Golden Valley Mines Ltd.

Consolidated Interim Financial Statements
as at September 30, 2016 and 2015

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

Golden Valley Mines Ltd.
Consolidated Statement of Financial Position
As at September 30, 2016
(Unaudited)
(in Canadian dollars)

	Notes	September 30, 2016	December 31, 2015
		$	$
ASSETS			
Current			
Cash and cash equivalents	4	2,653,094	1,905,367
Short-term financial assets	5	4,822,205	1,243,206
Other accounts receivable	6	39,766	106,523
Sales taxes recoverable		50,685	24,389
Tax credits receivable		8,160	54,399
Prepaid expenses		35,768	36,984
		7,609,678	3,370,868
Non-current			
Property and equipment	7	12,629	9,968
Exploration and evaluation assets	8	5,147,189	6,687,723
Investment	10 and 13	51,571,554	25,278,161
Total assets		56,731,372	31,975,852
		64,341,050	35,346,720
LIABILITIES			
Current			
Accounts payable and accrued liabilities			
Related parties controlled by directors		50,526	23,219
Others		491,801	336,656
Derivative financial instrument	10	2,862,459	124,579
Short term portion of success fee liability	15	-	3,383,000
		3,404,786	3,867,454
Non-Current			
Long term portion of success fee liability	15	-	790,000
Deferred income taxes		5,876,900	2,640,798
		5,876,900	3,430,798
Total liabilities		9,281,686	7,298,252
EQUITY			
Capital stock	11.1	25,226,316	24,847,407
Warrants	11.2	424,448	161,250
Contributed surplus		3,453,592	2,812,260
Retained Earnings (Deficit)		1,021,242	(10,947,451)
Total equity attributable to owners of the parent company		30,125,598	16,873,466
Non-Controlling interest		24,933,767	11,175,002
Total equity		55,059,364	28,048,468
Total liabilities and equity		64,341,050	35,346,720

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

Golden Valley Mines Ltd.
Consolidated Income Statement and Statement of Comprehensive Loss
For the three and nine-month period ended September 30, 2016 and 2015
(Unaudited)
(in Canadian dollars)

	Notes	Three-month period ended September 30, 2016 $	Three-month period ended September 30, 2015 $	Nine-month period ended September 30, 2016 $	Nine-month period ended September 30, 2015 $
Revenues					
Royalties		-	48,492	1,542	320,597
Dividends		81,010	115,540	219,353	295,593
Geological fees		-	522	-	1,357
		81,010	164,554	220,895	617,547
Operating Expenses					
Salaries and other employee benefits	12	274,209	396,876	1,870,968	769,481
Office expenses		28,434	28,625	106,316	140,285
Management fees		46,319	4,125	94,151	12,375
Professional and legal fees		269,197	164,532	820,917	680,727
Advertising and exhibitions		65,343	6,410	89,795	26,840
Travelling		16,007	19,680	51,542	60,271
Exploration and evaluation expenditures		8,504	1,021	25,148	11,990
Royalty purchase	8	20,000	63,573	49,500	73,573
Part XII.6 and other taxes		1,750	378	5,783	5,428
Depreciation of property and equipment	7	775	3,031	4,884	9,502
Reversal of success fee liability		-	-	(4,157,110)	
Loss (gain) on the disposal of exploration and evaluation assets	13			1,106,927	(25,246,624)
Loss (gain) on short-term financial assets disposal		-		-	1,282
		730,538	688,251	68,821	(23,454,870)
Other income (loss)		(649,528)	(523,697)	152,074	24,072,417
Finance cost		(702)	10,754	(20,658)	13,138
Other revenue		2,642	5,000	8,504	5,000
Foreign exchange gain		1,005	-	118,576	-
Change in fair value of financial assets at fair value through profit or loss		140,117	(4,899,437)	26,861,680	(6,558,563)
		143,062	(4,883,683)	26,968,102	(6,540,425)
Net income (loss) before income taxes		(506,466)	(5,407,380)	27,120,176	17,531,992
Deferred income taxes		(469,744)	406,356	3,236,102	1,398,165
Net income (loss) and total comprehensive income (loss) for the period		(36,722)	(5,001,024)	23,884,074	16,133,827
Net income (loss) and total comprehensive income (loss) attributable to:					
Shareholders of Golden Valley Mines		735,955	(2,730,055)	12,118,815	9,013,419
Non-controlling interest		(772,677)	(2,270,969)	11,765,259	7,120,408
		(36,722)	(5,001,024)	23,884,074	16,133,827
Income (loss) per share attributable to Golden Valley Mines shareholders					
Basic earnings (loss) per share	14	0.006	(0.028)	0.107	0.094
Diluted earning per share	14	0.01	(0.028)	0.091	0.090

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

Golden Valley Mines Ltd.
Consolidated Statement of Changes in Equity
For the three and nine-month period ended September 30, 2016 and 2015
(Unaudited)
(in Canadian dollars)

	Note	Number	Capital Stock $	Warrants $	Contributed Surplus $	Deficit $	Total attributable to owners of the parent company $	Non-controlling interest $	Total Equity
Balance at January 1, 2016		109,974,974	24,847,407	161,250	2,812,260	(10,947,451)	16,873,466	11,175,002	28,048,468
Share based payments					643,469		643,469		643,469
Units issued by exercise of stock options	11.2	35,000	4,587		(2,137)		2,450		2,450
Units issued by exercise of warrants	11.2	1,166,665	163,333				163,333		163,333
Share issue expenses			(271,144)	263,198			(7,946)		(7,946)
Shares issued for conversion of debenture	11.1	4,150,000	415,000				415,000		415,000
Change in interest of subsidiaries						(315,706)	(315,706)	1,836,579	1,520,873
Transactions with owners		115,326,639	25,159,183	424,448	3,453,592	(11,263,157)	17,774,066	13,011,581	30,785,647
Net income (loss) and total comprehensive income (loss) for the period						11,382,860	11,382,860	12,537,936	23,920,796
Balance at June 30, 2016		115,326,639	25,159,183	424,448	3,453,592	119,703	29,156,926	25,549,517	54,706,443
Share based payments									
Units issued by exercise of stock options	11.2	175,000	23,750				23,750		23,750
Units issued by exercise of warrants	11.2	333,333	46,667				46,667		46,667
Share issue expenses			(3,284)				(3,284)		(3,284)
Change in interest of subsidiaries						165,584	165,584	156,927	322,511
Transactions with owners		508,333	67,133			165,584	232,717	156,927	389,644
Net income (loss) and total comprehensive income (loss) for the period						735,955	735,955	(772,677)	(36,722)
Balance at September 30, 2016		115,834,972	25,226,316	424,448	3,453,592	1,021,242	30,125,598	24,933,767	55,059,364

Golden Valley Mines Ltd.
Consolidated Statement of Changes in Equity
For the three and nine-month period ended September 30, 2016 and 2015
(Unaudited)
(in Canadian dollars)

