



GOLDEN VALLEY MINES LTD.
Management's Discussion and Analysis
For the three and nine months ended September 30, 2018
Dated: November 15, 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 and nine months ended September 30, 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 and nine months ended September 30, 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 include 84 exploration properties located in the following areas: (i) the Abitibi Greenstone Belt (Ontario and Québec); (ii) the James Bay; (iii) the Nunavik (Ungava and Labrador) region of northern Québec; and (v) the James Bay Lowlands of Ontario. Refer below to “Abitibi Greenstone Belt (“AGB”) Grassroots Exploration Project” and “Option and Joint Venture Properties” for further details.

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

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

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

Golden Valley holds a 44.76% equity interest in Abitibi Royalties, a company listed on the Exchange under symbol “RZZ”, that has the objective to build a premium quality royalty company by acquiring first class royalties and by exploring, evaluating and promoting its mineral properties and other projects. Abitibi Royalties owns various 1.5% to 3% Net Smelter Returns (“NSR”) and 15% net profit interests (“NPI”) in areas located at the Canadian Malartic Mine, a partnership jointly operated by Agnico Eagle Mines Limited (“Agnico Eagle”) and Yamana Gold Inc. (“Yamana”). Refer below to “Property Interests Assigned to Abitibi Royalties” for further details.

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

Golden Valley holds a 26.51% equity interest in Val-d’Or Mining, a company listed on the Exchange under symbol “VZZ”, that is involved in the process of exploring, evaluating and promoting its mineral properties and whose 100%-owned assets include ten (10) exploration properties located in the Abitibi Greenstone Belt (Québec), the Nunavik Region (Ungava Belt and Labrador Trough) in northern Québec, in north-central (James Bay) Québec. It also has an option agreement with Golden Valley to acquire a 100% interest in the Abitibi Greenstone Belt Prospect consisting of 61 grassroots properties. Refer below to “Investment in Associates” for further details.

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

Golden Valley holds a 17.53% equity interest in International Prospect Ventures, a company listed on the Exchange under symbol “IZZ”, that is also in the in the process of exploring, evaluating and promoting its mineral properties and whose assets include a 100% interest in the Porcupine Miracle Prospect (Ontario), and a 40% interest in the Beartooth Island Prospect (Saskatchewan). International Prospect also searches for NSRs and other projects internationally. Refer below to “Investment in Associates” for further details.

The information detailed in this report and pertaining to Abitibi Royalties, Val-d’Or Mining and International Prospect has been extracted from the Management’s Discussion and Analysis prepared by each of these 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. Most of the agreements allow the partner to earn into a property by incurring exploration expenditures typically over periods of three to five years. In some instances, Golden Valley acts as the operator and continues exploration on these same properties funded by the partner. Furthermore, in addition to third party disbursements for exploration funding, the Company's option agreements typically provide for receipt by Golden Valley of either cash, shares, or both from its partners as well as the retention of a free-carried interest or a net smelter royalty. 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 September 30, 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 (74), including the grassroots properties optioned to Val-d'Or Mining (as discussed below) are comprised of gold (43), copper-zinc-silver (27), nickel-copper-PGE (1), molybdenum (1) and cobalt-silver-nickel (2) prospects located in Québec (50) and Ontario (24).

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 had issued its final acceptance of the Mining Option Agreement (the "Option Agreement") made as of April 18, 2017, pursuant to which Golden Valley had granted to Val-d'Or Mining effective July 31, 2017 an option to acquire a 100% interest in 61 of its grassroots properties. Pursuant to the terms of the Option Agreement, Val-d'Or Mining must incur \$4,000,000 of expenditures with respect to exploration and other mining operations on the properties before December 31, 2021 (with \$500,000 to be incurred on or before December 31, 2018; \$750,000 to be incurred on or before December 31, 2019; \$1,000,000 to be incurred on or before December 31, 2020 and \$1,750,000 to be incurred on or before December 31, 2021). As consideration for the option, Val-d'Or Mining will issue 16,666,668 common shares to Golden Valley at a deemed price of \$0.12 per share for an aggregate deemed value of \$2,000,000 (issuable as to 25% on or before each of December 31, 2018, 2019, 2020 and 2021). In addition, Val-d'Or Mining has granted Golden Valley a royalty equal to 1.25% of the net smelter returns from the properties on the terms set out in the Option Agreement. One (1) percent of the royalty may be bought back by Val-d'Or Mining by paying Golden Valley \$5,000,000 at Val-d'Or

Mining's option, in cash or shares at a deemed price per share equal to the market price of Val-d'Or Mining's shares at the time of such election. If Val-d'Or Mining has issued the shares and incurred the expenditures provided for in the Option Agreement, it may exercise the option on or before December 31, 2021.

On January 1, 2018, Val-d'Or Mining's principal place of business became 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: Oregon (Québec), Magoma Prospect (Québec) and the Baden Prospect (Ontario).

At the Oregon and Magoma prospects, field exploration activities are currently underway. The programs consist of grid establishment (line-cutting) and geophysical (ground magnetic and induced polarization - 3D IP) surveying. Funding for the work on the Oregon Prospect was provided by Fonds de solidarité FTQ and SIDEX through their "FIELD-ACTION 2018" initiative, designed to encourage junior mining companies to perform their fieldwork in Québec while at the same time supporting their working capital.

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 additional exploration work. At the Ducros Sill Prospect (Québec), a PULSE-EM (TDEM) survey was conducted over two separate grids centered on a series of input anomalies (airborne electromagnetic anomalies).

Battery Mineral Resources - Island 27 Property, Ontario

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

Diamond drilling activities on the Island 27 Prospect were completed in the second quarter of 2018. Data verification and compilation is in progress with results pending.

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

No further updates from Alexandria have been received by Golden Valley as it relates to future exploration plans and work schedules on the Centremaque Prospect.

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 for the joint venture.

For the quarter ended September 30, 2018, no exploration fieldwork was conducted on the nine properties.

