GOLDEN VALLEY MINES LTD.

Management's Discussion and Analysis
For the year ended December 31, 2017
Dated: April 17, 2018

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 year ended December 31, 2017 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 audited consolidated financial statements for the year ended December 31, 2017, 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*.

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 AND STRATEGY

Golden Valley is a mineral exploration company whose assets and those of its subsidiaries (including the Reporting Subsidiaries (as hereinafter defined), include 100 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.

Golden Valley's primary objective is to conduct systemic early-stage exploration while the Company owns 100% of most of its properties. In instances where the exploration results are less than conclusive (such as when favourable geological conditions are encountered, but without an economically significant discovery) the Company will typically seek joint-venture partners (normally other public mining companies) to conduct follow-up exploration programs and continue the exploration effort. In some instances, Golden Valley continues to act as the operator during the earn-in phase thus allowing the Company to reduce dilution to its share capital and decrease the amount of self-funded expenditures, while continuing exploration on these same properties with larger budgets than its own initial investment (most of the agreements allow the partner to earn into a property by incurring exploration expenditures typically over periods of three to five years). 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 or shares, or both from its partners and the retention of a free-carried interest or an NSR royalty, thereby allowing the Company to monetize its assets. This allows the Company to focus primarily on other early-stage, majority owned properties while partners fund exploration on more expansive option/joint ventures and remote projects.

At the beginning of 2017, the Company had four subsidiaries: Abitibi Royalties Inc. ("Abitibi Royalties"), Val-d'Or Mining Corporation ("Val-d'Or Mining") (formerly "Nunavik Nickel Mines Ltd"), International Prospect Ventures Ltd. ("International Prospect") (formerly "Uranium Valley Mines Ltd.") and Calone Mining Ltd. ("Calone Mining"). As a result of transactions further described below, the Company reviewed the criteria for previously consolidating Val-d'Or Mining and International Prospect and determined it no longer controls these investments but just has "significant influence". Consequently, the Company recognized its investment in Val-d'Or Mining and International Prospect as an Investment in Associates using the equity method. Accordingly, as at December 31, 2017, the Company had two subsidiaries: Abitibi Royalties and Calone Mining together, the "Reporting Subsidiaries"). See section herein, *Property Interests Assigned to the Reporting Subsidiaries*.

The Company's most 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. As the shares of these companies are publicly listed securities, the value of the Company's assets tends to fluctuate from time to time depending on the trading price of these shares, thereby causing the Company's earnings to fluctuate correspondingly.

The information detailed in this report and pertaining to Abitibi Royalties, Val-d'Or Mining and International Prospect has been extracted from the Management's Discussion and Analysis prepared by each of the Reporting Subsidiaries and electronically filed with regulators, which are publicly available for viewing through the internet on the SEDAR website (www.sedar.com) under their respective issuer profile.

HIGHLIGHTS FOR THE YEAR

a) *Mining Option Agreement with Val-d'Or Mining Corporation (previously "Nunavik Nickel Mines Ltd.")*

On July 17, 2017, the Company announced that the TSX Venture Exchange has issued its final acceptance of the Mining Option Agreement (the "Option Agreement") made as of April 18, 2017, pursuant to which Golden Valley has granted to Val-d'Or Mining effective July 31, 2017 an option to acquire a 100% interest in 61 of its grassroots properties. Golden Valley currently has a percentage holding of 24.63% in Val-d'Or Mining.

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 will retain 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 TSX Venture Exchange.

Furthermore, effective January 1, 2018, Val-d'Or Mining's principal place of business would be the same as Golden Valley's, which is at 2864 Chemin Sullivan, Val-d'Or, Quebec, J9P 0B9. Consequently, certain general and administrative expenses including costs relating to the management of properties optioned under the Option Agreement will be assumed by Val-d'Or Mining starting in January 1, 2018.

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

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

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 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% net smelter royalty ("NSR"), with 0.5% of the NSR being subject to a buyback in favor of Alexandria for $1 million payable to Golden Valley. The Company received 357,143 common shares valued at $25,000 of Alexandria in May 2017 as required under the option agreement.

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. Our exploration team 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.

PROPERTIES AND INTEREST

Abitibi Greenstone Belt ("AGB") Grassroots Exploration Project

The AGB properties (85), including the 61 grass roots properties optioned to Val-d'Or Mining as discussed above) are comprised of gold (44), copper-zinc-silver (35), nickel-copper-PGE (2), molybdenum (2) and cobalt-silver-nickel (2) prospects located in Québec (60) and Ontario (25).

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 100%-owned properties 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.

The Company's exploration work in 2017 focused primarily on the completion of regional and property compilations for exploration planning and business development purposes, project generation activities directed to identifying and evaluating new opportunities and business development purposes, and the managing and monitoring of joint venture and option project exploration activities, respectively.

Option and Joint Venture Properties

Abitibi Greenstone Belt ("AGB") Programs

a) Eldorado Gold Corp. ("Eldorado") AGB Joint Venture (formerly Integra Gold Corp.)

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. Golden Valley is the operator during the joint venture phase.

A phase II prospecting and sampling program was completed over the Bogside Prospect as part of the agreement with Abitibi Royalties to fund the claim renewal fees in exchange for a 2% NSR on the property. Dependent on these results, a follow-up program will be planned, including diamond drilling along an untested induced polarization anomaly over an area of no outcrop. No other fieldwork programs were conducted on the other eight (8) properties held within the JV.

b) 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.

BonTerra has met the option agreement expenditure requirements for the second anniversary date (March 10, 2018) of $750,000.

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% net smelter royalty ("NSR"), with 1% of the NSR being subject to a buyback in favour of BonTerra for $1 million payable by BonTerra to Golden Valley.

BonTerra 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 during the year ended December 31, 2016. As BonTerra did not incur $250,000 in exploration expenditures by March 15, 2017 in accordance with the terms of the option agreement, the Company agreed to extend this date to April 15, 2017, in consideration for which BonTerra paid $25,000 to the Company.

On September 19, 2017, the Company announced the receipt from BonTerra of results of a diamond drill program on the Lac Barry Prospect. A new gold and silver bearing horizon ("Temica Gold Zone") was discovered. The disclosed drill intersections described below are located on the Lac Barry Property claims. The information that follows have been prepared by BonTerra and has not been independently verified by the Company:

- Hole CL-17-14 resulted in the discovery of new mineralized zone (Temica Gold Zone) with an intersection of 4.7 g/t Au and 44.6 g/t Ag over 2.7 m at 250 m below surface. This drill hole is located over 4 kilometers to the southwest of the Gladiator deposit.

- Drillhole CL-17-14 also returned 44.6 g/t Ag with the presence of galena as additional sulphide mineralization.

