Golden Valley Mines Ltd.

Audited Consolidated Financial Statements
For the Years Ended December 31, 2018 and 2017

(Expressed in Canadian dollars)

MNP SENCRL srl / LLP

Independent Auditor's Report

To the Shareholders of Golden Valley Mines Ltd.:

Opinion

We have audited the consolidated financial statements of Golden Valley Mines Ltd. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and December 31, 2017, and the consolidated statements of loss and other comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018 and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Anand Beejan.

MNP SENCRL, srl [1]

Montréal, Québec

April 19, 2019

[1] CPA auditor, CA, public accountancy permit no. A126822

GOLDEN VALLEY MINES LTD.

Consolidated Statements of Financial Position

	Notes		As at December 31, 2018		As at December 31, 2017
ASSETS					
Current					
Cash and cash equivalents	6	$	2,240,996	$	5,073,071
Restricted cash	7		-		545,052
Short-term financial assets	8		610,228		1,819,888
Other assets	9		75,392		411,734
Prepaid expenses			22,145		23,955
			2,948,761		7,873,700
Non-current					
Property and equipment			4,580		9,697
Investment in associates	11		1,558,410		1,136,651
Exploration and evaluation assets	12		2,231,238		2,568,816
Investments	14		34,323,826		36,095,519
TOTAL ASSETS		$	41,066,815	$	47,684,383
LIABILITIES					
Current					
Accounts payable and accrued liabilities		$	576,087	$	592,787
Derivative financial instruments	15		2,595,878		1,428,140
			3,171,965		2,020,927
Non-Current					
Deferred tax liabilities	16		1,432,465		3,482,519
Total liabilities			4,604,430		5,503,446
EQUITY					
Capital stock	17		28,289,902		27,530,938
Warrants	18		-		168,066
Contributed surplus			5,683,266		5,011,629
Deficit			(15,150,387)		(10,237,073)
Total equity attributable to owners of the parent company			18,822,781		22,473,560
Non-controlling interest			17,639,604		19,707,377
Total equity			36,462,385		42,180,937
TOTAL LIABILITIES AND EQUITY		$	41,066,815	$	47,684,383

Approved by the Board of Directors on April 19, 2019.

"*Glenn J. Mullan*"
(signed Glenn J. Mullan)
Director

"*William D. McCartney*"
(signed William D. McCartney)
Director

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

GOLDEN VALLEY MINES LTD.

Consolidated Statements of Net loss and Statement of Comprehensive loss

	Notes		For the year ended December 31, 2018		2017
Revenues					
Dividends		**$**	**314,202**	$	265,368
Royalties			**14,910**		2,057
Option revenue			**25,000**		25,000
Geological fees			**9,521**		14,959
			363,633		307,384
Operating Expenses					
Salaries and other employee benefits	21		**1,873,051**		1,767,844
Share-based compensation	19		**1,031,791**		1,789,475
Professional and legal fees			**848,907**		1,109,058
General and administrative expenses	20		**388,338**		477,989
Management fees			**214,013**		224,370
Exploration and evaluation			**96,725**		28,338
Depreciation of property and equipment			**5,117**		3,018
Impairment of exploration and evaluation assets			**73,147**		560,942
Royalty purchases	13		**2,165,250**		20,978
			6,696,339		5,982,012
Operating loss			**(6,332,706)**		(5,674,628)
Other income (loss)					
Foreign exchange gain (loss)			**196,834**		(322,775)
Gain on settlement of receivable			**39,000**		-
Finance income			**22,294**		10,552
Change in fair value of investments			**(3,158,213)**		1,730,882
Finance cost			**(90,048)**		(78,803)
Settlement fee			-		120,000
Reversal of liability of flow-through shares			-		19,941
Gain from loss of control of subsidiary			-		934,204
Share of loss in associates	11		**(183,907)**		(96,803)
			(3,174,040)		2,317,198
Net loss before income taxes			**(9,506,746)**		(3,357,430)
Deferred tax recovery			**(2,050,054)**		(343,903)
Net loss and comprehensive loss for the year		**$**	**(7,456,692)**	$	(3,013,527)
Net loss and comprehensive loss attributable to:					
Shareholders of Golden Valley Mines Ltd.		**$**	**(5,021,676)**	$	(2,604,943)
Non-controlling interest			**(2,435,016)**		(408,584)
		$	**(7,456,692)**	$	(3,013,527)
Loss per share attributable to Golden Valley Mines' shareholders:					
Basic loss per share	22	**$**	**(0.038)**	$	(0.021)
Diluted loss per share	22	**$**	**(0.038)**	$	(0.021)

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

GOLDEN VALLEY MINES LTD.

Consolidated Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

	Note	Capital Stock Number	Capital Stock	Warrants	Contributed Surplus	Deficit	Total attributable to owners of the parent company	Non-controlling interest	**Total Equity**
Balance at January 1, 2018		**129,788,577**	**$ 27,530,938**	**$ 168,066**	**$ 5,011,629**	**$ (10,237,073)**	**$ 22,473,560**	**$ 19,707,377**	**$ 42,180,937**
Share based payments		**-**	**-**	**-**	**770,887**	**-**	**770,887**	**-**	**770,887**
Shares issued by exercise of stock options	17	**1,480,000**	**220,850**	**-**	**(99,250)**	**-**	**121,600**	**-**	**121,600**
Shares issued by exercise of warrants	18	**2,650,000**	**539,066**	**(168,066)**	**-**	**-**	**371,000**	**-**	**371,000**
Share issue expenses		**-**	**(952)**	**-**	**-**	**-**	**(952)**	**-**	**(952)**
Change in interest of subsidiaries		**-**	**-**	**-**	**-**	**108,362**	**108,362**	**367,243**	**475,605**
		133,918,577	**28,289,902**	**-**	**5,683,266**	**(10,128,711)**	**23,844,457**	**20,074,620**	**43,919,077**
Net loss and comprehensive loss for year						**(5,021,676)**	**(5,021,676)**	**(2,435,016)**	**(7,456,692)**
Balance at December 31, 2018		**133,918,577**	**$ 28,289,902**	**$ -**	**$ 5,683,266**	**$ (15,150,387)**	**$ 18,822,781**	**$ 17,639,604**	**$ 36,462,385**
Balance at January 1, 2017		116,103,577	$ 25,317,470	$ 424,448	$ 3,843,686	$ (7,993,947)	$ 21,591,657	$ 20,509,577	$ 42,101,234
Share based payments		-	-	-	1,274,082	-	1,274,082	-	1,274,082
Shares issued by exercise of stock options	17	1,435,000	256,789	-	(106,139)	-	150,650	-	150,650
Shares issued by exercise of warrants	18	12,250,000	1,971,382	(256,382)	-	-	1,715,000	-	1,715,000
Share issue expenses		-	(14,703)	-	-	-	(14,703)	-	(14,703)
Loss of control of subsidiary		-	-	-	-	-	-	(1,671,217)	(1,671,217)
Change in interest of subsidiaries		-	-	-	-	361,817	361,817	1,277,601	1,639,418
		129,788,577	27,530,938	168,066	5,011,629	(7,632,130)	25,078,503	20,115,961	45,194,464
Net loss and comprehensive loss for year						(2,604,943)	(2,604,943)	(408,584)	(3,013,527)
Balance at December 31, 2017		129,788,577	$ 27,530,938	$ 168,066	$ 5,011,629	$ (10,237,073)	$ 22,473,560	$ 19,707,377	$ 42,180,937

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

GOLDEN VALLEY MINES LTD.

Consolidated Statements of Cash Flows
For the years ended December 31, 2018 and 2017

	Note		2018		2017
OPERATING ACTIVITIES					
Net loss for the year		$	**(7,456,692)**	$	(3,013,527)
Adjustments:					
Share-based payments	19		**1,031,791**		1,789,475
Depreciation of property and equipment			**5,117**		3,018
Impairment of exploration and evaluation assets			**73,147**		560,942
Amortization of exploration and evaluation assets			**-**		927
Option revenue netted against exploration and evaluation assets			**-**		125,000
Foreign exchange loss			**85,759**		326,146
Gain from loss of control of subsidiary			**-**		(934,204)
Gain from settlement of receivable			**(39,000)**		-
Share of loss in associates	11		**183,907**		96,803
Deferred tax recovery			**(2,050,054)**		(343,903)
Change in fair value of short-term financial assets			**755,216**		507,273
Changes in fair value of investments			**3,301,611**		(2,151,183)
Changes in fair value of derivative financial instruments			**(898,057)**		(404,201)
			(5,007,255)		(3,437,434)
Changes in working capital items	27		**171,451**		27,518
Cash flows used by operating activities			**(4,835,804)**		(3,409,916)
INVESTING ACTIVITIES					
Acquisition of short-term financial assets			**(25,556)**		(230,000)
Acquisition of investments			**(1,994,601)**		(1,585,414)
Disposal of investments			**325,110**		6,098,350
Disposal of short-term financial assets			**480,000**		250,304
Purchase of property and equipment			**-**		(2,000)
Cash on loss of control of subsidiary			**-**		(609,298)
Tax credits received			**16,252**		-
Additions to exploration and evaluation assets			**(168,487)**		(318,401)
Cash flows (used by) from investing activities			**(1,367,282)**		3,603,541
FINANCING ACTIVITIES					
Issuance of shares by exercise of stock options			**121,600**		150,650
Share issue expenses			**(952)**		(14,703)
Issuance of shares by exercise of warrants	18		**371,000**		1,715,000
Net increase in derivative financial instruments			**2,205,368**		1,343,209
Increase (decrease) in restricted cash	7		**545,052**		(545,052)
Change in interest in subsidiaries			**214,702**		(168,689)
Cash flows from financing activities			**3,456,770**		2,480,415
Effect of foreign exchange rate changes on cash and cash equivalents			**(85,759)**		(326,146)
Net change in cash and cash equivalents		$	**(2,832,075)**	$	2,347,894
Cash and cash equivalents, beginning of year			**5,073,071**		2,725,177
Cash and cash equivalents, end of year		$	**2,240,996**	**$**	5,073,071

See Note 27 for additional information on cash flows.

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

1) NATURE OF OPERATIONS

Golden Valley Mines Ltd. (hereinafter "Golden Valley" or the "Company") and its subsidiaries specialize in identifying, acquiring and developing exploration and evaluation minerals in Canada as well as acquiring royalties.

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

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

Golden Valley was incorporated on August 15, 2000 under the Canada Business Corporations Act. The address of Golden Valley's registered office is 152 Chemin de la Mine École, Val-d'Or, J9P 7B6, Québec, Canada. The address of Golden Valley's principal place of business is 2864 Chemin Sullivan, Val-d'Or, Québec, J9P 0B9. Golden Valley's shares are listed on the TSX Venture Exchange.

Abitibi Royalties and Calone Mining were incorporated on February 18, 2010 and on February 23, 2010, respectively, pursuant to the British Columbia Business Corporations Act. Both subsidiaries have its head office located at 152 Chemin de la Mine École, Val-d'Or, Québec, Canada. registered and records office located at #530 - 355 Burrard Street, Vancouver, B.C. V6C 2G8 and administrative offices located at 800 René-Lévesque Boulevard West, Suite 425, Montréal, Québec, H3B 1X9.

2) BASIS OF PRESENTATION

Statement of *Compliance*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and have been prepared using the historical cost convention, as modified by revaluation of certain financial instruments, which are measured in accordance with the policy described in note 3. Accounting policies are consistently applied to all years presented, unless otherwise stated.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company`s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

Approval of Financial Statements

These consolidated financial statements were approved for issuance by the Board of Directors on April 19, 2019.

