GOLDEN VALLEY MINES LTD.

Management's Discussion and Analysis
For the three months ended March 31, 2018
Dated: May 24, 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 three months ended March 31, 2018 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee. This discussion and analysis should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2018 and the audited consolidated financial statements of the Company 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 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

Golden Valley is a mineral exploration company whose assets and those of its subsidiaries (including the Reporting Subsidiaries (as hereinafter defined), include 85 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.

The Company has two subsidiaries: Abitibi Royalties Inc. ("Abitibi Royalties") and Calone Mining Ltd. ("Calone Mining"), together, the "Reporting Subsidiaries"). See section herein, Property Interests Assigned to the Reporting Subsidiaries. In addition, the Company has investments in Val-d'Or Mining Corporation ("Val-d'Or Mining") and International Prospect Ventures Ltd. ("International Prospect").

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 on SEDAR website (www.sedar.com) under their respective issuer profile.

CORPORATE STRATEGY

Golden Valley's primary objective is to conduct systematic 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 a net smelter royalty ("NSR"), 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.

PROPERTIES AND INTEREST

The Company's exploration activities in the quarter ending March 31, 2018 focused primarily on managing and/or monitoring joint venture and/or option project exploration programs.

a) 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 below) 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 as much as financial and logistical circumstances permit.

b) OPTION AND JOINT VENTURE PROPERTIES

Abitibi Greenstone Belt ("AGB") Programs

Val-d'Or Mining

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 as at March 31, 2018.

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.

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, Québec , J9P 0B9. Consequently, certain general and administrative expenses including costs relating to the management of properties optioned under the Option Agreement have been assumed by Val-d'Or Mining starting in January 1, 2018.

Val-d'Or Mining is currently concentrating its efforts on the following three properties: Baden Prospect (Ontario), Magoma Prospect (Québec) and the Oregon Prospect (Québec).

Field exploration activities during the first quarter of 2018 commenced with a ground magnetic survey at the Oregon Prospect. Additional line-cutting, geophysical surveying, detailed geological-structural mapping and prospecting programs are planned to commence with the onset of the summer field season. At the Baden Prospect, work planning for the upcoming summer field season is underway. The program presently includes a stripping, geological-structural mapping, prospecting and sampling program. Concurrently, aboriginal consultancy discussions are on-going in regards to an Exploration Permit application for diamond drilling activities. At the Magoma Prospect, a ground follow-up line-cutting, geophysical surveying, detailed geological-structural mapping and prospecting will commence in the upcoming 2018 summer field season.

Additional field exploration activities are expected over the course of the year on some of the other optioned properties from Golden Valley where they are deemed as having good exploration potential or where claim renewal requirements necessitate addition exploration work.

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. In 2017, the Company received a $25,000 non-refundable deposit in accordance with the term sheet, and an additional $75,000 upon execution of the option agreement, for an aggregate of $100,000 towards the $500,000 cash payment.

Preparation for the phase I, 2018 drill program continued during the quarter ending March 31, 2018, including proceeding through exploration permit application process and related aboriginal consultation. At the time of writing, the Exploration Permit was approved by the Ministry of Northern Development and Mines. Drilling activities are expected to commence in the second quarter of 2018 dependant on spring break-up conditions. Golden Valley is the project manager during the option period.

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% 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. Subsequent to quarter-end, on April 12, 2018, the Company received 294,118 shares representing the payment of $25,000 under the mining option agreement with Alexandria Minerals.

Alexandria, the project operator, recently reported that a total of seven (7) drill holes for 3,348 metres were completed at Centremaque, of which two were included in Alexandria's press release dated April 9, 2018 (CAX-18-001 and CAX-18-003) to test the two known zones of mineralization. The information that follows has been prepared by Alexandria and has not been independently verified by Golden Valley: Alexandria reported that the shallow zone is hosted in brecciated, biotite and chlorite altered ultramafic volcanics with up to 5% pyrrhotite and 1% chalcopyrite from 285.85 m to 286.50 m and returned up to 0.65 m @ 14.50g/t Au in hole CAX-18-001. The deeper zone contained a zone of chlorite-tourmaline altered sediments/volcanics located north of the ultramafics, containing up to 9 visible gold grains gold grains between 337.10 m and 338.75 m. The 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 m also in hole CAX-18-001. Hole CAX-18-003 intersected both zones with lower order intercepts. Drilling to date has shown the zone to extend for 300 m. Please see Alexandria's press release dated April 9, 2018 for further information.