	Note	Number	Capital Stock $	Warrants $	Contributed Surplus $	Deficit $	Total attributable to owners of the parent company $	Non-controlling interest $	Total Equity
Balance at January 1, 2015		94,933,664	23,494,150	45,571	2,752,785	(18,855,041)	7,437,465	2,509,108	9,946,573
Share issue expenses			(2,145)				(2,145)		(2,145)
Shares issued by exercise of stock options	11.2	300,000	21,000				21,000		21,000
Shares issued by exercise of warrants	11.2	1,910,000	217,471	(45,571)			171,900		171,900
Changes in interest of subsidiaries						282,188	282,188	913,717	1,195,905
Transactions with owners		97,143,664	23,730,476	-	2,752,785	(18,572,853)	7,910,408	3,422,825	11,333,233
Net income (loss) and total comprehensive income (loss) for the period						11,743,474	11,743,474	9,391,377	21,134,851
Balance at June 30, 2015		97,143,664	23,730,476	-	2,752,785	(6,829,379)	19,653,882	12,814,202	32,468,084
Share issue expenses			(14,684)				(14,684)		(14,684)
Share-based payments					129,535		129,535		129,535
Units issued for a debt settlement		1,831,310	201,444				201,444		201,444
Units issued by exercise of stock options	11.2	250,000	51,080		(33,580)		17,500		17,500
Change in interest of subsidiaries						165,083	165,083	414,978	580,061
Transactions with owners		2,081,310	237,840		95,955	165,083	498,878	414,978	913,856
Net income (loss) and total comprehensive income (loss) for the period						(2,730,055)	(2,730,055)	(2,270,969)	(5,001,024)
Balance at September 30, 2015		99,224,974	23,968,316		2,848,740	(9,394,351)	17,422,705	10,958,211	28,380,917

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

Golden Valley Mines Ltd.
Consolidated Statement of Cash Flows
For the nine-month period ended September 30, 2016 and 2015
(Unaudited)
(in Canadian dollars)

	Nine-month period ended	
	September 30, 2016	September 30, 2015
OPERATING ACTIVITIES	$	$
Net income (loss)	23,884,074	16,133,827
Adjustments		
Depreciation of property and equipment	4,884	9,501
Gain on the disposal of exploration and evaluation assets	1,106,927	(25,246,624)
Reversal of success fee liability	(4,157,110)	-
Share-based payments	1,115,821	118,740
Shares issued for debt settlement	-	201,444
Loss (gain) on disposal of short-term financial assets	-	1,282
Changes in fair value of financial assets at fair value through profit or loss	(26,861,680)	6,558,563
Deferred tax expense	3,236,102	1,398,165
Changes in working capital items		
Fees and other accounts receivable	66,757	(39,442)
Sales taxes recoverable	(26,296)	(125)
Prepaid expenses	1,216	(14,699)
Accounts payable and accrued liabilities	182,452	(233,976)
Cash flows used by operating activities	(1,446,852)	(1,113,344)
INVESTING ACTIVITIES		
Acquisition of short-term financial assets	(300,000)	(350,299)
Disposal of short-term financial assets	380,000	370,908
Tax credits received	46,239	33,927
Additions to exploration and evaluation assets	(157,610)	(202,961)
Purchase of property and equipment	(8,660)	(7,507)
Payment of success fees	(15,890)	-
Disposal of investment less transaction costs	-	426,900
Disposal of exploration and evaluation assets transaction costs	-	(149,562)
Cash flows from (or used by) investing activities	(55,921)	121,406
FINANCING ACTIVITIES		
Issuance of shares by exercise of stock options	26,200	38,500
Convertible unsecured debenture	415,000	-
Share issue expenses	(13,539)	(16,829)
Issuance of units by exercise of warrants	210,000	171,900
Derivative financial instruments	347,168	-
Change in interest of subsidiaries	1,265,671	1,372,466
Cash flows from financing activities	2,250,500	1,566,037
Net change in cash and cash equivalents	747,727	574,099
Cash, beginning of period	1,905,367	1,347,620
Cash, end of period	2,653,094	1,921,719

See Note 18 for additional information on cash flows

Cash transactions:

Dividends received	-	299
Interest received	8,504	12,839
Interest paid	779	108

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

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

Golden Valley Mines Ltd.
Notes to the consolidated financial statements
For the three and nine-month period ended September 30, 2016 and 2015
(Unaudited)
(in Canadian dollars)

1. *NATURE OF OPERATIONS*

Golden Valley Mines Ltd. and its subsidiaries (hereinafter "The Corporation") is specialized in the exploration and evaluation of minerals in Canada, as well as selling its exploration assets with a view to monetizing those assets by receiving shares of other companies.

2. *GENERAL INFORMATION*

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

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

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

3. *BASIS OF PRESENTATION*

These interim financial statements cover the nine-month period ended September 30, 2016 and were prepared in accordance with International Financing Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), under International Accounting Standard ("IAS") 34 - Interim Financial Reporting. These interim financial statements were prepared using the same accounting policies, methods of computation and basis of presentation as outlined in Note 4 - Summary of Accounting Policies, as described in the Company's annual audited financial statements for the year ended December 31, 2015. The interim financial statements do not include all the notes required in annual financial statements and, accordingly, should be read in conjunction with the annual financial statements for the year ended December 31, 2015.

Golden Valley Mines Ltd.
Notes to the consolidated financial statements
For the three and nine-month period ended September 30, 2016 and 2015
(Unaudited)
(in Canadian dollars)

4. *CASH AND CASH EQUIVALENTS*

	September 30, 2016	December 31, 2015
	$	$
Cash	2,653,094	1,825,367
Demand deposits, 0.7% and 0.65% (0.65% in 2015), redeemable at any time		80,000
	2,653,094	1,905,367

The balance on flow through financings not spent according to the restrictions imposed by these financing arrangements represents $35,000 as at September 30, 2016 (none as at September 30, 2015). The Corporation has to dedicate these funds to the exploration of Canadian mining properties.

