

Uranium Valley Mines Ltd.



**Interim Financial Statements  
First Quarter 2016**

**Unaudited**

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**IMPORTANT NOTICE**

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

**Uranium Valley Mines Ltd**  
**Interim Statements of Financial Position**

(In Canadian dollars) Unaudited

	Notes	March 31, 2016 \$	December 31, 2015 \$
<b>ASSETS</b>			
Current			
Cash	7	22,902	31,382
Sales taxes recoverable		2,506	320
Prepaid expenses and deposits	8.1	3,172	5,706
		<u>28,580</u>	<u>37,408</u>
Non-current			
Exploration and evaluation assets	8	<u>11,780</u>	<u>11,725</u>
Total assets		<u><u>40,360</u></u>	<u><u>49,133</u></u>
<b>LIABILITIES</b>			
Current			
Accounts payable and accrued liabilities and total liabilities		<u>12,648</u>	<u>2,169</u>
<b>EQUITY</b>			
Capital stock	9	2,104,406	2,104,406
Contributed surplus		1	1
Deficit		<u>(2,076,695)</u>	<u>(2,057,443)</u>
Total equity		<u>27,712</u>	<u>46,964</u>
Total liabilities and equity		<u><u>40,360</u></u>	<u><u>49,133</u></u>

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

These financial statements were approved and authorized for issue by the Board of Directors on May 25, 2016.

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

"Dr. C. Jens Zinke"  
(signed C. Jens Zinke)  
Director

**Uranium Valley Mines Ltd**  
**Interim Statement of Comprehensive Loss**  
**(Unaudited)**

(In Canadian dollars) Unaudited

	Notes	Three-month period ended March 31, 2016 \$	March 31, 2015 \$
Operating expenses			
Exploration expenses		232	117
Office expenses	12	2,534	2,534
Professional fees	13	16,558	16,484
Operating loss		<u>19,324</u>	<u>19,135</u>
Interest expenses (income)		<u>(72)</u>	<u>(707)</u>
<b>Net loss and total comprehensive loss</b>		<u><u>19,252</u></u>	<u><u>18,428</u></u>
Basic and diluted loss per share	11	<u><u>0.002</u></u>	<u><u>0.002</u></u>
Weighted average number of common shares outstanding	11	<u><u>11,233,331</u></u>	<u><u>11,166,664</u></u>

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

## Uranium Valley Mines Ltd

### Interim Statements of Changes in Equity

(In Canadian dollars) Unaudited

	Note	Common shares outstanding Number	Capital Stock \$	Contributed Surplus \$	Deficit \$	Total Equity \$
Balance at January 1, 2016		11,233,331	2,104,406	1	(2,057,443)	46,964
Net loss and total comprehensive loss			-	-	(19,252)	(19,252)
Balance at March 31, 2016		<u>11,233,331</u>	<u>2,104,406</u>	<u>1</u>	<u>(2,076,695)</u>	<u>27,712</u>
Balance at January 1, 2015		11,166,664	2,101,073	1	(1,780,838)	320,236
Net loss and total comprehensive loss			-	-	(18,428)	(18,428)
Balance at March 31, 2015		<u>11,166,664</u>	<u>2,101,073</u>	<u>1</u>	<u>(1,799,266)</u>	<u>301,808</u>

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

# Uranium Valley Mines Ltd

## Interim Statements of Cash Flows

(In Canadian dollars) Unaudited

	<b>March 31, 2016</b>	<b>March 31, 2015</b>
	<u>\$</u>	<u>\$</u>
<b><i>OPERATING ACTIVITIES</i></b>		
Net loss	(19,252)	(18,428)
Changes in working capital items		
Sales taxes recoverable	(2,185)	(2,400)
Prepaid expenses and deposits	2,534	2,534
Accounts payable and accrued liabilities	<u>10,423</u>	<u>(1,446)</u>
Cash flows from operating activities	<u>(8,480)</u>	<u>(19,740)</u>
<b><i>INVESTING ACTIVITIES</i></b>		
Tax credit received		
Additions to exploration and evaluation assets	<u>                    </u>	<u>-</u>
Cash flows from investing activities	<u>                    </u>	<u>                    </u>
<b>Net decrease in cash and cash equivalents</b>	<b>(8,480)</b>	<b>(19,740)</b>
Cash and cash equivalents, beginning of period	<u>31,382</u>	<u>99,363</u>
Cash and cash equivalents, end of period	<u><u>22,902</u></u>	<u><u>79,623</u></u>