BonTerra Resources Inc. – Lac Barry, Québec

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

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

BonTerra agreed to a \$250,000 work commitment in the first year. Prospecting, till sampling, line-cutting, geophysical surveys and data compilation were conducted on the property in 2016. As BonTerra did not incur \$250,000 in exploration expenditures by March 15, 2017 in accordance with the terms of the option agreement, the Company agreed to extend this date to April 15, 2017, in consideration for which BonTerra paid \$25,000 to the Company. Subsequent exploration activity and expenditures on the property included prospecting, till sampling/treatment, line-cutting, permitting/access, drilling/assaying, data compilation, in addition to technical support expenses.

BonTerra met its option agreement expenditure requirements for the second anniversary date (March 10, 2018) of \$750,000. Exploration expenditures on the property included additional till sampling, geophysical surveying, drilling/assaying, and related camp/transportation and geological expenses.

Subsequent to the third quarter ended September 30, 2018, BonTerra reported they had met the option agreement expenditure requirements in advance of the third anniversary date (March 10, 2019) of \$2,000,000. Exploration activities conducted on the property included additional drilling and assaying. No specific details on the scope and/or results of this work was reported by BonTerra to Golden Valley during the quarter ended September 30, 2018.

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 of its obligations under the agreement to earn a 100% interest in the Cheechoo prospect, including the issuance of 1,250,000 common shares to the Company at a deemed price of \$0.40 per share for a total value of \$500,000. As a result, Sirios now holds 100% of the Cheechoo prospect, subject to the royalty described below.

As additional consideration, Sirios granted to Golden Valley a royalty (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 specific details with respect to the exploration and field work results 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 ABITIBI ROYALTIES

Abitibi Royalties Inc.

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

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

The Canadian Malartic Mine, where Abitibi Royalties owns various Net Smelter Returns (“NSR”) and net profit interests (“NPI”), is jointly operated by Agnico Eagle Mines Limited (“Agnico Eagle”) and

Yamana Gold Inc. (“Yamana”) (the “Partnership”). Abitibi Royalties’ NSRs and NPIs cover portions of the Odyssey (3% NSR), East Malartic (3% NSR), Sladen (3% NSR), Sheehan (3% NSR), Jeffrey (3% NSR), Barnat Extension (3% NSR) and portions of the Gouldie (2% NSR) and all of the Charlie Zone (2% NSR). Abitibi Royalties recently acquired a 1.5% NSR on the Midway Project and a 15% NPI on the Radium Property, all operated and located at the Canadian Malartic Mine.

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. 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.

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.

Midway Project 1.5% NSR

On July 9, 2018, Abitibi Royalties entered into an agreement with an arm's length party to acquire a 1.5% NSR royalty on an area known as the Midway project, located east and south of the Canadian Malartic Mine in Abitibi, Québec for a purchase price of \$752,000 (or US\$575,000). The 1.5% NSR covers a number of known mineralized zones; Piche-Harvey, Briar and Chabela. A total of 1.0% of the NSR can be repurchased by the Canadian Malartic Mine by paying US\$1.0 million to Abitibi Royalties.

Radium 15% NPI – Malartic, Quebec

On July 5, 2018, Abitibi Royalties entered into an agreement with a group of arm's length, third party sellers, to acquire a 15% carried net profit interest on the mineral claims located immediately west of the Canadian Malartic Mine open pit in Abitibi, Québec, for a purchase price of \$400,000. The area covered by the 15% NPI is located immediately west of the Canadian Malartic Mine open pit. The 15% NPI covers the historic Radium Zone.

Revillard Property 2% NSR – Malartic, Quebec

On July 4, 2018, Abitibi Royalties entered into an agreement with an arm's length party, to acquire a 2% NSR royalty on the Revillard property for a purchase price of \$75,750 (or US\$50,000). The Revillard property is located approximately 10 kilometres northwest of the Canadian Malartic Mine in Québec and forms part of a larger set of claims known as the Malartic Project, which is under option by Dundee Precious Metals Inc.

1.5% NSR in the Abitibi region, Québec

On July 11, 2018, Abitibi Royalties entered into an agreement with an arm's length party seller, in order to acquire various 1.5% NSR royalties on projects owned by Agnico Eagle throughout the Abitibi region in Québec for a purchase price of \$755,000 (or US\$575,000).

Abitibi Royalty Search

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

d) INVESTMENT IN ASSOCIATES

International Prospect Ventures

International Prospect is involved in the process of exploring, evaluating and promoting its mineral property interest.

The Porcupine Miracle Prospect

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

International Prospect has designed an exploration program to be conducted on the Porcupine Miracle Prospect and adopted a \$52,619 budget for the execution of its Phase 1 program. Phase 1 of the exploration program includes: compilation of all available property data, ground magnetic, induced polarization and horizontal loop electromagnetic geophysical surveys. A NI-43-101 Technical report on the property was completed subsequent to the third quarter ended September 30, 2018.

Projects in the Pilbara Craton, Western Australia

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

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

International Prospect has made application for rights to eight tenements 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 field exploration program.

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

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

Val-d'Or Mining

In addition to the AGB grassroots properties optioned from the Company (as discussed above), Val-d'Or Mining is involved in the process of exploring, evaluating and promoting its mineral property interest and holds interests in the following assets:

- a) The Boston Bulldog Prospect is comprised of 15 claim cells (14 single cell and 1 boundary cell claim) located in Kirkland Lake, Ontario. Val-d'Or Mining was granted an option to acquire a 100% interest in the property. An exploration program for the property is currently at the planning stage.
- b) The Chibougamau-Chapais Prospect consists of a single property, comprised of one claim covering an area of some 55.62 hectares, located in the Chibougamau area in north-central Québec.
- c) The Shoot-Out Prospect is the combination of two properties, Shoot-Out East and Shoot-Out West. The property consists of 154 claims (6,251 ha) located in the Raglan Belt of northern Québec. Val-d'Or Mining has a 100% ownership interest in this property that is subject to a 3% NSR. Presently no immediate exploration fieldwork is planned on the property.
- d) The Fortin Prospect is located in the central part of Ducros Township, located approximately 80 kilometres northeast of the City of Val-d'Or, Québec. The property consists of 5 contiguous mining claims, which Val-d'Or Mining holds a 100% interest in this property that is subject to a 1.5% NSR. Presently no immediate exploration fieldwork is planned on the property; and,
- e) the Marymac Prospect is located in the Labrador Trough of Québec. The property consists of 22 Map Designated Units, which Val-d'Or Mining holds a 100% interest in the Marymac Prospect that is subject to a 2% NSR. Presently no immediate exploration fieldwork is planned on the property.