- Hole CL-17-06 intersected a new mineralized zone (Temica Gold Zone) with an intersection of 13.0 g/t Au over 1.0 m at 200 m below surface and located over 5 kilometers to the southwest of the Gladiator Gold Deposit.

- Hole CL-17-01 also intersected the Temica Zone near surface with close proximity to drill hole CL-17-14 but was located too close to the zone and resulted in a partial intersection.

- Three drill holes now exist in the Temica Zone over a one-kilometer length as described above.

- The previously completed till sampling and induced polarization surveys led to the drilling and discovery of the Temica Zone. Further drilling will be conducted on additional targets and identified trends as well as on the Temica Zone.

- Both CL-17-06 and CL-17-14 intersected shear zone hosted mineralized quartz-carbonate veining with pyrite and sphalerite.

Work completed on the property in advance of the initial diamond drilling program included airborne and ground magnetic and induced polarization surveys, geochemical glacial till sampling.

Going forward, BonTerra is planning a follow-up exploration program per results obtained from the 2017 induced polarization survey results within a prospective exploration target termed the “Western Fold” area, located approximately 12 km southwest of the Gladiator deposit, to include diamond drilling of numerous high-quality gold and base metal targets within structural anomalies. Further ground geophysical and geochemical programs plus mapping, prospecting is also planned. The proposed drilling program will be success based and focus on mineralized trends extending west from Gladiator deposit.

For additional details with respect to the exploration work completed to date on the project, as well as for the details on the expenditures made to date by BonTerra on the properties, please refer to BonTerra’s continuous disclosure documents available at the SEDAR website (www.sedar.com) by accessing BonTerra’s issuer profile).

c) Battery Mineral Resources - Island 27 Property, Ontario

On June 1, 2017, the Company entered into mining option agreement with Battery Mineral pursuant to which the Company will grant to Battery Minerals an option to acquire up to an 80% interest in the Island 27 Property, 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.

Work completed on the project in advance of the 2018 drill program, included a prospecting and sampling program, property compilation, re-logging and sampling of selective historical drillholes, detailed geophysical surveying (downhole and on surface), exploration permitting and aboriginal consultation.

d) Alexandria Minerals Corporation - Centremaque Property, Québec

On April 13, 2017, the Company entered into a mining option agreement with Alexandria Minerals on the Centremaque Prospect. 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 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% net smelter royalty ("NSR"), with 0.5% of the NSR being subject to a buyback in favor of Alexandria for $1 million payable to Golden Valley.

In May 2017, the Company received 357,143 common shares of Alexandria relating to this mining option agreement.

The project operator, Alexandria has reported that the following work has been completed on the property per the first-year work commitment. As of August 2017, Alexandria has compiled all of the drill holes from 1940 to 1994 in preparation for a Winter 2018 drill program. Based on this compilation work, the mineralization intersected on the property is similar to that at Zone #4 on the Orenada deposits. Mineralization consists of traces to 7% arsenopyrite and 1-5% pyrite with local traces of pyrrhotite and chalcopyrite. The arsenopyrite and pyrite are localized in the wallrock of the veins and veinlets, composed of smokey quartz, carbonate and tourmaline. The veins and veinlets are hosted in intermediate and felsic tuffs, sediments of the Malartic Group and talc-chlorite schists of the Piché Group. The next step in advance of continued 2018 drilling will be to try and locate the drill holes from 1987, 1988 and 1994 to verify their locations between the historical work reports verses the government geological database (SIGÉOM).

On April 9, 2017, Alexandria released initial results (CAX-18-001 and CAX-18-003) from a seven-hole, 3,348 metres drill program that was recently completed on the property. Two gold-bearing zones were intersected on the property located approximately 2.0 kilometres west of the Alexandria's Orenada open pit project. The two gold bearing zones are described by Alexandria as being shallow (i.e. close to surface) and are hosted in brecciated, biotite and chlorite altered ultramafic volcanics hosting up to 5% pyrrhotite and 1% chalcopyrite from a downhole depth 285.85-286.50 metres and returned gold grades up to 0.65 m @ 14.50g/t Au in hole CAX-18-001. A deeper zone was also intersected and it contained a section of chlorite-tourmaline altered sediments/volcanics located north of the ultramafics, containing up to 9 visible gold grains between 337.10 to 338.75 metres. This zone returned up to 1.80 m @ 36.62 g/t Au, including 1.00 m @ 40.57 g/t Au at a depth of 337.10 metres, also in hole CAX-18-001. Hole CAX-18-003 intersected both zones with lower order gold intercepts. Drilling to date has shown the zone to extend over a horizontal distance of 300 metres.

For additional details with respect to the exploration work completed to date on the project, as well as for the details on the expenditures made to date by Alexandria on the Properties, please refer to Alexandria's continuous disclosure documents available at the SEDAR website (www.sedar.com) by accessing Alexandria's issuer profile).

James Bay Properties

a) Sirios Resources Ltd. – Cheechoo Prospect

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 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 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. In 2016, 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 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. 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.

The operator of the Cheechoo Gold Project, Sirios has provided fifteen (15) exploration updates on the project. Please see the following Sirios press releases for further details: January 17 and February 7, 2017 (release of the final drill hole results from the 2016 Summer-Autumn drill campaign totaling of 9,359 metres consisting 37 NQ drillholes from #57 to #93 and drillhole extensions for holes #25, 52, and 58, including 26.1 metres grading 6.2g/t Au) ; February 21, 2017 (announcing the resumption of diamond drilling activities); February 28, 2017 (release of surface channel results); March 6, May 9, May 30 and September 7, 2017 (release of drill results, including 10.6 metres grading 11.2g/t Au); September 14, 2017 (project update); October 3 and November 20, 2017 (release of additional surface sampling results, including 3.1 metres of 23.5g/t Au); and January 16, February 8, February 14 and March 4, 2018 (release of drill results, including 26.0 metres grading 6.0g/t Au & 11.0 metres grading 8.4g/t Au; 8.0 metres grading 41.0g/t Au).

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

Property Interests Assigned to the Reporting Subsidiaries

1) Abitibi Royalties Inc.