3) NEW AND REVISED IFRS

New accounting standards

IFRS 9 - Financial Instruments

In July 2014, the IASB published IFRS 9 which replaces IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces improvements which include a logical model for classification and measurement of financial instruments, a single, forward-looking "expected credit loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

As a result of the adoption of IFRS 9, the Company has changed its accounting policy for financial instruments retrospectively, for ones that were recognized at the date of application, which was January 1, 2018. The change did not impact the carrying value of any financial instruments on this date. The following is the Company's new accounting policy under IFRS 9.

a) Classification

In implementing IFRS 9, the Company updated the financial instruments classification within its accounting policy as follows:

Financial Assets/ Liabilities	Original classification under IAS 39	New classification under IFRS 9
Cash and cash equivalents	Loans and receivables at amortized cost	Financial Assets at amortized costs
Restricted cash	Loans and receivables at amortized cost	Financial Assets at amortized costs
Short-term financial assets		
Marketable securities	Fair value through profit or loss ("FVTPL")	FVTPL
Other short-term financial assets	Loans and receivables at amortized cost	Financial Assets at amortized costs
Other assets	Loans and receivables at amortized cost	Financial Assets at amortized costs
Investments	Fair value though profit or loss ("FVTPL")	FVTPL
Accounts payable and accrued liabilities	Other Financial Liabilities at amortized cost	Financial Liabilities at amortized costs
Derivative financial instruments	FVTPL	Financial Liabilities at FVTPL

The Company determines the classification of financial assets at initial recognition. The classification of its instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at fair value through other comprehensive income ("FVTOCI"). Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

3) NEW AND REVISED IFRS (continued)

b) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net loss in the period in which they arise. Where Company has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive loss.

c) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company recognizes in the statements of net loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized. Given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings and the negligible historical level of dividends default, the loss allowance was $nil as at December 31, 2018 and December 31, 2017.

IFRS 15 - Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15. The new standard is effective for fiscal years beginning on or after January 1, 2018 and is to be applied retrospectively. Early adoption is permitted. IFRS 15 will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

3) NEW AND REVISED IFRS (continued)

IFRS 15 - Revenue from Contracts with Customers (continued)

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs.

As of January 1, 2018, the Company has adopted IFRS 15 and has concluded that, based on its current operations, the adoption of IFRS 15 had no significant impact on the Company's financial statements. Specifically, on its mining option arrangements, based on IFRS 15, the Company has concluded that its typical option agreements with a customer (optionee) clearly identifies; (a) the rights and obligations of both parties, (b) the Company performance obligations and (c) the overall transaction price. Under the mining option arrangements, the control over the mineral properties occurs at the outset of the agreement while the transfer of title may not occur until after all of the option terms have been satisfied. Within the mining option agreements, the Company's performance obligations are:

a) provide access to the mineral property to allow the customer the right to explore and assess a mineral property during an option period,
b) transfer the title to the mineral property after all of the option terms have been completed.

As a result of the challenges of estimating future payments, the Company believes that it is appropriate to recognize option revenues as received. As a result of the limited number of contracts in place, the Company applies the five-step model at the individual contract level. Payment terms are also clearly identified in the agreements, and usually include the following:

a) cash (upfront and pre-determined amounts at milestone dates);
b) shares (upfront and a fixed number of shares at milestone dates). The shares are valued at the stock price on the date of the share certificate.

Once the option term is completed, and all commitments are met, the Company is also entitled to payments relating to the NSR. Under our current accounting policies, royalty income is recognized on a cash basis in accordance with the substance of the relevant agreements. The Company will continue to apply the same methods and processes in recording this revenue, as the Company believe it fits within the new standard. In summary, the cash, shares, and royalty income should all be recorded as received.

3) NEW AND REVISED IFRS (continued)

Standards and interpretations issued but not yet effective

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company’s consolidated financial statements.

IFRS 16 - Leases

In January 2016, the IASB published IFRS 16 – Leases, which will replace IAS 17 – Leases. This IFRS eliminates the classification as an operating lease and requires lessees to recognise a right-of-use asset and a lease liability for all leases with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease, sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods, changes the accounting for sale and leaseback arrangements, largely retains IAS 17’s approach to lessor accounting and introduces new disclosure requirements. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 with early application permitted in certain circumstances. The Company is currently in the process of assessing the impact of IFRS 16 on its financial statements.

IFRIC Interpretation 23 – Uncertainty over Income Tax Treatments

IFRIC Interpretation 23– Uncertainty over Income Tax Treatments ("IFRIC 23") was issued by the IASB on June 7, 2017. IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual period beginning on or after January 1, 2019. Earlier application is permitted. The Company intends to adopt the Interpretation in its financial statements for the annual period beginning on January 1, 2019. The Company is currently in the process of assessing the impact of IFRIC 23 on its financial statements.

4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarized below.

a) Basis of consolidation

The Company's financial statements consolidate the accounts of Golden Valley Mines Ltd., the parent company, and all of its subsidiaries until December 31, 2018.

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when an investor is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. Where the Company's interest in a subsidiary is less than 100%, the Company recognizes non-controlling interests. All intercompany balances, transactions, income, expenses, profits and losses, including unrealized gains and losses have been eliminated on consolidation.

When the Company ceases to have control; any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

For Abitibi Royalties Inc. ("Abitibi Royalties"), the Company has control through its own percentage holding in Abitibi Royalties combined with interest of certain members of Golden Valley's Board of Directors in Abitibi Royalties as well as its ability to appoint members of the Board of Directors and key management who have the ability to direct its activities.

For International Prospect, in prior years and up to May 23, 2017, the Company had control over International Prospect and therefore International Prospect was considered a subsidiary of the Company. On May 23, 2017, International Prospect issued 1,400,000 common shares pursuant to an exercise of share purchase warrants further reducing Golden Valley's interest in International Prospect to 20.8%. As a result of this transaction, along with other factors, the Company reviewed the criteria for previously consolidating International Prospect and determined it no longer controls International Prospect but just had significant influence. Consequently, the Company recognized its investment in International Prospect as an Investment in Associate, using the equity method (note 11).

4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidiaries (continued)

For Val-d'Or Mining, in prior years and up to November 30, 2017, the Company had control over Val-d'Or Mining and therefore Val-d'Or Mining was considered a subsidiary of the Company. In the first quarter of 2017, Val-d'Or Mining issued a total of 5,468,661 of its common shares pursuant to a private placement of 4,353,461 units and to an exercise of 890,000 warrants. Furthermore, in the fourth quarter of 2017, Val-d'Or Mining issued 14,800,000 of its common shares pursuant to a short form prospectus and private placement offering, resulting in a reduction in Golden Valley's interest in Val-d'Or Mining to 24.63% as at December 31, 2017. As a result of this transaction, the Company reviewed the criteria for previously consolidating Val-d'Or Mining and determined it no longer controls Val-d'Or Mining but just had significant influence. Consequently, the Company recognized its investment in Val-d'Or Mining as an Investment in Associate using the equity method (note 11).

Associates

Associates are entities, including unincorporated entities such as partnerships, over which the Company has significant influence and that are neither subsidiaries nor interests in joint arrangements. Significant influence is the ability to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies. In general, significant influence is presumed to exist when the Company has between 20% and 50% of voting power. Significant influence may also be evidenced by factors such as the Company's representation on the board of directors, participation in policy-making of the investee, material transactions with the investee, interchange of managerial personnel, or the provision of essential technical information. Associates are equity accounted for from the effective date of commencement of significant influence to the date that the Company ceases to have significant influence.

Results of associates are equity accounted for using the results of their most recent annual financial statements or interim financial statements, as applicable. Losses from associates are recognized in the consolidated financial statements until the interest in the associate is written down to nil. Thereafter, losses are recognized only to the extent that the Company is committed to providing financial support to such associates.

The carrying value of the investment in an associate represents the cost of the investment, including goodwill, a share of the post-acquisition retained earnings and losses, accumulated other comprehensive income ("AOCI") and any impairment losses. At the end of each reporting period, the Company assesses whether there is any objective evidence that its investment in associate is impaired. No impairment was required for the years ended December 31, 2018 and 2017.

4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The significant subsidiaries and investment in associates of the Company are listed below. Principal activities of these entities, which are all incorporated in Canada, are mineral exploration and acquisition of royalties and have a reporting date of December 31:

Percentage of ownership	As at December 31, 2018	As at December 31, 2017
Subsidiaries (consolidated)		
Abitibi Royalties Inc.	**44.83%**	49.16%
Calone Mining Ltd.	**100.00%**	100.00%
Investment in associates (equity method)		
International Prospect Ventures Ltd.	**17.53%**	16.62%
Val-d'Or Mining Corporation	**24.82%**	24.63%

b) Foreign Currency

Functional and presentation

The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the parent company and all subsidiaries.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rates). Foreign exchange gains and losses resulting from the settlement of such transactions and from the premeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in profit or loss.

Non-monetary items are not re-translated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the dates when fair value was determined.

c) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable arising from rendering of services, the use by others of the Company’s assets yielding option income and royalties, and the results on investments in financial instruments which yield interest and dividends. The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when the specific criteria have been met for each of the Company’s activities as described below.

4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividends

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Royalties

Royalties consist of revenues earned directly from royalty agreements. Revenue recognition generally occurs in the month of production from the royalty property. Revenue is measured at fair value of the consideration received or receivable when management can reliably estimate the amounts pursuant to the terms of the royalty agreement. In some instances, the Company will not have access to sufficient information to make a reasonable estimate of revenue and accordingly, revenue recognition is deferred until management can make a reasonable estimate. Differences between estimated and actual amounts are adjusted and recorded in the period that the actual amounts are known.

Option income

Option income is recognized on an accrual basis in accordance with the substance of the relevant agreements. Shares received under option agreements are valued at fair value which is determined at quoted market prices if the shares are quoted on an active market. If the market for the shares is not active, fair value is established by using a valuation technique. Option income is initially recorded as a credit against the carrying costs of the mineral property and deferred exploration expenses until they are fully recovered.

Geological fees

The geological fees are measured by reference to the fair value of consideration received or receivable by the Company for services provided. They are recognized when there is reasonable evidence that an agreement has occurred, that the services were rendered, that the amount of the fees is fixed or measurable and that the collection is reasonably assured.

Interest income

Interest income is recorded on an accrual basis.

4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Cash and cash equivalents and Restricted cash

Cash and cash equivalents comprise cash in bank and demand deposits, which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. It also includes highly liquid short-term investments initially maturing within three months of their acquisition date.

Restricted cash relates to funds held as collateral on the put option contracts. The funds will become unrestricted once the put option contracts are exercised, repurchased or expired.

e) Tax credit receivable

The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred and a refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized against the exploration and evaluation expenditures incurred, based on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

f) Property and equipment

Property and equipment are recognized at cost less accumulated depreciation. Cost includes all costs incurred initially to acquire or construct an item of property and equipment, costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and costs incurred subsequently to add to or replace part of it. Recognition of costs in the carrying amount of an item of property and equipment ceases when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. Upon the transfer of exploration and evaluation assets to property and equipment under mining assets under construction, all subsequent expenditures on the construction, installation or completion of equipment and infrastructure facilities are capitalized within mining assets under construction. When development stage is completed, all assets included in the mining assets under construction category are then transferred to mining assets.

Depreciation is recognized on a straight-line basis to write down the cost to its estimated residual value, with a constant charge over the useful life of the asset. The periods generally applicable are as follows:

	Useful life
Office furniture	5 years
Computer equipment	3 years
Leasehold improvement	5 years
Exploration and evaluation equipment	3 years

4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The depreciation expense for each period is recognized in profit or loss except for certain items of property and equipment related to exploration and evaluation activities where the depreciation expense is included in the carrying amount of an exploration and evaluation asset when it relates to a specific exploration and evaluation project. The residual value, depreciation method and the useful life of each asset are reviewed at least at each financial year-end.