5. *SHORT-TERM FINANCIAL ASSETS*

	September 30, 2016	December 31, 2015
	$	$
Guaranteed investment certificates 0.65% to 1% maturing in August and December 2016	830,000	910,000
Money market investment funds	854	854
Marketable securities in quoted mining exploration companies	3,991,351	332,352
Short-term financial assets	4,822,205	1,243,206

6. OTHER ACCOUNTS RECEIVABLE

	September 30, 2016	December 31, 2015
	$	$
Dividends receivable	23,822	75,981
Interest receivable		769
Others	15,944	29,773
	39,766	106,523

Golden Valley Mines Ltd.
Notes to the consolidated financial statements
For the three and nine-month period ended September 30, 2016 and 2015
(Unaudited)
(in Canadian dollars)

7. *PROPERTY AND EQUIPMENT*

The carrying amount can be analysed as follows:

	Property and equipment				Exploration and evaluation equipment				
	Office furniture	Computer equipment	Leasehold improvement	Total	Automotive equipment	Machinery and equipment	Computer equipment	Total	Total
	$	$	$	$	$	$	$	$	$
Gross carrying amount									
Balance at January 1, 2016	46,283	76,490	60,385	183,158	55,334	27,725	39,924	122,983	306,141
Aquisition		8,660		8,660					8,660
Balance at September 30, 2016	46,283	85,150	60,385	191,818	55,334	27,725	39,924	122,983	314,801
Accumulated depreciation									
Balance at January 1, 2016	43,069	73,168	60,385	176,622	55,334	27,725	36,492	119,551	296,173
Depreciation	3,214	1,671		4,884			1,115	1,115	5,999
Balance at September 30, 2016	46,283	74,839	60,385	181,506	55,334	27,725	37,607	120,666	302,172
Carrying amount at September 30, 2016	0	10,312		10,312			2,317	2,317	12,629

The carrying amount can be analysed as follows:

	Property and equipment				Exploration and evaluation equipment				
	Office furniture	Computer equipment	Leasehold improvement	Total	Automotive equipment	Machinery and equipment	Computer equipment	Total	Total
	$	$	$	$	$	$	$	$	$
Gross carrying amount									
Balance at January 1, 2015	46,283	72,693	60,385	179,361	55,334	27,725	36,215	119,274	298,635
Aquisition		3,797		3,797			3,708	3,708	7,505
Balance at September 30, 2015	46,283	76,490	60,385	183,158	55,334	27,725	39,923	122,982	306,140
Accumulated depreciation									
Balance at January 1, 2015	36,675	68,115	59,975	164,765	55,334	27,725	35,652	118,711	270,485
Depreciation	4,835	4,256	410	9,501			592	592	10,093
Balance at September 30, 2015	41,510	72,371	60,385	174,266	55,334	27,725	36,244	119,303	293,569
Carrying amount at September 30, 2015	4,773	4,119		8,892			3,679	3,679	12,571

Golden Valley Mines Ltd.
Notes to the consolidated financial statements
For the three and nine-month period ended September 30, 2016 and 2015
(Unaudited)
(in Canadian dollars)

8. *EXPLORATION AND EVALUATION ASSETS*

The carrying amount can be analyzed as follows

	Balance at January 1, 2016	Additions	Disposition	Balance at June 30, 2016	Additions	Balance at September 30, 2016
	$	$		$		$
Golden Valley Mines Ltd. Properties						
Acquisition and claims maintenance	4,968,957	14,598	(68,850)	4,914,705	27,187	4,941,892
Property option payments	312,500			312,500		312,500
Drilling, excavation and related costs	3,431,557			3,431,557		3,431,557
Technical and field staff	4,694,303	75,243		4,769,546	29,487	4,799,033
Airborne geophysics	671,742			671,742		671,742
Geophysics	2,383,411			2,383,411		2,383,411
Line cutting	1,153,807			1,153,807		1,153,807
Sampling and testing	772,403			772,403	71	772,474
Travel and transport	1,776,683	208		1,776,891	150	1,777,041
Program management and consultants	329,615	75,333		404,948	7,765	412,713
Professional Fees	6,978			6,978		6,978
Depreciation, insurance and office expenses	547,260	11,625		558,885	8,540	567,425
Communications	58,476	364		58,840	121	58,961
Option payments received	(1,682,035)	(200,000)		(1,882,035)		(1,882,035)
Write-off of exploration and evaluation assets	(4,082,705)			(4,082,705)		(4,082,705)
Impairment of exploration and evaluation assets	(6,156,626)			(6,156,626)		(6,156,626)
Government assistance	(1,541,427)			(1,541,427)		(1,541,427)
Net expenses incurred during the period	7,644,899	(22,629)	(68,850)	7,553,419	73,321	7,626,740
Exploration and evaluation assets sold or transferred	(2,464,773)		(1,538,077)	(4,002,850)		(4,002,850)
Balance, end of the period	5,180,126	(22,629)	(1,606,927)	3,550,569	73,321	3,623,890
Abitibi Royalties Inc. Properties						
Acquisition and claims maintenance	25,185	2,500		27,685	106	27,791
Technical and field staff	8,655			8,655		8,655
Program management and consultants	1,307	1,244		2,551		2,551
Net expenses incurred during the period	35,147	3,744		38,891	106	38,997
Nunavik Nickel Mines Ltd. Properties						
Acquisition and claims maintenance	1,839,734	3,343		1,843,077	100	1,843,177
Technical and field staff	5,577	2,195		7,772	1,239	9,011
Program management and consultants	3,203	3,882		7,085	726	7,811
Airborne geophysics	290,304			290,304		290,304
Amortization, insurance, administration		218		218		218
Government assistance	(127,852)	(604)		(128,456)		(128,456)
Impairment of exploration and evaluation assets	(550,241)			(550,241)		(550,241)
Net expenses incurred during the period	1,460,725	9,034		1,469,759	2,065	1,471,824
Uranium Valley Mines Ltd. Properties						
Acquisition and claims maintenance	1,577,472			1,577,472	50	1,577,522
Technical and field staff	3,270			3,270		3,270
Travel and transport	41,452			41,452		41,452
Program management and consultants	2,782	167		2,949	588	3,537
Communication	60			60		60
Government assistance	(654)			(654)	-52	(706)
Write-off of exploration and evaluation assets	(1,612,657)			(1,612,657)		(1,612,657)
Net expenses incurred during the period	11,725	167		11,892	586	12,478
Summary						
Mining rights	8,649,579	20,441	(68,850)	8,601,170	27,443	8,628,613
Exploration and evaluation assets	908,926	(30,125)		878,801	48,635	927,436
Exploration and evaluation assets transferred to subsidiaries	(2,464,773)			(2,464,773)		(2,464,773)
Exploration and evaluation assets sold to third parties			(1,538,077)	(1,538,077)		(1,538,077)
Disposal of a subsidiary	(406,009)			(406,009)		(406,009)
	6,687,723	(9,684)	(1,606,927)	5,071,111	76,078	5,147,189

Golden Valley Mines Ltd.
Notes to the consolidated financial statements
For the three and nine-month period ended September 30, 2016 and 2015
(Unaudited)
(in Canadian dollars)