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

SELECTED CONSOLIDATED FINANCIAL INFORMATION

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Total Revenue	\$ 78,552	\$ 70,201	\$ 263,326	\$ 288,073
Net loss and total comprehensive loss	(9,173,837)	(1,854,520)	(9,527,666)	(4,519,988)
Net loss and total comprehensive loss attributable to shareholders of Golden Valley Mines Ltd.	(4,587,186)	(1,561,757)	(5,676,433)	(3,322,469)
Net loss and total comprehensive loss attributable to the non-controlling interest	(4,586,651)	(292,763)	(3,851,233)	(1,197,519)
Basic earnings (loss) per share (\$)	\$ (0.034)	\$ (0.012)	\$ (0.043)	\$ (0.027)
Diluted earnings (loss) per share	(0.034)	(0.012)	(0.043)	(0.027)
			As at September 30, 2018	As at December 31, 2017
Total Assets			\$ 37,342,677	\$ 47,684,383
Total Liabilities			2,679,391	5,503,446

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

Golden Valley is the parent company (and the ultimate parent company) of the following subsidiaries: Abitibi Royalties Inc. (“Abitibi Royalties”) and Calone Mining Ltd (“Calone Mining”). The consolidated financial statements for 2018 include the accounts of Golden Valley and its subsidiaries.

In prior years, Golden Valley had control over Val-d'Or Mining and International Prospect and were considered subsidiaries of Golden Valley, resulting in both companies being consolidated to the financial results of Golden Valley. As a result of transactions in 2017, along with other factors as detailed in 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 for the three and nine months ended September 30, 2017 were not restated. Refer to “Supplementary Information on Operating Results” for further details.

Discussion on Consolidated Financial Results

For the three months ended September 30, 2018, the Company reported consolidated net loss of \$9,173,837 compared to a net loss of \$1,854,520 for the same period in 2017. The net loss for the three months ended September 30, 2018 is mainly from the unfavourable change in the fair value of Abitibi Royalties’ investments in the common shares of Agnico Eagle and Yamana in the amount of \$8,286,116

and royalty expense of \$1,972,750 relating to the NSR and NPI interests acquired by Abitibi Royalties in July 2018, net of deferred tax recovery of \$1,681,377.

For the nine months ended September 30, 2018, the Company reported consolidated net loss of \$9,527,666 compared to a net loss of \$4,519,988 for the same period in 2017. The net loss for the nine months ended September 30, 2018 is mainly from the unfavourable change in the fair value of Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana in the amount of \$7,760,425 and royalty expense of \$1,972,750 relating to the NSR and NPI interests acquired by Abitibi Royalties in July 2018, net of deferred tax recovery of \$2,262,234.

Total Assets decreased from \$47,684,383 as at December 31, 2017 to \$37,342,677 as at September 30, 2018 as a result of the decrease of \$7,760,425 in the fair market value of Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana that occurred since December 31, 2017.

Total Liabilities also decreased from \$5,503,446 as at December 31, 2017 to \$2,679,391 as at September 30, 2018 due to lower payroll related accruals, lower liability associated with Abitibi Royalties' derivative financial instruments and to the decrease in the deferred tax liabilities. The liability associated with Abitibi Royalties' derivative financial instruments has decreased from \$1,428,140 as at December 31, 2017 to \$1,194,040 as at September 30, 2018 as a result of favourable change in the fair value of \$1,550,110 and of the expiration of derivative financial instruments with a fair value of \$313,027, net of derivative instruments entered during the nine months ended September 30, 2018 amounting to \$1,714,611.

SUPPLEMENTARY INFORMATION ON OPERATING RESULTS

The following table presents supplementary information for the three and nine months ended September 30, 2018:

	For the three months ended September 30, 2018				For the nine months ended September 30, 2018			
	Golden Valley	Abitibi Royalties	Calone Mining	Total	Golden Valley	Abitibi Royalties	Calone Mining	Total
Revenues								
Dividends	-	77,574	-	77,574	-	229,568	-	229,568
Option revenue	-	-	-	-	25,000	-	-	25,000
Geological fees	978	-	-	978	8,758	-	-	8,758
	978	77,574	-	78,552	33,758	229,568	-	263,326
Operating Expenses								
Salaries and other employee benefits	56,339	213,384	-	269,723	214,238	1,109,689	-	1,323,927
Share-based compensation	452,252	-	-	452,252	841,212	260,903	-	1,102,115
Professional and legal fees	64,350	147,687	105	212,142	192,096	432,889	1,526	626,511
General and administrative expenses	27,294	47,780	(6)	75,068	149,066	150,353	84	299,503
Management fees	41,550	-	-	41,550	124,650	-	-	124,650
Exploration and evaluation	37,794	-	-	37,794	75,925	-	-	75,925
Depreciation of property and equipment	1,201	-	-	1,201	4,229	-	-	4,229
Impairment of exploration and evaluation assets	-	-	-	-	-	-	-	-
Royalty purchase	-	1,972,750	-	1,972,750	-	1,972,750	-	1,972,750
	680,780	2,381,601	99	3,062,480	1,601,416	3,926,584	1,610	5,529,610
Operating loss	(679,802)	(2,304,027)	(99)	(2,983,928)	(1,567,658)	(3,697,016)	(1,610)	(5,266,284)
Other income (loss)								
Change in fair value of investments	(138,683)	(7,609,163)	-	(7,747,846)	(624,018)	(5,786,181)	-	(6,410,199)
Reversal of liability of flow-through shares	-	-	-	-	-	-	-	-
Finance income	2,451	3,378	-	5,829	5,498	10,817	-	16,315
Finance cost	(360)	(32,690)	(19)	(33,069)	(2,077)	(64,631)	(95)	(66,803)
Foreign exchange gain (loss)	-	(40,865)	-	(40,865)	-	147,559	-	147,559
Gain from loss of control of subsidiary	-	-	-	-	-	-	-	-
Share of loss of associates	(55,335)	-	-	(55,335)	(210,488)	-	-	(210,488)
	(191,927)	(7,679,340)	(19)	(7,871,286)	(831,085)	(5,692,436)	(95)	(6,523,616)
Net loss before income taxes	(871,729)	(9,983,367)	(118)	(10,855,214)	(2,398,743)	(9,389,453)	(1,705)	(11,789,900)
Deferred tax recovery	-	(1,681,377)	-	(1,681,377)	-	(2,262,234)	-	(2,262,234)
Net loss and total comprehensive loss for the period	(871,729)	(8,301,990)	(118)	(9,173,837)	(2,398,743)	(7,127,219)	(1,705)	(9,527,666)