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.

No fieldwork exploration activities were conducted during the quarter ending March 31, 2018.

BonTerra Resources Inc. – Lac Barry, Québec

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

Upon BonTerra exercising the option, it will obtain an 85% interest in the property and, Golden Valley will retain a 15% free carried interest and a 3% NSR, with 1% of the NSR being subject to a buyback in favour of BonTerra for $1 million payable by BonTerra to Golden Valley.

BonTerra agreed to a $250,000 work commitment in the first year. Prospecting, till sampling, line-cutting, geophysical surveys and data compilation were conducted on the property in 2016. As BonTerra did not incur $250,000 in exploration expenditures by March 15, 2017 in accordance with the terms of the option agreement, the Company agreed to extend this date to April 15, 2017, in consideration for which BonTerra paid $25,000 to the Company.

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

The Lac Barry Prospect is located to the southwest along the projected strike extension of mineralization on the West Arena Property of BonTerra's 100% owned Gladiator Gold Project, which is currently being drilled on by BonTerra. In addition, the Lac Barry Prospect is adjacent to and immediately southwest of BonTerra's Coliseum Property. BonTerra, the project operator, is planning a follow-up exploration program per results obtained from 2017. 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.

Sirios Resources Inc. – Cheechoo Gold Property

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

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

As additional consideration, Sirios granted to Golden Valley a royalty (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.

As operator of the Cheechoo Gold Project, the information that follows has been prepared by Sirios and has not been independently verified by Golden Valley: Sirios provided three (3) exploration updates on the project during the first quarter of 2018. Sirios recently announced its assay results in drill hole #139: 56.4 g/t Au over 8.2 m, including 867.1 g/t Au over 0.5 m from the Jordi Zone on the Cheechoo gold property. Sirios also reported that the 2017-2018 autumn-winter diamond drilling program at the Cheechoo gold property has been increased by more than 7,000 metres, bringing the total program to 25,000 metres. More than 55 drill holes have been completed in 2018 to date, in addition to the 33 drill holes completed in autumn 2017.

Please see the following Sirios press releases for further details: April 12, 2018 (appointment of technical staff); April 17, 2018 (2017-2018 Autumn-Winter diamond drilling program update); and April 24, 2018 (release of drill results to include 56.4 g/t over 8.2 metres, including 867.1g/t Au over 0.5m on the Jordi Zone).

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).

c) PROPERTY INTERESTS ASSIGNED TO THE REPORTING SUBSIDIARIES

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 March 31, 2018. As of the date of this Management's Discussion and Analysis ("MD&A"), Abitibi Royalties holds interests amongst others, in the following assets.

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% NSR covers a number of known mineralized zones; the eastern part of the Barnat Extension, the

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

a) Canadian Malartic 2% NSR Royalty – Malartic, Quebec

The area covered by the 2% NSR is on a single claim located just to the south of the Canadian Malartic open pit and covers the eastern portion of the Gouldie Zone and the historic Charlie Zone. Production on the 2% net smelter royalty 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.

b) Abitibi Royalty Search

In 2015, the Company launched the "Abitibi Royalty Search", by which it would reimburse renewal fees on existing claims or staking fees on new claims and will receive in exchange a net smelter return royalty. The program offers mining companies and prospectors an alternative to dropping potentially interesting claims or projects due to a lack of funds. Projects have to meet specific criteria to be eligible, such as being located close to an existing mine, have good geology and signs of mineralization through previous exploration. Since the program has been launched, the Company invested a total of $194,376 in 13 projects located in Canada, in the provinces of Ontario, Québec and Saskatchewan, and in Turkey. These amounts were expensed in the corresponding years because the Company does not expect to receive royalty income in the foreseeable future.