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

# Uranium Valley Mines Ltd

## Notes to Interim Financial Statements

March 31, 2016 and 2015

(In Canadian dollars) Unaudited

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### **1 - NATURE OF OPERATIONS**

Uranium Valley Mines Ltd (the "Company") is involved in the process of exploring, evaluating and promoting its mineral properties and other projects.

### **2 - GOING CONCERN ASSUMPTION AND STATEMENT OF COMPLIANCE WITH IFRS**

These interim financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) and the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company's ability to continue as a going concern depends upon its ability to obtain necessary financing to fund its prospection operations, its projects and continued support of suppliers and creditors. Given its short history, the Company's ability to raise enough financing to meet these objectives cannot be determined at this time. The Company's business involves a high degree of risk and there is no assurance that the Company will be successful in discovering economically recoverable deposits on its mineral properties. Furthermore, the Company has not yet generated any income or cash flows from its operations and there is no assurance that the business will be profitable in the future. As at March 31, 2016, the Company has a cumulated deficit of \$2,076,695 (\$2,057,443 as at December 31, 2015). These material uncertainties cast significant doubts regarding the Company's ability to continue as a going concern.

The carrying amounts of assets, liabilities and expenses presented in the interim financial statements and the classification used in the interim financial statements have not been adjusted as would be required if the going concern assumption was not appropriate. Those adjustments could be material.

### **3 - GENERAL INFORMATION**

The Company was incorporated on February 18, 2010 under the Business Corporations Act of British Columbia. The head office of the Company is located at 152 Chemin de la Mine École, Val-d'Or, Quebec, Canada. The Company's registered and records office is located at #1810 - 1111 West Georgia Street, Vancouver, B.C. V6E 4M3. The Company also has administrative offices located at 800 René-Lévesque Boulevard West, Suite 425, Montréal, Quebec, H3B 1X9. As at March 31, 2015, Golden Valley Mines Ltd ("Golden Valley"), the parent company, holds a 37.13% participation in the Company.

The interim financial statements of the Company will be included in the consolidation perimeter of its controlling shareholder Golden Valley.

#### **3.1 - Transfer to NEX**

By letter dated November 3, 2015, the TSX Venture Exchange placed the Company on notice that its listing would be transferred to NEX if it did not, by May 3, 2016, resolve a continued listing deficiency under Exchange Policy 2.5. The deficiency identified relates to activity for an issuer classified as a Tier 2 Mining issuer. NEX is a separate board of the TSX Venture Exchange that provides a trading forum for listed issuers that have fallen below the Exchange's ongoing listing standards. Management has determined that it will take the required steps to transfer its listing to NEX and carry on its business as a NEX listed issuer. On May 5, 2016 the Company announced that its listing on the TSX Venture Exchange has been transferred to NEX. The Company's common shares commenced trading on NEX under symbol "VZZ.H" on May 6, 2016.

# Uranium Valley Mines Ltd

## Notes to Interim Financial Statements

March 31, 2016 and 2015

(In Canadian dollars) Unaudited

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### **4 - BASIS OF PRESENTATION**

These interim financial statements are covering the three month period ended March 31, 2016 and were prepared in accordance with International Financing Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), under International Accounting Standard ("IAS") 34 - Interim Financial Reporting. These interim financial statements were prepared using the same accounting policies, methods of computation and basis of presentation as outlined in Note 5 - Summary of Accounting Policies, as described in the Company's annual audited financial statements for the year ended December 31, 2015. Interim financial statements do not include all the notes required in annual financial statements and, accordingly, should be read in conjunction with with the annual financial statements for the year ended December 31, 2015

The interim financial statements of the Company will be included in the consolidation perimeter of its controlling shareholder Golden Valley.