Abitibi Royalties 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. Golden Valley holds an approximate 49.16% interest in Abitibi Royalties as at December 31, 2017. As of the date of this Management’s Discussion and Analysis (“MD&A”), Abitibi Royalties holds interests amongst others, in the following assets.

a) Malartic CHL 3% NSR Royalty - Malartic, Québec

The area covered by the 3% net smelter royalty ("NSR") is located immediately east of the current Canadian Malartic Mine open pit operated by Canadian Malartic GP (50% owned by Agnico Eagle Mines Limited ("Agnico Eagle") and Yamana Gold Inc. ("Yamana"). The 3% net smelter royalty covers a number of known mineralized zones; the eastern part of the Barnat Extension, the Jeffrey Zone, the eastern part of the East Malartic property and the north part of the Odyssey project. No value for accounting purposes has been assigned to the 3% NSR royalty.

b) 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 main pit and covers the eastern portion of the Gouldie Zone and the historic Charlie Zone. Production on the 2% NSR area started in 2014 and total royalty payments of $348,795 were received. Canadian Malartic GP reported that mining at the Gouldie deposit, stopped at the end of June 2015.

c) Abitibi Royalty Search Program

In 2015, Abitibi Royalties launched the "Abitibi Royalty Search Program", 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, have good geology and signs of mineralization through previous exploration.

Since the program has been launched, Abitibi Royalties invested a total of $195,375 in 13 projects located in Canada, in the provinces of Ontario, Quebec and Saskatchewan, and in Turkey. These amounts were expensed in the corresponding years because Abitibi Royalties does not expect to receive royalty income in the foreseeable future.

Investment in Associates

International Prospect Ventures (formerly "Uranium Valley Mines Ltd.")

Golden Valley holds an approximate 16.62% interest in Uranium Valley Mines Ltd ("Uranium Valley") as at December 31, 2017 and as of the date of this MD&A.

In October 26, 2017, Uranium Valley changed its name to International Prospect Ventures Ltd. In addition, International Prospect received acceptance for its common shares to graduate from NEX and commenced trading on Tier 2 of the TSX Venture Exchange under the trading symbol "IZZ".

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 consisting of four mineral claims 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 Quebec. International Prospect is also in the process of identifying and evaluating other mineral property opportunities in Canada and internationally.

Further discussion and analysis of the financial condition and results of operations of International Prospect for the year ended December 31, 2017, is included in International Prospect's Management's Discussion and Analysis, which has been electronically filed with regulators by International Prospect and is available for viewing at the SEDAR website (www.sedar.com) under International Prospect's issuer profile.

Val-d'Or Mining Corporation (formerly "Nunavik Nickel Mines Ltd.")

Golden Valley holds an approximate 24.63% interest in Val-d'Or Mining as at December 31, 2017 and as of the date of this MD&A.

On July 28, 2017, Nunavik Nickel Mines Ltd., changed its name to Val-d'Or Mining Corporation. Effective August 1, 2017, the common shares of Val-d'Or Mining began to trade on the TSX Venture Exchange under the symbol "MZZ", and the common shares of Nunavik Nickel Mines Ltd. trading under "KZZ" were delisted.

Val-d'Or Mining is involved in the process of exploring, evaluating and promoting its mineral property interest and holds interests amongst others, in the following assets:

a) the Boston Bulldog Prospect is a group of three mineral claims located in Kirkland Lake, Ontario, which Val-d'Or Mining was granted an option to acquire a 100% interest in the Boston Bulldog Prospect;
b) the Chibougamau-Chapais Prospect consists of six separate properties, comprised of 40 claims covering an area of some 2,203.34 hectares, located in the Chibougamau area in north-central Québec, which were staked by Val-d'Or Mining in 2016.
c) the Shoot-Out Prospect is the combination of two properties, Shoot-Out East and Shoot-Out West, and consists of 62 claims located in the Raglan Belt of northern Quebec, which Val-d'Or Mining has a 100% ownership interest in this property that is subject to a 3% NSR;
d) the Fortin Prospect is located in the central part of Ducros Township, approximatively 80 kilometres northeast of the City of Val-d'Or, Quebec, and consists of 5 contiguous mining claims, which Val-d'Or Mining holds a 100% interest in this property that is subject to a 1.5% NSR; and,
e) the Marymac Prospect located in the Labrador Trough of Quebec, consists of 32 Map Designated Units, which Val-d'Or Mining holds a 100% interest in the Marymac Prospect that is subject to a 2% NSR.

Further discussion and analysis of the financial condition and results of operations of Val-d'Or Mining for the year ended December 31, 2017, is included in Val-d'Or Mining's Management's Discussion and Analysis, which has been electronically filed with regulators by Val-d'Or Mining and is available at the SEDAR website (www.sedar.com) under Val-d'Or Mining's issuer profile.

SELECTED INFORMATION

This table represents selected information for the Company and its subsidiaries for the years ended December 31, 2017, 2016 and 2015:

	2017	2016	2015
Total Revenue	$ 307,384	$ 342,966	$ 770,406
Net income (loss) and total comprehensive income (loss) for the year	(3,013,527)	9,454,688	14,780,114
Net income (loss) and total comprehensive income (loss) attributable to shareholders of Golden Valley Mines Ltd.	(2,604,943)	3,340,426	7,388,988
Net income (loss) and total comprehensive income (loss) attributable to the Non-controlling interest	(408,584)	6,114,262	7,391,126
Basic earnings (loss) per share	$ (0.02)	$ 0.03	$ 0.08
Diluted earnings per share	$ (0.02)	$ 0.03	$ 0.07
Total Assets	$ 47,684,383	$ 46,736,978	$ 35,346,720
Total Liabilities	$ 5,503,446	$ 4,635,744	$ 7,298,252

International Prospect Ventures Ltd and Val-d'Or Mining Corporation

In prior years, the Company had control over Val-d'Or Mining and International Prospect; and, therefore the financial results of both companies had been consolidated to the financial results of Golden Valley.

In the second quarter of 2017, International Prospect issued 1,400,000 of its common shares pursuant to an exercise of share purchase warrants further reducing Golden Valley's interest in International Prospect to 20.8% (December 31, 2016 - 22.4%). In the first quarter of 2017, Val-d'Or Mining issued a total of 5,468,661 of its common shares pursuant to a private placement of 4,353,461 units and to an exercise of 890,000 warrants. Also, in the fourth quarter of 2017, Val-d'Or Mining issued 14,800,000 of its common shares pursuant to a short form prospectus and private placement offering, further reducing Golden Valley's interest in Val-d'Or Mining to 24.63% (December 31, 2016 – 60.27%). As a result of these transactions, along with other factors, the Company reviewed the criteria for previously consolidating International Prospect and Val-d'Or Mining and determined it no longer controls both companies but just has "significant influence". Consequently, effective May 2017 and November 2017, for financial reporting purposes, the Company deconsolidated International Prospect and Val-d'Or Mining, respectively. Thereafter, the Company's investment in International Prospect and Val-d'Or Mining were accounted using the equity method. Comparative figures as at and for the years ended December 31, 2016 have not been restated. For further details, refer to Note 4 of the audited consolidated financial statements for the year ended December 31, 2017.