Abitibi Royalties recently announced an update on its NSR at the Canadian Malartic Mine.

An initial inferred mineral resource was recently declared on the East Malartic Property, which was a historical gold producer directly adjacent to the Canadian Malartic Mine. As at December 31, 2017, inferred mineral resources at Odyssey, East Malartic, Barnat and Jeffrey that are subject to Abitibi Royalties' 3% NSR are estimated at 2,313,925 million ounces of gold (32.8 million tonnes grading 2.2 g/t gold).

The 2018 exploration program consists of 140,000 metres of drilling with a budgeted cost of US$17.2 million, including 80,000 metres for valuation in the upper and middle parts of the East Malartic Zone. There are currently three drill rigs at the East Malartic Project and six rigs at the Odyssey Project. In the first quarter of 2018, 22,089 metres of drilling (46 holes) were completed at the Odyssey Project and 13,600 metres (18 holes) were completed at the East Malartic Project.

For more information pertaining to Abitibi Royalties' NSR interest at the East Malartic Property and the Odyssey Project, please see Abitibi Royalties' Technical Information in its press releases dated March 19, 2018 and May 7, 2018.

d) INVESTMENT IN ASSOCIATES

International Prospect Ventures

Golden Valley holds an approximate 16.62% interest in International Prospect as at March 31, 2018 and as of the date of this MD&A.

International Prospect is involved in the process of exploring, evaluating and promoting its mineral property interest. International Prospect owns a 100% interest in the Porcupine Miracle Prospect which comprises four (4) mining claims located in the Langmuir Township in the province of Ontario, Canada.

International Prospect has designed an exploration program to be conducted on the Porcupine Miracle Prospect and planned for the execution of its Phase 1 program. Phase 1 of the exploration program includes the compilation of all available property data, ground magnetic, induced polarization and horizontal loop electromagnetic (HLEM) geophysical surveys

On September 21, 2017, International Prospect entered into an agreement with Valroc PTY Ltd. ("Valroc"), a New South Wales company, located in Australia, pursuant to which International Prospect and Valroc will jointly acquire certain mining claims located in Western Australia, each with an undivided 50% interest. Valroc will be responsible for arranging to have had the claims acquired, registered and held in good standing. International Prospect will pay all of the costs of acquiring the claims, and other related costs including the costs of initial technical compilations and program reviews up to a maximum of $120,000 to allow International Prospect and Valroc to consider establishing a proper joint venture arrangement on or around December 31, 2017. On December 12, 2017, International Prospect and Valroc entered into a binding share exchange agreement ("Valroc agreement") to acquire 100% interest in Valroc. Pursuant to the terms of the Valroc agreement, the owner of Valroc will exchange with International Prospect all of the issued and outstanding shares of Valroc for 1,600,000 common shares of International Prospect on the terms and conditions set forth in the Valroc agreement and Valroc will become a wholly owned subsidiary of International Prospect such that International Prospect will then own a 100% interest in the tenements upon the applications for such tenements being granted. Completion of the transactions contemplated by the Valroc agreement is conditional on the applications for the tenements being granted and acceptance by the TSX Venture Exchange.

International Prospect has made application for rights to eight tenements totalling more than 927 square kilometres in the Marble Bar and Nullagine districts of Western Australia where new conglomerate-hosted gold discoveries have been made, led by Novo Resources Corp. The tenements have been recommended for grant by the Western Australian Department of Mines and are now going through Aboriginal title process. International Prospect has signed three agreements with Aboriginal groups as part of this process and is awaiting their formal approval and grant of the tenements. International Prospect is conducting a review of historical work and planning its initial 2018 program.

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 three months ended March 31, 2018, 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

Golden Valley holds an approximate 24.63% interest in Val-d'Or Mining as at March 31, 2018 and as of the date of this MD&A.

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 Québec, 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, Québec, 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 Québec, 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.

Initial ground work underway on several base and precious metals properties in NW Québec, including mapping and geophysical surveys, to further resolve targets for a drill program later in the year.

