NUNAVIK NICKEL MINES LTD

Financial Statements

December 31, 2015 and 2014

Audited

Content

Raymond Chabot Grant Thornton

Independent Auditor's Report

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To the Shareholders of
Nunavik Nickel Mines Ltd.

We have audited the accompanying financial statements of Nunavik Nickel Mines Ltd., which comprise the statements of financial position as at December 31, 2015 and 2014 and the statements of comprehensive loss, the statements of changes in equity and the statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nunavik Nickel Mines Ltd. as at December 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 to the financial statements which indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

[1]

Raymond Chabot Grant Thornton L.L.P.

Val-d'Or
April 27, 2016

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[1] CPA auditor, CA public accountancy permit no. A107240

Nunavik Nickel Mines Ltd
Statements of Financial Position
(In Canadian dollars)

	Notes	December 31, 2015	December 31, 2014
		$	$
ASSETS			
Current			
Cash and cash equivalents	7	70,571	1,470
Sales taxes recoverable		1,078	2,761
Prepaid expenses and deposits		5,507	5,507
		77,156	9,738
Non-current			
Exploration and evaluation assets	8	1,460,725	1,381,437
Total assets		1,537,881	1,391,175
LIABILITIES			
Current			
Accounts payable and accrued liabilities and total liabilities		6,100	31,100
EQUITY			
Capital stock	9	2,557,466	2,298,006
Contributed surplus		137,283	137,283
Warrants	9.5	4,877	-
Deficit		(1,167,845)	(1,075,214)
Total equity		1,531,781	1,360,075
Total liabilities and equity		1,537,881	1,391,175

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 April 27, 2016.

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

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

Nunavik Nickel Mines Ltd
Statements of Comprehensive Loss
(In Canadian dollars)

	Notes	December 31, 2015	December 31, 2014
		$	$
Operating expenses			
Exploration expenses		4,460	17,269
Office expenses		11,513	11,649
Share-based payments	10	-	9,031
Professional fees	13	69,380	99,294
Travel expenses		7,047	11,044
Advertising and promotion		279	-
Operating loss		92,679	148,287
Financial costs (income)			
Interest income		(174)	(1,348)
Interest expense		126	116
		(48)	(1,232)
Net loss and total comprehensive loss		92,631	147,055
Basic and diluted loss per share	12	0.007	0.015

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

Nunavik Nickel Mines Ltd

Statements of Changes in Equity

(In Canadian dollars)

	Notes	Common shares outstanding	Capital stock	Contributed surplus	Warrants	Deficit	Total Equity
		Number	$	$	$	$	$
Balance at January 1, 2015		10,081,994	2,298,006	137,283	-	(1,075,214)	1,360,075
Units issued by private placement	9.2	2,500,000	250,000	-	-	-	250,000
Compensation warrants issued	9.5	-	-	-	4,877	-	4,877
Share issue expenses	9.2	-	(26,540)	-	-	-	(26,540)
Shares issued to acquire Boston Bulldog Prospect property	8 and 9.3	300,000	36,000	-	-	-	36,000
Net loss and total comprehensive loss			-	-	-	(92,631)	(92,631)
Balance at December 31, 2015		12,881,994	2,557,466	137,283	4,877	(1,167,845)	1,531,781
Balance at January 1, 2014		9,892,722	2,278,544	130,161	-	(928,159)	1,480,546
Exercised of options	10	39,272	4,462	(1,909)	-	-	2,553
Share-based payments	10		-	9,031	-	-	9,031
Issue of common shares	9.4	150,000	15,000				15,000
Net loss and total comprehensive loss			-	-	-	(147,055)	(147,055)
Balance at December 31, 2014		10,081,994	2,298,006	137,283	-	(1,075,214)	1,360,075

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

Nunavik Nickel Mines Ltd
Statements of Cash Flows
(In Canadian dollars)

