profile).

b) Mining Option Agreement with Battery Mineral Resources - Island 27 Property, Ontario

On June 1, 2017, the Company entered into a 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 4 year period. Once the option is exercised, the Company will have a 20% free carried interest in the property and a 1% NSR. In 2017, 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.

The Island 27 Prospect is located at the northern margin of the Cobalt Embayment and is underlain by early Proterozoic rocks which rest unconformable on Archean intrusive and metavolcanics rocks of the Superior Province. In addition, Golden Valley and Battery Minerals ground staked 12 new claims in 2017

and 73 mining cells in 2018. The Island 27 Prospect is now comprised of 233 mining cells covering an area of 4,641 hectares.

A 12-hole, 2,119.5 metre diamond drilling program was completed on the property. The primary objective of the drill program was to test the geometry and grade distribution of the mineralization discovered by Golden Valley Mines in 2008 (DDH GIS-08-04) grading 4.18% Co, 0.38% Ni and 12.1 g/t Ag over 4.0 from 110.0-114.0 m:

Selective assay intervals for GIS-08-04 are shown below:

Sample	From	To	Width (m)*	Co	Ni	Ag
311708	110.00	111.00	1.0	1.785%	0.131%	3.0 g/t
311709	111.00	111.90	0.9	4.36%	0.364%	7.0 g/t
311710	111.90	112.30	0.4	1.305%	0.107%	4.0 g/t
311711	112.30	114.00	1.7	6.33%	0.607%	22.0 g/t

**True widths have not yet been established*

In addition, a number of untested induced polarization anomalies are to be tested for possible extensions of the mineralized corridor and/or additional zones of Co-Ag-Ni mineralization.

Although no economic grade Co-Ag-Ni was intersected, a number of anomalous multi-element mineralized zones were intersected and are associated with similar fracturing and alteration observed in the original discovery drillhole intersection. Following completion of the diamond drill hole database, 3D modeling and a proposed follow-up drill program, a structural geological review was undertaken on the historical and 2018 drill core (SRK Senior Consultant - Structural Geology). The objective of SRK's work was to constrain the structural framework of cobalt mineralization and support exploration targeting. It is now understood that cobalt mineralization is hosted within breccia veins locally developed as dilational jogs along regional faults or shear zones. These breccia veins and dilational jogs will be targeted by a potential future drill program.

On May 8, 2019, the Company received notice from Battery Minerals terminating their participation on the Island 27 property. The Company intends to pursue a business development process to identify a new partner, or subject to market conditions, continue as operator on the Island 27 property.

c) Mining Option Agreement with Alexandria Minerals Corporation - Centremaque Property, Québec

On April 13, 2017, the Company entered into a mining option agreement with Alexandria Minerals Corporation (“Alexandria”) on the Centremaque Prospect located in the AGB, northeast of Val-d’Or, Québec. In accordance with the option agreement, in order to acquire an 80% interest in the property, Alexandria must: (i) issue, over a four year period from the date of signing, to Golden Valley such number of common shares in its capital having an aggregate value of \$250,000 based on the closing price of Alexandria's shares on the Exchange the day prior to the date of issuance of each tranche of payment shares:

- \$25,000 on the Approval Date (received 357,143 common shares in May 2017)
- \$25,000 on or before the first anniversary (received 294,118 common shares in April 2018);
- \$50,000 on or before the second anniversary (received 1,000,000 common shares in April 2019);
- \$50,000 on or before the third anniversary; and, \$100,000 on or before the fourth anniversary.

and (ii) incur exploration expenditures in an aggregate amount of \$4,000,000 over the same four-year period, of which \$250,000 is to be spent in the first year of the option agreement. 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 favour of Alexandria for \$1.0 million payable to Golden Valley.

A total of seven (7) drillholes totaling 3,348 metres were completed on the Centremaque Prospect. Three (3) new gold-bearing zones have been intersected, located approximately 2 kilometres west of the Bulldog Zone (area west of the Orenada open pit). Drillholes CAX-18-001 and CAX-18-003) intersected gold bearing hosted in brecciated, biotite and chlorite altered ultramafic volcanic rocks north of the Cadillac Break. Drillhole CAX-18-006 intersected a gold bearing zone associated with strongly altered shear zones hosted within the Pontiac sediments located south of the Cadillac Break.

Alexandria agreed to a \$750,000 work commitment on or before April 20, 2019 in accordance with the terms of the option agreement. To date, Alexandria incurred approximately \$660,000 in exploration expenditures and has requested to extend the deadline to July 31, 2019 with a plan to incur the shortfall by that date. The Company has agreed to the extension in consideration for which Alexandria will issue 500,000 of its common shares, valued at \$25,000, to the Company. A 4-hole, 1,100 metre drill program was completed subsequent to the current quarter. Contingent of these results, a Phase II program of 5,000 metres is tentatively planned for the fourth quarter of 2019.

For additional details with respect to the exploration and fieldwork programs completed to date on the Centremaque Prospect, as well as for the details on the expenditures made to date by Alexandria on the project, please refer to Alexandria’s continuous disclosure documents available for viewing by the public through the internet at the SEDAR website (www.sedar.com) by accessing Alexandria’s issuer profile.

Subsequent to the current quarter, Alexandria announced that all of its issued and outstanding shares have been acquired by O3 Mining Inc (“O3 Mining”). Following the completion of its arrangement with O3 Mining, Alexandria would become a wholly-owned subsidiary of O3 Mining. O3 Mining will then cause Alexandria to be delisted from the TSX Venture Exchange, and Alexandria to submit an application to the securities regulators to cease to be a reporting issuer and to terminate its public reporting obligations.

d) Mining Option Agreement with BonTerra Resources Inc. – Lac 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 AGB, northeast of Val-d’Or, Québec. In accordance with the option agreement, BonTerra issued to Golden Valley 519,480 common shares in the capital of BonTerra having an aggregate value of \$200,000, and BonTerra must incur expenditures in an aggregate amount of \$2,000,000 over a three (3) year period.

Upon BonTerra exercising the option, it will obtain an 85% interest in the property and, Golden Valley 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 payable by BonTerra to Golden Valley.

BonTerra agreed to a \$250,000 work commitment in the first year. Prospecting, till sampling, line-cutting, geophysical surveys and data compilation were conducted on the property in 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. Subsequent exploration activity and expenditures on the property included prospecting, till sampling/treatment, line-cutting, permitting/access, drilling/assaying, data compilation, in addition to technical support expenses.

BonTerra has met the option agreement expenditure requirements of \$2,000,000 before the third anniversary date of the option agreement. Consequently, Golden Valley now retains a 15% free carried interest in the Lac Barry Prospect and a 3% NSR, with 1% of the NSR being subject to a buyback in favour of BonTerra for \$1.0 million payable by BonTerra to Golden Valley.

BonTerra completed till sampling (101 samples in 2016 and 26 in 2017), prospecting, grid establishment (79 km in 2016, 26 km in 2017, 53 km in 2018), permanent and drill trail construction (13.8 km), geophysical surveying (74-line km of IP and 310 km of ground and airborne magnetic), LiDAR survey and two phases of diamond drilling programs totalling 19,936.7 metres in fifty-five (55) holes. The results of these exploration activities led to a new discovery of a gold and silver bearing horizon termed the Temica Gold Zone, with grades up to 2.7 metres at 4.7 g/t Au as reported by BonTerra. No additional work was reported on the property during the second quarter of 2019.

For additional details with respect to the exploration and fieldwork programs completed to date on the Lac Barry Prospect, as well as for the details on the expenditures made to date by BonTerra on the project, please refer to BonTerra’s continuous disclosure documents available for viewing by the public through the internet at the SEDAR website (www.sedar.com) by accessing BonTerra’s issuer profile.

e) Eldorado Gold Corporation (“Eldorado”) – Abitibi Greenstone Belt Joint Venture – Bogside Gold Prospect – Cadillac, Québec

In 2008, the Company earned a 70% interest in the group of nine (9) properties (8 gold and 1 copper-zinc-silver) located in the AGB (Québec and Ontario) and a joint venture (“JV”) was formed with Integra Gold Corporation (“Integra”). Golden Valley is the operator for the joint venture. The Bogside, Perestroika, Recession Larder, Murdoch Creek, Munro, Denovo, Cook Lake and Claw lake prospects are held under a

70:30 JV agreement between Golden Valley and Eldorado, with the latter having acquired their interest through the acquisition of Integra.