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

SELECTED FINANCIAL INFORMATION

This table represents selected information for the Company and its Subsidiaries for the three months ended and as at March 31, 2018, 2017 and 2016:

For the three months ended March 31,	2018	2017	2016
Total Revenue	$ 79,324	$ 92,792	$ 71,504
Net income (loss) and total comprehensive income (loss)	(2,773,304)	(1,011,941)	11,705,864
Net income (loss) and total comprehensive income (loss) attributable to shareholders of Golden Valley Mines Ltd.	(1,789,777)	(699,586)	5,837,629
Net income (loss) and total comprehensive income (loss) attributable to the non-controlling interest	(983,527)	(312,355)	5,868,235
Basic earnings (loss) per share ($)	$ (0.014)	$ (0.006)	$ 0.053
Diluted earnings (loss) per share	(0.014)	(0.006)	0.051
Total Assets	$ 44,660,465	$ 46,283,609	$ 45,644,974
Total Liabilities	4,623,062	4,684,172	5,072,856

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. As a result of transactions in 2017, along with other factors as detailed to Note 4 of the audited consolidated financial statements of Golden Valley for the year ended December 31, 2017, the Company reviewed the criteria for previously consolidating International Prospect and Val-d'Or Mining and determined it no longer controlled both companies but just had "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 three months ended March 31, 2017 and 2016 have not been restated.

DISCUSSION AND RESULTS OF OPERATIONS

For the three months ended March 31, 2018, the Company reported a net loss and total comprehensive loss of $2,773,304 compared to a net loss and total comprehensive loss of $1,011,941 for the same period in 2017. An amount of $1,789,777 ($699,586 for the same period in 2017) is attributable to shareholders of Golden Valley and $983,527 ($312,355 for the same period in 2017) for the non-controlling interest. The increase in loss in the first quarter of 2018 is due to the unfavourable change in fair value of investments of $2,317,012 which substantially relates to the change in fair value of Abitibi Royalties' investments and derivative instruments in the common shares of Agnico Eagle Mines Limited ("Agnico") and Yamana Gold Inc. ("Yamana") in the amount of $2,031,247.

Other components of revenues and expenses were as follows:

Revenues

For the three months ended March 31, 2018, consolidated revenues substantially consisted of dividends of $75,643 ($67,282 for the same period in 2017) from Abitibi Royalties' investments in the shares of Agnico and Yamana. No mining option revenue as consideration for entering into various option and joint-venture agreements has been recognized for the three months ended March 31, 2018, compared to $25,000 received from BonTerra for the three months ended March 31, 2017. Subsequent to quarter-end, on April 12, 2018, the Company received 294,118 shares representing the payment of $25,000 under the mining option agreement with Alexandria Minerals.

Operating Expenses

For the three-month period ended March 31, 2018, the Company recorded consolidated operating expenses of $872,246 compared to $1,266,809 in 2017.

The significant reduction of operating expenses for the three months ended March 31, 2018 is the result of changes in the operations of Golden Valley that came into effect on January 1, 2018. Specifically, with an effective date of 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 in exchange of a settlement fee of $60,000 payable by each company as consideration for the failure of each company to pay the management fees since the date of suspensions of the respective Management Agreement. Consequently, pursuant to the termination, administrative, management and financial services such as office space, administrative support previously provided by Golden Valley has been assumed by each company. In addition, as a result of the operations of Val-d'Or Mining being conducted by Golden Valley's employees under the mining option agreement with Val-d'Or Mining, certain administrative, management and financial services such as office space, administrative support and consultant fees previously incurred by Golden Valley have either been recovered from or have been directly assumed by Val-d'Or Mining. For further details on the settlement fee, refer to Note 24 of the audited consolidated financial statements of Golden Valley for the year ended December 31, 2017.