### **5 - SUMMARY OF ACCOUNTING POLICIES**

#### **5.1 - Overall considerations**

The significant accounting policies that have been applied in the preparation of these financial statements are summarized in Note 5 - Summary of Accounting Policies, of the Company's annual audited financial statements for the year ended December 31, 2015.

#### **5.2 - Functional and presentation currency**

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

### **6 - JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. These judgements, estimates and assumptions are summarized in Note 6 - Judgements Estimates and Assumptions, of the Company's annual audited financial statements for the year ended December 31, 2015.

#### **6.1 - 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 judgement and a number of estimates and interpretations in many cases (see Note 5.9).

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. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined.

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 become 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.

# Uranium Valley Mines Ltd

## Notes to Interim Financial Statements

March 31, 2016 and 2015

(In Canadian dollars) Unaudited

No impairment loss of the exploration and evaluation assets has been recognized in profit or loss in the period ended March 31, 2016 ( \$208,709 for the year ended December 31, 2015). No reversal of impairment losses has been recognized for the reporting periods.

Management judged that there's no impairment required on the Porcupine Miracle Prospect. The carrying value of the Company's net assets is superior to its market capitalization. Claims will not expire in the near future and the Company can thus pursue exploration activities on this property after raising additional capital.

### 7 - CASH AND CASH EQUIVALENTS

	<u>March 31,</u> 2016	<u>December 31,</u> 2015
	\$	\$
Cash	22,902	11,382
Demand deposit, 0.65% redeemable at any time	-	20,000
	<u>22,902</u>	<u>31,382</u>

# Uranium Valley Mines Ltd

## Notes to Interim Financial Statements

March 31, 2016 and 2015

(In Canadian dollars) Unaudited

### 8 - EXPLORATION AND EVALUATION ASSETS

The summary of carrying amount can be analyzed as follows:

	Balance as at January 1, 2016 <u>          </u> \$	<u>          </u> Additions <u>          </u> \$	Balance as at March 31, 2016 <u>          </u> \$
<u>Properties</u>			
Porcupine Miracle Prospect (Ontario)	11,725	55	11,780
	<u>          </u>	<u>          </u>	<u>          </u>
	<u>11,725</u>	<u>55</u>	<u>11,780</u>
	Balance as at January 1, 2015 <u>          </u> \$	<u>          </u> Additions <u>          </u> \$	Balance as at March 31, 2015 <u>          </u> \$
<u>Property</u>			
Porcupine Miracle Prospect (Ontario)	8,325	-	8,325
Beartooth Island Prospect (Saskatchewan)	208,466	-	208,466
	<u>          </u>	<u>          </u>	<u>          </u>
	<u>216,791</u>	<u>-</u>	<u>216,791</u>

# Uranium Valley Mines Ltd

## Notes to Interim Financial Statements

March 31, 2016 and 2015

(In Canadian dollars) Unaudited

### 8 - EXPLORATION AND EVALUATION ASSETS (continued)

#### *Porcupine Miracle Prospect - Landmuir Township, Ontario*

On July 3, 2014, the Company entered into a Mining Option Agreement with 2973090 Canada Inc., ("2973090") pursuant which the Company has the option to acquire a 100% ownership interest in the Porcupine Miracle Prospect. The Porcupine Miracle Prospect is constituted of four (4) mineral claims located in the Langmuir Township in the province of Ontario, Canada. In consideration for the option, the Company will issue 200,000 common shares as follows: 66,666 common shares (issued on July 25, 2014 at a price of \$0.10 per share), 66,667 common shares on July 17, 2015 (issued on July 17, 2015 at a price of \$0.05 per share), and, 66,667 common shares on July 17, 2016. In order to exercise the option, the Company is required to incur exploration expenditures of \$50,000 by July 17, 2016 and, in addition, to maintain the property in good standing. The property will be subject to a royalty in favour of 2973090 equal to 3% of net smelter returns. Unless the Option has then lapsed or been terminated, an advance royalty payments of \$10,000 per annum will be payable by the Company commencing on July 17, 2017; the advance royalty payments will be deducted from the amounts payable under the royalty.