A ground prospecting and sampling program during the summer 2019 field season is planned over the Claw Lake Prospect (NE Ontario – Shiningtree area) for follow-up of a remote sensing study previously completed on the property. The joint venture is also planning an exploration program over selective parts of the Cook Lake Prospect (NE Ontario – Kirkland Lake Gold Camp) targeting the historical Scott-Kirkland Gold Mines Shaft #1 where historical sampling yield results of 2.63 oz/t Au over 3 feet (Reid, A., 1929).

James Bay Properties

Sirios Resources Ltd. – Cheechoo Prospect

Pursuant to an agreement dated October 23, 2013, Golden Valley granted Sirios Resources Inc. (“Sirios”) an option to acquire Golden Valley’s remaining 55% interest in the Cheechoo prospect. Also, on October 23, 2013, Sirios abandoned the claims comprising the Cheechoo B East and Sharks property claims resulting in Golden Valley retaining a 100% interest in the Cheechoo B East and Sharks Prospects.

The option was conditional on certain obligations being fulfilled by Sirios. On May 11, 2016, Sirios provided notice to Golden Valley that it had completed all of its obligations under the agreement to earn a 100% interest in the Cheechoo prospect, including the issuance of 1,250,000 common shares to the Company at a deemed price of \$0.40 per share for a total value of \$500,000. As a result, Sirios now holds 100% of the Cheechoo prospect, subject to the royalty described below.

As additional consideration, Sirios granted to Golden Valley a royalty equal to 4% of the net returns from all mineral products mined or removed from the Cheechoo gold project. Notwithstanding the foregoing, the royalty relevant to gold mineral products mined or removed from the Cheechoo gold prospect may vary between 2.5% and 3.5% depending on the market price of gold at the time of the payment.

Sirios reported the completion of its 2019 winter diamond drilling campaign. Forty-seven (47) drillholes were completed for a total of 11,322 metres drilled. Additional drilling results announced by Sirios, over the second quarter ending June 30, 2019, from Vein 112: 25.5 g/t Au over 6.8 metres, including 187.0 g/t Au over 0.8 metres (CH19-240) and 18.9 g/t Au over 1.0 metres (CH19-245); and Jordi Zone: 26.7 g/t Au over 1.2 metres (CH19-240) and 106.0 g/t Au over 1.3 metres (CH19-245); and Eclipse Zone: 31.3 g/t Au over 1.0 metres (CH19-228) and 2.3 g/t Au over 14.2 metres, including 7.0 g/t Au over 4.2 metres.

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

PROPERTY INTERESTS ASSIGNED TO THE REPORTING SUBSIDIARIES

ABITIBI ROYALTIES INC.

Abitibi Royalties' objective is to build a premium quality royalty company by acquiring first class royalties and by exploring, evaluating and promoting its mineral properties and other projects.

Golden Valley holds approximately 44.76% interest in Abitibi Royalties as at June 30, 2019.

As of the date of this Management's Discussion and Analysis ("MD&A"), Abitibi Royalties holds interests amongst others, in the following assets:

The Canadian Malartic Mine, where Abitibi Royalties owns various Net Smelter Returns ("NSR") and Net Profit Interests ("NPI"), is jointly operated by Agnico Eagle Mines Limited ("Agnico Eagle") and Yamana Gold Inc. ("Yamana") (the "Partnership"). Abitibi Royalties' NSRs and NPIs cover portions of the Odyssey (3% NSR), East Malartic (3% NSR), Sladen (3% NSR), Sheehan (3% NSR), Jeffrey (3% NSR), Barnat Extension (3% NSR), Gouldie (2% NSR) and all of the Charlie Zone (2% NSR). In 2018, Abitibi Royalties acquired a 1.5% NSR on the Midway Project and a 15% NPI on the Radium Property, all operated and located at the Canadian Malartic Mine. With the exception of two zones (Jeffrey and Barnat) at the Canadian Malartic Mine, Abitibi Royalties' core royalties are not yet in production

In addition, in 2018, Abitibi Royalties acquired the following early stage exploration royalties near producing mines throughout the Abitibi region in Québec: 2% NSR on the Revillard property, 1.0% NSR on the New Alger Project, and various 1.5% NSR on projects owned by Agnico Eagle. Abitibi Royalties also owns additional royalties in Canada and Turkey.

At the time of the sale of the Malartic CHL Prospect (the "Prospect") in 2015 to Canadian Malartic GP whereby Abitibi Royalties received as consideration a 3% NSR on the Prospect, no value for accounting purposes has been assigned to the 3% NSR as the Prospect was still at its early stage of exploration and future cash flows could not be reliably estimated. Similarly, at the time of the purchase of Abitibi Royalties' other royalty interests, the properties associated with the royalty interest were either: (a) in the early stages, (b) considered to be speculative, (c) expected to require more than two years to generate revenues, if ever, and/or (d) were currently not active. As such, acquisition costs of the royalty interest were recorded in the consolidated profit or loss in accordance with IFRS 6 "Exploration for and Evaluation of Mineral Resources" ("IFRS 6") and thus royalty interests of Abitibi Royalties do not appear on the Company's consolidated Balance Sheet.

Main royalty interests

Abitibi Royalties' main royalty interests are as follows for which no value for accounting purposes has been assigned to the net smelter royalty ("NSR"):

Malartic CHL 3% NSR Royalty - Malartic, Québec

The area covered by the 3% NSR is located immediately east of the current Canadian Malartic Mine open pit. The 3% NSR covers a number of known mineralized zones; the eastern part of the Barnat Extension,

the Jeffrey Zone and portions of the East Malartic Odyssey, Sladen and Sheehan. No value for accounting purposes has been assigned to the 3% NSR royalty.

As announced on January 16, 2019, production commenced at the end of fourth quarter of 2018 in the area covered by the royalty. For the three and six months ended June 30, 2019, Abitibi Royalties earned royalties of \$814,621 (or US\$624,470) and \$1,203,749 (or US\$915,668) (for the three and six months ended June 30, 2018 - \$nil) from this royalty interest, respectively.

Canadian Malartic 2% NSR Royalty – Malartic, Québec

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 the 2% net smelter royalty area started in 2014 and total royalty payments of \$348,795 were received. Canadian Malartic Mine reported that mining at the Gouldie deposit stopped at the end of June 2015.

Other royalty interests

Abitibi Royalties' other royalty interests are as follows for which costs to acquire the NSR/NPI have been recorded in the profit and loss in accordance with IFRS 6.

Revillard Property 2% NSR – Malartic, Québec

The area covered by the 2.0% NSR is located approximately 10 kilometres northwest of the Canadian Malartic Mine and forms part of a larger set of claims known as the Malartic Project.

Radium 15% NPI – Malartic, Québec

The area covered by the 15% NPI is located immediately west of the Canadian Malartic Mine open pit. The 15% NPI covers the historic Radium Zone.

Midway Project 1.5% NSR

The area covered by the 1.5% NSR is located east and south of the Canadian Malartic Mine open pit. The 1.5% NSR covers a number of known mineralized zones; Piche-Harvey, Briar and Chabela. A total of 1.0% of the NSR can be repurchased by the Canadian Malartic Mine by paying US\$1.0 million to Abitibi Royalties.

1.5% NSR in the Abitibi region, Québec

The areas covered by the various 1.5% NSRs are on projects owned by Agnico Eagle throughout the Abitibi region in Québec. These projects include 1) Callahan (6.5 km northeast and northwest of the Canadian Malartic Mine and Agnico Eagle's Goldex Mine and 1.5 km north of the Wesdome Gold Mines' Kiena Deep discovery), 2) Cadillac (part of the LaRonde Mine), 3) Thompson River (part of the Goldex

Mine) and 4) Malartic Break (6 km northwest of the Canadian Malartic Mine). A total of 1.0% of the NSR royalties can be repurchased by Agnico Eagle by paying US\$1.0 million to Abitibi Royalties.