Furthermore, as Val-d'Or Mining and International Prospect were considered to be subsidiaries of Golden Valley Mines as at March 31, 2017, Golden Valley's financial results for the three months ended March 31, 2017 also include operating expenses from Val-d'Or Mining and International Prospect. For the three months ended March 31, 2018, Val-d'Or Mining and International Prospect are considered to be investments in associates, which have been equity accounted since May 2017 and November 2017, respectively as described above. The share of loss from investments in associates for the three months ended March 31, 2018 amounted to $102,555 which is presented as part of Other income (loss) discussed below.

Salaries and employee benefits have decreased due to the timing of bonuses as the fiscal year 2016 performance bonuses of $247,500 and additional cash award of $87,500, as a substitute for stock options or restricted share units, to officers, directors and consultants were recognized in the first quarter of 2017. Performance bonuses for fiscal year 2017 were recognized in the fourth quarter of 2017.

Share-based compensation expense for the three months ended March 31, 2018 of $246,972 ($170,418 for the same period in 2017) includes an allocation of $191,049 ($nil for the same period in 2017) 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 and an allocation of $55,923 ($133,500 for the same period in 2017) for restricted share units granted in 2016 to Abitibi Royalties' officers, directors and consultants.

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, have decreased as the first quarter of 2017 includes professional and legal fees totalling $71,502 from Val-d'Or Mining and International Prospect.

General and Administrative expenses, which consist of office expenses, advertising, exhibitions and travelling have also decreased to $125,438 for the three months ended March 31, 2018 compared to $135,847 for the same period in 2017. The first quarter of 2017 includes general and administrative expenses totalling $8,258 from Val-d'Or Mining and International Prospect. The decrease in office and travelling expenses is offset by increases in business development activities 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.

Other loss

For the three months ended March 31, 2018, the Company recognized consolidated other loss of $2,323,190 compared to consolidated other loss of $78,926 for the same period in 2017.

Other loss for the three months ended March 31, 2018 included an unfavourable change in fair value of investments in the amount of $2,317,012 ($39,617 for the same period in 2017) and the share of loss from investments in associates of $102,555 ($nil for the same period in 2017), net of foreign exchange gain of $100,901 (loss of $25,040 for the same period in 2017). The unfavourable change in fair value of investments primarily relates to unrealized losses in the amount of $2,733,239 on the fair market value of the Abitibi Royalties' investments in the common shares of Agnico and Yamana, net of favourable change in fair value of $436,865 from derivative financial instruments.

Deferred Taxes

For the three months ended March 31, 2018, the Company recognized consolidated deferred tax recovery of $342,808 compared to deferred tax recovery of $241,002 for the same period in 2017.

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 low 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 $3,139,711 as at March 31, 2018 and of $3,482,519 as at December 31, 2017.

FINANCIAL CONDITION REVIEW

Cash and cash equivalents

The Company ended the first quarter of 2018 with cash and cash equivalents of $5,115,444 compared to $5,073,071 as at December 31, 2017. The Company holds cash balances in both Canadian and U.S. dollars.

Restricted cash

Restricted cash of $801,626 (or US$621,705) as at March 31, 2018 (December 31, 2017 -$545,052) relates to funds held as collateral on the put option contracts of 65,100 shares of Agnico referred to in the Derivative financial instruments 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 $1,053,269 as at March 31, 2018, compared to $1,339,034 as at December 31, 2017.

The Company also has a guaranteed investment certificate, in the amount of $250,000 maturing on July 11, 2018.

Other assets

Other assets mainly comprised of amounts due from related parties of $229,209 (December 31, 2017 - $208,672), accounts receivables of $130,071 (December 31, 2017 -$91,510) and government sales and tax credits of $64,457 (December 31, 2017 -$87,961).

Due from related parties include amounts from Val-d'Or Mining and International Prospect of $146,629 (December 31, 2017 - $104,761) and $71,570 (December 31, 2017 - $103,911) respectively and are 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.

Subsequent to quarter-end, on April 6, 2018, Val-d'Or Mining announced that, subject to acceptance by the TSX Venture Exchange (the "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 a settlement fee under the terms of a termination agreement entered into effective January 1, 2018. On April 30, 2018, the Exchange accepted the shares for debt submission.