SUPPLEMENTARY INFORMATION ON OPERATING RESULTS (CONTINUED)

The following table presents supplementary information for the three and nine months ended September 30, 2017:

	For the three months ended September 30, 2017							For the nine months ended September 30, 2017						
	Golden Valley	Abitibi Royalties	Calone Mining	Val-d'Or Mining	International Prospect	Other	Total	Golden Valley	Abitibi Royalties	Calone Mining	Val-d'Or Mining	International Prospect	Other	Total
Revenues														
Dividends	-	62,213	-	-	-	-	62,213	-	196,966	-	-	-	-	196,966
Option revenue	-	-	-	-	-	-	-	82,067	-	-	-	-	-	82,067
Management fees	-	-	-	-	-	-	-	72,000	-	-	-	-	(72,000)	-
Geological fees	7,988	-	-	-	-	-	7,988	9,040	-	-	-	-	-	9,040
	7,988	62,213	-	-	-	-	70,201	163,107	196,966	-	-	-	(72,000)	288,073
Operating Expenses														
Salaries and other employee benefits	90,986	217,623	-	-	-	-	308,609	277,442	944,215	-	-	-	-	1,221,657
Share-based compensation	1,211,139	136,467	-	-	-	-	1,347,606	1,248,057	404,951	-	-	-	-	1,653,008
Professional and legal fees	95,382	112,864	-	44,308	-	-	252,554	403,563	300,996	1,421	107,390	86,112	-	899,482
General and administrative expenses	53,386	14,420	2	2,435	-	-	70,243	273,814	65,520	87	10,126	7,059	-	356,606
Management fees	41,550	24,000	-	-	-	(24,000)	41,550	124,650	72,000	-	-	-	(72,000)	124,650
Exploration and evaluation	-	-	268	448	-	-	716	30,201	280	268	448	(2,857)	-	28,340
Depreciation of property and equipment	677	-	-	-	-	-	677	2,032	-	-	-	-	-	2,032
Impairment of exploration and evaluation assets	-	-	-	52,666	-	-	52,666	-	-	-	52,666	-	-	52,666
Royalty purchase	-	-	-	-	-	-	-	-	20,977	-	-	-	-	20,977
	1,493,120	505,374	270	99,857	-	(24,000)	2,074,621	2,359,759	1,808,939	1,776	170,630	90,314	(72,000)	4,359,418
Operating loss	(1,485,132)	(443,161)	(270)	(99,857)	-	24,000	(2,004,420)	(2,196,652)	(1,611,973)	(1,776)	(170,630)	(90,314)	-	(4,071,345)
Other income (loss)														
Change in fair value of investments	88,526	196,335	-	-	-	-	284,861	(431,247)	(639,537)	-	-	-	-	(1,070,784)
Reversal of liability of flow-through shares	-	-	-	-	-	-	-	-	-	-	-	19,941	-	19,941
Finance income	-	2,655	-	-	-	-	2,655	192	7,192	-	-	-	-	7,384
Finance cost	(821)	(17,626)	(19)	(116)	-	-	(18,582)	(2,005)	(54,028)	(152)	(354)	(239)	-	(56,778)
Foreign exchange gain (loss)	-	(230,990)	-	44	-	-	(230,946)	-	(402,951)	-	44	-	-	(402,907)
Gain from loss of control of subsidiary	-	-	-	-	-	-	-	450,912	-	-	-	-	-	450,912
Share of loss of associates	(22,648)	-	-	-	-	-	(22,648)	(22,648)	-	-	-	-	-	(22,648)
	65,057	(49,626)	(19)	(72)	-	-	15,340	(4,796)	(1,089,324)	(152)	(310)	19,702	-	(1,074,880)
Net loss before income taxes	(1,420,075)	(492,787)	(289)	(99,929)	-	24,000	(1,989,080)	(2,201,448)	(2,701,297)	(1,928)	(170,940)	(70,612)	-	(5,146,225)
Deferred tax recovery	-	(134,560)	-	-	-	-	(134,560)	-	(626,237)	-	-	-	-	(626,237)
Net loss and total comprehensive loss for the period	(1,420,075)	(358,227)	(289)	(99,929)	-	24,000	(1,854,520)	(2,201,448)	(2,075,060)	(1,928)	(170,940)	(70,612)	-	(4,519,988)

DISCUSSION AND RESULTS OF OPERATIONS

General

At Golden Valley, the decreases in operating expenses for 2018, as compared to 2017, are a 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 for 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 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, for fiscal 2017, International Prospect and Val-d'Or Mining were considered to be subsidiaries of Golden Valley Mines up to May 2017 and November 2017, respectively. Golden Valley's consolidated financial results for the periods up to those dates include operating expenses from International Prospect and Val-d'Or Mining. For the three and nine months ended September 30, 2018, Val-d'Or Mining and International Prospect were considered to be investments in associates, which have been equity accounted since May 2017 and November 2017, respectively. The share of loss from investments in associates for the three months and nine months ended September 30 2018 amounted to \$55,335 and \$210,488 respectively (\$22,648 for the three and nine months ended September 30, 2017) which is presented as part of Other income (loss) in consolidated financial statements.