1.0% NSR on the New Alger Project

The area covered by the 1.0% NSR is located in the Abitibi region of northwest Québec. The New Alger project contains the historic Thompson-Cadillac Mine and adjoins Agnico Eagle's LaRonde mine.

Abitibi Royalty Search

In 2015, Abitibi Royalties launched the "Abitibi Royalty Search", by which it would reimburse renewal fees on existing claims or staking fees on new claims and will receive in exchange 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 close to an existing mine, having good geology and showing signs of mineralization through previous exploration.

Since launching the program, Abitibi Royalties invested a total of \$194,376 in 13 projects located in Canada, in the provinces of Ontario, Québec and Saskatchewan, and in the Republic of Turkey. These amounts were expensed in the corresponding years because Abitibi Royalties does not expect to receive royalty income in the foreseeable future.

INVESTMENTS IN ASSOCIATES

International Prospect Ventures

International Prospect is involved in the process of exploring, evaluating and promoting its mineral property interest. It owns a 100% interest in the Porcupine Miracle Prospect located in Langmuir Township in Ontario; a 40% interest in the Beartooth Island Prospect located in the Athabasca Basin in Saskatchewan, which is the subject of an agreement with Ditem Explorations Inc ("Ditem") and of which Ditem is the operator; and a 100% interest in the Otish and Mistassini Prospects located in the North central region of Québec.

Golden Valley holds approximately 16.50% interest in International Prospect as at June 30, 2019.

Projects in the Pilbara Craton, Western Australia

On September 21, 2017, International Prospect entered into an agreement with Valroc PTY Ltd. ("Valroc"), a New South Wales company, located in Australia, pursuant to which International Prospect and Valroc will jointly acquire certain mining claims located in Western Australia, each with an undivided 50% interest. Valroc will be responsible for arranging to have had the claims acquired, registered and held in good standing. International Prospect will pay all of the costs of acquiring the claims, and other related costs including the costs of initial technical compilations and program reviews up to a maximum of \$120,000 to allow International Prospect and Valroc to consider establishing a proper joint venture arrangement on or around December 31, 2017.

On December 12, 2017, International Prospect and Valroc entered into a binding share exchange agreement ("Valroc agreement") to acquire 100% interest in Valroc. Pursuant to the terms of the Valroc agreement, the owner of Valroc will exchange with International Prospect all of the issued and outstanding shares of Valroc for 1,600,000 common shares of International Prospect on the terms and conditions set forth in the Valroc agreement and Valroc will become a wholly owned subsidiary of International Prospect such that International Prospect will then own a 100% interest in the tenements upon the applications for such tenements being granted. Completion of the transactions contemplated by the Valroc agreement is conditional on the applications for the tenements being granted and acceptance by the TSX Venture Exchange.

International Prospect has made application for rights to eight tenements totaling more than 1,026 square kilometres in the Marble Bar and Nullagine districts of Western Australia where new conglomerate-hosted gold discoveries have been made, led by Novo Resources Corp. The tenements have been recommended for grant by the Western Australian Department of Mines and are now going through Aboriginal title process. International Prospect has signed three agreements with Aboriginal groups as part of this process and is awaiting their formal approval and grant of the tenements. International Prospect is conducting a review of historical work and planning its initial field exploration program.

On September 19, 2018, International Prospect was granted one exploration licence and on January 9, 2019, International Prospect was granted the remaining seven exploration licences. Furthermore, on January 31, 2019, pursuant to the binding share exchange agreement entered by International Prospect and Valroc in December 12, 2017, the owner of Valroc has exchanged with International Prospect all of the issued and outstanding shares of Valroc for 1,600,000 common shares of the International Prospect on the terms and conditions set forth in the Valroc agreement. Valroc is now a wholly owned subsidiary of International Prospect such that International Prospect now owns a 100% interest in the eight tenements.

Over the next 12 months, the Company plans to implement an exploration program consisting of data review and compilation (ongoing), remote sensing, and interpretation and targeting, and, if warranted, then followed by the prospecting, geological mapping, soil and stream sediment sample surveys, surface geophysics. Contingent on adequate financing being available, targets would then be tested by trenching (bulk sampling) and/or diamond drilling.

For additional details with respect to the exploration and field work completed to date at International Prospect, please refer to International Prospect's continuous disclosure documents available at the SEDAR website (www.sedar.com) by accessing International Prospect's issuer profile).

The Porcupine Miracle Prospect

International Prospect owns a 100% interest in the Porcupine Miracle Prospect, located in Langmuir Township, northern-eastern Ontario Timmins-Porcupine district. Subsequent to the mining claim to cell claim conversion process completed by the Ontario government in 2018, the property now consists of 9 claim cells (1 single cell and 8 boundary cell claims), covering an area of 64 hectares. The property is subject to a royalty in favour of 2973090 Canada Inc, a company controlled by the president, equal to 3% of net smelter returns. In addition, advance royalty payments of \$10,000 per annum is payable by International Prospect; the advance royalty payments will be deducted from the amounts payable under the royalty.

International Prospect has completed a Phase I property-scale ground magnetic, induced polarization (IP) and Horizontal Loop Electromagnetic (HLEM) geophysical surveying. A follow-up Phase II program of prospecting, mapping, bedrock stripping, sampling and diamond drill is recommended. A NI-43-101 Technical report on the property was completed in 2018.

The property is available for option and International Prospect is actively seeking joint venture partners.

Val-d'Or Mining Corporation

Golden Valley holds approximately 31.03% interest in Val-d'Or Mining as at June 30, 2019.

Val-d'Or Mining is currently focused on the advancement of the AGB grassroots properties optioned from the Company for a drill program in 2019.

Val-d'Or Mining also owns the following assets and subject to market condition, is in the process of exploring, evaluating and promoting its mineral property interest and holds interests:

- a) The Boston Bulldog Prospect is comprised of 15 claim cells (14 single cell and 1 boundary cell claim covering an area of 305 ha), located in Kirkland Lake, Ontario. Val-d'Or Mining was granted an option to acquire a 100% interest in the property. An exploration program for the property is currently at the planning stage.
- b) The Shoot-Out Prospect is the combination of two former properties, Shoot-Out East and Shoot-Out West, located in the Raglan Belt of northern Québec. Val-d'Or Mining has a 100% ownership interest in this property that is subject to a 3% NSR. Presently no immediate exploration fieldwork is planned on the property.
- c) The Fortin Prospect is located in the central part of Ducros Township, located approximately 80 kilometres northeast of the City of Val-d'Or, Québec. The property consists of 5 contiguous mining claims (200 hectares), which Val-d'Or Mining holds a 100% interest in this property that is subject to a 1.5% NSR. Presently no immediate exploration fieldwork is planned on the property; and,
- d) The Marymac Prospect is located in the Labrador Trough of Québec. Val-d'Or Mining holds a 100% interest in the Marymac Prospect that is subject to a 2% NSR. Presently no immediate exploration fieldwork is planned on the property.

For additional details with respect to the exploration and field work completed to date at Val-d'Or Mining, please refer to Val-d'Or Mining's continuous disclosure documents available at the SEDAR website (www.sedar.com) by accessing Val-d'Or Mining's issuer profile).

SELECTED INFORMATION

This table represents selected consolidated information for the Company for the three and six months ended June 30, 2019 and 2018:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Total Revenue	\$ 974,553	\$ 105,450	\$ 1,455,873	\$ 184,774
Net income (loss) and total comprehensive income (loss)	1,006,922	2,419,475	3,447,409	(353,829)
Net income (loss) and total comprehensive income (loss) attributable to shareholders of Golden Valley Mines Ltd.	(215,758)	692,118	791,315	(1,089,247)
Net income (loss) and total comprehensive income (loss) attributable to the non-controlling interest	1,222,680	1,727,357	2,656,094	735,418
Basic earnings (loss) per share (\$)	\$ (0.002)	\$ 0.005	\$ 0.006	\$ (0.008)
Diluted earnings (loss) per share	(0.002)	0.005	0.006	(0.008)
As at June 30,			2019	2018
Total Assets			\$ 46,874,395	\$ 53,117,570
Total Liabilities			6,923,552	9,761,597

Discussion on Consolidated Financial Results

Revenues

For the three and six months ended June 30, 2019, the Company recognized consolidated revenues of \$974,553 and \$1,455,873 compared to \$105,450 and \$184,774 for the same periods in 2018, respectively.