The carrying amount of an item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property and equipment is included in profit or loss when the item is derecognized.

g) Exploration and evaluation expenditures and Exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, the costs of acquiring mineral rights, expenses related to the exploration and evaluation of mining properties less refundable tax credits related to these expenses are recognized as exploration and evaluation assets. Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expense is recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts; the difference is then immediately recognized in profit or loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification. To date, neither the technical feasibility nor the commercial viability of a mineral resource has been demonstrated.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Disposal of interest in connection with option agreement

On the disposal of interest in connection with an option agreement, the Company does not recognize expenses related to the exploration and evaluation performed on the property by the acquirer. In addition, the cash or the share consideration received directly from the acquirer is credited against the costs previously capitalized to the property, and the surplus is recognized as a gain on the disposal of exploration and evaluation asset in profit or loss.

i) Royalty purchases

Royalty purchases consist of acquiring royalties in exploration and evaluation stage properties. These properties represent early stage exploration properties that are speculative and are expected to require more than two years to generate revenues, if ever, or are currently not active. Acquisition costs of royalty purchases are recorded in profit or loss in accordance with IFRS 6, Exploration for and Evaluation of Mineral Resource.

j) Operating lease agreement

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under an operating lease are charged to profit and loss on a straight-line basis over the period of the lease. Related expenses, such as maintenance and insurance expenses, are charged as they are incurred.

k) Impairment of exploration and evaluation assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level. Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment. Impairment reviews for exploration and evaluation assets are carried out on a project by project basis with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise but typically when one of the following circumstances apply:

a) the right to explore the area has expired or will expire in the near future with no expectation of renewal;
b) no further exploration or evaluation expenditures in the area are planned or budgeted;
c) no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
d) sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment. An impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use. An impairment charge is reversed if the asset's or cash-generating unit's recoverable exceeds its carrying amount. The amount of such reversal is limited to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss previously been recognized.

l) Provisions

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is a constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

As at December 31, 2018 and 2017, there was no provision recognized in the consolidated statement of financial position.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred and current tax not recognized in other comprehensive loss or directly in equity.

Current tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and associates is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that the reversal will occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred tax expense or recovery in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

According to the provisions of tax legislation relating to flow-through placements, the Company has to transfer its right to tax deductions for expenses related to exploration activities to the benefit of the investors. When the Company has fulfilled its obligation to transfer its right, which happens when the Company has incurred, eligible expenditures and has renounced (or has the intention to renounce) its right to tax deductions, a deferred tax liability is recognized for taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset and its tax basis.

4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Equity

Capital stock

Capital stock represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs. If shares are issued when stock options, warrants and conversion of convertible unsecured debenture are exercised, the capital stock account also comprises the compensation costs and the fair value of the options, warrants and equity of convertible debenture previously recorded as contributed surplus and warrants.

Unit placements

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to warrants.

Flow-through placements

Issuance of flow-through shares units represents in substance an issue of common shares, warrants and the sale of a right to tax deduction to the investors. When the flow-through share units are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the consolidated statement of financial position.

The proceeds received from flow-through unit placements are allocated between common shares, warrants and other liabilities using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance then to warrants according to their fair value at the time of issuance and the residual proceeds are allocated to the other liabilities. The fair value of warrants is determined using the Black-Scholes evaluation model. The other liabilities component recorded initially on the issuance of shares is reversed on the renouncement or the intention of renouncement of the right to tax deductions to the investors and when eligible expenses are incurred and recognized in profit or loss in reduction of deferred tax expense.

Other elements of equity

Contributed surplus includes charges related to stock options and call options on shares of a subsidiary until such stock options are exercised and charges related to warrants expired. Warrants include expenses relating to the issuance of warrants until the exercise of the warrants or until they expire as which time their fair value and related expenses are transferred to contributed surplus.

Conversion option of convertible unsecured debenture represent the equity component of convertible debenture. Deficit includes all current and prior period retained profits or losses.

4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Equity-settled share-based payments

The Company operates equity-settled share-based remuneration plans (stock options plans) for its eligible directors, officers, employees and consultants. The Company's plans do not feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company measures their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with employees and others providing similar services, the Company measures the fair value of the services received by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All equity-settled share-based payments (except compensation warrants) are ultimately recognized as an expense or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to contributed surplus, in equity. Compensation warrants, in respect of an equity financing, are recognized as shares issue expenses of the equity instruments with a corresponding credit to warrants, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting year, based on the best available estimate of the number of stock options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of stock options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if stock options ultimately exercised are different to that estimated on vesting.

Restricted Share Unit Plan

Abitibi Royalties operates a Restricted Share Unit (“RSU”) plan for its directors, executive officers, full or part-time employees and consultants. RSUs that have been vested will be payable, in cash or common shares, at the sole discretion of Abitibi Royalties. The share-based remuneration expense of the RSUs is based on the fair value of Abitibi Royalties' common shares at the grant date.

4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Share Unit Plan (continued)

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of RSUs expected to vest. Non-market vesting conditions are included in assumptions about the number of RSUs that are expected to be issued or paid. Estimates are subsequently revised if there is any indication that the number of RSUs expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if the number of RSUs that are ultimately issued or paid is different to that estimated on vesting.

The accumulated charges related to the RSU recorded in contributed surplus are transferred to capital stock on issuance of shares in payment of vested RSU or against cash if settled in cash.

p) Segment reporting

The Company presents and discloses segmented information based on information that is regularly reviewed by the Executive Chairman and the Board of Directors. The Company has determined that it has only one operating segment, the sector of identifying, acquiring and developing exploration and evaluation minerals and acquisition of royalties. All its exploration and evaluation assets and royalty projects are located in Canada.

q) Basic and diluted loss per share

Basic loss per share is calculated by dividing the net loss attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive share equivalents, such as stock options and warrants.

When a loss is incurred during a period, basic and diluted loss per share are the same because the exercise of share equivalents is then considered to be anti-dilutive.

To determine the dilutive impact of stock options, the Company uses the Treasury Stock Method which assumes that any proceeds from the exercise of in-the-money stock options would be used to purchase the maximum number of common shares of the Company at the average market price during the period. The assumption of exercise is not reflected in the calculation of earnings per share when the exercise price of the share equivalents considered individually exceeds the average market price for the period.

5) JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When preparing the consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

Significant management judgments

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the consolidated financial statements.

Control over Abitibi Royalties

As described in note 4, Abitibi Royalties is accounted for as a subsidiary of the Company even though the Company only has a 44.83% (2017 - 49.16%) ownership interest in Abitibi Royalties. The Company assessed whether or not the Company has control over Abitibi Royalties based on whether the Company has the practical ability to direct the relevant activities of Abitibi Royalties unilaterally. In making this judgment, the Company considers its own percentage holding in Abitibi Royalties combined with interest of certain members of its Board of Directors as well as its ability to appoint members of the Board of Directors and key management who have the ability to direct activities. The Company concluded that it has a sufficiently dominant voting interest to direct the relevant activities of Abitibi Royalties and have de-facto control.

Significant influence over International Prospect and Val-d'Or Mining

As described in note 4, International Prospect and Val-d'Or Mining are associates of the Company although the Company only owns a 16.62% and 24.63% ownership interest in each of these companies, respectively. The Company has significant influence over International Prospect and Val-d'Or Mining by virtue of ownership interest, representation on the board of directors, interchange of managerial personnel and intercompany transactions in each of these companies.

Classification of financial instruments

All financial assets are classified in one of the following categories: fair value through profit or loss or loans and receivables at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets upon initial recognition. Financial assets at fair value through profit or loss are financial assets classified as held for trading or upon initial recognition are designated by the Company as fair value through profit or loss. Financial assets are classified as held for trading if acquired with the intent to sell in the short-term.

Loans and receivables at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

5) JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Recognition of deferred tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. The assessment of availability of future taxable profits involves significant judgment. A deferred tax asset is recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. To date, management has not recognized any deferred tax assets in excess of existing temporary differences expected to reverse within the carry-forward period.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and assumptions in many cases.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated. In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recovered from either exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own shares, levels of forfeiture, the probable life of share options and compensation warrants granted and the time of exercise of those share options and compensation warrants. The model used by the Company is the Black-Scholes valuation model.

(Expressed in Canadian dollars unless otherwise noted)

5) JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Tax credits receivable

The calculation of the Company's refundable tax credit on qualified exploration expenditure incurred and refundable tax credit involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until a notice of assessment has been issued by the relevant taxation authority and payment has been received. Difference arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to the refundable tax credit, exploration and evaluation assets, and income tax expense in future periods.

6) CASH AND CASH EQUIVALENTS

		As at December 31, 2018		As at December 31, 2017
Cash	**$**	**1,929,212**	$	4,765,529
Demand deposits, redeemable at any time		**311,784**		307,542
	$	**2,240,996**	$	5,073,071

Demand deposits represent money market mutual funds earning income at an annual rate of 1.25% that are cashable at any time.

7) RESTRICTED CASH

Restricted cash represents funds held as collateral on the put option contracts referred to in Note 15 "*Derivative financial instruments*". The funds will become unrestricted once the put option contracts are exercised, repurchased or expired. No cash is restricted as at December 31, 2018 as there are no outstanding put option contracts. Restricted cash of $545,052 (or US$434,477) as at December 31, 2017 relates to funds held as collateral on the outstanding put option contracts of 65,100 shares of Agnico as at December 31, 2017

8) SHORT-TERM FINANCIAL ASSETS

		As at December 31, 2018		As at December 31, 2017
Marketable securities (1)	**$**	**609,374**	$	1,339,034
Guaranteed investment certificates		**-**		480,000
Money market investment funds		**854**		854
	$	**610,228**	$	1,819,888

1) Marketable securities represent shares of publicly traded mining exploration companies and are recorded at fair value using quoted market prices.

(Expressed in Canadian dollars unless otherwise noted)

9) OTHER ASSETS

		As at December 31, 2018		As at December 31, 2017
Sales taxes recoverable	**$**	**34,028**	$	41,950
Dividend receivable		**23,000**		22,000
Royalty receivable		**14,105**		-
Interest receivable		**2,189**		1,591
Accounts receivables		**2,070**		91,510
Tax credits receivable		**-**		46,011
Due from related parties [(1)]		**-**		208,672
	$	**75,392**	$	411,734

1) As at December 31, 2018, no amount is due from related parties. As at December 31, 2017, due from related parties includes amounts of $104,761 and $103,911 from Val-d'Or Mining and International Prospect, respectively (note 11).

10) INVESTMENT IN SUBSIDIARIES

The Company owns 5,605,246 common shares or 44.83% (49.16% in 2017) of Abitibi Royalties; the change in percentage of ownership resulted in a decrease in interest of subsidiaries under non-controlling interest on the statement of changes in equity in the amount of $367,243 ($116,006 in 2017).

		As at December 31,		
Abitibi Royalties Inc.		**2018**		2017
Current assets	$	**1,756,946**	$	5,112,078
Non-current Assets		**34,323,826**		36,134,872
Current liabilities		**3,027,916**		1,843,160
Non-current liabilities		**1,432,465**		3,482,519
Total equity attributable to non-controlling interest		**17,639,604**		19,707,377
For the year ended December 31,				
Net loss and comprehensive loss	$	**(4,776,490)**	$	(196,116)
Net loss and comprehensive loss attributable to non-controlling interest		**(2,435,016)**		(92,277)
Cash flows used by operating activities	$	**(4,041,526)**	$	(1,476,029)
Cash flows from (used by) investing activities		**(1,669,491)**		3,544,167
Cash flows from financing activities		**2,965,127**		718,997

(Expressed in Canadian dollars unless otherwise noted)

10) INVESTMENT IN SUBSIDIARIES (continued)

Calone Mining Ltd.

The Company owns 10,000,001 common shares or 100% (100% in 2017) of Calone Mining. There are no significant operations in Calone Mining.

11) INVESTMENTS IN ASSOCIATES

The investments in associates relate to the Company's investments in International Prospect and Val-d'Or Mining.