	December 31, 2015	December 31, 2014
	$	$
OPERATING ACTIVITIES		
Net loss	(92,631)	(147,055)
Adjustments		
Share-based payments	-	9,031
Shares issued accounted in professional fees	-	15,000
Tax credits accounted in exploration expenses	(476)	(398)
Changes in working capital items		
Sales taxes recoverable	1,683	(2,555)
Prepaid expenses and deposits	-	668
Accounts payable and accrued liabilities	(29,863)	28,812
Cash flows from operating activities	(121,287)	(96,497)
INVESTING ACTIVITIES		
Additions to exploration and evaluation assets	(39,057)	(13,710)
Tax credit received	1,108	52,132
Cash flows from investing activities	(37,949)	38,422
FINANCING ACTIVITIES		
Issuance of units by private placement	250,000	2,553
Share issue expenses	(21,663)	-
Cash flows from financing activities	228,337	2,553
Net increase (decrease) in cash and cash equivalents	69,101	(55,522)
Cash and cash equivalents, beginning of period	1,470	56,992
Cash and cash equivalents, end of period	70,571	1,470

Additional cash flow information (Note 16)		
Cash transactions:		
Interest received related to operating activities:	174	1,348

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

1 - NATURE OF OPERATIONS

Nunavik Nickel 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 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. 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 December 31, 2015, the Company has a cumulated deficit of $1,167,845 ($1,075,214 as at December 31, 2014). 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 financial statements and the classification used in the 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 December 31, 2015, Golden Valley Mines Ltd. ("Golden Valley"), the parent company, is holding a 60.27 % participation in the Company.

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

4 - CHANGES IN ACCOUNTING POLICIES

4.1 - Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these 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 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 financial statements.

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 assets, a single, forward-looking "expected 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. The Company has not yet assessed the impact of this new standard on its financial statements.

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 below.

5.2 - Functional and presentation currency

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

5.3 - Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs.

Financial assets and financial liabilities are measured subsequently as described below:

Financial assets

For the purpose of subsequent measurement, financial assets of the Company are classified into the category loans and receivables upon initial recognition.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within Interest expense or Interest income, if applicable.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents fall into this category of financial instruments.

Impairment of financial assets

All financial assets, except for those at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

Objective evidence of impairment could include:

a) significant financial difficulty of the issuer or counterparty;

b) default or delinquency in interest or principal payments; or

c) it becoming probable that the borrower will enter bankruptcy or financial reorganization.

Financial liabilities

The Company's financial liabilities include accounts payable and accrued liabilities. Financial liabilities are measured subsequently at amortized cost using the effective interest method. All interest-related charges are reported in profit or loss within Interest expense.

5.4 - Income taxes

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

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although IAS 12 "Income Taxes " specifies limited exemptions. As a result of these exemptions the Company does not recognise deferred tax on temporary differences relating to goodwill, or to its investments in subsidiaries.

However, since the Company is at the exploration stage there is no taxable income, the tax expense recognized in profit and loss is currently comprised only of deferred tax.

5.5 - Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the same period. Diluted earnings per share is calculated by adjusting loss attributable to common equity holders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares which include stock options and warrants. Dilutive potential common shares shall be deemed to have been converted into common shares at the average market price at the beginning of the period or, if later, at the date of issue of the potential common shares.

5.6 - Cash and cash equivalents

Cash and cash equivalents comprise cash in bank and demand deposit, which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

5.7 - Tax credits receivable

The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of exploration and evaluation costs 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.

5.8 - 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, all costs of acquiring mineral rights or options to acquire such rights (option agreement), 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 expenses are 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 (see Note 5.9); 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 (see Note 5.9) and any impairment loss is recognized in profit or loss before reclassification.

Although the Company has taken steps to verify title to the mining properties in which it hold 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. Title to property may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

Disposal of interest in connection with option agreement

On the disposal of interest in connection with the 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 shares consideration received directly from the acquirer is credited against the carrying amount of costs previously capitalized to the property, and the surplus is recognized as a gain on the disposal of exploration and evaluation assets in profit or loss.

5.9 - Impairment of exploration and evaluation assets

For the purpose 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 areas has expired or will expire in the near future with no expectation of renewal;

b) no further exploration or evaluation expenditures in the areas 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.