Consolidated revenues for 2019 were significantly higher compared to the same periods in 2018 as Abitibi Royalties earned royalties in the amount of \$814,621 (or US\$624,470) and \$1,203,749 (or US\$915,668) for the three and six months ended June 30, 2019, respectively from its Malartic CHL 3% NSR royalty interest at the Canadian Malartic Mine near Val-d'Or Québec. Production commenced at the end of 2018 in the area covered by the Abitibi Royalties' 3% NSR; hence, no royalties were earned from this royalty for the three and six months ended June 30, 2018.

Other revenues for the three and six months ended June 30, 2019 included dividends of \$91,923 (2018 - \$76,351) and \$184,114 (2018 - \$151,994) earned from Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana and option revenues of \$67,505 (2018 - \$25,000) earned from the Company's mining option agreement with Alexandria.

Premiums received by Abitibi Royalties from option sales are initially recognized as liabilities in "Derivative Financial Instruments" of the Balance Sheet until such time the options are either exercised

by the holder, expired unexercised on maturity or repurchased before maturity by Abitibi Royalties, in which time the premiums are recorded in the profit or loss under Other Income's "change in fair value of investments" – refer below for further details.

Operating Expenses

For the three and six months ended June 30, 2019, the Company recorded consolidated operating expenses of \$805,565 and \$1,693,232 compared to \$1,594,884 and \$2,467,130 for the same periods in 2018, respectively.

Significant variances in operating expenses were as follows:

a) Salaries and other employee benefits

For the three and six months ended June 30, 2019, salaries and other employee benefits amounted to \$279,113 and \$555,655 compared to \$769,564 and \$1,054,204 for the same periods in 2018, respectively.

The higher salaries and other employee benefits expense in 2018 reflected payroll levies of \$471,820 on the taxable benefits of directors and officers associated with the exercise of stock options and conversion of the RSUs into common shares on the transaction of Abitibi Royalties with Caisse de dépôt et placement du Québec ("CDPQ") on June 29, 2018.

b) Share-based compensation

For the three and six months ended June 30, 2019, share-based compensation expense has decreased to \$158,494 and \$277,694 compared to \$402,891 and \$649,863 for the same periods for 2018, respectively.

The share-based compensation for 2018 included \$204,980 and \$260,903 for the three and six months ended June 30, 2018, respectively, for restricted share units granted to Abitibi Royalties' officers, directors and consultants. For 2019, there were no share-based compensation relating to the restricted share units as the restricted share unit plan was terminated by Abitibi Royalties in 2018 on completion of the transaction with CDPQ referred to above.

Share-based compensation expense was also impacted by Golden Valley's June 2018 grant of 2,300,000 incentive stock option at an exercise price of \$0.275 per share and September 2016 grant of 9,305,934 incentive stock option at an exercise price of \$0.35 per share as the fair value of these grants was allocated over the vesting period of three years.

c) Impairment of exploration and evaluation assets

For the three and six months ended June 30, 2019, the Company recognized an impairment of \$nil and \$170,698, respectively, on its Island 27 property whereby, as discussed above, on May 8, 2019, the Company received notice from Battery Minerals terminating their participation on the Island 27 property. The carrying value of the property was written down to its estimated recoverable value.

d) General and administrative expenses

For the three and six months ended June 30, 2019, General and Administrative expenses, consisting of office expenses, advertising, exhibitions and travelling, decreased to \$75,619 and \$137,494 compared to \$98,997 and \$224,435 for the same periods in 2018. The decrease was due to lower advertising and exhibitions as the Company became selective on new business opportunities and ways to enhance shareholder value via participation in trade shows, corporate venues, and participation on occasional trade missions while assisting its subsidiaries and associates in enhancing their own corporate development in Canada and internationally.

Other Income (loss)

For the three and six months ended June 30, 2019, the Company recognized consolidated other income of \$1,121,347 and \$4,344,483 compared to consolidated other income of \$3,670,860 and \$1,347,670 for the same periods in 2018.

Significant variances to other income (loss) were as follows:

a) Change in fair of investments

Change in the fair value of investments primarily accounts for the changes in the market value of Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana, changes to the fair value in Abitibi Royalties' outstanding derivative financial instruments (plus revenues earned associated from these derivative financial instruments) and changes in the market value of the Company's investments in shares of publicly traded mining exploration companies.

As the investments held by Abitibi Royalties and its derivative financial instrument relating to covered call options on the Agnico Eagle and Yamana shares, plus the investments held by the Company, are mark-to-market at each reporting period, the fair market value of which has a continuing impact on the Company's consolidated financial condition and results for the periods presented.

For the three and six months ended June 30, 2019, Change in fair value of investments mainly consisted of favourable change of \$3,180,006 (compared to \$3,258,929 for 2018) and \$5,382,214 (compared to \$525,690 for 2018) in the market value of Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana, net of unfavourable change of \$1,798,025 (compared to favourable change of \$423,901 for 2018) and \$1,323,723 (compared to favourable change of \$850,766 for 2018) in the fair value of Abitibi Royalties' outstanding derivative financial instrument.

b) Foreign exchange (gain (loss))

For the three and six months ended June 30, 2019, foreign exchange losses amounted to \$630 and \$17,850 compared to foreign exchange gains of \$87,523 and \$188,424 for the same periods in 2018, respectively.

Abitibi Royalties is subject to fluctuation in the exchange rate with the US dollar as its derivative financial instruments are in US dollars.

In addition, as at June 30, 2019, cash on hand included US\$552,978 (December 31, 2018 - US\$553,504), representing \$723,862 (December 31, 2018 - \$755,090) of the total cash on hand of \$1,320,878 (December 31, 2018 - \$1,689,511). As at June 30, 2019, a fluctuation of 1% in the U.S dollar value relative to the Canadian dollar has an impact of \$7,237 (December 31, 2018 - \$7,551) on the Company's cash on hand.

c) Share of loss on associates

As at June 30, 2019, the investments in associates relate to the Company's investments in International Prospect (ownership interest of 16.50% (December 31, 2018 -17.53%)) and Val-d'Or Mining (ownership interest of 31.03 % (December 31, 2018 – 24.82%)).

The Company accounted for its investments in International Prospect and Val-d'Or Mining using the equity method 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.

For the three and six months ended June 30, 2019, the Company's share of loss on associates amounted to \$58,967 and \$115,172 compared to \$52,598 and \$155,152 for the same periods in 2018, respectively. The Company has no contingent liabilities relating to its interest in the associates.

Deferred Taxes

For the three and six months ended June 30, 2019, the Company recognized deferred tax expense of \$283,425 and \$660,075, respectively, compared to deferred tax recovery of \$238,049 and \$580,857 for the same periods in 2018.

The deferred tax expense for 2019 was mainly related to the increase in the market value in Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana.

Deferred income tax is impacted by the change in the fair value as the tax cost on these investments is insignificant compared to the market value of those common shares, whereby an increase in the market value of these investments has a corresponding increase in the deferred tax liability. The deferred tax expense associated with the increase in these investments amounted to \$420,228 and \$708,762 for the three and six months ended June 30, 2019, respectively (see pages 19 and 20).