#### *Otish/Mistassini Prospect - North Central Quebec*

On March 31, 2011, the Company acquired Golden Valley's 50% interest in the Otish/Mistassini Prospect and on July 15, 2011, it acquired the 50% interest held by Lexam in the property. As a result, the Company holds a 100% interest in the Otish/Mistassini Prospect. As of December 31, 2012, despite its belief in the ore potential of its claims, the Company, in regard of the moratorium imposed by the Quebec Government on the issuance of exploration and exploitation permits for uranium in the province of Quebec, made the decision to impair its Otish/Mistassini Prospect.

#### *Beartooth Island Prospect - Athabaska Basin, Saskatchewan*

On March 31, 2011, the Company acquired Golden Valley's 40% interest in the Beartooth Island Prospect. This property is the object of an agreement with Ditem. Ditem can acquire an additional 6% interest in the property by advising the Company of its intent to complete and by completing a feasibility study at its sole cost within the period of 10 years from the operative date, subject to and in accordance with the terms of the agreement. Following the final vesting, the Company will retain an aggregate of 34% undivided interest in the property. As of the date here of the Company retains a 40% interest therein; Ditem is the operator. At December 31, 2015, since no exploration work has been performed in the past years and the operator is not planning any work in the near future, the Company made the decision to impair its Beartooth Island Prospect.

#### **8.1 - Deposits for claims renewal**

The Company makes deposits with the Ministère des ressources naturelles et de la faune du Québec as a more practicle way to pay renewal fees and to renew its claims coming due or to stake new claims. As of March 31, 2015 the unused balance of the deposit was \$215 (\$215 at December 31, 2015). The deposits are included in the Prepaid expenses and deposits in the statement of financial position.

### **9 - EQUITY**

#### **9.1 - Capital stock**

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

Authorized

Unlimited number of common shares, without par value, voting and participating.

Unlimited number of preferred shares, without par value, non-participating. The directors will define the rights, privileges, restrictions and conditions of these shares upon issuance.

# Uranium Valley Mines Ltd

## Notes to Interim Financial Statements

March 31, 2016 and 2015

(In Canadian dollars) Unaudited

### 10 - SHARE-BASED PAYMENTS

The Company has adopted an incentive stock option plan pursuant to which directors, officers, employees and consultants are eligible to receive incentive stock options. Under the terms of this plan, the aggregate number of shares issuable upon the exercise of all options granted thereunder may not exceed 10% of the Company's common shares issued and outstanding at the time of grant. The exercise price of each option is fixed by the Board of Directors, but shall not be less than the closing price of the Company's share on the trading day immediately prior to the date of grant less any discount permitted by the Exchange; if no sales were reported, it shall be the sales closing price on the last trading day immediately prior to the date of grant on which sales were reported. The vesting period of the options shall be determined by the Board of Directors, in accordance with the rules and regulations of the Exchange. As of March 31, 2016, December 31, 2015, and March 31, 2015, no options had been granted.

### 11 - LOSS PER SHARE

The calculation of basic loss per share is based on the net loss for the period divided by the weighted average number of shares in circulation during the period. The diluted loss per share, calculated as if potential common shares had been issued, would have had the effect of decreasing the loss per share which would be antidilutive.

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 of the periods ended March 31, 2016 and March 31, 2015.