Revenues

For the three months ended September 30, 2018, consolidated revenues totalled \$78,552, consisting of dividends of \$77,574 (\$62,213 for the same period in 2017) from Abitibi Royalties' investments in the shares of Agnico Eagle and Yamana and geological fees of \$978 (\$7,988 for the same period in 2017).

For the nine months ended September 30, 2018, consolidated revenues totalled \$263,326, consisting of dividends of \$229,568 (\$196,966 for the same period in 2017) from Abitibi Royalties' investments in the shares of Agnico Eagle and Yamana, mining option revenues of \$25,000 (\$82,067 for the same period in 2017) representing share payment under the Company's mining option agreement with Alexandria Minerals and geological fees of \$8,758 (\$9,040 for the same period in 2017).

Operating Expenses

Three months ended September 30, 2018 compared to three months ended September 30, 2017

For the three months ended September 30, 2018, the Company recorded consolidated operating expenses of \$3,062,480 compared to \$2,074,621 for the same period in 2017. The increase in operating expenses for the current quarter is due to the royalty expense of \$1,972,750 relating to the NSR and NPI interests acquired by Abitibi Royalties in July 2018, offset by a lower share-based compensation on the Company's September 2016 incentive stock option grant, which vest over a three-year period, resulting in share-based payment of \$382,098 compared to \$1,211,139 in the same period in 2017.

Nine months ended September 30, 2018 compared to nine months ended September 30, 2017

For the nine months ended September 30, 2018, the Company recorded consolidated operating expenses of \$5,529,610 compared to \$4,359,418 for the same period in 2017. This increase in operating expenses is due to the royalty expense of \$1,972,750 relating to the NSR and NPI interests acquired by Abitibi Royalties in July 2018, offset by a lower share-based compensation on the Company's September 2016 incentive stock option grant, which vest over a three-year period, resulting in share-based payment of \$764,196 compared to \$1,211,139 in the same period in 2017.

Salaries and other employee benefit expense of \$1,323,927 was higher compared to \$1,221,657 for 2017 as Abitibi Royalties incurred payroll levies of \$471,820 relating to the June 2018 transaction with Caisse de dépôt et placement du Québec ("CDPQ") as described below. Salaries and employee benefits for 2017 include 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 of Abitibi Royalties, which were recognized in the first quarter of 2017. Performance bonuses for fiscal year 2017 were recognized in the fourth quarter of 2017.

Professional and legal fees, which comprised of audit, tax and accounting fees, legal fees, investor relations fees, and other consultation fees have decreased to \$626,511 from \$899,482 for the same period in 2017. Professional and legal fees for 2017 includes \$86,112 and \$107,390 from International Prospect and Val-d'Or Mining, which were deconsolidated for financial reporting purposes effective May 2017 and November 2017, respectively.

Other income (loss)

Three months ended September 30, 2018 compared to three months ended September 30, 2017

For the three months ended September 30, 2018, the Company recorded consolidated other loss of \$7,871,286 compared to other income of \$15,340 for the same period in 2017.

Other loss for 2018 includes an unfavourable change in fair value of investments in the amount of \$7,747,846 compared to a favourable change of \$284,861 for the same period in 2017. The unfavourable change in fair value of investments primarily relates to the unrealized losses in the amount of \$8,286,116 on the fair market value of Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana, net of favourable change of \$699,343 in the fair value of the liability associated with its derivative financial instruments.

Abitibi Royalties is also subject to fluctuation in the exchange rate with the US Dollar resulting in a foreign exchange loss of \$40,865 for the three months ended September 30, 2018 compared to a foreign exchange loss of \$230,946 for the same period in 2017. As at September 30, 2018, consolidated cash in US dollars included US\$1,936,711 representing \$2,507,071 of the total of \$3,695,283 when converted into Canadian dollars. The US dollar has weakened relative to the Canadian dollar from an exchange rate of \$1.3168 per every US dollar as at June 30, 2018 to \$1.2945 per every US dollar as at September 30, 2018.

Nine months ended September 30, 2018 compared to nine months ended September 30, 2017

For the nine months ended September 30, 2018, the Company recorded consolidated other loss of \$6,523,616 compared to other loss of \$1,074,880 for the same period in 2017.

Other loss for 2018 includes an unfavourable change in fair value of investment in the amount of \$6,410,199 compared to unfavourable change of \$1,070,784 for the same period in 2017. The unfavourable change in fair value of investments in 2018 primarily relates to the unrealized losses in the amount of \$7,760,425 on the fair market value of Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana, net of favourable change of \$1,550,110 in the fair value of the liability associated with its derivative instruments and of the recognition of premiums on expired derivative instruments in the amount of \$313,026.

Abitibi Royalties is subject to fluctuation in the exchange rate with the US Dollar resulting in a foreign exchange gain of \$147,559 for the nine months ended September 30, 2018 compared to a foreign exchange loss of \$402,907 for the same period in 2017. The US dollar has strengthened relative to the Canadian dollar from an exchange rate of \$1.2545 per every US dollar as at December 31, 2017 to \$1.2945 per every US dollar as at September 30, 2018.

Deferred Taxes

For the three and nine months ended September 30, 2018, Abitibi Royalties recognized deferred tax recovery of \$1,681,377 and \$2,262,234, respectively, compared to deferred tax recovery of \$134,560 and \$626,237 for the same period in 2017. Deferred income tax is impacted by the change in the fair value of Abitibi Royalties' investments in the common shares of Agnico Eagle and Yamana as the tax cost on these investments is lower than the 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 has been recognized in the deferred tax liability of \$1,220,285 as at September 30, 2018, a reduction from the deferred tax liability balance of \$3,482,519 as at December 31, 2017.