8. *EXPLORATION AND EVALUATION ASSETS (continued)*

The carrying amount can be analyzed as follows

	Balance at January 1, 2015	Additions	Disposition	Balance at June 30, 2015	Additions	Balance at September 30, 2015
	$	$	$	$	$	$
Golden Valley Mines Ltd. Properties						
Acquisition and claims maintenance	4,925,117	24,538		4,949,655	18,675	4,968,330
Property option payments	312,500			312,500		312,500
Drilling, excavation and related costs	3,431,557			3,431,557		3,431,557
Technical and field staff	4,563,566	65,422		4,628,988	24,532	4,653,520
Airborne geophysics	671,742			671,742		671,742
Geophysics	2,383,411			2,383,411		2,383,411
Line cutting	1,153,807			1,153,807		1,153,807
Sampling and testing	771,830			771,830		771,830
Travel and transport	1,774,034	626		1,774,660	92	1,774,752
Program management and consultants	299,462	10,154		309,616	16,820	326,436
Professional Fees	6,978			6,978		6,978
Depreciation, insurance and office expenses	526,803	13,318		540,121	3,523	543,644
Communications	57,269	844		58,113	181	58,294
Option payments received	(1,682,035)			(1,682,035)		(1,682,035)
Write-off of exploration and evaluation assets	(3,974,450)			(3,974,450)		(3,974,450)
Impairment of exploration and evaluation assets	(4,381,156)			(4,381,156)		(4,381,156)
Government assistance	(1,494,095)			(1,494,095)		(1,494,095)
Net expenses incurred during the period	9,346,339	114,902		9,461,241	63,823	9,525,064
Exploration and evaluation assets transferred to subsidiaries	(2,464,773)			(2,464,773)		(2,464,773)
Balance, end of the period	6,881,566	114,902		6,996,468	63,823	7,060,291
Abitibi Royalties Inc. Properties						
Acquisition and claims maintenance	31,647		(6,462)	25,185		25,185
Technical and field staff	10,456	2,583	(4,384)	8,655		8,655
Program management and consultants	125,511	770	(124,974)	1,307		1,307
Depreciation, insurance and office expenses	450		(450)			-
Net expenses incurred during the period	168,064	3,353	(136,270)	35,147	-	35,147
Nunavik Nickel Mines Ltd. Properties						
Acquisition and claims maintenance	1,760,625	41,000		1,801,625	33,961	1,835,586
Technical and field staff	5,268	509		5,777		5,777
Program management and consultants	2,701	223		2,924	56	2,980
Airborne geophysics	290,304			290,304		290,304
Government assistance	(127,220)	(632)		(127,852)		(127,852)
Impairment of exploration and evaluation assets	(550,241)			(550,241)		(550,241)
Net expenses incurred during the period	1,381,437	41,100	-	1,422,537	34,017	1,456,554
Uranium Valley Mines Ltd. Properties						
Acquisition and claims maintenance	1,574,016	56		1,574,072	3,333	1,577,405
Technical and field staff	3,139	92		3,231	39	3,270
Travel and transport	41,452			41,452		41,452
Program management and consultants	2,726	67		2,793		2,793
Communication	60			60		60
Government assistance	(654)			(654		(654)
Write-off of exploration and evaluation assets	(1,403,948)			(1,403,948)		(1,403,948)
Net expenses incurred during the period	216,791	215	-	217,006	3,372	220,378
Summary						
Mining rights	8,529,636	65,594	(6,462)	8,588,768	55,968	8,644,736
Exploration and evaluation assets	2,989,006	93,976	(129,808)	2,953,174	45,243	2,998,417
Exploration and evaluation assets transferred to subsidiaries	(2,464,773)			(2,464,773)		(2,464,773)
Disposal of a subsidiary	(406,009)			(406,009)		(406,009)
	8,647,860	159,570	(136,270)	8,671,160	101,211	8,772,371

8. *EXPLORATION AND EVALUATION ASSETS (continued)*

The Corporation holds (together with its subsidiaries) 95 exploration and evaluation properties located in: (i) the Abitibi Greenstone Belt; (ii) the James Bay, Mistassini and Otish regions of northern Quebec; (iii) the Nunavik (Ungava and Labrador) region of northern Quebec; (iv) the Athabasca Basin of Saskatchewan, and (v) James Bay Lowlands of Ontario.

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

On February 21, 2005, the Corporation was granted an option by Integra to acquire up to a 85% interest in nine mineral properties provided that, amongst other things, it incur an aggregate $1,000,000 in exploration expenditures on any one of or a combination of the nine properties ($500,000 for 70%, completed). The Corporation provided Integra with notice of its intent to vest as to a 70% interest in the properties and, a joint venture agreement was concluded as at December 8, 2008 (the "GZZ-I JV"). The GZZ-I JV is subject to underlying royalties ranging between 3% and 3½% in favour of the original vendors, one of which is a director and an officer of the Corporation.

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

Pursuant to an agreement dated October 23, 2013, Golden Valley granted Sirios Resources Ltd. ("Sirios") an option to acquire Golden Valley's remaining 55% interest in the Cheecho prospect. Also on October 23, 2013, Sirios abandoned the claims comprising the Cheechoo B East and Sharks property claims resulting in Golden Valley Mines 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 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. The Company recorded a loss of $1,106,927 as a result of the transfer to Sirios of its remaining 55% interest in the Cheechoo prospect.

As additional consideration for the grant of the option, Sirios granted to Golden Valley Mines a royalty (the "Royalty") equal to 4% of the net returns from all mineral products mined or removed from the Cheechoo gold project. Notwithstanding the foregoing, the royalty relevant to gold mineral products mined or removed from the Cheechoo gold prospect may vary between 2.5% and 3.5% depending on the market price of gold at the time of the payment. The parties are currently finalizing a royalty agreement that reflects the grant of the Royalty. For accounting purposes, no value has been assigned to the Royalty, as the project is still at an early stage of exploration and future cash flow cannot be reliably estimated.

GZZ Properties - Golden Cariboo Resources Ltd. – Abitibi Greenstone Belt, Quebec and Ontario

On January 11, 2012, the Corporation granted an option to Golden Cariboo Resources Ltd. ("GCC") to acquire a 70% interest in certain properties held as to a 100% interest by the Corporation and located in the Abitibi Greenstone Belt of northwestern Quebec and northeastern Ontario. Concurrently, the Corporation and Integra granted an option to GCC to acquire a 70% interest in certain properties located in the Abitibi Greenstone Belt of northwestern Quebec. In order to maintain in force and exercise both the options above, GCC was required to comply with certain obligations under the agreements. As those obligations were not complied with in accordance with the terms of the agreements, both the options were terminated in January 2016.

8. *EXPLORATION AND EVALUATION ASSETS (continued)*

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

On March 16, 2016, the Corporation entered into an option agreement with BonTerra Resources Inc. ("BonTerra") on the Lac Barry Prospect located in the Abitibi Greenstone Belt, northeast of Val-d'Or, Québec. In accordance with the option agreement, (i) BonTerra issued to Golden Valley Mines 519,480 common shares in the capital of BonTerra having an aggregate value of $200,000, and (ii) BonTerra must incur expenditures in an aggregate amount of $2,000,000 over a three (3) year period.

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

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

Malartic CHL Prospect - Malartic, Québec

On March 19, 2015, Abitibi Royalties sold its 30% free carried interest in the Malartic CHL Prospect for a consideration in shares and a 3% net smelter return royalty. For more information on the transaction, please refer to Note 13 - Sale of Malartic CHL Prospect.