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 loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

5.10 - Provisions

Provisions are recognized when present legal or constructive 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 the current laws and regulations. Site restauration 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 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.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

5.10 - Provisions **(continued)**

At December 31, 2015 and 2014, there is no provision in the statement of financial position.

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

5.11 - Equity

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 options or warrants are exercised, the capital stock account also comprises the compensation cost previously recorded as contributed surplus or warrants. In addition, if shares were issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they are measured at their fair value according to the quoted price on the day of the conclusion of the agreement.

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.

Other elements of equity

Contributed surplus includes charges related to stock options until such stock options are exercised and charges related to warrants expired.

Warrants include expenses relating to warrants until the exercise of the warrants.

Deficit includes all current and prior period retained profits and losses.

5.12 -Equity-settled share-based payments

The Company operates an equity-settled share-based payments plan for its eligible directors, officers, employees and management companies employees. The Company's plan 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 shall measure 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 measured the fair value of the services received by reference to the fair value of the equity instruments granted.

All equity-settled share-based payments (except compensation warrants) are ultimately recognized as an expense in the profit or loss 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 share 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 period, 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.

***5.12 -Equity-settled share-based payments* (continued)**

Upon exercise of stock options, the proceeds received net of any directly attributable transaction costs are recorded as capital stock. The accumulated charges related to the stock options recorded in contributed surplus are then transferred to capital stock.

5.13 - Segmental reporting

The Company presents and discloses segmental information based on information that is regularly reviewed by the Chief Executive Officer and the Board of Directors.

The Company has determined that it has only one operating segment are the sector of exploration and evaluation of mineral resources. All its exploration and evaluation assets are located in Canada.

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.

6.1 - Significant management judgement

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

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgement. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period (See Note 5.4).

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

6.2 - 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 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 Canadian dollars)

Impairment of exploration and evaluation assets (continued)

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.

No impairment loss was recognized during the years ended December 31, 2015 and December 31, 2014. No reversal of impairment losses has been recognized for the reporting periods.

Management judged that there was no testing for impairment required this year on the Boston Bulldog Prospect and the Marymac Prospect properties. Considering the private placement closed on January 30, 2015, the Company has sufficient funds to respect its short term obligations and has both the intention and capacity to keep the properties until the economic context improves and the Company can pursue its exploration activities on the properties after raising additional capital. Additionaly, claims will not expire in the near future or will be renewed, concerning the Marymac Prospect property promising results were obtained and works were performed during previous years.

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 comparable mining exploration companies' share on the TSX Venture Exchange, the probable life of share option 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.

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 judgement 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 and refundable tax credit, exploration and evaluation assets, and income tax expense in future periods. See Note 5.7 for more information.

7 - CASH AND CASH EQUIVALENTS

	December 31,	
	2015	2014
	$	$
Cash	10,571	1,470
Demand deposit, 0.7% redeemable at any time	60,000	-
	70,571	1,470

(In Canadian dollars)

8 - EXPLORATION AND EVALUATION ASSETS

The summary of carrying amount can be analyzed as follows:

Properties	Balance as at January 1, 2015	Additions	Balance as at December 31, 2015
	$	$	$
Boston Bulldog Prospect (Ontario)	-	41,100	41,100
Marymac Prospect (Quebec)	1,381,437	38,188	1,419,625
	1,381,437	79,288	1,460,725

Properties	Balance as at January 1, 2014	Additions	Balance as at December 31, 2014
	$	$	$
Marymac Prospect (Quebec)	1,366,964	14,473	1,381,437
	1,366,964	14,473	1,381,437

(In Canadian dollars)

8 - *EXPLORATION AND EVALUATION ASSETS* (continued)

The carrying amounts and current expenses by property can be analyzed as follows:

	Quebec Marymac Prospect		Ontario Boston Bulldog Prospect		Total Combined	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	$	$	$	$	$	$
Type of expenses						
Acquisition and claims maintenance	38,009	11,865	41,100	-	79,109	11,865
Technical and field staff	309	1,234	-	-	309	1,234
Program Management and consultant	502	502	-	-	502	502
Tax credits	(632)	872	-	-	(632)	872
Net expenses incurred during the period	38,188	14,473	41,100	-	79,288	14,473
Balance, beginning of period	1,381,437	1,366,964	-	-	1,381,437	1,366,964
Balance, end of period	1,419,625	1,381,437	41,100	-	1,460,725	1,381,437