Similarly, on April 6, 2018, International Prospect announced that, subject to acceptance by the 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. On April 19, 2018, the Exchange accepted the shares for debt submission.

Investment in Associates

The investment in associates relates to the Company's investment in International Prospect and Val-d'Or Mining. As at March 31, 2018 and 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 three months ended March 31, 2018, the Company recognized a loss of $102,555 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 March 31, 2018 and as at December 31, 2017. 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 March 31, 2018 and as at December 31, 2017;

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 March 31, 2018 and as at December 31, 2017;

For the three months ended March 31, 2018, exploration and evaluation expenditures of $18,179 were expensed compared to $4,194 for the same period in 2017.

Investments

	As at March 31, 2018		As at December 31, 2017	
	Number of Shares	Fair Value	Number of Shares	Fair Value
Yamana Gold Inc.	3,549,695	$ 12,636,914	3,549,695	$ 13,914,804
Agnico Eagle Mines Limited	378,997	20,541,637	378,997	21,996,986
		$ 33,178,551		$ 35,911,790
Other investments		193,149		183,729
		$ 33,371,700		$ 36,095,519

For the three months ended March 31, 2018, the Company recognized an unrealized loss of $ $2,733,239 on the fair market value of the Abitibi Royalties' investments in the common shares of Agnico and Yamana. 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 May 24, 2018 is presented in the table below:

	Price in US Dollars	Number of Shares	Options Expiry Date	% of shares held
Yamana Gold	$ 4.00	142,700	January 18, 2019	4.02%
	$ 4.00	53,200	January 17, 2020	1.50%
	$ 4.50	161,200	January 18, 2019	4.54%
	$ 4.50	59,800	January 17, 2020	1.68%
	$ 5.00	43,200	July 20, 2018	1.22%
	$ 5.00	5,800	October 19, 2018	0.16%
	$ 5.00	297,400	January 18, 2019	8.38%
	$ 5.00	111,100	January 17, 2020	3.13%
	$ 5.50	413,000	January 18, 2019	11.63%
	$ 5.50	228,400	January 17, 2020	6.43%
	$ 7.00	795,800	January 18, 2019	22.42%
	$ 7.00	419,500	January 17, 2020	11.82%
		2,731,100		76.94%

	Price in US Dollars		Number of Shares	Options Expiry Date	% of shares held
Agnico Eagle	$	50	46,000	January 18, 2019	12.14%
	$	50	7,800	January 17, 2020	2.06%
	$	55	5,000	January 17, 2020	1.32%
	$	60	5,000	November 16, 2018	1.32%
	$	60	97,000	January 18, 2019	25.59%
	$	60	2,000	January 17, 2020	0.53%
	$	65	12,500	January 18, 2019	3.30%
	$	65	38,900	January 17, 2020	10.26%
	$	70	89,600	January 18, 2019	23.64%
	$	75	50,100	January 18, 2019	13.22%
			353,900		93.38%

	Price in US Dollars		Number of Shares	Options Expiry Date			Potential Costs
Agnico Eagle	$	39.00	29,500	June 15, 2018		$	1,150,500
	$	39.00	35,600	November 16, 2018			1,388,400
			65,100			$	2,538,900
Potential costs if put options are exercised:					USD	$	2,538,900
Potential costs if put options are exercised:					CDN	$	3,252,331

For the three months ended March 31, 2018, Abitibi Royalties sold 4,266 call and 651 put option contracts (1,118 calls and 651 puts on Agnico shares and 3,148 calls on Yamana Gold shares) for total cash proceeds of $333,487 (or US$267,470). In addition, 18,677 call option contracts expired (774 on Agnico and 17,903 on Yamana) and 1,114 contracts were repurchased before expiration (463 calls and 651 puts all on Agnico) for $10,757 (or US$9,563).