SUPPLEMENTARY INFORMATION ON OPERATING RESULTS

	For the three months ended June 30, 2019				For the six months ended June 30, 2019			
	Golden Valley	Abitibi Royalties	Calone Mining	Total	Golden Valley	Abitibi Royalties	Calone Mining	Total
Revenues								
Royalties	\$ -	\$ 814,621	\$ -	\$ 814,621	\$ -	\$ 1,203,750	\$ -	\$ 1,203,750
Dividends	-	91,923	-	91,923	-	184,114	-	184,114
Option revenue	67,505	-	-	67,505	67,505	-	-	67,505
Geological fees	504	-	-	504	504	-	-	504
	68,009	906,544	-	974,553	68,009	1,387,864	-	1,455,873
Operating Expenses								
Salaries and other employee benefits	39,690	239,423	-	279,113	87,649	468,006	-	555,655
Share-based compensation	158,494	-	-	158,494	277,694	-	-	277,694
Professional and legal fees	78,122	157,027	-	235,149	125,068	303,805	350	429,223
Impairment of exploration and evaluation assets	-	-	-	-	170,698	-	-	170,698
General and administrative expenses	46,245	29,374	-	75,619	61,648	75,846	-	137,494
Management fees	41,550	-	-	41,550	83,100	-	-	83,100
Exploration and evaluation	14,751	-	-	14,751	37,591	-	-	37,591
Depreciation of property and equipment	889	-	-	889	1,777	-	-	1,777
	379,741	425,824	-	805,565	845,225	847,657	350	1,693,232
Operating loss	(311,732)	480,720	-	168,988	(777,216)	540,207	(350)	(237,359)
Other income (loss)								
Change in fair value of investments	(176,086)	1,373,504	-	1,197,418	181,919	4,330,004	-	4,511,923
Finance income	2,044	2,710	-	4,754	3,338	6,009	-	9,347
Foreign exchange loss	-	(630)	-	(630)	-	(17,850)	-	(17,850)
Finance cost	(880)	(20,318)	(18)	(21,216)	(1,746)	(41,583)	(76)	(43,405)
Share of loss of associates	(58,967)	-	-	(58,967)	(115,172)	-	-	(115,172)
	(233,889)	1,355,266	(18)	1,121,359	68,339	4,276,580	(76)	4,344,843
Net income (loss) before income taxes	(545,621)	1,835,986	(18)	1,290,347	(708,877)	4,816,787	(426)	4,107,484
Deferred tax expense	-	283,425	-	283,425	-	660,075	-	660,075
Net income (loss) and total comprehensive income (loss) for the period	\$ (545,621)	\$ 1,552,561	\$ (18)	\$ 1,006,922	\$ (708,877)	\$ 4,156,712	\$ (426)	\$ 3,447,409

SUPPLEMENTARY INFORMATION ON OPERATING RESULTS (continued)

	For the three months ended June 30, 2018				For the six months ended June 30, 2018			
	Golden Valley	Abitibi Royalties	Calone Mining	Total	Golden Valley	Abitibi Royalties	Calone Mining	Total
Revenues								
Dividends	\$ -	\$ 76,351	\$ -	\$ 76,351	\$ -	\$ 151,994	\$ -	\$ 151,994
Option revenue	25,000	-	-	25,000	25,000	-	-	25,000
Geological fees	4,099	-	-	4,099	7,780	-	-	7,780
	29,099	76,351	-	105,450	32,780	151,994	-	184,774
Operating Expenses								
Salaries and other employee benefits	92,998	676,566	-	769,564	157,899	896,305	-	1,054,204
Share-based compensation	197,911	204,980	-	402,891	388,960	260,903	-	649,863
Professional and legal fees	87,920	172,496	-	260,416	127,746	285,202	1,421	414,369
General and administrative expenses	42,003	56,644	350	98,997	121,775	102,573	87	224,435
Management fees	41,550	-	-	41,550	83,100	-	-	83,100
Exploration and evaluation	19,952	-	-	19,952	38,131	-	-	38,131
Depreciation of property and equipment	1,514	-	-	1,514	3,028	-	-	3,028
	483,848	1,110,686	350	1,594,884	920,639	1,544,983	1,508	2,467,130
Operating loss	(454,749)	(1,034,335)	(350)	(1,489,434)	(887,859)	(1,392,989)	(1,508)	(2,282,356)
Other income (loss)								
Change in fair value of investments	(199,569)	3,854,228	-	3,654,659	(485,334)	1,822,981	-	1,337,647
Finance income	1,691	3,698	-	5,389	3,047	7,439	-	10,486
Foreign exchange gain	-	87,523	-	87,523	-	188,424	-	188,424
Finance cost	(745)	(23,292)	(76)	(24,113)	(1,716)	(31,941)	(77)	(33,734)
Share of loss of associates	(52,598)	-	-	(52,598)	(155,153)	-	-	(155,153)
	(251,221)	3,922,157	(76)	3,670,860	(639,156)	1,986,903	(77)	1,347,670
Net income (loss) before income taxes	(705,970)	2,887,822	(426)	2,181,426	(1,527,015)	593,914	(1,585)	(934,686)
Deferred tax recovery	-	(238,049)	-	(238,049)	-	(580,857)	-	(580,857)
Net income (loss) and total comprehensive loss for the period	\$ (705,970)	\$ 3,125,871	\$ (426)	\$ 2,419,475	\$ (1,527,015)	\$ 1,174,771	\$ (1,585)	\$ (353,829)

DISCUSSION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION REVIEW

	Golden Valley ⁽¹⁾	Abitibi Royalties	Calone Mining	As at June 30, 2019	As at December 31, 2018
<i>Current Assets</i>					
Cash and cash equivalents	\$ 449,823	\$ 1,394,884	\$ 96	\$ 1,844,803	\$ 2,240,996
Short-term financial assets	728,673	-	-	728,673	610,228
Royalty receivable	-	814,621	-	814,621	14,105
Other assets	66,929	47,508	-	114,437	83,432
<i>Non-current assets</i>					
Property and equipment	2,804	-	-	2,804	4,580
Investments in associates	1,443,238	-	-	1,443,238	1,558,410
Exploration and evaluation assets	2,087,676	-	-	2,087,676	2,231,238
Investments	-	39,838,143	-	39,838,143	34,323,826
Total Assets	4,779,143	42,095,156	96	46,874,395	41,066,815
<i>Current liabilities</i>					
Accounts payable and accrued liabilities	316,813	114,846	-	431,659	576,087
Derivative financial instruments	-	4,399,353	-	4,399,353	2,595,878
<i>Non-current liabilities</i>					
Deferred taxes	-	2,092,540	-	2,092,540	1,432,465
Total Liabilities	316,813	6,606,739	-	6,923,552	4,604,430

Note (1): Golden Valley's equity interest in Abitibi Royalties, a subsidiary of the Company, is eliminated for financial reporting purposes of the supplementary consolidated financial information.

Cash and cash equivalents

The Company ended the second quarter of 2019 with consolidated cash and cash equivalents of \$1,844,803 compared to \$2,240,996 as at December 31, 2018. The Company holds cash balances in both Canadian and U.S. dollars.

Short-term financial assets

The Company holds publicly traded securities comprised of common shares of third party optionees issued to the Company in accordance with the terms of certain property option agreements having a market value of \$727,819 as at June 30, 2019 compared to \$609,374 as at December 31, 2018.

Royalty receivable

Royalty receivable \$814,621 (or US\$624,470) as at June 30, 2019 represents the royalty contribution earned by Abitibi Royalties from its Malartic CHL 3% NSR royalty for the three months ended June 30, 2019.

Other assets

Consolidated other assets of \$114,347 mainly comprise of sales taxes recoverable of \$57,973 (December 31, 2018 -\$34,028), dividends receivable of \$23,073 (December 31, 2018 – \$23,000) from Abitibi Royalties' investments in Agnico Eagle and Yamana shares and deposits of \$13,913 (December 31, 2018 - \$nil) relating to funds held with Ministère de l'Énergie et des Ressources Naturelles for the Company's claims staking and management on mining properties.

Investment in Associates

As discussed above, the investments in associates relate to the Company's investments in International Prospect and Val-d'Or Mining.

a) International Prospect

As at June 30, 2019, the Company has 4,470,910 common shares or 16.50% (December 31, 2018 -17.53%) interest in International Prospect. The shares of International Prospect were trading at \$0.15 per share on that date.

The Company's ownership interest in International Prospect has decreased from 17.53% as at December 31, 2018 to 16.50% as at June 30, 2019 mainly as a result of International Prospect issuing 1,600,000 of its common shares in January 2019 to acquire Valroc as described above.

b) Val-d'Or Mining

As at June 30, 2019, the Company has 13,187,443 or 31.03% (December 31, 2018 – 24.82%) interest in Val-d'Or Mining. The shares of Val-d'Or Mining were trading at \$0.08 per share on that date.

The Company's ownership interest in Val-d'Or Mining has increased from 24.82% as at December 31, 2018 to 31.03% as at June 30, 2019 mainly as result of the share consideration of 4,166,667 common shares received from Val-d'Or Mining in accordance with the Option Agreement as described above.