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

Marymac Prospect - Labrador Trough, Quebec

The Marymac Prospect located in the Labrador Trough of Quebec, consists of 116 Map Designated Units (each an "MDU") that collectively encompass approximatively 10,000 hectares. The Company holds a 100% interest in the Marymac Prospect. The Marymac Prospect is subject to a 2% net smelter royalty ("NSR") interest in favour of Capex Group Inc.(formerly 862539 Alberta Ltd.), which was granted to 862539 Alberta Ltd. pursuant to an agreement dated March 1, 2001.

Boston Bulldog Prospect - Kirkland Lake, Ontario

The Boston Bulldog Prospect is a group of 3 mining claims located in Kirkland Lake, Ontario. On February 16, 2015, the Company entered into a Mining Option Agreement, amended on March 6, 2015, pursuant to which it has been granted by 2973090 Canada Inc., a Canadian private company wholly-owned and controlled by Glenn J. Mullan, the CEO and a director of the Company, an option to acquire a 100% interest in the mineral claims comprising the Boston Bulldog Prospect, subject to a 3% NSR royalty. In consideration of the grant of the option, the Company paid 2973090 Canada Inc. a sum of $5,000 in cash to cover the cost of staking the property and issued 300,000 common shares (issued in April 2015). To maintain and exercise the option, the Company must keep the property in good standing and incur minimum mining operations expenditures of $50,000 by the second anniversary of the date that the Exchange issues its written acceptance of the option (acceptance by the Exchange was received on April 7, 2015). In accordance with the terms of the option, the Company has the right to reduce the royalty from 3% to 2% of the NSR by paying 2973090 Canada Inc. $1,000,000 at any time on or before February 16, 2022.

Shoot-Out Prospect (combined East and West) - Northern Quebec

The Shoot-Out Prospect is the combination of two properties, Shoot-Out East and Shoot-Out West, and consists of 160 claims covering a surface area of approximatively 7,526 hectares located in the Raglan Belt of northern Quebec. The Company has a 100% ownership interest in this property that is subject to a 3% NSR in favour of the original vendors, one of which is a director and officer of the Company.

Fortin Property - Abitibi, Quebec

The Fortin Property is located in the central part of Ducros Township, approximatively 80 kilometres northeast of the City of Val-d'Or, Quebec, and consists of 5 contiguous mining claims. The Company holds a 100% interest in this property, subject to a 1.5% NSR in favour of the original vendors. The Company retains the right to buyback the NSR at anytime ; 0.5% buyback for $500,000 and 1% buyback for $1,000,000.

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.

(In Canadian dollars)

9.2 - Private Placement

On January 30, 2015, the Company closed a non-brokered private placement financing pursuant to which it has issued 2,500,000 units at a price of $0.10 per unit for a gross proceeds of $250,000. Each unit consists of one common share in the capital of the Company and one-half of one non-transferable share purchase warrant, each whole warrant entitling the purchase of one common share at a per share price of $0.12 until January 30, 2017. No amount related to issued warrants was recorded.

In connection with this private placement, the Company has paid finder's fees of $3,300 and issued compensation warrants entitling the purchase of 41,250 of its common shares at a per share price of $0.10 until January 30, 2017. The fair value of compensation warrants has been estimated using the Black-Scholes option-pricing model at $4,877. The total share issue expenses related to this private placement amounted to $26,540 (including finder's fees and compensation warrants).

9.3 - Share issue - Acquisition of Boston Bulldog Prospect

On April 10, 2015, after having received Exchange acceptance of the Mining Option Agreement to acquire the Boston Bulldog Prospect (received on April 7, 2015), the Company issued 300,000 common shares at a price of $0.12 per share.