The overall decrease in the deferred tax liability is a result of the unrealized loss of \$7,760,425 in the fair market value of the common shares of Agnico Eagle and Yamana since December 31, 2017. Abitibi Royalties' deferred tax assets relating to the royalty expense of \$1,972,750 and tax losses of \$2,107,701 as a result of the conversion of the RSUs into common shares have also been netted against the deferred tax liabilities.

FINANCIAL CONDITION REVIEW

The following table presents selected financial information on the financial position of Golden Valley and its subsidiaries as at September 30, 2018:

	Golden Valley ⁽¹⁾	Abitibi Royalties	Other	As at September 30, 2018	As at December 31, 2017
<i>Current Assets</i>					
Cash and cash equivalents	\$ 557,451	\$ 3,156,098	\$ 240	\$ 3,713,789	\$ 5,073,071
Restricted cash	-	539,185	-	539,185	545,052
Short-term financial assets	990,870	-	-	990,870	1,819,888
Other assets	164,671	41,101	(17,913)	187,859	411,734
Prepaid expenses	13,999	13,400	-	27,399	23,955
<i>Non-current assets</i>					
Property and equipment	5,469	-	-	5,469	9,697
Investments in associates	1,076,163	-	-	1,076,163	1,136,651
Exploration and evaluation assets	2,525,079	39,352	-	2,564,431	2,568,816
Investments	-	28,237,512	-	28,237,512	36,095,519
Total Assets	5,333,702	32,026,648	(17,673)	37,342,677	47,684,383
<i>Current liabilities</i>					
Accounts payable and accrued liabilities	141,865	141,114	(17,913)	265,066	592,787
Derivative financial instruments	-	1,194,040	-	1,194,040	1,428,140
<i>Non-current liabilities</i>					
Deferred taxes	-	1,220,285	-	1,220,285	3,482,519
Total Liabilities	141,865	2,555,439	(17,913)	2,679,391	5,503,446

Note (1): Golden Valley's 44.76% equity interest in Abitibi Royalties is eliminated for the purpose of the supplementary consolidated financial information.

Cash and cash equivalents

The Company ended the third quarter of 2018 with consolidated cash and cash equivalents of \$3,713,789 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 \$539,185 (or US\$416,250) as at September 30, 2018 (December 31, 2017 -\$545,052) relates to funds held as collateral on the put option contracts of 35,600 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's short-term financial assets of \$990,870 include 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 \$740,016 as at September 30, 2018, compared to \$1,339,034 as at December 31, 2017 and a guaranteed investment certificate, in the amount of \$250,000 that matured on November 13, 2018 (\$480,000 as at December 31, 2017).

Other assets

As at September 30, 2018, Other assets amounted to \$187,859 compared to \$411,734 as at December 31, 2017. Other assets mainly comprised of amounts due from related parties of \$14,437 (December 31, 2017 - \$208,672), accounts receivables of \$113,760 (December 31, 2017 - \$91,510) and government sales and tax credits of \$36,593 (December 31, 2017 - \$87,961).

Due from related parties include amounts of \$nil (December 31, 2017 - \$104,761) and \$8,110 (December 31, 2017 - \$103,911) from Val-d'Or Mining and International Prospect respectively and are mainly relating to operating expenses recoverable from each company. As at December 31, 2017, due from related parties include amounts of \$90,000 and \$60,000 from Val-d'Or Mining and International Prospects, respectively mainly relating to the settlement fee under the terms of a termination agreement entered into effective January 1, 2018 with each company. For further details, refer to Note 24 of the audited consolidated financial statements for the year ended December 31, 2017. 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. 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

Investment in associates relates to the Company's investment in International Prospect and Val-d'Or Mining. The Company's interest has increased as result of the shares received from the termination agreement described above. The Company's ownership in International Prospect has increased from 16.62% as at December 31, 2017 to 17.53% as at September 30, 2018. Similarly, the Company's ownership in Val-d'Or Mining has increased from 24.63% as at December 31, 2017 to 26.51% interest as at September 30, 2018.

The Company has accounted for its investment in International Prospect and Val-d'Or Mining using the equity method since May 23, 2017 and November 30, 2017, respectively. For the three and nine months ended September 30, 2018, the Company recognized a loss of \$55,335 and \$210,488, respectively from its share of losses in associates. The Company has no contingent liabilities relating to its interest in the associates.

Exploration and evaluation assets

Exploration and evaluation assets totaled \$2,564,431 as at September 30, 2018 and \$2,568,816 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 \$2,525,079 as at September 30, 2018 and \$2,529,464 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 September 30, 2018 and as at December 31, 2017;

For the nine months ended September 30, 2018, exploration and evaluation expenditures of \$14,000 were capitalized compared to \$245,002 for the same period in 2017.

Investments

	As at September 30, 2018		As at December 31, 2017	
	Number of Shares	Fair Value	Number of Shares	Fair Value
Yamana Gold Inc.	3,549,695	\$ 11,430,018	3,549,695	\$ 13,914,804
Agnico Eagle Mines Limited	378,997	16,721,348	378,997	21,996,986
		\$ 28,151,366		\$ 35,911,790
Other investments		86,146		183,729
		\$ 28,237,512		\$ 36,095,519

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 Abitibi Royalties' call option contracts as of the date of this report 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	1,025,200	January 17, 2020	28.88%
	\$ 4.00	269,400	January 15, 2021	7.59%
	\$ 4.50	267,700	January 17, 2020	7.54%
	\$ 5.00	761,500	January 17, 2020	21.45%
	\$ 5.50	278,400	January 17, 2020	7.84%
	\$ 7.00	464,600	January 17, 2020	13.09%
		3,209,500		90.42%