As at December 31, 2018, the Company has 4,470,910 common shares or 17.53% (December 31, 2017 - 16.62%) interest in International Prospect. The shares of International Prospect were trading at $0.17 per share on that date.

As at December 31, 2018, the Company has 9,020,776 or 24.82% (December 31, 2017 – 24.63%) interest in Val-d'Or Mining. The shares of Val-d'Or Mining were trading at $0.10 per share on that date.

The Company has no contingent liabilities relating to its interest in the associates.

The following table summarizes the changes to investment in associates for the year ended December 31, 2018 and 2017:

		International Prospects		Val-d'Or Mining		Total
As at January 1, 2018	$	340,512	$	796,139	**$**	**1,136,651**
Share of net loss from associates		(33,764)		(150,143)		**(183,907)**
Shares for mining rights (note 12)		-		416,666		**416,666**
Shares for debt obligations		99,000		90,000		**189,000**
As at December 31, 2018	$	405,748	$	1,152,662	**$**	**1,558,410**

		International Prospects		Val-d'Or Mining		Total
As at January 1, 2017	$	-	$	-	**$**	**-**
Deconsolidation		417,091		816,363		**1,233,454**
Share of net loss from associates		(76,579)		(20,224)		**(96,803)**
As at December 31, 2017	$	340,512	$	796,139	**$**	**1,136,651**

11) INVESTMENT IN ASSOCIATES (continued)

For fiscal 2018, the Company recognized a loss of $183,907 (2017 - $96,803) from its share of loss in its associates.

As at December 31, 2018, the Company compared the carrying value of investment in International Prospect and Val-d’Or Mining to the fair value less costs to sell the common shares as indicated by the trading price on the TSX Venture Exchange and determined no impairment loss is to be recognized.

Shares for debt obligations

On October 1, 2010, the Company entered into a Management and Administrative Services Agreement (the "Management Agreement") with Val-d’Or Mining and International Prospect, pursuant to which the Company will provide certain administrative, management and financial services such as office space, administrative support, including the use of Golden Valley's in house legal counsel for day to day general enquiries, services of a consultant and investors relations services to Val-d’Or Mining and International Prospect in consideration of $96,000 per year from each company, payable on a monthly basis, plus applicable taxes. However, Golden Valley suspended the management fees to Val-d’Or Mining in 2012 and International Prospect in 2013 to enable the companies conserve cash for their operations. On January 1, 2018, the Company entered into a Termination Agreement with Val-d’Or Mining and International Prospect under which the Company agreed to terminate the Management Agreement, in exchange of a settlement fee of $60,000 payable by each company as consideration for its failure to pay the management fees since the date of suspensions of the respective Management Agreement.

On April 6, 2018, Val-d’Or Mining announced that, subject to acceptance by the TSX Venture Exchange (“Exchange”) and with the intent of preserving its cash resources for operations, it proposed issuing 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 this, $30,000 remains an outstanding loan payable to the Company and $60,000 relates to consideration payable under the terms of the 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 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.

(Expressed in Canadian dollars unless otherwise noted)

11) INVESTMENT IN ASSOCIATES (continued)

International Prospect

The following table summarizes financial information of International Prospect:

		As at December 31, 2018		As at December 31, 2017
Current Assets	$	**654,521**	$	949,178
Non-current assets		**193,719**		97,844
Current liabilities		**(316)**		(105,312)
Equity	$	**847,924**	$	941,710

		For the year ended December 31, 2018		For the year ended December 31, 2017
Operating expenses	$	**194,369**	$	509,333
Finance costs (income)		**420**		(17,856)
Net loss and total comprehensive loss	$	**194,789**	$	491,477
Proportion of ownership		**17.53%**		**16.62%**
The Company's share of loss	$	**(33,764)**	$	**(76,579)**

As described in note 4(a), in 2017, the Company reviewed the criteria for previously consolidating International Prospect and determined it no longer controls International Prospect but holds significant influence in the company. Consequently, the Company recognized the investment in International Prospect using the equity method, under which the investment is recognized at fair value. For the year ended December 31, 2017, the Company recognized a gain of $450,912 resulting from loss of control as follows:

	Number of shares		**Proportional Value**
	4,170,910	$	**417,091**

Fair value retained in International Prospect on May 23, 2017	$	**417,091**
Carrying value of subsidiary's net assets		**(33,821)**
Gain resulting from loss of control	$	**450,912**

(Expressed in Canadian dollars unless otherwise noted)

11) INVESTMENT IN ASSOCIATES (continued)

Val-d'Or Mining

The following table summarizes financial information of Val-d'Or Mining:

		As at December 31, 2018		As at December 31, 2017
Current Assets	$	**693,483**	$	1,375,306
Non-current assets		**1,086,803**		42,229
Current liabilities		**(30,469)**		(109,017)
Equity	$	**1,749,817**	$	1,308,518

		For the year ended December 31, 2018		For the year ended December 31, 2017
Operating expenses	$	**603,930**	$	273,097
Finance costs		**2,962**		404
Net loss and total comprehensive loss	$	**606,892**	$	273,501
Proportion of ownership		**24.82%**		**24.63%**
The Company's share of loss	$	**(150,143)**	$	**(20,224)**

As described in note 4(a), in 2017, the Company reviewed the criteria for previously consolidating Val-d'Or Mining and determined it no longer controls Val-d'Or Mining but holds significant influence in the company. Consequently, the Company recognized the investment in Val-d'Or Mining using the equity method, under which the investment is recognized at fair value. For the year ended December 31, 2017, the Company recognized a gain of $483,292 resulting from loss of control as follows:

	Number of shares		Proportional Value
	8,163,634	$	**816,363**

Fair value retained in Val-d'Or Mining on November 30, 2017	$	**816,363**
Carrying value of subsidiary's net assets		**(333,071)**
Gain resulting from loss of control	$	**483,292**

(Expressed in Canadian dollars unless otherwise noted)

12) EXPLORATION AND EVALUATION ASSETS

The Company holds (together with its subsidiaries) 100 exploration and evaluation properties located in: (i) the Abitibi Greenstone Belt; (ii) the James Bay, Mistassini and Otish regions of northern Quebec; (iii) the Nunavik (Ungava and Labrador) region of northern Quebec; (iv) the Athabasca Basin of Saskatchewan, and (v) James Bay Lowlands of Ontario.

	Balance at December 31, 2017	Additions	Credits	Impairment Write-off	Balance at December 31, 2018
Golden Valley Mines Ltd.					
Acquisition and claims maintenance	$ 3,297,390	$ 906	$ -	$ -	$ **3,298,296**
Property option payments	312,500	-	-	-	**312,500**
Drilling, excavation and related costs	3,241,938	-		-	**3,241,938**
Technical and field staff	4,614,252	1,366	-	-	**4,615,618**
Airborne geophysics	791,822	-	-	-	**791,822**
Geophysics	2,315,628	3,773	-	-	**2,319,401**
Line cutting	1,099,431	8,804	-	-	**1,108,235**
Sampling and testing	744,773	79,045	-	-	**823,818**
Travel and transport	1,683,037	6,090	-	-	**1,689,127**
Program management and consultants	434,653	66,968	-	-	**501,621**
Professional Fees	5,215	-	-	-	**5,215**
Depreciation, insurance and office expenses	581,178	1,535	-	-	**582,713**
Communications	45,897	-	-	-	**45,897**
Option payments received	(1,963,650)	-	-	-	**(1,963,650)**
Write-off of exploration and evaluation assets	(4,179,440)	-	-	(33,795)	**(4,213,235)**
Impairment of exploration and evaluation assets	(7,265,328)	-	-	-	**(7,265,328)**
Shares for mining rights	-	-	(416,666)	-	**(416,666)**
Government assistance	(1,622,905)	-	(16,252)	-	**(1,639,157)**
Net expenses incurred during the period	4,136,391	168,487	(432,918)	(33,795)	**3,838,165**
Exploration and evaluation assets sold to third parties	(1,606,927)	-	-	-	**(1,606,927)**
Balance, end of the year	2,529,464	168,487	(432,918)	(33,795)	**2,231,238**

(Expressed in Canadian dollars unless otherwise noted)

12) EXPLORATION AND EVALUATION ASSETS (continued)

	Balance at December 31, 2017	Additions	Credits	Impairment Write-off	Balance at December 31, 2018
Abitibi Royalties Inc.					
Acquisition and claims maintenance	$ 27,791	$ -	$ -	$ (27,791)	**$ -**
Technical and field staff	8,655	-	-	(8,655)	**-**
Program management and consultants	2,906	-	-	(2,906)	**-**
Net expenses incurred during the period	39,352	-	-	(39,352)	**-**
Summary					
Mining rights	$ 7,127,657	$ -	$ -	$ -	**$ 7,127,657**
Exploration and evaluation assets	(2,451,425)	168,487	(432,918)	(73,147)	**(2,789,003)**
Exploration and evaluation assets sold to third parties	(1,606,927)	-	-	-	**(1,606,927)**
Disposal of a subsidiary	(500,489)	-	-	-	**(500,489)**
	$ 2,568,816	$ 168,487	$ (432,918)	$ (73,147)	**$ 2,231,238**

(Expressed in Canadian dollars unless otherwise noted)

12) EXPLORATION AND EVALUATION ASSETS (continued)

	Balance at January 1, 2017	Additions	Credits	Impairment Write-off	Balance at December 31, 2017
Golden Valley Mines Ltd.					
Acquisition and claims maintenance	$ 3,239,269	$ 58,121	$ -	$ -	$ **3,297,390**
Property option payments	312,500	-	-	-	**312,500**
Drilling, excavation and related costs	3,227,329	14,609	-	-	**3,241,938**
Technical and field staff	4,488,978	125,274	-	-	**4,614,252**
Airborne geophysics	780,702	11,120	-	-	**791,822**
Geophysics	2,315,628	-	-	-	**2,315,628**
Line cutting	1,099,431	-	-	-	**1,099,431**
Sampling and testing	736,963	7,810	-	-	**744,773**
Travel and transport	1,682,529	508	-	-	**1,683,037**
Program management and consultants	420,767	13,886	-	-	**434,653**
Professional Fees	4,715	500	-	-	**5,215**
Depreciation, insurance and office expenses	566,960	14,218	-	-	**581,178**
Communications	45,435	462	-	-	**45,897**
Option payments received	(1,838,650)	-	(125,000)	-	**(1,963,650)**
Write-off of exploration and evaluation assets	(4,082,705)	-	-	(96,735)	**(4,179,440)**
Impairment of exploration and evaluation assets	(6,853,787)	-	-	(411,541)	**(7,265,328)**
Government assistance	(1,622,905)	-	-		**(1,622,905)**
Net expenses incurred during the year	4,523,159	246,508	(125,000)	(508,276)	**4,136,391**
Exploration and evaluation assets sold to third parties	(1,606,927)	-	-	-	**(1,606,927)**
Balance, end of the year	2,916,232	246,508	(125,000)	(508,276)	**2,529,464**

(Expressed in Canadian dollars unless otherwise noted)

12) EXPLORATION AND EVALUATION ASSETS (continued)