9.4 - Shares Issue - Consulting Agreement

On October 3, 2014, in accordance with the terms of the April 2, 2014 consulting agreement it has entered into, and after having obtained acceptance of the terms of the share issuance by the Exchange, the Company issued 150,000 common shares, at a deemed price of $0.10 per share, to Red Cloud Mining Capital Inc. ("Red Cloud ") in payment of services received. (Refer to Note 21). The amount of $15,000 was recorded in professional fees.

9.5 - Warrants

On January 30, 2015, 1,250,000 warrants were issued at an exercise price of $0.12 and 41,250 compensation warrants were issued at an exercise price of $0.10.

Outstanding warrants entilte their holders to subscribe to an equivalent number of ordinary shares, as follows:

	December 31, 2015	
	Number of warrants	Weighted average exercise price
		$
Balance, beginning of reporting period	-	-
Granted	1,291,250	0.12
Balance, end of reporting period	1,291,250	0.12

The number of outstanding warrants which could be exercised for an equivalent number of common shares is as follows:

	December 31, 2015	
Expiry date	Number of warrants	Exercise price
		$
January 30, 2017	1,291,250	0.12

(In Canadian dollars)

***9.5 - Warrants* (continued)**

When granted, the fair value of the 41,250 warrants issued as compensation warrants was measured by the reference to the fair value of the equity instruments granted, the fair value of services received cannot be estimated reliably. The fair value of $4,877 was recorded as an increase of share issue expenses and increase of warrants.

The fair value of $0.12 each to the warrants issued as compensation warrants was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions:

	2,015
Share price at date of grant	$0.18
Expected dividend yield	0%
Expected volatility	100%
Risk-free interest rate	0.39%
Expected life	2 years
Exercise price at the date of grant	$0.10

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

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.

On April 3, 2014, the Company granted incentive stock options to directors, officers and consultants to purchase an aggregate of 114,272 of the Company's common shares. The options are exercisable at a price of $0.065 until April 3, 2019 and are vested immediately. The fair value of the stock options granted has been estimated using the Black-Scholes option-pricing model at $5,556.

On April 11, 2014, the Company issued 39,272 common shares for a consideration of $2,553 on the exercise of stock options at a price of $0.065 per share. The fair value of $1,909 of these stock options was released from contributed surplus to capital stock.

On November 20, 2014, the Company granted incentive stock options to its directors and officers to purchase an aggregate of 58,199 of the Company's common shares. The options are exercisable at a price of $0.08 until November 20, 2019 and are vested immediately. The fair value of the stock options granted has been estimated using the Black-Scholes option-pricing model at $3,475.

All share-based payments will be settled in equity. The Company has no legal constructive obligation to repurchase or settle the options in cash.

Nunavik Nickel Mines Ltd

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10 - SHARE-BASED PAYMENTS **(continued)**

The Company's stock options are as follows for the reporting periods presented:

	2015		2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Balance, beginning of reporting period	1,008,199	0.18	875,000	0.20
Granted	-	-	172,471	0.070
Exercised	-	-	(39,272)	0.065
Forfeited	(215,000)	0.19	-	-
Balance, end of reporting period	793,199	0.18	1,008,199	0.18

The weighted average share price at the date of exercise was $0.95 in 2014.

The table below summarizes the information related to stock options as at December 31, 2015 and 2014:

		2015 Outstanding and exercisable options		2015 Outstanding and exercisable options	
Exercise price	Expiry date	Number of options	Weighted average remaining contractual life (year)	Number of options	Weighted average remaining contractual life (year)
0.20	July 24, 2017	675,000	1.58	875,000	2.58
0.065	April 3, 2019	60,000	3.25	75,000	4.25
0.080	November 20, 2019	58,199	3.87	58,199	4.87
		793,199		1,008,199	

An amount of $9,031 of share-based payments expense was included in profit and loss for the period ended December 31, 2014 and credited to contributed surplus, while none were incurred for the period ended December 31, 2015.