Malartic CHL 3% Royalty- Malartic, Québec

The area covered by the 3% net smelter royalty ("NSR") is located immediately east of the Canadian Malartic Mine operated by Agnico and Yamana. The 3% net smelter royalty covers a number of known mineralized zones; the eastern extension of the Barnat Zone, the Jeffrey Zone, the Shaft Zone and Porphyry 12 Zone, the Norrie Zone, the Hal Zone, the Geo Zone and the recent Odyssey North discovery. No value for accounting purposes has been assigned to the 3% NSR royalty.

Canadian Malartic 2% Royalty- Malartic, Québec

The area covered by the 2% NSR is on a single claim located just to the south of the Canadian Malartic main 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 in 2015: $191,869, covering the last two quarters of 2014, $80,236 for the first quarter of 2015, $48,492 for the second quarter of 2015 and a last payment of $28,198 received in October 2015. Abitibi Royalties received a final adjustment payment of $1,542 on April 29, 2016. Canadian Malartic GP (50% owned by Agnico Eagle Mines Limited ("Agnico") and Yamana Gold Inc. ("Yamana") reported that mining at the Gouldie deposit, stopped at the end of June 2015.

8. *EXPLORATION AND EVALUATION ASSETS (continued)*

Abitibi Royalty Search

On June 9, 2015, Abitibi Royalties launched the "Abitibi Royalty Search", by which it would reimburse a company for the renewal fees on existing claims or staking fees on new claims and will receive in exchange a net smelter return royalty. The program offers junior mining companies an alternative to dropping potentially interesting claims or projects due to a lack of funds. Projects have to meet specific criteria to be eligible, such as being located in the close vicinity of an existing mine and showing good geology or signs of mineralization. As of December 31, 2015, Abitibi Royalties had eight NSR royalty acquisitions for a total investement of $79,774. In the first nine months ended on September 30, 2016, Abitibi Royalties invested an additional $61,193. The amounts spent to acquire mining royalties are accounted in profit or loss.

Porcupine Miracle Prospect - Langmuir Township, Ontario

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

The Porcupine Miracle Prospect is constituted of four (4) mineral claims located in the Langmuir Township in the province of Ontario, Canada. In consideration for the option, Uranium Valley will issue 200,000 common shares as follows: 66,666 common shares (issued on July 25, 2014 at a price of $0.10 per share), 66,667 common shares on July 17, 2015 (issued on July 17, 2015 at a price of $0.05 per share),and, 66,667 common shares on July 17, 2016. In order to exercise the option, and to maintain the property in good standing, Uranium Valley is required to incur exploration expenditures of $50,000 by July 17, 2016 . The property will be subject to a royalty in favour of 2973090 equal to 3% of net smelter returns. Unless the Option has then lapsed or been terminated, an advance royalty payments of $10,000 per annum will be payable by the Company commencing on July 17, 2017; the advance royalty payments will be deducted from the amounts payable under the royalty.

On July 4, 2016, the Mining Option Agreement between Uranium Valley and 2973090, which provided the Uranium Valley with the option to acquire a 100% ownership interest in the Porcupine Miracle Prospect, was amended to postpone the third share payment of 66,667 common shares and the requirement to incur exploration expenditures of $50,000 to July 17, 2017.

Boston Bulldog Prospect - Kirkland Lake, Ontario

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

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

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9. *LEASES*

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

			Minimum lease payments due
	Within 1 year	1 to 5 years	Total
	$	$	$
September 30, 2016	51,458	-	51,458
September 30, 2015	47,704	-	47,704

Lease payments recognized as an expense during the nine-month period ended September 30, 2016 amount to $44,104 ($42,933 in the same period of 2015). This amount consists of minimum lease payments. No surface payments or contingent rent payments were made or received. The Corporation's operating lease agreements do not contain any contingent rent clauses, renewal options or escalation clauses or any restrictions, such as those concerning dividends, additional debt, and further leasing.

On August 1, 2016, the Corporation renewned its Montreal office lease for twelve months, terminating on July 31, 2017.

Since March 2014, the Corporation has been subleting a portion of its Montreal office space to help reduce monthly expenses.

10. *INVESTMENTS*

	September 30, 2016		December 31,	September 30,
	Number of shares	Fair Value	2015	2015
			$	
Yamana Gold Inc. ("YRI")	3,549,695	20,055,777	9,122,716	7,986,814
Agnico Eagle Mines Limited ("AEM")	444,197	31,515,777	16,155,445	15,027,185
		51,571,554	25,278,161	23,013,999
Fair value of mandatory retention period		-	-	-
		51,571,554	25,278,161	23,013,999

The market value of these shares is $39,721,952 as at November 28, 2016.

Sale of Agnico Eagle Shares

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

Derivative financial instrument

Abitibi Royalties sold 11,346 call option contracts in the first nine months of 2016, covering 1,134,600 shares of its investment in Yamana and Agnico, for total net cash proceeds of $451,318 ($347,168 USD). As of September 30, 2016, Abitibi Royalties has 15,341 (3,995 at December 31, 2015) call options contracts outstanding, of which 1,675 relate to AEM shares and 13,666 relate to YRI shares, covering a total of 1,534,100 (399,500 at December 31, 2015) shares of its investment in Yamana (1,366,600) and Agnico (167,500). The call options are exercisable until January 20, 2017 and January 19, 2018 at prices varying from US $40 to $55 for the contracts covering the Agnico shares and from US $5 to $12 for those on Yamana shares. The market value of the covered calls at September 30, 2016 was $2,862,459 (US $2,182,251).

11. *EQUITY*

11.1 *Capital Stock*

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

Authorized

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

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

Convertible unsecured debenture

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

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

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

Private placement

Uranium Valley Mines Ltd.

On September 23, 2016, Uranium Valley Mines closed a non-brokered private placement offering for gross proceeds of $390,000 as follows:

Uranium Valley Mines issued 291,666 flow-through units ("FT Units") at a price of $0.12 for gross proceeds of $35,000, each FT Unit consisting of one common share in the capital of Uranium Valley Mines issued on a flow-through basis under the Canada Income Tax Act and one-half of one non-transferable non-flow-through common share purchase warrant, each whole warrant entitling the holder to purchase one non-flow-through common share in the capital of Uranium Valley Mines at a per share price of $0.15 until September 23, 2017.

Uranium Valley Mines issued 4,733,333 units (the "Units") at a per Unit price of $0.075 for gross proceeds of $355,000, each Unit consisting of one non-flow-through common share in the capital of Uranium Valley Mines and one non-transferable common share purchase warrant, entitling the holder to purchase one common share in the capital of Uranium Valley Mines at a per share price of $0.10 until September 23, 2017.

In connection with the above described financing, Uranium Valley Mines paid finder's fees to various parties with the issuance of an aggregate of 258,666 common shares at a deemed price per share of $0.075 in satisfaction of an aggregate $19,400 representing 8% of the purchase proceeds received from subscribers introduced to Uranium Valley Mines by the finders, plus the Uranium Valley Mines issued to the finders non-transferable warrants entitling the purchase of an aggregate 258,666 common shares at a per share price of $0.10 until September 23, 2016, representing 8% of the number of Units placed with the assistance of the finders. Uranium Valley Mine also incurred legal fees in relation with the private placement of $20,132.