	Balance at January 1, 2017	Additions	Credits	Disposition of subsidiary	Impairment Write-off	Balance at December 31, 2017
Abitibi Royalties Inc.						
Acquisition and claims maintenance	$ 27,791	$ -	$ -	$ -	$ -	**$ 27,791**
Technical and field staff	8,655	-	-	-	-	**8,655**
Program management and consultants	2,551	355	-	-	-	**2,906**
Net expenses incurred during the year	38,997	355	-	-	-	**39,352**
Val-d'Or Mining Corporation						
Acquisition and claims maintenance	$ 1,850,318	3,079	-	(1,853,397)	-	**$ -**
Technical and field staff	9,625	30,819	-	(40,444)	-	-
Program management and consultants	8,257	-	-	(8,257)	-	-
Geophysics	290,304	348	-	(290,652)	-	-
Amortization, insurance, administration	219	727	-	(946)	-	-
Government assistance	(128,456)	(2,070)		130,526	-	-
Impairment of exploration and evaluation assets	(1,970,258)	-	-	2,022,924	(52,666)	
Net expenses incurred during the year	60,009	32,903	-	(40,246)	(52,666)	-
International Prospect Ventures Ltd.						
Acquisition and claims maintenance	$ 1,577,522	152	-	(1,577,674)	-	**$ -**
Technical and field staff	3,994	1,508	-	(5,502)	-	-
Travel and transport	41,452	-	-	(41,452)	-	-
Program management and consultants	4,809	38,100	-	(42,909)	-	-
Communications	60	-	-	(60)	-	-
Government assistance	(706)	-	-	706	-	-
Impairment of exploration and evaluation assets	(1,612,657)	-	-	1,612,657	-	
Net expenses incurred during the year	14,474	39,760	-	(54,234)	-	-
Summary						
Mining rights	$ 6,933,131	$ 319,526	$ (125,000)	$ -	$ -	**$ 7,127,657**
Exploration and evaluation assets	(1,890,483)	-	-	-	(560,942)	**(2,451,425)**
Exploration and evaluation assets sold to third parties	(1,606,927)	-	-	-	-	**(1,606,927)**
Disposal of properties	(406,009)	-	-	(94,480)	-	**(500,489)**
	$ 3,029,712	$ 319,526	$ (125,000)	$ (94,480)	$ (560,942)	**$ 2,568,816**

(Expressed in Canadian dollars unless otherwise noted)

12) EXPLORATION AND EVALUATION ASSETS (continued)

		Properites optioned to Val-d'Or Mining	Properties optioned to Eldorado Gold	Properties optioned to Battery Minerals	Properties optioned to BonTerra Resources	Properties optioned to Alexandria Minerals	Other		Balance at December 31, 2018
Abitibi Greenstone Belt ("AGB")									
Chibougamau (Québec)	$	82,089	-	-	-	-	1,459	$	**83,548**
Matachewan, Kirkland Lake (Ontario)		1,037,226	-	323,375	-	-	5,690		**1,366,291**
Matagami (Québec)		16,412	-	-	-	-	-		**16,412**
Rouyn-Noranda-Cadillac (Québec)		74,670	-	-	-	-	8,737		**83,407**
Val d'Or - Malartic (Québec)		324,804	146,302	-	-	7,495	31,503		**510,104**
Lebel-sur-Quevillon (Québec)		6,521	-	-	359,307	-	8		**365,836**
Rouyn-Noranda-Cadillac (Québec)		-	168,030	-	-	-	-		**168,030**
Kirkland Lake / Matachewan (Ontario)		-	802,350	-	-	-	-		**802,350**
Total AGB		1,541,722	1,116,682	323,375	359,307	7,495	47,397		**3,395,978**
James Bay (Québec)		-	-	-	-	-	31,267		**31,267**
Nunavik (Ungava-Labrador)		-	-	-	-	-	150		**150**
Total other		-	-	-	-	-	31,417		**31,417**
Total Investment tax credit									**(1,196,157)**
Golden Valley Mines Ltd.									**2,231,238**
Abitibi Royalties Inc.									**-**
Balance, end of the year								$	**2,231,238**

Golden Valley Properties

Mining Option Agreement with 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 an option to acquire a 100% interest in 61 of its grassroots properties effective July 31, 2017. As at December 31, 2018, Golden Valley owns 24.82% of the common shares of Val-d'Or Mining.

Pursuant to the terms of the Option Agreement, Val-d'Or Mining must incur $4,000,000 of expenditures with respect to exploration and other mining operations on the properties before December 31, 2021 (with $500,000 to be incurred on or before December 31, 2018; $750,000 to be incurred on or before December 31, 2019; $1,000,000 to be incurred on or before December 31, 2020 and $1,750,000 to be incurred on or before December 31, 2021).

12) EXPLORATION AND EVALUATION ASSETS (continued)

Mining Option Agreement with Val-d'Or Mining (continued)

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 value of $2,000,000 (issuable as 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 percent of the royalty may be bought back by Val-d'Or Mining by paying Golden Valley $5,000,000, in cash or in shares at a 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.

As at December 31, 2018, Val-d'Or Mining exceeded its obligations to incur $500,000 of expenditures with respect to exploration and other mining operations on the properties. To continue the earn-in process, Val-d'Or Mining issued 4,166,667 of its common shares, valued at $416,666, to Golden Valley on January 22, 2019 pursuant to the Option Agreement.

AGB Properties – Eldorado Gold Corporation – Québec and Ontario

On February 21, 2005, the Company was granted an option by Integra to acquire up to an 85% interest in nine mineral properties provided that, amongst other things, it incurs an aggregate $1,000,000 in exploration expenditures on any one of or a combination of the nine properties ($500,000 for 70%, completed). The Company provided Integra with notice of its intent to vest as to a 70% interest in the properties and, a joint venture agreement was concluded on December 8, 2008 (the "GZZ-I JV"). The GZZ-I JV is subject to underlying royalties ranging between 3% and 3½% in favour of the original vendors, one of which is a director and an officer of the Company. The Bogside, Claw Lake and Cook Lake prospects are held under a 70:30 Joint Venture agreement between Golden Valley and Eldorado Gold Corporation, with the latter having acquired their interest through the acquisition of Integra.

Island 27 property - Battery Mineral Resources - Matachewan, Kirkland Lake, 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 four (4) year period. Once the option is exercised, the Company will have a 20% free carried interest in the property and a 1% net smelter royalty ("NSR"). The Company received a $25,000 non-refundable deposit in accordance with the term sheet, and an additional $75,000 upon execution of the option agreement, for an aggregate of $100,000 towards the $500,000 cash payment.

12) EXPLORATION AND EVALUATION ASSETS (continued)

Lac Barry Prospect - BonTerra Resources Inc. – Level-sur-Quevillon, 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 Abitibi Greenstone Belt, northeast of Val-d'Or, Québec. In accordance with the option agreement, BonTerra issued to the Company 519,480 common shares in the capital of BonTerra having an aggregate value of $200,000 and must incur expenditures in an aggregate amount of $2,000,000 over a three-year period, of which $250,000 is to be spent in the first year of the option agreement. Upon exercising the option, BonTerra will obtain an 85% interest in the property and, the Company 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 $1.0 million.

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 met its option agreement expenditure requirements for the second anniversary date (March 10, 2018) of $750,000 and met the option agreement expenditure requirements in advance of the third anniversary date (March 10, 2019) of $2,000,000. Subsequent to year end, on January 19, 2019, BonTerra has provided notice that they have fully exercised the option under option agreement and thus BonTerra now owns an 85% interest in the property.

Centremaque property - Alexandria Minerals Corporation – Val-D'Or Québec

On April 13, 2017, the Company entered into a mining option agreement with Alexandria Minerals Corporation ("Alexandria"), enabling Alexandria to earn 80% on the Centremaque Prospect located in the Abitibi Greenstone Belt, northeast of Val-d'Or, Québec. In accordance with the option agreement, Alexandria must issue over a four-year period from the date of signing, to the Company such number of common shares in its capital having an aggregate value of $250,000 and must incur expenditures in an aggregate amount of $4,000,000 over the same four-year period. 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. The Company received 357,143 common shares of Alexandria valued at $25,000 in 2017 and 294,118 common shares of Alexandria valued at $25,000 in 2018 as required under the option agreement.

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

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

12) EXPLORATION AND EVALUATION ASSETS (continued)

Sharks and Cheechoo Joint Venture - Sirios Resources Ltd. - - James Bay Northern Quebec (continued)

On May 11, 2016, Sirios provided notice to Golden Valley that it had completed all its obligations under the agreement to earn a 100% interest in the Cheechoo prospect, including the issuance of 1,250,000 common shares to the Company at a deemed price of $0.40 per share for a total value of $500,000. As a result, Sirios now holds 100% of the Cheechoo prospect, subject to the royalty described below. The Company recorded a loss of $1,106,927 as a result of the transfer to Sirios of its remaining 55% interest in the Cheechoo prospect.

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

Abitibi Royalties Properties

Luc Bourdon Prospect - James Bay, Ontario

Abitibi Royalties owns a 100% interest in the Luc Bourdon Prospect located in the lowland region of James Bay, Ontario. Abitibi Royalties is seeking new partnerships to fund future exploration programs and, if warranted by the results, to further develop the Luc Bourdon Prospect. Since the Company is not planning any work in the near future, the Company made the decision to impair this prospect as at December 31, 2018.

13) ROYALTY INTERESTS

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

Main royalty interests

a) Malartic CHL 3% Royalty - Malartic, Quebec

The area covered by the 3% 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. No value for accounting purposes has been assigned to the 3% NSR.

(Expressed in Canadian dollars unless otherwise noted)

13) ROYALTY INTERESTS (continued)

a) Malartic CHL 3% Royalty - Malartic, Quebec (continued)

For the year ended December 31, 2018, the Company earned royalties in the amount of $14,105 (or US$ 10,339) (2017 - $nil) from this royalty interest.

b) Canadian Malartic 2% 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 this 2% NSR area started in 2014 and stopped in June 2015.

Other royalty interests

During the year, Abitibi Royalties made the following acquisitions for the years ended December 31, 2018 and 2017:

		2018		2017
2% NSR - Revillard Property [(a)]	$	**65,750**	$	-
15% NPI - vicinity of Canadian Malartic Mine [(b)]		**400,000**		-
1.5% NSR - Midway Project [(c)]		**752,000**		-
1.5% NSR - Abitibi region, Québec [(d)]		**755,000**		-
1.0% NSR - New Alger Project [(e)]		**192,500**		
Other properties		**-**		20,978
	$	**2,165,250**	$	20,978

a) Revillard Property 2% Royalty - 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 the purchase price of $65,750 (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.

b) 15% Net Profit Interest ("NPI") in the vicinity of Canadian Malartic Mine - 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 NPI on the mineral claims located immediately west of the Canadian Malartic Mine open pit in Abitibi, Québec, for the purchase price of $400,000. The mineral claims are owned and operated by the Canadian Malartic Mine.

13) ROYALTY INTERESTS (continued)

c) Midway Project 1.5% Royalty - Malartic, Quebec

On July 9, 2018, Abitibi Royalties entered into an agreement with an arm's length party to acquire a 1.5% NSR royalty, for the purchase price of $752,000 (or US$575,000), on an area known as the Midway project, located east and south of the Canadian Malartic Mine in Abitibi, Québec. The Midway Project is owned and operated by the Canadian Malartic Mine. 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.

d) 1.5% Royalty in the Abitibi region, Québec

On July 11, 2018, the Company entered into an agreement with an arm's length party seller, to acquire various 1.5% NSR royalties on projects owned by Agnico Eagle throughout the Abitibi region in Québec for the purchase price of $755,000 (or US$575,000). These projects include 1) Callahan (6.5 km northeast and northwest of the Canadian Malartic Mine and Goldex Mine and 1.5 km north of the Wesdome Gold Mines' Kiena Deep discovery), 2) Cadillac (part of the LaRonde Mine), 3) Thompson River (part of the Goldex Mine) and 4) Malartic Break (6 km northwest of the Canadian Malartic Mine).A total of 1.0% of the NSR royalties can be repurchased by Agnico Eagle by paying US$1.0 million to Abitibi Royalties.

e) e) 1.0% NSR on the New Alger Project

On November 18, 2018, the Company entered into an agreement with Renforth Resources (“Renforth”) to acquire a 1.0% NSR on the New Alger Project which is 100% owned by Renforth and adjoins Agnico Eagle LaRonde Mine. The 1.0% NSR is on the New Alger Project, which contains the historic Thompson-Cadillac Mine (mined on a limited basis from 1929-1939), located in the Abitibi region of northwest Québec. The purchase price paid by the Company for the 1% NSR totalled $192,500.