	Price in US Dollars	Number of Shares	Options Expiry Date	% of shares held
Agnico Eagle	\$ 50	46,000	January 18, 2019	12.14%
	\$ 50	5,000	May 17, 2019	1.32%
	\$ 50	159,100	January 17, 2020	41.98%
	\$ 50	17,500	January 15, 2021	4.62%
	\$ 55	30,000	January 17, 2020	7.92%
	\$ 60	33,900	January 17, 2020	8.94%
	\$ 65	38,900	January 17, 2020	10.26%
		330,400		87.18%

	Price in US Dollars	Number of Shares	Options Expiry Date	Potential Costs
Agnico Eagle	\$ 39.00	35,600	November 16, 2018	1,388,400
		35,600		\$ 1,388,400
Potential costs if put options are exercised:				USD \$ 1,388,400
Potential costs if put options are exercised:				CDN \$ 1,874,340

For the nine months ended September 30, 2018, Abitibi Royalties sold 31,939 call and 1,302 put option contracts (3,698 calls and 1,302 puts on Agnico shares and 28,241 calls on Yamana Gold shares) for total cash proceeds of \$1,714,611 (or US\$1,331,382). In addition, 18,927 call and 946 put option contracts expired (1,024 calls and 946 puts on Agnico and 17,903 calls on Yamana) and 14,984 contracts were repurchased before expiration (3,500 calls and 651 puts on Agnico and 10,833 calls on Yamana) for which Abitibi Royalties paid \$72,030 (or US\$55,667).

For the nine months ended September 30, 2017, Abitibi Royalties sold 29,417 calls and 4,444 put option contracts (3,476 calls and 4,444 puts on Agnico Eagle shares and 25,941 calls on Yamana Gold shares) for total cash proceeds of \$1,225,554 (or US\$937,112). In the same period, 17,030 option contracts (2,007 calls and 3,358 puts on Agnico Eagle and 11,665 calls on Yamana) expired or were repurchased before expiration.

In addition, on January 20, 2017, Abitibi Royalties was called to deliver 108,700 shares of Agnico Eagle (43,600 shares at US \$45 per share and 65,100 shares at US\$40 per share) and received, net of commission paid, \$6,096,765 (or US\$4,564,813) from the covered call options it had sold. In December 2017, Abitibi Royalties purchased 43,500 shares of Agnico Eagle at a price of US\$44.00 per share from a put option it had sold. Put contracts have been written on Agnico Eagle in order to repurchase the 65,100 shares which Abitibi Royalties was called on in January 2017. The puts have been priced below the amount that the shares were sold.

Deferred tax liability

Deferred tax liabilities have decreased by \$2,262,234, from \$3,482,519 as at December 31, 2017 to \$1,220,285 as at September 30, 2018.

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 deferred tax assets relating to the royalty expense of \$1,972,750 and tax losses of \$2,107,701 as a result of the conversion of the RSUs into common shares.

Equity

Share capital issued from exercise of incentive stock options

For the nine months ended September 30, 2018, the Company issued 1,480,000 of its common shares from the exercise of incentive stock options of 1,300,000 at a price of \$0.07 per share and of 180,000 at a price of \$0.17 per share for a total consideration of \$121,600.

For the nine months ended September 30, 2017, the Company issued 1,235,000 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 \$128,650.

Share capital issued from exercise of share purchase warrants

For the nine months ended September 30, 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 nine months ended September 30, 2017, the Company issued 9,000,000 of its common shares from the exercise of share purchase warrants at \$0.14 per share for a total consideration of \$1,260,000.

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.

	Sep-18	Jun-18	Mar-18	Dec-17	Sep-17	Jun-17	Mar-17	Dec-16
Total revenues (\$)	78,552	105,450	79,324	19,311	70,201	125,080	97,792	122,071
Net income (loss) and total comprehensive income (loss) for the period (\$)	(9,173,837)	2,419,475	(2,773,304)	1,506,461	(1,854,520)	(1,653,527)	(1,011,941)	(14,429,386)
Net income (loss) and total comprehensive income (loss) attributable to shareholders of Golden Valley (\$)	(4,587,186)	692,118	(1,789,777)	717,526	(1,561,757)	(1,061,126)	(699,586)	(8,778,389)
Net income (loss) and total comprehensive income (loss) attributable to the non-controlling interest (\$)	(4,586,651)	1,727,357	(983,527)	788,935	(292,763)	(592,401)	(312,355)	(5,650,997)
Net earnings (loss) per share (\$)								
Basic	(0.034)	0.005	(0.014)	0.006	(0.012)	(0.009)	(0.006)	(0.078)
Diluted	(0.034)	0.005	(0.014)	0.006	(0.012)	(0.009)	(0.006)	(0.078)

EXPLORATION ACTIVITIES AND EXPENDITURES

As at September 30, 2018 and December 31, 2017, total investments in exploration and evaluation assets amounted to \$2,564,431 and \$2,568,816, respectively.

The Company's and its 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 focused primarily on managing and/or monitoring the Golden Valley/Eldorado Gold Corp (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.

Evaluation and exploration expenditures incurred by the Company for the third quarter of 2018 amounted to \$37,794 and \$75,925 for the nine months period ended September 30, 2018, including \$23,176 on claim maintenance fees and \$48,842 on geological expenses.

LIQUIDITY AND CAPITAL RESOURCES

Consolidated total assets of the Company as at September 30, 2018 totaled \$37,342,677 (December 31, 2017 - \$47,684,383), which included cash and cash equivalents of \$3,713,789 (December 31, 2017 - \$5,073,071), restricted cash of \$539,185 (December 31, 2017 - \$545,052), short-term financial assets consisting of guaranteed investment certificates and marketable securities totaling \$990,870 (December 31, 2017 - \$1,819,888) and long-term investments mainly consisting of common shares in Agnico Eagle and Yamana totaling \$28,237,512 (December 31, 2017 - \$36,095,519).