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11.2 ***Warrants***

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

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

	September 30, 2016		December 31, 2015	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Balance, beginning of reporting period	12,250,000	0.14	3,410,000	0.15
Granted	4,150,000	0.14	10,750,000	0.14
Exercised	(1,500,000)	0.14	(1,910,000)	0.09
Balance, end of reporting period	14,900,000	0.14	12,250,000	0.14

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

	September 30, 2016		December 31, 2015	
Expiry date	Number	Exercise price	Number	Exercise price
		$		$
November 30, 2017	10,750,000	0.14	11,750,000	0.14
December 5, 2017	-		83,333	0.22
December 5, 2017	-		416,667	0.14
March 18, 2018	4,150,000	0.14	-	
	14,900,000	0.14	12,250,000	0.14

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

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

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

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11.2 ***Warrants (continued)***

Uranium Valley Mines Ltd.

On September 23, 2016, 5,137,832 warrants were issued as part of the private placement described above. 4,733,333 warrants at an exercise price of $0.10, valued at $123,067. 145,833 warrants at an exercise price of $0.15, valued at $767. 258,666 warrants at an exercise price of $0.10, valued at $6,725. All warrants expire on September 23, 2017.

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

	September 30, 2016		December 31, 2015	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Balance, beginning of reporting period				
Granted	5,137,832	0.10	-	-
Balance, end of reporting period	5,137,832	0.10	-	-

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

	September 30, 2016	
Expiry date	Number of warrants	Exercise price
		$
September 23, 2017	4,991,999	0.10
September 23, 2017	145,833	0.15
	5,137,832	0.10

When granted, the fair value of the 258,666 warrants issued as compensation warrants was measured by based on the fair value of services received. The fair value of $6,725 was recorded for these warrants.

The fair value of the warrants issued as part of the flow-through units and non flow-through units was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions:

	Flow-through units	Non Flow-through units
Share price at date of grant	$ 0.05	$ 0.05
Expected dividends yield	0%	0%
Expected weighted volatility	100.0%	100%
Risk-free interest average rate	0.52%	0.52%
Expected average life	1 year	1 year
Exercise price at date of grant	$ 0.15	$0.10

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

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12. *EMPLOYEE REMUNERATION*

12.1 *Salaries and other employee benefits expense*

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

	Three-month period ended		Nine-month period ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	$	$	$	$
Salaries and other employee benefits	243,936	181,170	659,665	562,103
Share-based payments	18,709	118,740	1,115,821	118,740
Defined contribution State plans	11,564	96,966	95,482	110,057
	274,209	396,876	1,870,968	790,900
Less: salaries capitalized in exploration and evaluation assets	-	-	-	(21,419)
Salaries and other employee benefits expense	274,209	396,876	1,870,968	769,481

12.2 *Share-based payments*

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

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

	September 30, 2016		December 31, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of reporting period	6,114,025	0.17	7,369,025	0.22
Granted	12,080,934	0.34	1,200,000	0.11
Exercised	(210,000)	0.13	(550,000)	0.07
Cancelled	-	-	(1,250,000)	0.26
Expired	-	-	(655,000)	0.50
Outstanding, end of reporting period	17,984,959	0.28	6,114,025	0.17
Exercisable, end of reporting period	8,679,025	0.21	6,114,025	0.17

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12.2 ***Share-based payments (continued)***

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

	Outstanding options			Exercisable options
Expiry date	Number of options	Weighted average exercise price	Weighted average remaining contractual life (years)	Number of options
		$		
October 5, 2016	1,615,000	0.35	0.01	1,615,000
July 23, 2017	520,000	0.15	0.81	520,000
August 1, 2018	2,090,000	0.07	1.84	2,090,000
June 30, 2019	579,025	0.17	2.75	579,025
July 24, 2020	1,100,000	0.11	3.82	1,100,000
June 30, 2021	2,775,000	0.30	4.75	2,775,000
September 30, 2026	9,305,934	0.35	10.00	-
	17,984,959	0.28		8,679,025

Incentive stock options

On June 1, 2016, an employee exercised 35,000 incentive stock options at a price of $0.07. On July 13 and July 29, 2016 an ex-director exercised 100,000 and 75,000 incentive stock options at a price of $0.11 and $0.17 respectively.

On June 27, 2016, the Corporation granted an aggregate 2,775,000 incentive stock options with an exercise price of $0.30 to its directors, officers, employees and consultants. The options are exercisable for a period of 5 years from the date of grant. All options are exercisable immediately. The fair value of the stock options granted has been estimated using the Black-Scholes option-pricing model at $643,469.

The weighted fair value of the granted options of $0.23 ($0.12 in 2015) was determined using the Black-Scholes option pricing model and based on the following weighted average assumptions:

	2016	2015
Share price at date of grant	$ 0.29	$ 0.12
Expected dividends yield	0%	0%
Expected weighted volatility	114.67%	85.3%
Risk-free interest average rate	0.56%	0.79%
Expected average life	5 years	5 years
Exercise price at date of grant	$ 0.30	$ 0.11

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

On September 30, 2016, the Corporation granted to its directors, officers, employees and consultants incentive stock options entitling the purchase of an aggregate 9,305,934 common shares at an exercise price of $0.35 per share. The options are exercisable for a period of 10 years until September 30, 2026, subject to earlier termination in accordance with the terms of the Corporation's Stock Option Plan. All of the options vest equally over a period of 3 years unless there is a change of control event (as determined by the Board of Directors acting reasonably), in which case the options will vest immediately on occurrence of the change of control. To date, none of the options have been vested.

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12.2 ***Share-based payments (continued)***

a) Abitibi Royalties Inc.

Incentive stock options

Abitibi Royalties has adopted a 20% fixed option plan (the "New Plan") in 2013. Pursuant to the New Plan, options, for an aggregate total of 1,740,200 common shares, may be granted to its directors, officers, employees, consultants or management companies employees from time to time. The exercise price of each option is fixed by the Board of Directors, but shall not be less than the closing price of Abitibi Royalties' share on the trading day immediately prior to the date of grant less any discount permitted by the Exchange; if no sales were reported, it shall be the sales closing price on the last trading day immediately prior to the date of grant on which sales were reported. The vesting period of the options shall be determined by the Board of Directors, in accordance with the rules and regulations of the TSX Venture Exchange.
During the first nine months ended on September 30, 2016, Abitibi Royalties issued 458,975 of its common shares for a total consideration of $1,147,099 from the exercise of stock options at prices of $2.18 (1,059 shares) and $2.50 (457,916 shares) per share .

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

	September 30, 2016		December 31, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of reporting period	1,224,978	1.61	1,612,500	1.69
Exercised	(458,975)	2.50	(387,522)	1.93
Outstanding, end of reporting period	766,003	1.08	1,224,978	1.61
Exercisable, end of reporting period	766,003	1.08	1,224,978	1.61

The Weighted average price at the date of exercise was $5.67 ($3.65 in 2015).