	March 31,	
	2016	2015
Net loss for the period	<u>\$19,252</u>	<u>\$18,428</u>
Weighted average number of shares in circulation	<u>11,233,331</u>	<u>11,166,664</u>
Basic and diluted loss per share	<u>\$0.002</u>	<u>\$0.002</u>

There have been no other transactions involving shares between the reporting date and the date of authorization of these financial statements.

### 12 - OFFICE EXPENSES

	March 31,	
	2016	2015
Insurance premiums	\$ 2,534	\$ 2,534
Communications	-	-
	<u>2,534</u>	<u>2,534</u>

# Uranium Valley Mines Ltd

## Notes to Interim Financial Statements

March 31, 2016 and 2015

(In Canadian dollars) Unaudited

### 13 - PROFESSIONAL FEES

	March 31,	
	2016	2015
	\$	\$
Audit, tax and accounting fees	9,360	9,360
Legal fees	547	653
Exchange, regulatory and transfer agent fees	6,651	6,471
	<u>16,558</u>	<u>16,484</u>

### 14 - MANAGEMENT FEES

On October 1, 2010 the Company entered into a Management and Administrative Services Agreement (the "Management Agreement") with Golden Valley pursuant to which Golden Valley 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 chief financial officer and investors relations services to the Company in consideration of \$96,000 per year (the "Fee"), payable on a monthly basis, plus applicable taxes. The provision of services by Golden Valley commenced on October 1, 2010, but payment of monthly fees started as of July 15, 2011 (the "Trading Date"). Effective January 1, 2013, Golden Valley has agreed to suspend the payment of the management fees to enable the Company to conserve cash for its operations. Accordingly the Company did not pay any management fees to Golden Valley for the periods ended on March 31, 2016, December 31, 2015, and March 31, 2015.

The Management Agreement is for an initial term of two years commencing on the Trading Date, and will be automatically renewed after the initial term for successive period of 12 months. The Management Agreement can be terminated at any time and by either party, upon delivery of a twelve month written notice. The Management Agreement provides for the Fee to be reviewed on an annual basis.

The Company entered into an amending agreement (an "Amending Agreement") with Golden Valley dated as of May 21, 2014, amending the terms of the Management Agreement. The Amending Agreement confirms, among other things, that:

- if there is a change of control of the Company and Golden Valley terminates the Management Agreement within six months of the change of control;
- if the Company terminates the Management Agreement within twelve months of the change of control; or
- if the Company and Golden Valley agree to terminate the Management Agreement within six months of the change of control.

Then the Company will pay Golden Valley a termination payment equal to the aggregate of the amounts that would have been payable by the Company to Golden Valley as the fee for the period from the date of the Amending Agreement to the date on which the Management Agreement is terminated if payment of the fee had not been suspended during such period.

# Uranium Valley Mines Ltd

## Notes to Interim Financial Statements

March 31, 2016 and 2015

(In Canadian dollars) Unaudited

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### ***15 - RELATED PARTY TRANSACTIONS***

#### **15.1 - Transactions with the parent company**

As explained in Note 14, no management fees were charged to the Company by Golden Valley for the three month periods ended March 31, 2016 and 2015.

In addition, pursuant to the terms of the Management Agreement, Golden Valley has agreed to provide the Company with the services of a qualified geologist at an hourly charge equal to the hourly charge to Golden Valley, plus 10%. During the three months ended March 31, 2016, the Company incurred geological fees of \$217 (\$Nil for the quarter ended March 31, 2015). As at March 31, 2016, the Company had a balance payable of \$1,183 (\$Nil at March 31, 2015) to Golden Valley.

#### **15.2 - Transactions with key management**

Key management personnel of the Company are the members of the board of directors, as well as the president and the chief financial officer. The Company did not pay any compensation nor any other form of employment benefits or perquisites to its key management in the periods ended March 31, 2016 and 2015. Please refer to Note 14 for a more detailed description of the Management and Administrative Agreement.

### ***16 - COMMITMENT***

The Company has no commitment other than the Management Agreement described in Note 14 and its obligations under the Porcupine Miracle Prospect Mining Option Agreement described in Note 8.