DISCUSSION AND RESULTS OF OPERATIONS

For the year ended December 31, 2017, the Company reported a net loss and total comprehensive loss of $3,013,527 compared to a net income and total comprehensive income of $9,454,688 for the same period in 2016. A loss amount of $2,604,943 (2016 - income of $3,340,426) is attributable to shareholders of Golden Valley and of $408,584 (2016 - income of $6,114,262) for the non-controlling interest.

The consolidated net loss for fiscal year 2017 is a result of share-based compensation of $1,789,475 (2016 - $2,308,887), salaries and other employee benefit expense of $1,767,844 (2016 - $1,073,751), professional and legal fees of $1,109,058 (2016 - $985,164), net of the change in fair value of investments of $1,730,882 (2016 - $14,375,391) which mainly consist of the unrealized gain of $1,182,474 (2016 - $13,179,110) of Abitibi Royalties' investment in the common shares of Agnico Eagle Ltd. ("Agnico") and Yamana Gold Inc. ("Yamana") and net of a gain of $934,204 (2016 - $nil) resulting from loss of control of International Prospect and Val-d'Or Mining. For further details on loss of control of International Prospect and Val-d'Or Mining, refer to Note 4 of the audited consolidated financial statements for the year ended December 31, 2017.

The better results in 2016 also includes a gain of $4,157,110 on the reversal of a success fee liability from Abitibi Royalties terminating a Management Success Fees Agreement on March 11, 2016. Following the sale of the Malartic CHL Property in 2015, a success fee payable of $4,290,000 was recognized under this Management Success Fees Agreement. Prior to its termination, an amount of $132,890 was paid out ($117,000 paid in 2015 and $15,890 paid in 2016) under the terms of the Management Success Fees Agreement, with no further amounts payable. Following this termination, the remaining liability of $4,157,110 was derecognized in fiscal 2016.

Revenues

For the year ended December 31, 2017, the Company recognized consolidated revenues of $307,384 compared to $342,966 for the same period in 2016.

In fiscal 2017, the Company received option payments in the amount of $100,000 from Battery Minerals, of $25,000 from BonTerra and shares in the amount of $25,000 from Alexandria Minerals. The cash consideration received by the Company directly from Battery Minerals ($100,000) and BonTerra ($25,000) were credited against the costs previously capitalized to Exploration and Evaluation assets on the properties optioned under the option agreements discussed above.

Also, in fiscal 2017, Abitibi Royalties received dividend income of $265,368 from its investment in the common shares of Agnico and Yamana compared to $341,424 for the same period in 2016. The decrease in dividend revenue is a result of lower number of Agnico shares as Abitibi Royalties delivered 108,700 shares of Agnico under its covered call contracts it had sold on January 20, 2017.

Operating Expenses

For the year ended December 31, 2017, the Company recognized consolidated operating expenses of $5,982,012 compared to $4,062,728 for the same period in 2016.

Shares-based compensation expense for 2017 includes the amount of $1,211,139 (2016 - $407,046) 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 to fiscal 2017. Share-based compensation expense for 2016 includes $1,305,380 for restricted share units granted in 2016 to Abitibi Royalties' officers, directors and consultants;

Salaries and employee benefits have increased due to a general salary increase that came into effect in June 2016 as well as the 2016 bonus and additional cash award totaling $335,250 being paid in 2017 to officers, directors and consultants of Abitibi Royalties. In addition, the 2017 bonus of $297,250 have also been accrued for fiscal 2017; and,

Professional and legal fees, which comprised of audit, tax and accounting fees, legal fees, investor relations fees, and other consultation fees, which includes transfer agent and filing fees, increased as result of high level of activity in general corporate matters and business development activities.

General and Administrative expenses, which consist of office expenses, advertising, exhibitions and travelling have also increased to $445,237 for the year ended December 31, 2017 (compared to $366,707 for the same period in 2016) as the Company continues to actively search for new business opportunities and ways to enhancing shareholder value via participation in different trade shows, corporate venues, and participation on occasional trade missions while conducting due diligence on many properties and corporate transactions, and more actively assisting its subsidiaries and associates in enhancing their own corporate development, in Canada, the United States, Central and South America, Europe and Africa.

Management fees also increased in 2017, which was attributable to the adjustment in consulting fees payable to the President and CEO of the Company pursuant to an amendment to his consulting agreement effective July 2016.

Loss on impairment of exploration and evaluation assets has decreased substantially to $560,942 for the year ended December 31, 2017 (compared to $2,117,177 for the same period in 2016). In 2016, the loss on impairment of exploration and evaluation assets of $2,117,177 includes an impairment loss of $1,420,017 on Val-d'Or Mining's Marymac Prospect as it was not planning any work in the near future on this project.

Operating expenses of $4,062,728 for 2016 also included a gain of $4,157,110 on the reversal of the success fee liability as described above, net of loss on impairment of exploration and evaluation assets of $2,117,177 and a loss on disposal of exploration and evaluation assets of $1,106,927. The loss on disposal of exploration and evaluation assets of $1,106,927 in 2016 related to Golden Valley's transfer to Sirios Resources Ltd. ("Sirios") of its remaining 55% interest in the Cheechoo prospect pursuant to Sirios having completed all of its obligation under an option agreement dated October 23, 2013 to earn 100% interest in the Cheechoo prospect.

Other Income (loss)

For the year ended December 31, 2017, the Company recognized consolidated other income of $2,317,198 compared to consolidated other income of $14,360,074 for the same period in 2016.

Other income in 2017 included a fair value adjustment of $1,730,882 mainly from valuations of Abitibi Royalties' investments, a gain of $934,204 resulting from the loss of control in International Prospect and Val-d'Or Mining, former subsidiaries of Golden Valley, a settlement fee income of $120,000 from the termination of the Management Services Agreement with International Prospect and Val-d'Or Mining, net of foreign exchange loss of $322,775.

Other income from 2016 included a fair value adjustment of $14,375,391 which substantially relates to the unrealized gain recognized on Abitibi Royalties' investment in the common shares of Agnico and Yamana.

Deferred Taxes

For the year ended December 31, 2017, the Company recognized consolidated deferred tax recovery of $343,903 compared to deferred tax expense of $1,185,624 for the same period in 2016.

Deferred tax is impacted by the change in the fair value of Abitibi Royalties' investment in the common shares of Agnico and Yamana as Abitibi Royalties' tax cost on these investments is insignificant compared to their market value of those common shares. The potential tax liability on the capital gain to be realized on the eventual sale of those common shares had the largest impact on the recognized deferred tax liability of $3,482,519 as at December 31, 2017.

FINANCIAL CONDITION REVIEW

Cash and cash equivalents

The Company ended fiscal year 2017 with cash and cash equivalents of $5,073,071 compared to $2,725,177 as at December 31, 2016. The Company holds cash balances in both Canadian and U.S. dollars.