For the three months ended March 31, 2017, Abitibi Royalties sold 10,999 call/put option contracts (3,011 on Agnico Eagle shares and 7,988 on Yamana) for total cash proceeds of $415,993 (or US$315,407). In the same quarter, 13,339 option contracts (calls and puts combined) expired (1,674 on Agnico Eagle and 11,665 on Yamana). On January 20, 2017, Abitibi Royalties was called to deliver 108,700 shares of Agnico Eagle and received, net of commission paid, $6,096,765 (or US$4,564,813) from the covered call options it had 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 4 months.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include an amount of $253,312 (December 31, 2017 -$373,213) due to officers and directors of the Company and an amount of $164,641 (December 31, 2017- $219,574) consisting of trade and payroll related payables.

Deferred tax liability

The deferred tax liability totaled $3,139,711 as at March 31, 2018 compared to $3,482,519 at December 31, 2017. 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 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 three months ended March 31, 2018, the Company issued 75,000 of its common shares from the exercise of incentive stock options at a price of $0.17 for a total consideration of $12,750.

For the three months ended March 31, 2017, the Company issued 590,000 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 $48,500.

b) Share capital issued from exercise of share purchase warrants

For the three months ended March 31, 2018, the Company issued 2,650,000 of its common shares from the exercise of 2,650,000 share purchase warrants at $0.14 per share for a total consideration of $371,000.

For the three months ended March 31, 2017, the Company issued 3,000,000 of its common shares from the exercise of 3,000,000 share purchase warrants at $0.14 per share for a total consideration of $420,000.

SUMMARY OF QUARTERLY RESULTS

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

	Mar-18	Dec-17	Sep-17	Jun-17	Mar-17	Dec-16	Sep-16	Jun-16
Total revenues ($)	79,324	19,311	70,201	125,080	97,792	122,071	81,010	68,381
Net income (loss) and total comprehensive income (loss) for the period ($)	(2,773,304)	1,506,461	(1,854,520)	(1,653,527)	(1,011,941)	(14,429,386)	(36,722)	12,214,932
Net income (loss) and total comprehensive income (loss) attributable to shareholders of Golden Valley ($)	(1,789,777)	717,526	(1,561,757)	(1,061,126)	(699,586)	(8,778,389)	735,955	5,545,231
Net income (loss) and total comprehensive income (loss) attributable to the non-controlling interest ($)	(983,527)	788,935	(292,763)	(592,401)	(312,355)	(5,650,997)	(772,677)	6,669,701
Net earnings (loss) per share								
Basic	(0.014)	0.006	(0.012)	(0.009)	(0.006)	(0.078)	0.006	0.048
Diluted	(0.014)	0.006	(0.012)	(0.009)	(0.006)	(0.078)	0.006	0.040

For the three months ended March 31, 2018, the net loss of $2,773,304 is composed of the following: a net loss of $1,789,777 to the shareholders of Golden Valley Mines and a net loss of $983,527 to the non-controlling interest. Refer to "Discussions and Results of Operations" section for the narrative of the financial results for the first quarter ended March 31, 2018.

EXPLORATION ACTIVITIES AND EXPENDITURES

As at March 31, 2018 and December 31, 2017, total investments in exploration and evaluation assets amounted to $2,568,816.

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

The Company's exploration activities in the first quarter of 2018 focused primarily on managing and/or monitoring the Golden Valley/Eldorado (formally Integra) joint venture and the three presently active property options on the Lac Barry Prospect (BonTerra); the Centremaque Prospect (Alexandria) and on the Island 27 Prospect (Battery Minerals), where Golden Valley is the project manager. Additional exploration costs incurred by the Company's Technical (geological and drafting) staff for the first quarter of 2018 amounted to $18,179.

LIQUIDITY AND CAPITAL RESOURCES

Consolidated total assets of the Company as at March 31, 2018 totaled $44,660,465 (December 31, 2017- $47,684,383), which included cash and cash equivalents of $5,115,444 (December 31, 2017 - $5,073,071), restricted cash of $801,626 (December 31, 2017 - $545,052), short-term financial assets consisting of guaranteed investment certificates and marketable securities totaling $1,304,123 (December 31, 2017 - $1,819,888) and long-term investments mainly consisting of common shares in Agnico Eagle and Yamana totaling $33,371,700 (December 31, 2017 - $36,095,519).