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

Range of exercise price	September 30, 2016 Outstanding options		December 31, 2015 Outstanding options	
	Number of options	Weighted average remaining contractual life (year)	Number of options	Weighted average remaining contractual life (year)
$0.55 to $1.00	587,500	2.24	587,500	2.74
$1.01 to $3.00	98,503	2.92	557,478	1.22
$3.01 to $4.00	80,000	3.21	80,000	3.71
	766,003		1,224,978	

12.2 ***Share-based payments (continued)***

Restricted Share Unit Plan

Abitibi Royalties' Board of Directors has implemented a RSU Plan (the "RSU Plan"), which provides that restricted share units ("Share Units") may be granted by Abitibi Royalties Compensation and Corporate Governance Committee (the "Committee") to executive officers, directors, employees and consultants (each a "Participant") as a bonus or similar payment in respect of services rendered or otherwise as compensation, including as an incentive for future performance, or in satisfaction of dividends declared by Abitibi Royalties and payable to Participants. The aggregate number of common shares issuable pursuant to Share Units granted under the RSU Plan will not, at any given time, exceed 896,769 common shares, among other limits with respect to individual grants under the RSU Plan. At the time Share Units are granted to a Participant, the Committee will determine any time-based or other conditions as to the vesting of the Share Units and the expiry date (the "Expiry Date") for such Share Units. The Expiry Date of a Share Unit will be the tenth anniversary of its date of grant, unless the Committee determines an earlier date, or subject to accelerated expiry in the event of a change of control of Abitibi Royalties. As at September 30, 2016, 583,365 Share Units were granted (none as at December 31, 2015).

Units Granted	583,365
Units Vested	145,841
Units Forfeited	-
Outstanding at September 30, 2016	583,365

In February and March 2016, Abitibi Royalties granted 583,365 RSU to its officers, directors and consultant of which 145,841 vested immediately. The market price of its shares at the time of grant was as follows: $3.00 for the first grant of 72,500 RSU and $3.70 for the second grant of 510,865 RSU. Expiration dates for the two grants were respectively February 4, 2019 and March 16, 2019. 25% of the RSU granted vested immediately for a cost of $526,925 (included in contributed surplus) and none of the RSU vested were converted to common shares as at September 30, 2016.

Normal Course issuer Bid

On October 2, 2015, Abitibi Royalties received the Exchange acceptance of its notice to commence a normal course issuer bid ("NCIB"). This approval allows Abitibi Royalties to purchase back up to 546,300 of its common shares (representing 5% of Abitibi Royalties 's total issued and outstanding common shares as of September 21, 2015) from October 6, 2015 to October 5, 2016. Common shares that will be purchased under the NCIB will be cancelled. As of September 30, 2016, Abitibi Royalties had repurchased and cancelled 52,100 of its common shares at prices varying from $2.90 to $4.15 for a total of $181,805. On October 6, 2016, Abitibi Royalties reconducted its NCIB for another year until October 5, 2017.

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12.2 ***Share-based payments (continued)***

b) Nunavik Nickel Mines Ltd.

On May 16, 2016, Nunavik Nickel granted an aggregate 446,801 incentive stock options to directors, officers and consultants. The options are exercisable at a price of $0.065 until May 16, 2021 and are vested immediately. The total fair value of the stock options granted was estimated using the Black-Scholes option-pricing model at $20,788.

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

	September 30, 2016		December 31, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of reporting year	793,199	0.18	1,008,199	0.18
Granted	446,801	0.065		
Cancelled	(675,000)	0.20	(215,000)	0.19
Outstanding, end of reporting year	565,000	0.07	793,199	0.18

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

		September 30, 2016		December 31, 2015	
		Outstanding and exercisable options		Outstanding and exercisable options	
Exercise price	Expiry date	Number of options	Weighted average remaining contractual life (year)	Number of options	Weighted average remaining contractual life
0.20	July 24, 2017	-	-	675,000	1.58
0.065	April 3, 2019	60,000	3.02	60,000	3.25
0.08	November 20, 2019	58,199	3.38	58,199	3.87
0.065	May 16, 2021	446,801	4.85	-	-
		565,000		793,199	

The fair value of the stock options granted during the nine month period ended September 30, 2016, has been estimated on the date of issue, using the Black-Scholes option-pricing model with the following assumptions:

	2016
Share price at date of grant	$0.065
Expected dividend yield	0%
Expected volatility	100%
Risk-free interest rate (based on 5 years Canada Bonds)	0.64%
Expected life	5 years
Exercise price at the date of grant	$0.065

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

12.2 ***Share-based payments (continued)***

Restricted Share Unit Plan

At the annual general and special meeting of shareholders of Nunavik Nickel held on June 27, 2016, the shareholders approved the adoption and implementation of a Restricted Share Unit Plan (the " RSU Plan"). The RSU Plan will be adopted and implemented by Nunavik Nickel's Board upon receipt of acceptance by the Exchange. The RSU Plan provides that restricted share units ("Share Units") may be granted by Nunavik Nickel's Compensation and Corporate Governance Committee (the "Committee") to executive officers, directors, employees and consultants (each a "Participant") as a bonus or similar payment in respect of services rendered or otherwise as compensation, including as an incentive for future performance. At the time Share Units are granted to a Participant, the Committee will determine any time-based or other conditions as to the vesting of the Share Units and the expiry date (the "Expiry Date") for such Share Units. The Expiry Date of a Share Unit will be the third anniversary of its date of grant. The aggregate number of common shares issuable pursuant to Share Units granted under the RSU Plan will not, at any given time, exceed 1,288,199 common shares. Nunavik Nickel has yet to make the submission to the Exchange to obtain its acceptance of the RSU Plan.

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

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

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

The gain on this transaction has been determined as follows:

	March 19, 2015
	$
Market value of consideration received	33,489,813
Less: Fair value of mandatory retention period [1]	(3,374,856)
Fair value of consideration received	30,114,957
Less: Transaction costs (including success fees of $132,890)	(443,953)
Fair value of consideration received net of transaction costs	29,671,004
Less: Book value of exploration and evaluation asset sold	(136,270)
Gain on the sale of the Malartic CHL Prospect (no tax impact)	29,534,734
Variation in transaction costs	1,890
Success fee payable as a result of the sale of the Malartic CHL prospect	(4,290,000)
Gain on the sale of the Malartic CHL Prospect (no tax impact) reported on June 30, 2015	25,246,624

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

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14. *EARNINGS (LOSS) PER SHARE*

Both the basic and diluted earnings (loss) per share have been calculated using the net loss attributable to owners of the Corporation as the numerator, i.e. no adjustment to the net loss were necessary in either periods ended September 30, 2016 and 2015.

As at September 30, 2016, 4,390,000 warrants and stock options (5,044,025 warrants and stock option in the three month period ended September 30, 2016) were excluded from the calculation of diluted earnings per share attributable to shareholders of the Corporation.