Restricted cash

Restricted cash of $545,052 (or USD$434,477) relates to funds held as collateral on the put option contracts of 65,100 shares of Agnico referred to in the *Derivatives Financial Instruments* section below. The funds will become unrestricted once the put option contracts are exercised, repurchased or expired.

Short-term Financial Assets

The Company held 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 $1,339,034 as at December 31, 2017, compared to $2,071,611 as at December 31, 2016.

The Company also has a guaranteed investment certificate, in the amount of $480,000, at an interest rate of 0.5% maturing on March 2018 and July 2018, compared to $250,000, at an interest rate of 0.5% as at December 31, 2016.

Other assets

Other assets mainly comprised of amounts due from related parties of $208,672 (2016 - $nil), accounts receivables of $91,510 (2016 - $22,097) and government sales and tax credits of $87,961 (2016 - $122,174)

Due from related parties are from Val-d'Or Mining and International Prospect in the amounts of $104,761 and $103,911 respectively mainly consisting of a settlement fee of $60,000 due from each company. For further details, refer to Note 24 of the audited consolidated financial statements for the year ended December 31, 2017.

Investment in Associates

The investment in associates relates to the Company's investment in International Prospect and Val-d'Or Mining. As at December 31, 2017, the Company has a 16.62% interest in International Prospect and a 24.63% interest in Val-d'Or Mining. The Company has accounted for its investment in International Prospect and Val-d'Or Mining using the equity method starting in May 23, 2017 and November 30, 2017, respectively. For the year ended December 31, 2017, the Company recognized a loss of $96,803 from its share in associates. The Company has no contingent liabilities relating to its interest in the associates.

Exploration and evaluation assets

Exploration and evaluation assets totaled $2,568,816 as at December 31, 2017 compared to $3,029,712 as at December 31, 2016. The Company's consolidated exploration and evaluation assets consist of projects and interest as follows:

a) Golden Valley's Abitibi Greenstone Belt Grassroots exploration projects comprising of gold, copper-zinc-silver, nickel-copper-PGE, molybdenum and cobalt-silver-nickel prospects located in Québec and Ontario, with a carrying amount of $2,529,464 as at December 31, 2017 (2016 - $2,916,232);

b) Abitibi Royalties' 100% interest in the Luc Bourdon Prospect located in the lowland region of James Bay, Ontario, with a carrying amount of $39,252 as at December 31, 2017 (2016 - $38,977);

c) Val-d'Or Mining's Chibougamau-Chapais Prospect (Québec) and Abitibi Greenstone Belt Prospect (Québec and Ontario), with a carrying amount of $nil as at December 31, 2017 (2016 - $60,009); and,

d) International Prospect's Porcupine Miracle Prospect consists of four (4) mineral claims located in the Langmuir Township in the province of Ontario, Canada, with a carrying amount of $nil as at December 31, 2017 (2016 - $14,474).

In 2017, exploration and evaluation assets included additions of $319,526, reduction of $125,000 relating to cash consideration received from option agreements, reduction of $94,480 relating to the deconsolidation of International Prospect and Val-d'Or Mining as a result of loss of control on these subsidiaries and a loss of $560,942 on the Company's review for indications of impairment on its exploration and evaluation assets.

Investments

	As at December 31, 2017		As at December 31, 2016	
	Number	Fair value	Number	Fair value
Yamana Gold Inc. - common shares	3,549,695	$ 13,914,804	3,549,695	$ 13,382,350
Agnico Eagle Mines Limited - common shares	378,997	21,996,986	444,197	25,074,921
		35,911,790		38,457,271
Other investments		183,729	-	-
		$ 36,095,519		$ 38,457,271

In January 2017, Abitibi Royalties was called to deliver 108,700 shares of Agnico Eagle (43,600 shares at USD$45 per share and 65,100 shares at USD$40 per share) and received, net of commission paid, $6,096,765 (or USD$4,564,813) from the covered call contract it had sold. In December 2017, Abitibi Royalties purchased 43,500 shares of Agnico Eagle at price of USD$44.00 per share totaling $2,456,986 (or USD$1,914,435) from a put option it had sold.

As at the date of this report, Abitibi Royalties holds 3,549,695 shares of Yamana and 378,997 shares of Agnico Eagle.

Derivative Financial Instruments

The status of the call option contracts as at April 17, 2018 is presented in the table below:

	Price in US Dollars	Number of shares	Option Expiry Date	% of shares held
Yamana Gold	$ 4.00	142,700	January 18, 2019	4.02%
	$ 4.00	3,200	January 17, 2020	0.09%
	$ 4.50	100,000	January 18, 2019	2.82%
	$ 5.00	297,400	January 18, 2019	8.38%
	$ 5.00	99,600	January 17, 2020	2.81%
	$ 5.00	43,200	July 20, 2018	1.22%
	$ 5.50	407,100	January 18, 2019	11.47%
	$ 7.00	795,800	January 18, 2019	22.42%
	$ 7.00	189,600	January 17, 2020	5.34%
		2,078,600		**58.56%**

	Price in US Dollars	Number of shares	Option Expiry Date	% of shares held
Agnico Eagle	$ 50	26,000	January 18, 2018	6.86%
	$ 60	25,000	May 18, 2018	6.60%
	$ 60	77,000	January 18, 2019	20.32%
	$ 60	2,000	January 17, 2020	0.53%
	$ 65	34,600	May 18, 2018	9.13%
	$ 65	2,500	January 18, 2019	0.66%
	$ 65	23,900	January 17, 2020	6.31%
	$ 70	89,600	January 18, 2019	23.64%
	$ 75	50,100	January 18, 2019	13.22%
		330,700		**87.26%**

For the year ended December 31, 2017, Abitibi Royalties sold 38,905 calls and 5,865 put option contracts (5,276 calls and 5,865 puts on Agnico Eagle shares and 33,629 calls on Yamana Gold shares) for total cash proceeds of $1,928,103 (or USD$1,498,229).

In addition, for the year ended December 31, 2017, 16,381 option contracts (588 calls and 4,128 puts on Agnico and 11,665 calls on Yamana) expired for an amount of $488,662 (or USD $371,739). In addition, for the year ended December 31, 2017, 5,978 option contracts (1,850 calls and 651 puts on Agnico Eagle and 3,477 calls on Yamana) were repurchased before expiration for an amount of $200,786 (or USD $161,561). No option contracts expired or were repurchased for the year ended December 31, 2016.

For the year ended December 31, 2016, Abitibi Royalties sold 14,734 call option contracts (1,230 calls on Agnico Eagle shares and 13,504 calls on Yamana Gold shares) covering 1,350,400 shares of its investment in Yamana and 123,000 in Agnico for total cash proceeds of $521,574 (or USD $382,991).