Exploration and evaluation assets

Exploration and evaluation assets totaled \$2,087,676 as at June 30, 2019 compared to \$2,231,238 as at December 31, 2018. The decrease in Exploration and evaluation assets relates to the impairment charge of \$170,698 on the Island 27 property as a result of the termination of the mining option agreement with Battery Minerals.

As at June 30, 2019, the Company's exploration and evaluation assets consist of projects and interest as follows:

	Properties optioned to Val- d'Or Mining	Properties optioned to Eldorado Gold	Properties optioned to Battery Minerals	Properties optioned to BonTerra Resources	Properties optioned to Alexandria Minerals	Other	Balance at June 30, 2019
<i>Abitibi Greenstone Belt ("AGB")</i>							
Chibougamau (Québec)	\$ 82,089	-	-	-	-	1,459	\$ 83,548
Matachewan, Kirkland Lake (Ontario)	1,037,226	-	178,247	-	-	5,690	1,221,163
Matagami (Québec)	16,412	-	-	-	-	-	16,412
Rouyn-Noranda-Cadillac (Québec)	74,670	-	-	-	-	8,737	83,407
Val d'Or - Malartic (Québec)	324,804	146,302	-	-	-	33,176	504,282
Lebel-sur-Quevillon (Québec)	6,521	-	-	359,461	-	6	365,988
Rouyn-Noranda-Cadillac (Québec)	-	168,405	-	-	-	-	168,405
Kirkland Lake / Matachewan (Ontario)	-	812,032	-	-	-	-	812,032
Total AGB	1,541,722	1,126,739	178,247	359,461	-	49,068	3,255,237
<i>James Bay (Québec)</i>	-	-	-	-	-	31,267	31,267
<i>Nunavik (Ungava-Labrador)</i>	-	-	-	-	-	150	150
Total other	-	-	-	-	-	31,417	31,417
Investment tax credit							(1,198,978)
Balance, end of the period							\$ 2,087,676

Golden Valley's Abitibi Greenstone Belt Grassroots exploration projects comprise of gold, copper-zinc-silver, nickel-copper-PGE, molybdenum and cobalt-silver-nickel prospects located in Québec and Ontario. The Company has optioned exploration prospects to Val-d'Or Mining and Alexandria in 2017, BonTerra in 2016, Sirios in 2013 and Eldorado Gold (thru its acquisition of Integra in 2017) in 2005.

Investments

The following tables summarizes Abitibi Royalties' investments in Yamana and Agnico Eagle:

	As at June 30, 2019		As at December 31, 2018	
	Number of Shares	Fair Value	Number of Shares	Fair Value
Yamana Gold Inc.	3,549,695	\$ 11,784,987	3,549,695	\$ 11,394,521
Agnico Eagle Mines Limited	414,597	27,836,043	414,597	22,844,295
		\$ 39,621,030		\$ 34,238,816
Other investments		217,113		85,010
		\$ 39,838,143		\$ 34,323,826

Sale and Purchase of Agnico Eagle shares

In February 2017, Abitibi Royalties announced that it had delivered 108,700 common shares of Agnico Eagle under its covered call contracts and that Abitibi Royalties would look to reacquire the shares, if possible, through put contracts at prices below what they were sold. To date, Abitibi Royalties has reacquired 79,100 common shares of Agnico Eagle (43,500 common shares in December 2017 and 35,600 common shares in November 2018) at prices below what they were sold. No additional put contracts are currently outstanding. Refer to Note 12 “Derivative Financial Instruments” of the Company’s unaudited condensed consolidated interim financial statements as at June 30, 2019.

As at the date of this report, Abitibi Royalties holds 3,549,695 shares of Yamana and 414,597 shares of Agnico Eagle.

Derivative Financial Instruments

The status of the Abitibi Royalties’ call option contracts as of August 22, 2019, the date of Abitibi Royalties’ Management’s Discussion and Analysis for the three and six months ended June 30, 2019, is presented in the table below:

	Price in US Dollars	Number of shares	Option Expiry Date	% of shares held
Yamana Gold	\$ 2.50	257,600	January 17, 2020	7.26%
	\$ 3.00	23,600	January 17, 2020	0.66%
	\$ 3.00	156,500	January 15, 2021	4.41%
	\$ 3.50	546,000	January 17, 2020	15.38%
	\$ 4.00	1,575,400	January 17, 2020	44.38%
	\$ 4.00	438,100	January 15, 2021	12.34%
	\$ 4.50	267,700	January 17, 2020	7.54%
	\$ 5.00	214,900	January 17, 2020	6.05%
	\$ 5.00	19,800	January 15, 2021	0.56%
	\$ 5.00	50,000	January 17, 2020	1.41%
		<u>3,549,600</u>		<u>100.00%</u>

	Price in US Dollars	Number of shares	Option Expiry Date	% of shares held
Agnico Eagle	\$ 42	7,600	January 15, 2021	1.83%
	\$ 43	31,000	January 17, 2020	7.48%
	\$ 47	4,000	January 17, 2020	0.96%
	\$ 47	200	January 15, 2021	0.05%
	\$ 48	2,500	January 17, 2020	0.60%
	\$ 49	28,200	January 17, 2020	6.80%
	\$ 50	261,100	January 17, 2020	62.98%
	\$ 50	49,900	January 15, 2021	12.04%
	\$ 55	30,000	January 17, 2020	7.24%
		414,500		99.98%

For the three months ended June 30, 2019, Abitibi Royalties sold 8,044 call contracts (747 calls on Agnico Eagle shares and 7,297 calls on Yamana Gold shares) for total cash proceeds of \$322,124 (or US\$240,739). In addition, 7,915 contracts were repurchased before expiration (663 calls on Agnico Eagle and 7,252 calls on Yamana) for \$55,237 (or US\$41,270).

For the six months ended June 30, 2019, Abitibi Royalties sold 18,299 call contracts (1,573 calls on Agnico Eagle shares and 16,726 calls on Yamana Gold shares) for total cash proceeds of \$852,647 (or US\$639,790). In addition, 1,887 call option contracts expired (460 on Agnico Eagle and 1,427 on Yamana) and 12,676 contracts were repurchased before expiration (778 calls on Agnico Eagle and 11,898 calls on Yamana) for \$81,231 (or US\$60,717).

Abitibi Royalties only sells call options when it owns the underlying shares. Should covered calls be sold, it is Abitibi Royalties' objective to use strike prices that are anticipated to be well above the share price of Agnico Eagle and Yamana at the time the contract is written, with contracts generally expiring between 1 month and 2 years. Abitibi Royalties only writes put contracts when it has the required funds (in the currency which the contract was written) to purchase the underlying shares should the put contract be exercised.

Accounts payable and accrued liabilities

Consolidated accounts payable and accrued liabilities of \$431,659 (December 31, 2018 - \$576,087) consist of trade payables of \$190,814 (December 31, 2018 - \$53,270), director fees of \$102,500 (December 31, 2018 - \$70,000), 2018 performance bonuses payable of \$66,938 (December 31, 2018 - \$368,063), advance payable to Val-d'Or Mining of \$26,943 (December 31, 2018 - \$nil), and accrued liabilities of \$44,464 (December 31, 2018 - \$84,754).

The advance payable to Val-d'Or Mining of \$26,943, which is included in accounts payable and accrued liabilities, relates to claims renewal and maintenance fees on optioned properties reimbursable under mining option agreement with Val-d'Or Mining.

For the Company, director fees and 2018 performance bonuses payable as at June 30, 2019 amounted to \$65,000 and \$66,938, respectively.

Deferred tax liability

The deferred tax liability totaled \$2,092,540 as at June 30, 2019 compared to \$1,432,465 as at December 31, 2018.

The deferred tax liability consists of the potential tax liability of \$4,606,818 (December 31, 2018 - \$3,898,056) on the capital gain to be realized on the eventual sale of Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana, net of deferred tax assets of \$1,243,524 (December 31, 2018 - \$1,433,943) from operating losses realized in the current and prior years, \$687,840 (December 31, 2018 - \$687,695) and \$582,914 (December 31, 2018 - \$343,953) in respect of temporary differences between the carrying amounts of Abitibi Royalties' assets and liabilities for financial reporting purposes and the amounts used for taxation purposes for exploration and evaluation expenditures and derivative financial instruments, respectively.