The Company also had consolidated working capital of \$3,999,996 as at September 30, 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 nine months ended September 30, 2018 totaled \$4,210,428 compared to \$2,328,080 for the same period in 2017. The increase in cash outflows is primarily due to royalty expense of \$1,972,750 relating to the NSR and NPI interests acquired by Abitibi Royalties in July 2018, higher salaries and other employee benefits due to the payroll levies required to be remitted by Abitibi Royalties on the exercise of stock options and conversion of the RSUs into common shares as well as higher professional fees relating to investor relations and business development activities.

Investing activities resulted in net cash inflows of \$241,654 for the nine months ended September 30, 2018, compared with \$5,380,774 for the same period in 2017. The cash inflows for the nine months ended September 30, 2018 was the result of guaranteed investment certificates of \$230,000 maturing during the period, net of \$150,000 increase in investment in Val-D'Or Mining and International Prospect. The higher cash inflows for the nine months ended September 30, 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 \$2,569,224 for the nine months ended September 30, 2018 compared with cash inflows of \$1,235,845 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 \$1,655,457.

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 November 15, 2018:

Common shares: 133,918,577

Preferred Shares: Nil

Escrowed Shares: Nil

Incentive Stock Options

Expiry Date	Number of Options	Weighted Average Exercise Price
June 30, 2019	379,025	\$ 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
June 21, 2023	2,300,000	\$ 0.28
	14,098,189	\$ 0.32

CAPITAL STOCK INFORMATION OF ABITIBI ROYALTIES

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	12,519,539	Nil
Preferred shares	Nil	Nil
Warrants	Nil	Nil
Incentive stock options	81,171	Nil
Restricted share units	Nil	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
June 2, 2019	47,733	\$ 2.18
September 15, 2019	13,438	\$ 3.62
September 17, 2019	20,000	\$ 3.70
	<u>81,171</u>	

Restricted Share Units

Board of Directors of Abitibi Royalties had implemented a Restricted Share Unit Plan (the "RSU Plan"), which provided that restricted share units ("Share Units") could be granted by its Compensation and Corporate Governance Committee (the "Committee") to executive officers, directors, bona-fide full or part-time employees and consultants (each a "Participant") as a bonus or similar payment in respect of services rendered or otherwise as compensation, including as an incentive for future performance, or in satisfaction of dividends declared by Abitibi Royalties and payable to Participants. The aggregate number of common shares issuable pursuant to Share Units granted under the RSU Plan, prior to its termination at the end of the second quarter of 2018, would not, exceed 896,769 common shares, among other limits with respect to individual grants under the RSU Plan. At the time Share Units were granted to a Participant, the Committee determined any time-based or other conditions as to the vesting of the Share Units and the expiry date (the "Expiry Date") for such Share Units. The Expiry Date of a Share Unit granted was the third anniversary of its date of grant, unless the Committee determines an earlier date, or subject to accelerated expiry in the event of a change of control at Abitibi Royalties.

In fiscal year 2016, Abitibi Royalties granted 583,365 Share Units to officers, directors and consultant of which 25% vested on the date of grant with the remaining balance vesting equally on each anniversary date of grant. Expiration dates for the two grants of 72,500 and 510,865 are February 4, 2019 and March 16, 2019, respectively.

On June 29, 2018, CDPQ made a strategic investment in Abitibi Royalties by purchasing 588,235 common shares (approximately 4.7% of the outstanding common shares) of Abitibi Royalties. In order to facilitate the investment by CDPQ, certain members of the Abitibi Royalties' board, management, and consultants (the "participants") exercised 516,740 stock options and Abitibi Royalties converted the participants' Share Units into 583,365 common shares and thereafter the participants agreed to sell, through a private transaction, 588,235 common shares to CDPQ. Of the RSUs converted into 583,365 common shares of Abitibi Royalties, 360,572 were sold to CDPQ. The remaining RSU shares of 222,794 will be held in escrow until their original expiration dates of February 4, 2019 and March 19, 2019. Following the transaction with CDPQ, Abitibi Royalties terminated its RSU Plan, thereby eliminating the remaining 313,404 RSUs that were available for issuance.

Normal Course Issuer Bid

On September 25, 2017, Abitibi Royalties announced the renewal of its normal course issuer bid ("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 were cancelled.

On September 26, 2018, Abitibi Royalties received conditional acceptance to renew its NCIB for another year until October 5, 2019. This new approval allows Abitibi Royalties to purchase up to 626,306 (representing 5% of Abitibi Royalties' total issued and outstanding common shares as of September 25, 2018) of its common shares.

For the nine months ended September 30, 2018, Abitibi Royalties repurchased and cancelled 4,600 of its common shares at prices varying from \$9.60 to \$9.99 for a total of \$44,949.

For the nine months ended September 30, 2017, Abitibi Royalties repurchased and cancelled 66,600 of its common shares at prices varying from \$9.03 to \$9.40 for a total of \$614,930.

RELATED PARTIES TRANSACTIONS

The information pertaining to related party transactions are disclosed in Note 21 of the unaudited condensed consolidated interim financial statements as at September 30, 2018.

OFF BALANCE SHEET ARRANGEMENTS

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

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 September 30, 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 year amounting to \$34,956.

CHANGES IN ACCOUNTING 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 September 30, 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.

	As at	
	September 30,	December 31,
	2018	2017
ASSETS		
Current		
Cash and cash equivalents	\$ 3,713,789	\$ 5,073,071
Restricted cash	539,185	545,052
Short-term financial assets	990,870	1,819,888
Other assets	187,859	411,734
Prepaid expenses	27,399	23,955
	<u>5,459,102</u>	<u>7,873,700</u>
Current		
Accounts payable and accrued liabilities		
Due to related parties	\$ 92,841	\$ 373,213
Other liabilities	172,225	219,574
Derivative financial instruments	1,194,040	1,428,140
	<u>1,459,106</u>	<u>2,020,927</u>
Working Capital	\$ 3,999,996	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 remains highly dependent upon contractors and third parties for the performance of its 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 it 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 due to premium costs as well as 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.