The status of the put option contracts as at April 17, 2018 is presented in the table below:

	Purchase	Number of shares	Option Expiry Date	Potential Costs
Agnico Eagle				
	$ 39	65,100	May 18, 2018	$2,538,900
Total		65,100		
Potential costs if put options are exercised:			USD	$2,538,900
Potential costs if put options are exercised:			CDN	$3,202,568

In December 2017, Abitibi Royalties purchased 43,500 shares of Agnico at price of US$44.00 per share from a put option it has sold.

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 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.

To date, put contracts have been written on Agnico in order to repurchase the 65,100 shares which Abitibi Royalties was called in January 2017. The put contracts have been priced below the amount that the shares were sold. The contract expiry for the put contracts ranged from 1 to 5 months.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include an amount of $373,213 (December 31, 2016 - $102,859) due to officers and a director of the Company and an amount of $219,574 (December 31, 2016 - $217,332) consisting of trade and payroll and related payables.

Deferred tax liability

The deferred tax liability totaled $3,482,519 as at December 31, 2017 compared to $3,826,422 at December 31, 2016. As previously discussed, the deferred tax liability relates to the tax liability on the capital gain to be realized on the eventual sale of Abitibi Royalties' investment in the common shares of Agnico Eagle and Yamana, net of the tax reduction from operating losses realized in the prior years.

Equity

a) Share capital issued from exercise of incentive stock options

For the year ended December 31, 2017, the Company issued 1,435,000 of its common shares from the exercise of incentive stock options at prices ranging from $0.07 to $0.15 for a total consideration of $150,650.

For the year ended December 31, 2016, the Company issued 330,000 of its common shares from the exercise of incentive stock options at prices ranging from $0.07 to $0.17 for a total consideration of $37,000.

b) Share capital issued from exercise of share purchase warrants

For the year ended December 31, 2017, the Company issued 12,250,000 of its common shares from the exercise of 12,250,000 share purchase warrants for a total consideration of $1,715,000.

For the year ended December 31, 2016, the Company issued 1,500,000 of its common shares from the exercise of 1,500,000 share purchase warrants for a total consideration of $210,000.

c) Share capital issued as part of debt settlement

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

d) Share capital issued from convertible debenture

On January 25, 2016, the Company issued a $415,000 principal amount convertible debenture at a deemed price of $0.10 per share, to an arm's length existing shareholder, which constituted the second and final tranche of a non-brokered private placement offering. The debenture was converted on March 18, 2016, into 4,150,000 Units of the Company. Each Unit would be comprised of one common share in the capital of the Company and one non-transferable share purchase warrant, each warrant entitling the holder to purchase one common share of the Company at a per share price of $0.14 for two years from the date of issuance of the warrants. The warrants are subject to the condition that they cannot be exercised until such time as the Company obtains disinterested shareholder approval for the potential creation of the lender as a new control person.

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.

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.

	Dec 2017	Sept 2017	Jun 2017	Mar 2017	Dec 2016	Sep 2016	Jun 2016	Mar 2016
Total revenues ($)	19,311	70,201	125,080	92,792	122,071	81,010	68,381	71,504
Net income (loss) and total comprehensive income (loss) for the period ($)	1,506,461	(1,854,520)	(1,653,527)	(1,011,941)	(14,429,386)	(36,722)	12,214,932	11,705,864
Net income (loss) and total comprehensive income (loss) attributable to shareholders of Golden Valley Mines Ltd. ($)	717,526	(1,561,757)	(1,061,126)	(699,586)	(8,778,389)	735,955	5,545,231	5,837,629
Net income (loss) and total comprehensive income (loss) attributable to the Non-controlling interest ($)	788,935	(292,763)	(592,401)	(312,355)	(5,650,997)	(772,677)	6,669,701	5,868,235
Net earnings (loss) per share								
- Basic	0.006	(0.012)	(0.009)	(0.006)	(0.078)	0.006	0.048	0.053
- Diluted	0.006	(0.012)	(0.009)	(0.006)	(0.073)	0.006	0.040	0.051

- 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.

- For the three months ended June 30, 2017, the Company reported consolidated net loss of $1,653,527, resulting mainly from the $1,316,028 decrease in fair value of the investment in the common shares of Agnico Eagle and Yamana held by Abitibi Royalties, net of deferred tax recovery of $250,675.

- For the three months ended March 31, 2017, the Company reported consolidated net loss of $1,011,941, resulting mainly from salaries and other employee benefits of $789,375 and professional and legal fees of $274, net of deferred tax recovery of $241,002.

- For the three months ended December 31, 2016, the Company reported consolidated net loss of $14,429,386, resulting mainly from the reduction of $13,114,283 in the fair value of the investment in the shares of Agnico Eagle and Yamana held by Abitibi Royalties. Another component which increased the net loss was the impairment of exploration and evaluation assets made by Val-D'Or Mining in the amount of $1,420,017 on its Marymac property.

- For the three months ended June 30, 2016, the Company reported consolidated net income of $12,214,932, resulting mainly from the $17,133,957 increase in market value of the investment in namely, the Agnico Eagle, the Yamana and the Sirios shares, net of deferred tax expense of $2,571,324 and of a loss of $1,106,927 as a result of the transfer to Sirios of Golden Valley's remaining 55% interest in the Cheechoo prospect.

- For the three months ended March 31, 2016, the Company reported consolidated net income of $11,705,864, resulting mainly from the $9,587,606 increase in market value of the investment in namely, the Agnico Eagle, the Yamana and the Sirios shares, from the gain on reversal of the $4,157,110 success fee liability, net of deferred tax expense of $1,134,522.

EXPLORATION ACTIVITIES

As at December 31, 2017, total investments in exploration and evaluation assets decreased to $2,568,816 compared to $3,029,712 as at December 31, 2016. The decrease relates mainly to offsetting against Exploration and Evaluation Assets cash consideration of $125,000 received from properties under option agreements, plus an impairment loss of $560,942 recognized by the Company in not planning any work in the near future on certain properties. This is offset by additions in the year of $246,508 on Golden Valley's properties.

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).

Exploration expenditures were allocated primarily to the following activities: (i) regional and property compilation maps for exploration planning and business development purposes; (ii) project generation activities, directed at identifying and evaluating new opportunities; and (iii) managing and monitoring of joint venture and option project exploration activities respectively.

The primary focus for the Company's project generation activities was in the AGB region of Québec and Ontario. Over the course of the year additional mining claims were re-staked on five (5) existing properties totaling 37 claims, covering 2,806.5 hectares. Claim acquisition and maintenance fees for the year on the Company's AGB properties amounted to $58,121, including $8,486 incurred on the Golden Valley/ Eldorado (formally Integra) AGB joint venture (Cook Lake and Claw Lake prospects).