Equity

For the six months ended June 30, 2019, the Company issued 95,000 of its common shares from the exercise of incentive stock options at a price of \$0.17 per share for a total consideration of \$16,150.

For the six months ended June 30, 2018, the Company issued 575,000 of its common shares from the exercise of incentive stock options of 500,000 at a price of \$0.07 per share and of 75,000 at a price of \$0.17 per share for a total consideration of \$47,750 and issued 2,650,000 of its common shares from the exercise of 2,650,000 share purchase warrants at \$0.14 per share for a total consideration of \$371,000.

SUMMARY OF QUARTERLY RESULTS

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

	Jun-19	Mar-19	Dec-18	Sep-18	Jun-18	Mar-18	Dec-17	Sep-17
Total revenues (\$)	974,553	481,320	100,308	78,552	105,450	79,324	19,311	70,201
Net income (loss) and total comprehensive income (loss) for the period (\$)	1,006,922	2,440,487	1,656,125	(9,173,837)	2,419,475	(2,773,304)	1,506,461	(1,854,520)
Net income (loss) and total comprehensive income (loss) attributable to shareholders of Golden Valley (\$)	(215,758)	1,007,073	248,320	(4,587,186)	692,118	(1,789,777)	717,526	(1,561,757)
Net income (loss) and total comprehensive income (loss) attributable to the non-controlling interest (\$)	1,222,680	1,433,414	1,416,217	(4,586,651)	1,727,357	(983,527)	788,935	(292,763)
Net earnings (loss) per share (\$)								
Basic	(0.002)	0.008	0.012	(0.034)	0.005	(0.014)	0.006	(0.012)
Diluted	(0.002)	0.007	0.012	(0.034)	0.005	(0.014)	0.006	(0.012)

- For the three months ended June 30, 2019, the Company reported consolidated net income of \$1,006,922 mainly from a royalty contribution of \$814,621 (or US\$624,470) received from Abitibi Royalties' Malartic CHL 3% NSR royalty interest and favourable change in the fair value of investments and derivative instruments in the amount of \$1,189,918, offset by salaries and employee benefits, share-based compensation expense and professional and legal fees.
- For the three months ended March 31, 2019, the Company reported consolidated net income of \$2,440,487, resulting mainly from a royalty contribution of \$389,129 (2018-\$nil) received from Abitibi Royalties' Malartic CHL 3% NSR royalty interest and from the increase of \$2,202,209 (2018-decrease of \$2,733,239) in the market value of Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana since the beginning of the year.
- For the three months ended December 31, 2018, the Company reported consolidated net income of \$1,656,125 compared to a net income of \$1,506,461 for the same period in 2017. The net income for the three months ended December 31, 2018 is mainly from the increase of \$4,400,722 in the market value of Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana, and royalty expense of \$192,500 relating to the NSR acquired by Abitibi Royalties in November 2018, net of unrealized losses of \$991,499 in the fair value of the liability associated with its derivative instruments

- For the three months ended September 30, 2018, the Company reported consolidated net loss of \$9,173,837 compared to a net loss of \$1,854,520 for the same period in 2017. The net loss for the three months ended September 30, 2018 is mainly from the unfavourable change in the fair value of Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana in the amount of \$8,286,116 and royalty expense of \$1,972,750 relating to the NSR and NPI interests acquired by Abitibi Royalties in July 2018, net of deferred tax recovery of \$1,681,377.
- For the three months ended June 30, 2018, the Company reported a consolidated net income of \$2,419,475 compared to a net loss of \$1,653,527 for the same period in 2017, respectively. The improved results for the three months ended June 30, 2018 is due to the favourable change in fair value of investments of \$3,654,659, which substantially relates to the change in fair value of Abitibi Royalties' investments and derivative instruments in the common shares of Agnico Eagle Mines and Yamana, offset by higher salaries and employee benefits expense from payroll levies associated with the exercise of stock options and conversion of the RSUs into common shares on the transaction with CDPQ and by higher share-based compensation from the Company's September 2016 incentive stock option grant, which fair value is allocated over the vesting period of three years.
- For the three months ended March 31, 2018, the Company reported a net loss of \$2,773,304 compared to a net loss of \$1,011,941 for the same period in 2017. The increase in loss in the first quarter of 2018 is due to the unfavourable change in fair value of investments of \$2,317,012 which substantially relates to the change in fair value of Abitibi Royalties' investments and derivative instruments in the common shares of Agnico Eagle and Yamana in the amount of \$2,031,247.
- For the three months ended December 31, 2017, the Company recognized consolidated net income of \$1,506,461, resulting from the \$2,801,666 change in fair value of investments and a gain of \$483,292 recognized on loss of control of Val-d'Or Mining, net of impairment loss of \$560,942 on exploration and evaluation assets and bonuses of \$297,250.
- For the three months ended September 30, 2017, the Company recognized consolidated net loss of \$1,854,520, resulting mainly from higher share-based compensation recognized in the current quarter of \$1,347,606. Shares-based compensation expense includes the amount of \$1,211,139 from Golden Valley's September 2016 grant of 9,305,934 common shares at an exercise price of \$0.35 per share, which vest equally over a period of 3 years, that is allocated for the three months ended September 30, 2017.

EXPLORATION ACTIVITIES

Total investments in exploration and evaluation assets decreased from \$2,231,238 to \$2,087,676 as at June 30, 2019. The decrease in Exploration and evaluation assets substantially relates to the Company's impairment charge of \$170,698 on the Island 27 property. As discussed above, on May 8, 2019, the Company received a notice from Battery Minerals terminating their participation on the Island 27 property.

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

The Company's exploration activities for the second quarter of 2019 focused primarily on managing and/or monitoring joint venture and/or option project exploration programs, and project generation activities directed to identifying and evaluating new opportunities and business development purposes.

LIQUIDITY AND CAPITAL RESOURCES

Consolidated total assets of the Company as at June 30, 2019 totaled \$46,874,395 (December 31, 2018- \$41,066,815), which included cash and cash equivalents of \$1,844,803 (December 31, 2018- \$2,240,996), short-term financial assets consisting of marketable securities totaling \$728,673 (December 31, 2018- \$610,228), royalty receivable of \$814,621 (December 31, 2018 - \$14,105) and long-term investments mainly consisting of common shares in Agnico Eagle and Yamana totaling \$39,838,143 (December 31, 2018- \$34,323,826). As previously discussed, Abitibi Royalties' main and other royalty interests are not reflected in the consolidated Balance Sheet – refer to "Royalty Interests" section above.

Consolidated cash outflow used by operating activities for the six months ended June 30, 2019 totaled \$864,703 compared to \$1,544,888 for the same period in 2018. The improvement in consolidated cash outflows in 2019 was primarily due to revenues of \$1,203,749 (or US\$915,668) (\$nil for the same period in 2018) from the royalties earned by Abitibi Royalties on its Malartic CHL 3% NSR royalty interest at the Canadian Malartic Mine.

Investing activities resulted in consolidated net cash outflows of \$48,411 for the six months ended June 30, 2019, compared with cash inflows of \$82,252 for the same period in 2018. The cash outflows for 2019 were the results of the acquisitions and dispositions in shares of other publicly traded mining companies that are either held as long-term investments by Abitibi Royalties or short-term marketable securities by the Company.

Financing activities resulted in consolidated net cash inflows of \$534,771 for the six months ended June 30, 2019 compared to \$2,188,321 for the same period in 2018. The cash inflows for 2019 from financing activities were related primarily to Abitibi Royalties' sale of calls option contracts for total cash proceeds of \$771,416 compared to \$1,088,616 for 2018.

OUTLOOK

The Company is evaluating certain strategic business opportunities in the exploration/mining industry. A number of internal reviews and assessments have been completed, or are in progress, for distressed companies and assets, both in Canada and abroad. Additionally, various property submittals are routinely considered for acquisitions.