Abitibi Royalty Search Program

In 2015, Abitibi Royalties launched the “Abitibi Royalty Search Program”, by which it would reimburse renewal fees on existing claims or staking fees on new claims in exchange for 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 in the close vicinity of an existing mine and showing good geology or signs of mineralization.

For fiscal 2018, no NSR royalties were acquired from Abitibi Royalties’ royalty search program.

For the year ended December 31, 2017, Abitibi Royalty invested $20,978 ($93,624 for the year ended December 31, 2016), to acquire NSR royalties in 3 projects; one in Saskatchewan and two in Ontario. These amounts were expensed as Abitibi Royalties does not expect to receive royalty income in the foreseeable future.

(Expressed in Canadian dollars unless otherwise noted)

14) INVESTMENTS

	As at December 31, 2018		As at December 31, 2017	
	Number of shares	Fair value	Number of shares	Fair value
Yamana Gold Inc.	**3,549,695**	**$ 11,394,521**	3,549,695	$ 13,914,804
Agnico Eagle Mines Limited	**414,597**	**22,844,295**	378,997	21,996,986
		$ 34,238,816		$ 35,911,790
Other investments		**85,010**	-	183,729
		$ 34,323,826		$ 36,095,519

Sale and Purchase of Agnico Eagle shares

In February 2017, Abitibi Royalties announced that it had delivered 108,700 common shares of Agnico under its covered call contracts and that Abitibi Royalties would look to reacquire the shares, if possible, through put contracts at prices below what they were sold. To date, the Company has reacquired 79,100 common shares of Agnico (43,500 common shares in December 2017 and 35,600 common shares in November 2018) at prices below what they were sold for. No additional put contracts are currently outstanding. For further details, refer to Note 15 "*Derivative financial instruments*".

15) DERIVATIVE FINANCIAL INSTRUMENTS

Abitibi Royalties' total call/put options outstanding at December 31, 2018 are as follows:

	Expiry date	Number of shares under option	Exercise price range (USD)	Market value as at December 31, 2018
Calls				
Yamana	January 18, 2019	142,700	$ 4.00	**9,734**
Yamana	January 17, 2020	2,797,400	4.00 to 7.00	**732,794**
Yamana	January 15, 2021	269,400	4.00	**338,114**
Agnico	January 18, 2019	46,000	50.00	**5,020**
Agnico	May 18, 2019	5,000	50.00	**9,686**
Agnico	January 17, 2020	305,900	43.00 to 65.00	**1,247,648**
Agnico	January 15, 2021	24,100	42.00 to 50.00	**252,882**
		3,590,500	$	**2,595,878**

(Expressed in Canadian dollars unless otherwise noted)

15) DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Abitibi Royalties' total call/put options outstanding at December 31, 2017 are as follows:

	Expiry date	Number of shares under option	Exercise price range (USD)	Market value as at December 31, 2017
Calls				
Yamana	January 19, 2018	1,790,300	$ 4.00 to 7.00	$ **189,349**
Yamana	January 18, 2019	1,471,400	4.00 to 7.00	**565,607**
Yamana	January 17, 2020	292,400	4.00 to 7.00	**212,256**
Agnico	January 19, 2018	44,400	60.00 to 65.00	**1,671**
Agnico	February 16, 2018	33,000	60.00 to 65.00	**790**
Agnico	May 18, 2018	85,900	60.00 to 70.00	**23,910**
Agnico	January 19, 2019	155,400	50.00 to 75.00	**303,876**
Agnico	January 17, 2020	23,900	65.00	**118,431**
				$ 1,415,890
Puts				
Agnico	February 16, 2018	65,100	$ 39.00	**12,250**
		3,961,800		**$ 1,428,140**

For fiscal year 2018, Abitibi Royalties sold 36,630 call and 1,302 put option contracts (5,009 calls and 1,302 puts on Agnico shares and 31,621 calls on Yamana Gold shares) for total cash proceeds of $2,219,843(or US$1,713,731). 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 21,416 contracts were repurchased before expiration (3,601 calls and 651 puts on Agnico and 17,164 calls on Yamana) for which the Company paid $89,070 (or US$68,698).

For fiscal year 2017, Abitibi Royalties sold 38,905 calls and 5,865 put option contracts (5,276 calls and 5,865 puts on Agnico Eagle shares and 33,629 calls on Yamana Gold shares) for total cash proceeds of $1,928,103 (or US$1,498,229). In addition, 16,381 option contracts (588 calls and 4,128 puts on Agnico Eagle and 11,665 calls on Yamana) expired for an amount of $488,662 (or US$371,739) and 5,978 option contracts (1,850 calls and 651 puts on Agnico Eagle and 3,477 calls on Yamana) were repurchased before expiration for an amount of $200,786 (or US$161,561).

(Expressed in Canadian dollars unless otherwise noted)

16) INCOME TAXES

Major components of tax expense (recovery)

	For the year ended December 31, 2018	2017
Deferred tax recovery		
Origination and reversal of temporary differences	**$ (2,405,121)**	$ (908,826)
Recognition of previously unrecognized temporary differences	**355,067**	564,923
	(2,050,054)	(343,903)
Total tax recovery	**$ (2,050,054)**	$ (343,903)

Relationship between expected tax expense and accounting profit or loss

The relationship between the expected tax expense based on the combined tax rate in Canada and the reported tax expense in the consolidated statement of net loss can be reconciled as follows:

	For the year ended December 31, 2018	2017
Net loss for the year before income taxes	**$ (9,506,746)**	$ (3,357,430)
Expected tax expense calculated using the combined Federal and Provincial at combined statutory rate in Canada of 26.70% (26.80% in 2017)	**$ (2,538,301)**	$ (899,791)
Future tax impact on current temporary differences	**790,854**	-
Change in deferred tax assets not recognized	**355,067**	564,923
Non-taxable dividends received	**(83,892)**	(71,119)
Share-based payments	**(287,268)**	479,579
Non-taxable portion of gain on investments	**(291,989)**	(443,274)
Change in enacted rax rates	**-**	8,034
Other	**5,475**	17,745
Deferred tax recovery	**$ (2,050,054)**	$ (343,903)

The statutory tax rate for 2018 and 2017 were 26.70% and 26.80%, respectively. The Quebec general corporate tax rate will decrease at a rate of 0.10% per year from 11.80% to 11.50% beginning January 1 of each year from 2017 to 2020.

(Expressed in Canadian dollars unless otherwise noted)

16) INCOME TAXES (continued)

Deferred tax assets and liabilities and variation of recognized amounts

		As at December 31, 2017	Recognized in profit or loss		As at December 31, 2018
Exploration and evaluation assets	$	103,476	584,219	$	**687,695**
Investments		(4,363,961)	465,905		**(3,898,056)**
Non-capital losses		588,737	845,206		**1,433,943**
Derivative financial instruments		189,229	154,724		**343,953**
	$	(3,482,519)	2,050,054	$	**(1,432,465)**

		As at December 31, 2016	Recognized in profit or loss		As at December 31, 2017
Exploration and evaluation assets	$	97,916	5,560	$	103,476
Investments		(5,004,415)	640,454		(4,363,961)
Capital assets and intangibles		-	-		
Non-capital losses		1,015,267	(426,530)		588,737
Derivative financial instruments		64,810	124,419		189,229
	$	(3,826,422)	343,903	$	(3,482,519)

As at December 31, 2018 and 2017, the Company had deductible temporary differences which it did not record in deferred tax assets:

		As at December 31, 2018		2017
Exploration and evaluation assets	$	**2,057,341**	$	1,915,450
Property and equipments		**421,225**		416,108
Share issue costs		**25,926**		46,055
Non-capital losses		**7,405,621**		6,562,915
Other		**847,548**		641,267
	$	**10,757,661**	$	9,581,795

(Expressed in Canadian dollars unless otherwise noted)

16) INCOME TAXES (continued)

The Company has an amount of $319,859 in 2018 (2017 - $319,859) in investment tax credits that has not been recorded. These credits can be used to reduce federal income tax and will expire between 2025 and 2033.

The Company has an amount of $nil as at December 31, 2018 (2017 - $22,216), in resources tax credit that has not been recorded. These credits can be used to reduce Québec income tax and will expire in 2018.

As at December 31, 2018 and 2017, the Company has the following non-capital losses in Canada available to reduce future year's taxable income which expires as follows:

		Federal		Quebec
2028	$	172,083	$	-
2029		770,850		746,817
2030		1,389,166		1,368,264
2031		41,350		41,350
2032		1,090,175		1,079,112
2033		393,100		390,172
2034		378,137		373,289
2035		863,064		860,246
2036		476,992		450,305
2037		987,998		963,527
2038		842,706		842,706
	$	7,405,621	$	7,115,788

17) CAPITAL STOCK

Capital Stock

The capital stock of the Company consists of fully paid common shares.

Authorized

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

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

(Expressed in Canadian dollars unless otherwise noted)

17) CAPITAL STOCK (continued)

Issued share capital

The change in issued share capital for the year was as follows:

	2018			2017		
	Number of shares		Stated Value	Number of shares		Stated Value
Balance, as at January 1,	**129,788,577**	**$**	**27,530,938**	116,103,577	$	25,317,470
Shares issued by exercise of stock options	**1,480,000**		**121,600**	1,435,000		150,650
Shares issued by exercise of warrants	**2,650,000**		**371,000**	12,250,000		1,715,000
Share issue expenses	**-**		**(952)**	-		(14,703)
Value allocation on options exercised	**-**		**99,250**	-		106,139
Value allocation on warrants exercised	**-**		**168,066**			256,382
Balance, as at December 31,	**133,918,577**	**$**	**28,289,902**	129,788,577	$	27,530,938

Share capital issued from exercise of incentive stock options

For the year ended December 31, 2018, the Company issued 1,480,000 common shares through the exercise of 1,300,000 incentive stock options 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 year ended December 31, 2017, the Company issued 1,435,000 common shares through the exercise of incentive stock options at prices ranging from $0.07 to $0.17 for a total consideration of $150,650.

Share capital issued from exercise of share purchase warrants

For the year ended December 31 2018, the Company issued 2,650,000 common shares through the exercise of 2,650,000 share purchase warrants at $0.14 per share for a total consideration of $371,000.

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

(Expressed in Canadian dollars unless otherwise noted)

18) WARRANTS

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

	2018			2017		
	Number of warrants		Weighted average exercise price	Number of warrants		Weighted average exercise price
Balance, as at January 1,	**2,650,000**	**$**	**0.14**	14,900,000	$	0.14
Exercised	**(2,650,000)**		**0.14**	(12,250,000)		0.14
Balance, as at December 31,	**-**		**-**	2,650,000	$	0.14

No warrants were granted for the years ended December 31, 2018 and 2017.

19) SHARE-BASED PAYMENTS

Incentive stock options

The Company has a stock option incentive plan in place under which directors, officers, employees and consultants are eligible to receive incentive stock options for the purchase of common shares of the Company. Under the terms of the plan, the aggregate number of shares issuable upon the exercise of options may not exceed 19,006,732, which represents 20% of the Company's issued and outstanding common shares on May 25, 2015, the date of adoption of the option plan by the Company's Board of Directors. The option plan was approved by the Company's disinterested shareholders on June 25, 2015, and subsequently accepted by the TSX Venture Exchange.

The exercise price of each option is fixed by the Board of Directors at the time of grant and shall not be less than the closing price of the Company's shares on the trading day immediately prior to the date of grant less any discount permitted by the TSX Venture Exchange; if no sales were reported on such day, the exercise price shall be based on the closing sales price on the last trading day prior to the time of determination on which sales were reported.

The term of any options granted under the option plan will be fixed by the Board of Directors and may not exceed ten years and the vesting period of options granted under the plan, if any, shall be determined by the Board of Directors at the time of grant. All options granted under the option plan will be in accordance with the rules and regulations of the TSX Venture Exchange.