No line cutting nor geophysical surveys were conducted on any of the Company's AGB properties for the year ended December 31, 2017.

Technical and field staff expenditures amounted to $125,274 for the Company's self-funded AGB Grassroots Exploration Project, project generation activities and/or related corporate developments, including $2,784 incurred on the Golden Valley/ Eldorado (formally Integra) AGB joint venture exploration program activities.

Related exploration program expenditures incurred during the year ended December 31, 2017, included $14,608 for drilling related costs, $7,810 on sampling and testing, $14,219 for depreciation, insurance and office expenses, $13,886 for program management and consultants ($774 attributed to the Golden Valley / Eldorado (formally Integra) Joint Venture AGB exploration program activities), $508 for travel and transport, $463 for communications and $500 for professional fees.

LIQUIDITY AND CAPITAL RESOURCES

Consolidated total assets of the Company as at December 31, 2017 totaled $47,684,383 (2016 - $46,736,978), which included cash and cash equivalents of $5,073,071 (2016 - $2,725,177), restricted cash of $545,052 (2016 - $nil), short-term financial assets consisting of guaranteed investment certificates and marketable securities totaling $1,819,888 (2016 - $2,322,465) and long-term investments mainly consisting of common shares in Agnico Eagle and Yamana totaling $36,095,519 (2016 - $38,457,271). The Company also had consolidated working capital of $5,852,773 as at December 31, 2017, compared to $4,429,031 as at December 31, 2016.

Cash outflow used by operating activities, excluding changes in non-cash consolidated working capital, for the year ended December 31, 2017 totaled $3,118,982 compared to $2,354,169 for the same period in 2016. The increase is primarily due to higher salaries and other employee benefits, professional and legal fees and traveling expenses related to corporate general matters, investor relations and business development activities.

Investing activities resulted in net cash inflows of $2,720,776 for the year ended December 31, 2017, compared with $380,338 for the same period in 2016. The increase in cash inflows is the net result of Abitibi Royalties being called to deliver 108,700 shares of Agnico Eagle and received, net of commission paid, $6,096,765 (or USD$4,564,813) from the covered call contract it had sold, offset by Abitibi Royalties buying back 43,500 common shares of Agnico Eagle for $2,456,428 (or USD$1,914,435) from the exercise of put options and the cash loss of $609,298 from the loss of control of subsidiaries in Golden Valley.

Financing activities resulted in net cash inflows of $3,044,728 for the year ended December 31, 2017 compared with cash inflows of $2,675,591 in 2016. Cash flows from financing activities relate primarily to proceeds of $1,715,000 from the exercise of 12,250,000 share purchase warrants at $0.14 per share and Abitibi Royalties' sale of calls and put option contracts for total cash proceeds of $1,907,522, net of funds being held as restricted cash in the amount of $545,052.

FOURTH QUARTER

Val-d'Or Mining

For Val-d'Or Mining, in prior years and up to November 30, 2017, the Company had control over Val-d'Or Mining and therefore Val-d'Or Mining was considered a subsidiary of the Company. In the first quarter of 2017, Val-d'Or Mining issued a total of 5,468,661 of its common shares pursuant to a private placement of 4,353,461 units and to an exercise of 890,000 warrants. Furthermore, in the fourth quarter of 2017, Val-d'Or issued 14,800,000 of its common shares pursuant to a short form prospectus and private placement offering, resulting in a reduction in Golden Valley's interest in Val-d'Or Mining to 24.63% as at December 31, 2017 (December 31, 2016 – 60.27%). As a result of this transaction, the Company reviewed the criteria for previously consolidating Val-d'Or Mining and determined it no longer controls Val-d'Or Mining but just has "significant influence". Consequently, the Company recognized its investment in Val-d'Or Mining as an Investment in Associate using the equity method. For the fourth quarter of 2017, the Company recognized a gain of $483,292 resulting from the loss of control in Val-d'Or Mining.

Abitibi Royalties

On October 2, 2015, Abitibi Royalties received acceptance of its notice to commence a normal course issuer bid ("NCIB"). This approval allowed Abitibi Royalties to purchase 546,300 of its common shares (representing 5% of Abitibi Royalties' total issued and outstanding common shares as of September 21, 2015) from October 6, 2015 to October 5, 2016. On October 6, 2016, Abitibi Royalties renewed its NCIB for another year until October 5, 2017 which allowed Abitibi Royalties to purchase up to 566,812 of its common shares. On September 25, 2017, Abitibi Royalties further renewed its NCIB from October 6, 2017 to October 5, 2018 allowing Abitibi Royalties to purchase for cancellation 569,797 of its issued and outstanding common shares. Common shares purchased under the NCIB will be cancelled.

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 April 17, 2018:

Common shares:	132,513,575
Preferred Shares:	Nil
Escrowed Shares:	Nil

Subsequent to year end, the Company issued 2,725,000 of its common shares from the exercise of 75,000 incentive stock options at a price of $0.17 per share and of 2,650,000 share purchase warrants at a price of $0.14 per warrant for a total consideration of $383,750.

Incentive Stock Options:

	Outstanding options		
Expiry date	Number of options		Weighted average exercise price
August 1, 2018	1,300,000	$	0.07
June 30, 2019	484,025		0.17
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
September 30, 2026	8,244,164		0.35
	13,203,189	$	0.29

CAPITAL STOCK INFORMATION OF REPORTING SUBSIDIARIES

Abitibi Royalties Inc.

Issued and Outstanding

The following details the issued and outstanding securities of Abitibi Royalties as at the date of this report:

	Total Outstanding	Escrowed
Common shares	11,401,335	Nil
Preferred shares	Nil	Nil
Warrants	Nil	Nil
Incentive stock options	625,311	Nil
Restricted share units	583,365	Nil

Incentive Stock Options

The particulars of the outstanding incentive stock options at the date of this report are as follows:

Exercise price		Number of options	Expiration Date
$	0.55	483,630	September 27, 2018
$	2.18	64,288	June 2, 2019
$	3.62	57,393	Septemebr 15, 2019
$	3.70	20,000	September 17, 2019
		625,311	

Restricted Share Units

As of the date of this report 583,365 RSU had been granted to officers, directors and consultant of Abitibi Royalties, as follows:

Date of Grant	RSU Granted	RSU Vested	Expiration Date
February 4, 2016	72,500	54,375	February 4, 2019
March 16, 2016	510,865	383,149	March 16, 2019
	583,365	437,524	

RELATED PARTY TRANSACTIONS

Transactions with key management

The Company's related parties include its joint key management and related companies, as described below. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash. Other than the related party transactions disclosed below, there were no other direct transactions with related parties other than routine payments for management and exploration services and grants of stock options. Key management includes directors and senior executives.