Furthermore, the general public market volatility that has continued to affect the overall state of the exploration industry has offered Golden Valley new opportunities for its project generation (“PGEN”) activities, where previously the demand for prospective land was at a much more competitive state. One of the Company’s most important attributes is its ability to identify new high priority exploration opportunities and flexibility to adapt quickly to changing market conditions in base, precious and energy minerals. The Company routinely assesses government data and/or historical work reports together with proprietary data to acquire prospective mining claims. The past results of this grassroots exploration generative business model have led to the identification of several new mineral discoveries (Co-Ag-Ni, Ni-Cu-PGE and Au-VMS) in the Abitibi Greenstone Belt on 100%-owned properties; it has also assisted the Company in the successful creation of several option/joint venture agreements allowing for diamond drilling, in particular on those projects on which reconnaissance work has already been completed to identify prospective drill targets (such as the Island 27 Prospect near Matachewan, Ontario for Co-Ni-Ag; the Centremaque Prospect near Val-d’Or and the Lac Barry Prospect NE of Val-d’Or, the latter two properties primarily for gold). In this manner, the Company remains focused on its core business of early-stage acquisitions, PGEN and drill target definition, while working with its public subsidiaries and arms-length joint venture partners to conduct the more expensive and detailed drill-based exploration programs.

SUBSEQUENT EVENT

On July 17, 2019, Abitibi Royalties’ board of directors has approved, subject to regulatory approval, an initial quarterly dividend on Abitibi Royalties’ outstanding common shares of CDN\$0.03 per common share (which would amount to CDN\$0.12 per common share on an annual basis). The record and payment dates for the initial quarterly dividend will be September 9 and 30, 2019, respectively. The ex-dividend date has yet to be announced. As at June 30, 2019, Golden Valley holds 5,605,246 common shares (or 44.74% equity interest) in Abitibi Royalties.

CAPITAL STOCK INFORMATION

Authorized

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

Issued and Outstanding

The following details the issued and outstanding securities of the Company as at August 28, 2019:

	Total Outstanding	Escrowed
Common shares	134,347,602	Nil
Preferred shares	Nil	Nil
Warrants	Nil	Nil
Incentive stock options	14,059,164	Nil

Incentive Stock Options:

Expiry Date	Number of Options	Weighted Average Exercise Price
July 24, 2020	675,000	\$ 0.11
January 1, 2021	100,000	\$ 0.10
June 30, 2021	2,300,000	\$ 0.30
February 3, 2022	100,000	\$ 0.47
June 18, 2024	390,000	\$ 0.34
September 30, 2026	8,244,164	\$ 0.35
June 21, 2023	2,250,000	\$ 0.28
	14,059,164	\$ 0.33

CAPITAL STOCK INFORMATION OF REPORTING SUBSIDIARIES

Abitibi Royalties Inc.

Issued and Outstanding

The following details the issued and outstanding securities of Abitibi Royalties as of August 22, 2019, the date of Abitibi Royalties' Management's Discussion and Analysis for the three and six months ended June 30, 2019:

	Total Outstanding	Escrowed
Common shares	12,528,211	Nil
Preferred shares	Nil	Nil
Warrants	Nil	Nil
Incentive stock options	16,200	Nil
Restricted share units	Nil	Nil

Incentive Stock Options

The following details the outstanding incentive stock options of Abitibi Royalties as of August 22, 2019, the date of Abitibi Royalties' Management's Discussion and Analysis for the three and six months ended June 30, 2019, are as follows:

Expiry Date	Number of Options	Exercise Price
September 15, 2019	2,649	\$ 3.62
September 17, 2019	13,551	\$ 3.70
	16,200	\$ 3.69

RELATED PARTY TRANSACTIONS

The information pertaining to related party transactions are disclosed in Note 18 of the unaudited condensed consolidated interim financial statements as at June 30, 2019.

OFF BALANCE SHEET ARRANGEMENTS

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

CONTRACTUAL COMMITMENTS AND OBLIGATIONS

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. 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 March 31, 2019, the total annual base fee of the officers and consultants under the agreements is \$765,000. As a triggering event has not taken place, the contingent payments have not been reflected in the consolidated financial statements.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Any changes in accounting policies including those that have not been adopted are explained in note 3 of the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2019.

JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The judgements, estimates and assumptions used by management are described in note 5 of the audited consolidated financial statements for the year ended December 31, 2018.

NON-IFRS MEASURE

The Company has referred to consolidated working capital throughout this document. Working capital is a Non-IFRS performance measure. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors use this information to evaluate the Company's performance and ability to generate cash, profits and meet financial commitments. This Non-IFRS measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The following tables provide a reconciliation of consolidated working capital to the financial statements as at June 30, 2019 and December 31, 2018:

	Golden	Abitibi	Calone	As at	As at
	Valley	Royalites	Mining	June 30,	December 31,
				2019	2018
ASSETS					
Current					
Cash and cash equivalents	\$ 449,823	\$ 1,394,884	\$ 96	\$ 1,844,803	\$ 2,240,996
Short-term financial assets	728,673	-	-	728,673	610,228
Royalty receivable	-	814,621	-	814,621	14,105
Other assets	66,929	47,508	-	114,437	83,432
	1,245,425	2,257,013	96	3,502,534	2,948,761
Current					
Accounts payable and accrued liabilities	\$ 316,813	\$ 114,846	\$ -	\$ 431,659	\$ 576,087
Derivative financial instruments	-	4,399,353	-	4,399,353	2,595,878
	316,813	4,514,199		4,831,012	3,171,965
Working Capital	\$ 928,612	\$ (2,257,186)	\$ 96	\$ (1,328,478)	\$ (223,204)

Although Abitibi Royalties has negative working capital as at June 30, 2019, it is able to meet its obligations when due and be able to remedy the working capital deficiency through cash flow generated primarily from option premiums and royalties. In addition, the negative working capital includes the liability associated with derivative financial instruments, which obligation, if required, can be settled through Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana.

RISK AND UNCERTAINTIES

Climate Change

The Company has properties, joint venture agreements and/or royalties in various regions and jurisdictions where environmental laws are evolving and are not consistent. A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to the potential impact of climate change, such as regulation relating to emission levels. If the current regulatory trend continues, this may result in increased costs directly or indirectly affecting the Company. In addition, the physical effect of climate change, such as extreme weather conditions, natural disasters, resource shortages, changing sea levels and changing temperatures, could have an adverse financial impact on operations

located in the regions where these conditions occur, directly or indirectly impacting the business of the Company.

Investment of Speculative Nature

Investing in the Company is of a highly speculative nature.

Nature of Mineral Exploration and Mining

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

Mineral Deposits and Production Costs; Metal Prices

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

Exploration and Development Risks

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

Additional Financing

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

Permits and Licenses

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

Competition

The mineral exploration and mining business are competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company's, in the search for and the acquisition of attractive mineral properties. There is no assurance that the Company will continue to be able to compete successfully with the competition in acquiring such properties or prospects.

Dependence on Key Individuals

The Company is dependent on a relatively small number of key personnel, the loss of any one of whom could have an adverse effect on the Company. The Company does not maintain key-person insurance on

the lives of any of its key personnel. In addition, while certain of the Company's officers and directors have experience in the exploration of mineral producing properties, the Company will remain highly dependent upon contractors and third parties in the performance of their exploration and development activities. There can be no guarantee that such contractors and third parties will be available to carry out such activities on behalf of the Company or be available upon commercially acceptable terms.

Environmental and other Regulatory Requirements

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

Political Regulatory Risks

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

Currency Risk

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

Conflicts of Interest

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

Insurance

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

Influence of Third-Party Stakeholders

The lands in which the Company holds interests, or the exploration equipment and roads or other means of access which the Company intends to utilize in carrying out work programs or general exploration mandates, may be subject to interests or claims by third party individuals, groups or companies. In the event that such third parties assert any claims, the work programs of the Company may be delayed even

if such claims are not meritorious. Such delays may result in significant financial loss and loss of opportunity for the Company.

Fluctuation in Market Value of Shares

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

Derivatives instruments

Due to the complex nature and market volatility that may influence the market value of the shares, selling of call and put options is subject to risk including limiting the potential upside gains and being obligated to purchase the underlying shares above the current market value. Although all risks cannot be eliminated, the Company is mitigating these risks by owning the underlying shares or having the cash requirement to meet its obligations.

ADDITIONAL INFORMATION

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