(Expressed in Canadian dollars unless otherwise noted)

19) SHARE-BASED PAYMENTS (continued)

A summary of changes in the number of incentive stock options issued by the Company for the years ended December 31, 2018 and 2017 is presented as follows:

	2018			2017		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Outstanding, beginning of year	**13,278,189**	**$**	**0.29**	16,349,959	$	0.28
Granted	**2,300,000**		**0.28**	100,000		0.47
Exercised	**(1,480,000)**		**0.08**	(1,435,000)		0.09
Cancelled	**-**		**-**	(1,736,770)		0.31
Outstanding, end of year	**14,098,189**	**$**	**0.32**	13,278,189	$	0.29
Exercisable, end of year	**9,050,134**	**$**	**0.31**	7,782,080	$	0.25

The table below summarizes the information related to outstanding share options as at December 31, 2018:

	Outstanding options				
Expiry date	Number of options		Weighted average exercise price	Weighted average remaining contractual life (years)	Exercisable options
June 30, 2019	379,025	$	0.17	0.50	379,025
July 24, 2020	675,000		0.11	1.56	675,000
January 1, 2021	100,000		0.10	2.01	100,000
June 30, 2021	2,300,000		0.30	2.50	2,300,000
February 3, 2022	100,000		0.47	3.10	100,000
September 30, 2026	8,244,164		0.35	7.75	5,496,109
June 21, 2023	2,300,000		0.28	4.47	-
	14,098,189	$	0.32		9,050,134

(Expressed in Canadian dollars unless otherwise noted)

19) SHARE-BASED PAYMENTS (continued)

The table below summarizes the information related to outstanding share options as at December 31, 2017:

	Outstanding options			
Expiry date	Number of options	Weighted average exercise price	Weighted average remaining contractual life (years)	Exercisable options
August 1, 2018	1,300,000	$ 0.07	0.58	1,300,000
June 30, 2019	559,025	0.17	1.50	559,025
July 24, 2020	675,000	0.11	2.56	675,000
January 1, 2021	100,000	0.10	3.01	100,000
June 30, 2021	2,300,000	0.30	3.50	2,300,000
February 3, 2022	100,000	0.47	4.10	100,000
September 30, 2026	8,244,164	0.35	8.75	2,748,055
	13,278,189	$ 0.29		7,782,080

Share-based compensation expense

The table below summarizes share-based compensation expense for the year ended December 31, 2018 and 2017:

	2018	2017
Golden Valley		
June 2018 option grant (1)	$ **147,168**	$ -
September 2016 option grant (2)	**623,720**	1,211,139
February 2017 option grant (3)	**-**	36,918
Abitibi Royalties		
2016 Restricted Share Units grant (4)	**260,903**	541,418
Share-based compensation expense	$ **1,031,791**	$ 1,789,475

1) On June 21, 2018, the Company granted to its directors, officers, and consultants incentive stock options entitling the purchase of an aggregate 2,300,000 common shares at an exercise price of $0.275 per share. The options are exercisable for a period of 5 years, until June 21, 2023, subject to earlier termination in accordance with the terms of the Company's Stock Option Plan. All of the options vest equally over a period of 3 years unless there is a change of control event, in which case the options will vest immediately on occurrence of the change of control. The fair value of the stock options granted has been estimated using the Black-Scholes option-pricing model at $455,441 of which to date $147,168 has been expensed.

19) SHARE-BASED PAYMENTS (continued)

Share-based compensation expense (continued)

(2) On September 30, 2016, the Company granted to its directors, officers, employees and consultants incentive stock options entitling the purchase of an aggregate 9,305,934 common shares at an exercise price of $0.35 per share. The options are exercisable for a period of 10 years until September 30, 2026, subject to earlier termination in accordance with the terms of the Company's Stock Option Plan. All of the options vest equally over a period of 3 years unless there is a change of control event, in which case the options will vest immediately on occurrence of the change of control. To date, 5,496,109 options have vested from this grant.

The fair value of the stock options granted has been estimated using the Black-Scholes option-pricing model at $2,427,448 of which to date $2,241,906 has been expensed and $33,826 has been capitalized to exploration and evaluation assets. For the year ended December 31, 2018, an amount of $623,720 (2017 - $1,211,139) has been expensed and $nil (2017 -$26,025) has been capitalized to exploration and evaluation assets. The estimated percentage of options granted that are expected to be forfeited or canceled before becoming fully vested is 10%.

(3) On February 3, 2017, the Company granted 100,000 incentive stock options with an exercise price of $0.465 to a consultant. The options are exercisable for a period of five years from the date of grant. All options are exercisable immediately. The fair value of the stock options granted has been estimated using the Black-Scholes option-pricing model at $36,918.

(4) Abitibi Royalties' total compensation related to the 2016 grants amounted to $2,107,701, which was to be allocated over the vesting period of three years to 2019. For fiscal year 2018, Abitibi Royalties recognized share-based payment of $260,903 representing the remaining unallocated costs of the RSUs granted in 2016 as the RSU units were fully converted to common shares and the RSU plan has been terminated. For fiscal year 2017, Abitibi Royalties recognized an amount of $541,418 under the RSU plan.

(Expressed in Canadian dollars unless otherwise noted)

19) SHARE-BASED PAYMENTS (continued)

Fair value of options granted

The fair value of the granted options was determined using the Black-Scholes option pricing model and based on the following assumptions:

		June 21, 2018		February 3, 2017
Share price at date of grant	$	0.275	$	0.465
Expected dividends yield		0%		0%
Expected weighted volatility		105.67%		111.66%
Risk-free interest average rate		2.00%		1.11%
Expected average life		5 years		5 years
Exercise price at date of grant	$	0.275	$	0.465

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

20) GENERAL AND ADMINISTRATIVE EXPENSES

The following table presents general and administrative expenses for the years ended December 31, 2018 and 2017.

		2018		2017
Office expenses	**$**	**104,590**	$	160,246
Advertising and exhibitions		**194,783**		137,203
Travelling		**87,137**		147,788
Bad debts		**1,828**		32,752
	$	**388,338**	$	477,989

21) EQUITY TRANSACTIONS OF ABITIBI ROYALTIES

Transaction with Caisse de dépôt et placement du Québec (“CDPQ”)

On June 29, 2018, Caisse de dépôt et placement du Québec (“CDPQ”) made a strategic investment in Abitibi Royalties by purchasing 588,235 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 (consisting of 483,630 common shares at an exercise price of $0.55 per share, 16,555 common shares at an exercise price of $2.18 per share and 16,555 common shares at an exercise price of $3.62 per share) and Abitibi Royalties converted the participants’ restricted share units ("RSUs") into 583,365 common shares and thereafter the participants agreed to sell, through a private transaction, 588,235 common shares to CDPQ.

21) EQUITY TRANSACTIONS OF ABITIBI ROYALTIES (continued)

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 its total issued and outstanding common shares as of September 25, 2018) of its common shares.

For the year ended December 31, 2018, Abitibi Royalties repurchased and cancelled 26,500 of its common shares at prices varying from $8.40 to $9.99 for a total of $246,496.

For the year ended December 31, 2017, the Company repurchased and cancelled 75,600 of its common shares at prices varying from $8.52 to $9.32 for a total of $693,221.

Incentive stock option

Abitibi Royalties has adopted a 20% fixed option plan (the "New Plan") in 2013. Pursuant to the New Plan, options, for an aggregate total of 1,740,200 common shares, may be granted to its directors, officers, employees, consultants or management companies employees from time to time. The exercise price of each option is fixed by the Board of Directors but would not be less than the closing price of Abitibi Royalties' share on the trading day immediately prior to the date of grant less any discount permitted by the Exchange; if no sales were reported, it would be the sales closing price on the last trading day immediately prior to the date of grant on which sales were reported. The vesting period of the options would be determined by the Board of Directors, in accordance with the rules and regulations of the TSX Venture Exchange.

Abitibi Royalties has not renewed its stock option plan and has not granted stock options under the current plan since September 2014. There are no stock options available under the plan.

(Expressed in Canadian dollars unless otherwise noted)

21) EQUITY TRANSACTIONS OF ABITIBI ROYALTIES (continued)

A summary of changes in the number of incentive stock option for the years ended December 31, 2018 and 2017 is presented as follows:

	2018			2017		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Outstanding, beginning of year	**625,311**	**$**	**1.10**	766,003	$	1.08
Exercised	**(544,140)**		**0.85**	(140,692)		1.00
Outstanding, end of year	**81,171**	**$**	**2.79**	625,311	$	1.10
Exercisable, end of year	**81,171**	**$**	**2.79**	625,311	$	1.10

For the year ended December 31, 2018, Abitibi Royalties issued 544,140 of its common shares from the exercise of stock options.

As part of the transaction with CDPQ, Abitibi Royalties issued 516,740 common shares from exercise of stock options, consisting of 483,630 common shares at an exercise price of $0.55 per share, 16,555 common shares at an exercise price of $2.18 per share and 16,555 common shares at an exercise price of $3.62 per share. In addition, Abitibi Royalties issued 27,400 of its common shares for a total consideration of $99,188 from the exercise of stock options at a price of $3.62 per share.

The Company also issued 27,400 of its common shares for a total consideration of $99,188 from the exercise of stock options at a price of $3.62 per share.

For the year ended December 31, 2017, Abitibi Royalties issued 140,692 of its common shares for a total consideration of $141,155 from the exercise of stock options at prices of $0.55 per share for 103,870 common shares, $3.62 per share for 2,607 common shares and of $2.18 per share for 34,215 common shares.

(Expressed in Canadian dollars unless otherwise noted)

21) EQUITY TRANSACTIONS OF ABITIBI ROYALTIES (continued)

Incentive stock option (continued)

The table below summarizes the information related to outstanding share options as at December 31, 2018 and 2017:

	2018		2017	
Range of Exercise price	Number of options	Weighted average remaining contractual life (year)	Number of options	Weighted average remaining contractual life (year)
$ 0.55	-	-	483,630	0.74
$ 2.18	**47,733**	**0.42**	64,288	1.42
$ 3.62	**13,438**	**0.71**	57,393	1.71
$ 3.70	**20,000**	**0.72**	20,000	1.72
	81,171		625,311	

Restricted Share Unit Plan

Abitibi Royalties' Board of Directors implemented a Restricted Share Unit Plan (the "RSU Plan"), which provided that restricted share units ("Share Units") could be granted to executive officers, directors, employees and consultants (each a "Participant") as a bonus or similar payment in respect of services rendered or otherwise as compensation, including as an incentive for future performance, or in satisfaction of dividends declared by Abitibi Royalties and payable to Participants. The aggregate number of common shares issuable pursuant to Share Units granted under the RSU Plan would not, at any given time, exceed 896,769 common shares, among other limits with respect to individual grants under the RSU Plan. At the time Share Units were granted to a Participant, Abitibi Royalties 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.

A summary of changes in the number of Share Units for the year ended December 31, 2018 and 2017 is presented as follows:

	2018	2017
Outstanding, beginning of year	**583,365**	583,365
Granted	**-**	-
Converted	**(583,365)**	-
Outstanding, end of year	-	583,365

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 Share Units and 510,865 Share Units were February 4, 2019 and March 16, 2019, respectively.

(Expressed in Canadian dollars unless otherwise noted)

21) EQUITY TRANSACTIONS OF ABITIBI ROYALTIES (continued)

Restricted Share Unit Plan (continued)

On June 29, 2018, the RSUs were converted into 583,365 common shares of Abitibi Royalties, of which 360,572 were sold to CDPQ (note 21). The remaining RSU shares of 222,794 were 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.

22) LOSS PER SHARE

Both the basic and diluted loss per share have been calculated using the net loss attributable to owners of the Company as the numerator, i.e. no adjustment to the net loss were necessary in either years ended December 31, 2018 and 2017.