The compensation paid to key management for employee and consulting services for Golden Valley and its subsidiaries is presented below:

	For the year ended December 31, 2017	2016
Short-term employee benefits		
Salaries including bonuses [1]	**$ 1,127,408**	$ 598,331
Benefits	**138,114**	112,354
Directors' fees	**287,661**	268,863
Additional cash amounts [2]	**87,750**	-
Total short-term employee benefits	**1,640,933**	979,548
Other transactions with key management		
Rent [3]	**19,149**	19,588
Management Fees [4]	**224,370**	130,932
Professional Fees [5]	**204,084**	74,071
Fees relating to exploration and evaluation activities [6]	**139,140**	113,448
Success fee	**-**	(4,157,110)
Total other transactions with key management	**586,743**	(3,819,071)
Share-based payments capitalized in eploration and evaluation Assets	**26,025**	55,517
Share-based payments[7]	**1,761,707**	2,230,085
Total remuneration	**$ 4,015,408**	$ (553,921)

1) Salaries including bonuses for the year ended December 31, 2017 includes the 2016 bonus of $247,500 paid in fiscal 2017.
2) Abitibi Royalties' Board of Directors approved additional cash payments of $84,000 to its directors, chairman, president and CEO. These amounts were awarded as a substitute for stock options.
3) Rent of $12,000 ($12,000 in 2016) paid to 2973090 Canada Inc., a company controlled by an officer and a director of the Company and rent of $7,108 ($7,588 in 2016) paid by Abitibi Royalties to its President.
4) Management fees of $166,200 ($128,700 in 2016) plus a bonus allocation of $58,170 paid to 2973090 Canada Inc. Other portion of bonus of $20,580 paid to 2973090 Canada Inc is allocated to Fees relating to exploration and evaluation activities.
5) Professional fees include $60,000 ($60,000 in 2016) paid to the spouse of an officer and a director of the Company, pursuant to a consulting agreement related to corporate finance services dated January 1, 2016, $86,004 ($nil in 2016) paid to the former Chief Financial Officer of Abitibi Royalties, and $37,500 ($14,071 in 2016) paid to the Chief Financial Officer of Val d'Or Mining.
6) Exploration and evaluation fees paid to 2973090 Canada Inc and to Rosatelli Exploration Services, a company controlled by an officer of the Company.
7) Share-based compensation relating to the incentive stock option program for officers and directors of the Company.

Management Success Fees Agreement

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

On March 11, 2016, Abitibi Royalties terminated the Management Success Fees Agreement. Prior to its termination, an amount of $132,890 was paid out ($117,000 paid in 2015 and $15,890 paid in January 2016) under the terms of the Management Success Fees Agreement, with no further amounts payable. Following this termination, the remaining liability of $4,157,110 was reversed in 2016.

Settlement Fee

On October 1, 2010, the Company entered into a Management and Administrative Services Agreement (the "Management Agreement") with Val-d'Or Mining and International Prospect, pursuant to which the Company will provide certain administrative, management and financial services such as office space, administrative support, including the use of Golden Valley's in house legal counsel for day to day general enquiries, services of a consultant and investors relations services to Val-d'Or Mining and International Prospect in consideration of $96,000 per year (the "Fee") from each company, payable on a monthly basis, plus applicable taxes. However, Golden Valley suspended the management fees to Val-d'Or Mining in 2012 and International Prospect in 2013 to enable the companies conserve cash for their operations.

Subsequent to year end, on January 1, 2018, the Company entered into a Termination Agreement with Val-d'Or Mining and International Prospect under which the Company agreed to terminate the Management Agreement, effective January 1, 2018, in exchange of a settlement fee of $60,000 payable by each company as consideration for its failure to pay the management fees since the date of suspensions of the respective Management Agreement (see Subsequent Events).

SUBSEQUENT EVENTS

Termination of Management Services Agreement

In addition to the termination of Management Services Agreements with International Prospect and Val-d'Or Mining, with an effective date of January 1, 2018, the Company also terminated the Management Services Agreement with Abitibi Royalties, with no further amounts payable. Pursuant to the termination, administrative, management and financial services such as office space, administrative support and consultant fees previously provided by Golden Valley will now be assumed by Abitibi Royalties.

Shares for debt obligations

On April 6, 2018, Val-d'Or Mining announced that, subject to acceptance by the TSX Venture Exchange and with the intent of preserving its cash resources for operations, it proposed issuing approximately 857,142 common shares at a deemed per share price of $0.105 in settlement of an aggregate of $90,000 in accrued debt owing to the Company. Of the debt to Golden Valley, $30,000 is an outstanding loan and $60,000 relates to consideration payable under the terms of a termination agreement entered into effective January 1, 2018.

Also, on April 6, 2018, International Prospect announced that, subject to acceptance by the TSX Venture Exchange and with the intent of preserving its cash resources for operations, it proposed issuing approximately 300,000 common shares at a deemed per share price of $0.20 in settlement of $60,000 in accrued debt owing to the Company.

OFF BALANCE SHEET ARRANGEMENTS

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

CONTRACTUAL COMMITMENTS AND OBLIGATIONS

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

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

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

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

b) The Company has entered into agreements with officers and consultants that include termination and change of control clauses. In the case of termination, the officers and consultants are entitled to an amount equal to a multiple (ranging from one to two times) the annual base fee payable. In the case of a change of control, the officers and consultants are entitled to an amount equal to a multiple (ranging from one to three times) the sum of the annual base fee. As at December 31, 2017, the total annual base fee of the officers and consultants under the agreements is $635,000. As a triggering event has not taken place, the contingent payments have not been reflected in the consolidated financial statements.

c) The Company entered into an operating lease agreement expiring July 2019 with the minimum lease payment payable in the next two years amounting to $46,611 and $27,189.

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 audited consolidated financial statements for the year ended December 31, 2017.

JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The judgements, estimates and assumptions used by management are described in note 5 of the audited consolidated financial statements.

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 December 31, 2017 and December 31, 2016:

		December 31, 2017		December 31, 2016
ASSETS				
Current				
Cash and cash equivalents	$	5,073,071	$	2,725,177
Restricted cash		545,052		-
Short-term financial assets		1,819,888		2,322,465
Other assets		411,734		168,746
Prepaid expenses		23,955		21,965
		7,873,700		5,238,353
Current				
Accounts payable and accrued liabilities				
Due to related parties	$	373,213	$	102,859
Other liabilities		219,574		217,332
Derivative financial instrument		1,428,140		489,131
		2,020,927		809,322
Working Capital	$	5,852,773	$	4,429,031

RISK AND UNCERTAINTIES

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 involves 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 is 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.