The Company also had consolidated working capital of $6,194,319 as at March 31, 2018, compared to $5,852,773 as at December 31, 2017.

Cash outflow used by operating activities, excluding changes in non-cash consolidated working capital, for the three months ended March 31, 2018 totaled $548,960 compared to $1,019,957 for the same period in 2017. The decrease is primarily due to lower salaries and other employee benefits, and professional and legal fees.

Investing activities resulted in net cash inflows of $230,000 for the three months ended March 31, 2018, compared with $5,979,371 for the same period in 2017. The cash inflows for the three months ended March 31, 2018 was the result of guaranteed investment certificates maturing during the period. The higher cash inflows for the three months ended March 31, 2017 was 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 US$4,564,813) from the covered call contract it had sold.

Financing activities resulted in net cash inflows of $456,054 for the three months ended March 31, 2018 compared with cash inflows of $803,719 for the same period in 2017. Cash flows from financing activities relate primarily to proceeds of $371,000 from the exercise of 2,650,000 share purchase warrants at $0.14 per share and Abitibi Royalties' sale of calls and put option contracts for total cash proceeds of $329,830, net of funds being held as restricted cash in the amount of $256,574.

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 May 24, 2018:

Common shares: 132,513,577
Preferred Shares: Nil
Escrowed Shares: Nil

Incentive Stock 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
Janaury 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:

Expiry Date	Number of Options		Exercise Price
September 27, 2018	483,630	$	0.55
June 2, 2019	64,288	$	2.18
September 15, 2019	57,393	$	3.62
September 17, 2019	20,000	$	3.70
	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	

Normal Course Issuer Bid

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

For the three months ended March 31 2018, Abitibi Royalties did not repurchase any share under its NCIB. During the first quarter of 2017, Abitibi Royalties repurchased and cancelled 50,100 commons shares at prices varying from $8.93 to $9.55 for a total of $462,817.

RELATED PARTIES TRANSACTIONS

The information pertaining to related party transactions are disclosed in Note 20 of the unaudited condensed consolidated interim financial statements as at March 31, 2018.

OFF BALANCE SHEET ARRANGEMENTS

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

SUBSEQUENT EVENTS

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. On April 30, 2018, the Exchange accepted the shares for debt submission.

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. On April 19, 2018, the Exchange accepted the shares for debt submission.

On April 12, 2018, the Company received 294,118 shares representing the payment of $25,000 under the mining option agreement with Alexandria Minerals.

CONTRACTUAL COMMITMENTS AND OBLIGATIONS

a) 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 March 31, 2018, the total annual base fee of the officers and consultants under the agreements is $395,340. As a triggering event has not taken place, the contingent payments have not been reflected in the consolidated financial statements.

b) The Company entered into an operating lease agreement expiring July 2019 with the minimum lease payment payable in the next two years amounting to $34,956 and $27,189.

CHANGES INACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The Company has adopted the accounting standards IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers", effective January 1, 2018. These adoptions were made in accordance with applicable transitional provisions and resulted in the changes in accounting policies. The changes in accounting policies including those that have not been adopted are explained in Notes 3 and 4 of the unaudited interim financial statements as at March 31, 2018.

JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The judgments, estimates and assumptions used by management are described in note 5 of the audited consolidated financial statements of the Company for the year ended December 31, 2017.

NON-IFRS MEASURE

The Company has referred to 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.

		March 31, 2018		December 31, 2017
ASSETS				
Current				
Cash and cash equivalents	$	4,955,444	$	5,073,071
Restricted cash		801,626		545,052
Short-term financial assets		1,464,123		1,819,888
Other assets		447,153		411,734
Prepaid expenses		9,324		23,955
		7,677,670		7,873,700
Current				
Accounts payable and accrued liabilities				
Due to related parties		253,312	$	373,213
Other liabilities		164,641		219,574
Derivative financial instruments		1,065,398		1,428,140
		1,483,351		2,020,927
Working Capital	$	**6,194,319**		**5,852,773**

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.