	Three-month period ended		Nine-month period ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Net income (loss) attributable to shareholders of Golden Valley Mines Ltd.	735,955	(2,730,055)	12,118,815	9,013,419
Weighted average number of shares in circulation - basic	115,750,099	97,851,360	113,593,988	96,100,323
Dilutive effect of stock options and warrants	22,139,025	3,040,000	19,364,025	3,915,000
Weighted average number of shares in circulation - basic	137,889,124	100,891,360	132,958,013	100,015,323
Basic earnings (loss) per share	$ 0.006	$ (0.028)	$ 0.107	$ 0.094
Diluted earnings per share	$ 0.005	$ (0.028)	$ 0.091	$ 0.090

15. *RELATED PARTY TRANSACTIONS*

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

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

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15.1 *Transaction with key management*

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

	Three-month period ended		Nine-month period ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	$	$	$	$
Short-term employee benefits				
Salaries including bonuses	148,438	129,450	421,102	313,976
Benefits	4,597	30,282	80,000	91,428
Director's fees [1]	104,417	60,000	205,084	166,129
Total short-term employee benefits	257,452	219,732	706,186	571,533
Other transactions with key management				
Rent [2]	10,058	3,000	15,043	39,000
Management Fees	69,119	4,125	94,151	12,375
Professional Fees [3]	34,400		49,400	112,643
Expenses capitalized in exploration and evaluation assets	61,006	26,038	88,761	8,177
Success Fee included in gain on the disposal of exploration and evaluation assets [4]			15,890	4,290,000
Total other transactions with key management	174,583	33,163	263,245	4,462,195
Share-based payments [5]	577,302	118,740	1,102,352	118,740
Total remuneration	1,009,337	371,635	2,071,783	5,152,468

[1] An amount of $64,417 has been accrued in director's fees which have been deferred and not yet paid.

[2] $9000 paid to 2973090 Canada Inc., a company controlled by Mr. Glenn J. Mullan who is an officer and a director of the Corporation. $6,043 paid by Abitibi Royalties to its President.

[3] Consulting Fees paid (for the nine month period ended September 30, 2016) to Jackie Koh, the spouse of Glenn J. Mullan, President and CEO of Golden Valley, pursuant to a consulting agreement related to corporate finance services dated January 1, 2016.

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

[5] Please refer to note 12.2 for information on incentive stock options and restricted share units granted to key management.

15. *RELATED PARTY TRANSACTIONS (continued)*

15.1 *Transactions with key management (continued)*

Management success fees agreement with 2973090 Canada Inc.

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

a) Abitibi Royalties is acquired by or combined with a third party,

b) a third party acquires any of Abitibi Royalties' assets or operations,

c) Abitibi Royalties completes an equity or debt financing that meet particular thresholds, subject to Exchange approval, or

d) there is a change of control of Abitibi Royalties.

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

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

15.1 ***Transactions with key management (continued)***

Termination of Management Success Fees Agreement

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

On May 16, 2016, the Nunavik Nickel granted incentive stock options to directors, officers and consultants to purchase an aggregate 446,801 of the Nunavik Nickel's common shares. The fair value of the stock options granted has been estimated at $20,788. The stock options are described in Note 13.2.

With the exception of the stock options granted on May 16, 2016, no remuneration or compensation of any sort has been paid by Nunavik Nickel to its directors or officers during the periods ended September 30, 2016 and 2015 and the year ended December 31, 2015.

In connection with the private placement, Nunavik Nickel paid finder's fees of $3,300 and issued finder's fee warrants entitling the purchase of 41,250 of its common shares at a per share price of $0.10 until January 30, 2017, to an individual related to the President and CEO of Nunavik Nickel . The fair value of finder's fee warrants has been estimated using the Black-Scholes option-pricing model at $4,877.

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

On September 23, 2016, Uranium Valley closed a non-brokered private placement offering for gross proceeds of $390,000.

In connection with the private placement, Uranium Valley issued 58,666,shares in payment of finder's fees of $4,400 and issued 58,666 finder's fee warrants entitling the purchase of 58,666 of its common shares at a per share price of $0.10 until September 23, 2017, to an individual related to the Chairman of the Board of the Company. The fair value of finder's fee warrants has been estimated using the Black-Scholes option-pricing model at $1,525.

On July 4, 2016, the Mining Option Agreement between Uranium Valley and 2973090, which provided the Uranium Valley with the option to acquire a 100% ownership interest in the Porcupine Miracle Prospect, was amended to postpone the third share payment of 66,667 common shares and the requirement to incur exploration expenditures of $50,000 to July 17, 2017.

16. *CONTINGENCIES AND COMMITMENTS*

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

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

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

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

17. *ADDITIONAL INFORMATION - CASH FLOWS*

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

	September 30, 2016	September 30, 2015
	$	$
Accounts payable and accrued liabilities included in exploration and evaluation assets	2,389	502
Accounts payable and accrued liabilities of transaction costs related to the disposal of exploration and evaluation assets	-	36,000
Depreciation of exploration and evaluation equipment charged to exploration and evaluation assets	1,115	-
Common shares issued for a debt settlement	-	201,444
Common shares issued by subsidiary in consideration of payment of transaction costs included in gain on disposal of exploration and evaluation assets	-	367,500
Options on exploration and evaluation assets received as shares of quoted mining exploration companies included in short-term financial assets	200,000	-
Success fee payable included in gain on disposal of exploration and evaluation assets	-	4,290,000
Common shares received in consideration of disposal of exploration and evaluation assets	500,000	-
Common shares received in consideration of disposal of exploration and evaluation assets net of the fair value of the retention period	-	30,114,957

18. *SUBSEQUENT EVENTS*

Abitibi Royalties

The TSX Venture Exchange approved Abitibi Royalties' change of business from a mining issuer to an investment issuer. Further details are contained in Abitibi Royalties' filing statement dated October 24, 2016 filed on SEDAR at www.sedar.ca.

Uranium Valley Mines

On October 31, 2016, Uranium Valley closed a non-brokered private placement offering by issuing 2,050,000 units (the "Units") at a per Unit price of $0.10 for gross proceeds of $205,000. Each Unit consists of one common share in the capital of Uranium Valley and one non-transferable common share purchase warrant, entitling the holder to purchase one common share in the capital of Uranium Valley at a per share price of $0.13 until October 31, 2017.

In connection with the above described financing, Uranium Valley paid finder's fees of $10,400 to various parties representing 8% of the purchase proceeds received from subscribers introduced to Uranium Valley by the finders, of which $1,600 was paid in cash. In addition,Uranium Valley issued an aggregate of 88,000 common shares at a deemed price per share of $0.10 and 104,000 non-transferable common share purchase warrants, entitling the holder to purchase one common share in the capital of Uranium Valley at a per share price of $0.13 until October 31, 2017. Uranium Valley also incurred commitment fees of $2,000 in relation with the private placement .