As at December 31, 2018, 12,944,164 stock options (10,644,164 stock options in 2017) were excluded from the calculation of diluted loss per share attributable to shareholders of the Company as their exercise price was higher than the Company’s share price at December 31, 2018.

	2018		2017
Net loss attributable to shareholders of Golden Valley Mines Ltd.	**(5,021,676)**	$	(2,604,943)
Weighted average number of shares in circulation - basic	**132,769,805**		123,047,947
Dilutive effect of stock options and warrants	**-**		-
Weighted average number of shares	**132,769,805**		123,047,947
Basic loss per share	**(0.038)**	$	(0.021)
Diluted loss per share	**(0.038)**	$	(0.021)

23) FAIR VALUE MEASUREMENT

Fair value measurement of financial instrument

Financial assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of the significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the assets or liabilities that are not based on observable market data.

23) FAIR VALUE MEASUREMENT (continued)

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

Cash and cash equivalent (Level 1), Other assets (Level 3) and Accounts payable and accrued liabilities (Level 3) are carried at amortized costs which approximate their fair value due to their short-term nature.

Money-market investment funds, marketable securities, investments and derivative financial instruments at fair value in the consolidated statement of financial position at December 31, 2018 and 2017 are classified in Level 1 and are recorded at fair value by reference to their quoted prices at the reporting date.

The method and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods. There has been no movement between levels during the year.

24) RELATED PARTY TRANSACTIONS

Transactions with key management

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

(Expressed in Canadian dollars unless otherwise noted)

24) RELATED PARTY TRANSACTIONS (continued)

For the years ended December 31, 2018 and 2017, the compensation paid to key management for employee and consulting services for Golden Valley and its subsidiaries is presented below:

	2018	2017
Short-term employee benefits		
Salaries including bonuses [1]	**$ 1,020,376**	$ 1,127,408
Benefits [2]	**560,094**	138,114
Directors' fees	**280,000**	287,661
Additional cash amounts [3]	-	84,000
Total short-term employee benefits	**1,860,470**	1,637,183
Other transactions with key management		
Rent [4]	**7,821**	19,149
Management fees [5]	**214,013**	224,370
Professional fees [6]	**-**	204,084
Fees relating to exploration and evaluation activities [7]	**108,343**	139,140
Total other transactions with key management	**330,177**	586,743
Share-based payments capitalized in exploration and evaluation assets	-	26,025
Share-based payments [8]	**1,009,434**	1,761,707
Total remuneration	**$ 3,200,081**	$ 4,011,658

1) Salaries including bonuses for the year ended December 31, 2018 include performance bonus of $287,250 for 2018. Salaries including bonuses for the year ended December 31, 2017 include performance bonus of $210,750 for 2017 and performance bonus of $247,500 for 2016 paid by Abitibi Royalties in fiscal 2017.

2) Benefits are the Company's contributions to mandatory governmental benefits plans related to salaries, meetings fees and taxable benefits on the exercise of incentive stock options. The amount of $560,904 for the year ended December 31, 2018 includes the Abitibi Royalties’ payroll levies of $471,820 on the taxable benefits on the conversion of the RSU into common shares and the exercise of stock options relating to the transaction with CDPQ.

3) For the year ended December 31, 2017, Abitibi Royalties' Board of Directors approved additional cash payments of $84,000 to its directors, Chairman, President and CEO. These amounts were awarded as a substitute for stock options.

4) Rent of $nil (2017 - $12,000) paid to 2973090 Canada Inc., a company controlled by an officer and a director of the Company and rent of $7,821 (2017- $7,108) paid by Abitibi Royalties to its President.

24) RELATED PARTY TRANSACTIONS (continued)

5) Management fees of $166,200 (2017 - $166,200) plus a bonus allocation of $47,813 (2017 - $58,170) paid to 2973090 Canada Inc. Other portion of 2017 bonus of $20,580 paid to 2973090 Canada Inc. is allocated to fees relating to exploration and evaluation activities.

6) For fiscal year 2018, no professional fees have been paid (2017 -$60,000) to the spouse of an officer and a director of the Company, pursuant to a consulting agreement related to corporate finance services dated January 1, 2016, (2017 - $86,004) to the former Chief Financial Officer of Abitibi Royalties, and (2017 - $37,500) to the Chief Financial Officer of Val d'Or Mining.

7) Fees relating to exploration and evaluation activities of $58,000 (2017 - $79,380) paid to 2973090 Canada Inc and of $49,543 (2017 - $80,340) paid to Rosatelli Exploration Services, a company controlled by an officer of the Company.

8) Share-based compensation relating to the incentive stock option program for officers and directors of the Company.

Settlement Fee

On October 1, 2010, the Company entered into a Management and Administrative Services Agreement (the "Management Agreement") with Val-d'Or Mining and International Prospect, pursuant to which the Company will provide certain administrative, management and financial services such as office space, administrative support, including the use of Golden Valley's in house legal counsel for day to day general enquiries, services of a consultant and investors relations services to Val-d'Or Mining and International Prospect in consideration of $96,000 per year (the "Fee") from each company, payable on a monthly basis, plus applicable taxes. However, Golden Valley suspended the management fees to Val-d'Or Mining in 2012 and International Prospect in 2013 to enable the companies conserve cash for their operations. On January 1, 2018, the Company entered into a Termination Agreement with Val-d'Or Mining and International Prospect under which the Company agreed to terminate the Management Agreement, effective January 1, 2018, in exchange of a settlement fee of $60,000 payable by each company as consideration for its failure to pay the management fees since the date of suspensions of the respective Management Agreement (see note 11).

25) COMMITMENTS AND CONTINGENCIES

a) The Company was partially financed through the issuance of flow-through shares and, according to tax rules regarding this type of financing, the Company is engaged in realizing mining exploration work. These tax rules set deadlines for carrying out the exploration work, which must be performed no later than the first of the following dates:

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

25) COMMITMENTS AND CONTINGENCIES (continued)

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

b) The Company has entered into agreements with officers and consultants that include termination and change of control clauses. In the case of termination, the officers and consultants are entitled to an amount equal to a multiple (ranging from one to two times) the annual base fee payable. In the case of a change of control, the officers and consultants are entitled to an amount equal to a multiple (ranging from one to three times) the sum of the annual base fee. As at December 31, 2018, the total annual base fee of the officers and consultants under the agreements is $635,000. As a triggering event has not taken place, the contingent payments have not been reflected in the consolidated financial statements.

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

26) CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company’s capital management objectives are: to ensure the Company’s ability to continue as a going concern; to increase the value of the assets of the business; and to provide an adequate return to owners.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company’s own means and by identifying and acquiring the right potential royalty rights. The Company monitors capital on the basis of the carrying amount of equity. Capital for the reporting periods under review is comprised of share capital, warrants and contributed surplus. The Company is not exposed to any externally imposed capital requirements as at December 31, 2018 and 2017.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares, or sell assets to reduce payables. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its exploration and evaluation activities or may slow its activities until conditions improve.

No changes were made in the objectives, policies and processes for managing capital during the year.

(Expressed in Canadian dollars unless otherwise noted)

27) ADDITIONAL INFORMATION - CASH FLOWS

Changes in non-cash working capital items

		2018		2017
Other assets	$	**186,341**	$	(242,988)
Prepaid expenses		**1,810**		(1,990)
Accounts payable and accrued liabilities		**(16,700)**		272,596
	$	**171,451**	$	27,618

Non-cash transactions

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

		2018		2017
Accounts payable and accrued liabilities included in exploration and evaluation assets	**$**	-	$	100
Share-based compensation included in exploration and evaluation assets				26,025
Depreciation of exploration and evaluation equipment charged to exploration and evaluation assets		-		927
Options on exploration and evaluation assets received as shares of quoted mining exploration companies included in short-term financial assets				25,000
Common shares received in consideration of settlement fee and loan receivable from associates		**150,000**		-

28) FINANCIAL INSTRUMENTS

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Company focuses on actively securing short-to medium-term cash flows by minimizing the exposure to financial markets. The most significant financial risks to which the Company is exposed are described below.

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to the following two types of market risk: foreign currency risk and other price risk.

28) FINANCIAL INSTRUMENTS (continued)

Foreign currency risk sensitivity

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Most of the Company's transactions are carried out in Canadian dollars. Currency risk arises from the Company's dividends in foreign currency, which are primarily denominated in U.S. dollars. The Company does not enter into arrangements to hedge its foreign exchange risk. As at December 31, 2018, foreign currency denominated financial assets and liabilities in U.S. dollars and which expose the Company to the currency risk are as follows:

		Short-term Exposure	
		2018	2017
Cash	$	**553,504**	2,856,594
Dividends receivable		**17,692**	17,748
Royalty receivable		**10,339**	
Derivative financial instruments		**(1,902,857)**	(1,138,414)
	$	**(1,321,322)**	1,735,928

A 1% change in the Canadian /U.S. exchange rate as at December 31, 2018 would have had an impact of $18,025 at December 31, 2018 (2017 - $21,777) on loss of the period and equity.

Other price risk sensitivity

The Company is exposed to fluctuations in the market prices of its investments in quoted mining companies, derivative financial instrument, marketable securities in quoted mining exploration companies. The fair value of these financial instruments represents the maximum exposure to price risk.

If the quoted price of these instruments had changed by 1% as at December 31, 2018 (1% as at December 31, 2017), comprehensive loss and equity would have changed by $343,238 (2017 - $360,955).

(Expressed in Canadian dollars unless otherwise noted)

28) FINANCIAL INSTRUMENTS (continued)

b) Credit risk

Credit risk is the risk that another party to a financial instrument fails to discharge its obligation and, thus, leads the Company to incur a financial loss. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

	As at December 31.	
	2018	2017
Cash and cash equivalents	**$ 2,240,996**	$ 5,073,071
Restricted cash	**-**	545,052
Guaranteed investement certificates	**-**	480,000
Other receivables	**39,175**	322,182
Carrying amounts	**$ 2,280,171**	$ 6,420,305

The other receivables include amount receivables of $227,303 (2017 - $91,510) from partners on mining option agreements, dividends receivable of $23,000 (2017 - $22,000) from quoted mining companies and royalty receivables of $10,476 (2017 - $nil) from royalty interests. The exposure to credit risk for the Company's receivable is considered immaterial. The Company continuously monitors defaults of counterparties. No impairment loss has been recognized in the years presented.

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the Company has financing sources such as private and public investments for a sufficient amount. Over the past years, the Company has financed its exploration and evaluation programs, its working capital requirements and acquisitions of mining properties through private and flow-through placements.

The Company's objective is to maintain cash and cash equivalents and short-term investments to meet its liquidity requirements. This objective was met for the reporting periods. The Company considers cash flows from financial assets in assessing and managing liquidity risk, in particular its cash and cash equivalents and short-term investments. The Company's existing cash and cash equivalents and short-term investments significantly exceeds the current cash outflow requirements.

(Expressed in Canadian dollars unless otherwise noted)

28) FINANCIAL INSTRUMENTS (continued)

The following table presents contractual maturities (including interest payments where applicable) of the Company's liabilities:

	As at December 31.	
	2018	2017
Within 3 months		
Accounts payable and accrued liabilities	**$ 576,087**	$ 592,787
Derivative financial instruments	**14,754**	204,061
	$ 590,841	$ 796,848
3 to 12 months		
Derivative financial instruments	**$ 9,686**	$ 23,909
	$ 9,686	$ 23,909
12 to 36 months		
Derivative financial instruments	**$ 2,571,438**	$ 1,200,170
	$ 2,571,438	$ 1,200,170

29) SUBSEQUENT EVENT

For the three months ended March 31, 2019, Abitibi Royalties earned royalties in the amount of approximately US$291,198 from its royalty interest in Malartic CHL 3% Royalty in Malartic, Québec.