The weighted average fair value of the stock options granted of $0.05 (none in 2015) has been estimated on the date of issue, using the Black-Scholes option-pricing model with the following assumptions:

	November 20, 2014	April 3, 2014
Share price at date of grant	$0.080	$0.065
Expected dividend yield	0%	0%
Expected volatility	100%	100%
Risk-free interest rate (based on 5 years Canada Bonds)	1.51%	1.78%
Expected life	5 years	5 years
Exercise price at the date of grant	$0.08	$0.065

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10 - SHARE-BASED PAYMENTS (continued)

In reason of the limited trading history of the Company's common shares, the underlying expected volatility was determined by reference to historical data of comparable mining exploration companies' share on the TSX Venture Exchange over the expected average life of the options. No special features inherent to the options granted were incorporated into measurement of fair value.

11 - FAIR VALUE MEASUREMENT

The carrying value of cash and cash equivalents and accounts payable and accrued liabilities are considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

12 - 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. Therefore potential dilutive common shares such as warrants and stock options have not been included in the calculation as they would result in a reduction of the loss per share. Detail of stock options and warrants issued that could potentially dilute earnings per share in the future is given in Notes 9.5 and 10.

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 years ended December 31, 2015 and December 31, 2014.

	December 31,	
	2015	2014
Loss for the period attributable to the owners of the Company	$92,631	$147,055
Weighted average number of shares in circulation	12,596,789	9,957,697
Basic and diluted loss per share	$0.007	$0.015

13 - PROFESSIONAL FEES

	December 31,	
	2015	2014
	$	$
Audit, tax and accounting fees	15,912	17,654
Legal fees	26,462	26,035
Consultants	-	30,000
Exchange, regulatory and transfer agent fees	27,006	25,605
	69,380	99,294

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").

From June 1, 2012, Golden Valley has agreed to suspend the charges of the management fees to enable the Company to conserve cash for its operations. Accordingly, the Company has not been charged management fees by Golden Valley for the years ended December 31, 2015 and 2014. The Company will resume payment of the management fees when its cash situation will permit.

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.

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15 -INCOME TAXES

15.1 - Relationship between tax expense and accounting profit or loss

The income tax expense attributable to earnings differs from the amounts computed by applying the combined federal and provincial income tax rate of 26.9% to earnings before income taxes as a result of the followings:

	December 31,	
	2015	2014
	$	$
Loss before income taxes	(92,631)	(147,055)
Expected income tax recovery at combined statutory rate	(24,918)	(39,558)
Adjustments for the following items		
Tax effect of change in temporary difference not recorded	24,308	36,525
Share-based payments	-	2,429
Other	610	604
	-	-

15.2 - Composition of deferred income taxes in the income statements

	December 31,	
	2015	2014
	$	$
Inception and reversal of temporary differences	(24,308)	(36,525)
Temporary difference not recorded	24,308	36,525
	-	-

15.3 - Deductible timing differences

The deductible timing differences and unused tax losses for which the Company has not recognized deferred tax asset as at December 31, 2015 are as follows:

	Federal	Quebec
	$	$
Exploration and evaluation assets	1,394,725	1,396,115
Non-capital losses	457,661	455,336
	1,852,386	1,851,451

The ability to realize the tax benefits is dependant upon a number of factors, including the future profitability of operations. Deferred tax assets are recognized only to the extent that it is probable that sufficient profits will be available to allow the asset to be recovered. At December 31, 2015, deferred tax assets totalling $147,746 ($117,610 at December 31, 2014) have not been recognized.

(In Canadian dollars)

The deductible timing differences and unused tax losses for which the Company has not recognized deferred tax asset as at December 31, 2014 are as follows:

	Federal	Quebec
	$	$
Exploration and evaluation assets	1,390,547	1,391,655
Non-capital losses	366,621	365,757
	1,757,168	1,757,412

15.4 - Non-capital losses

The Company has non-capital tax losses, which are available to reduce income taxes in the future years. Non-capital tax losses total and expire as follows:

	Federal amount	Quebec amount
	$	$
2030	486	486
2031	76,270	76,270
2032	108,228	108,008
2033	61,553	61,553
2034	120,084	119,440
2035	91,040	89,579
	457,661	455,336

The Company has investment tax credits carryover of $23,295 ($23,295 in 2014) that expire between 2031 and 2033, which are available to reduce income taxes payable in future years.

(In Canadian dollars)

16 - ADDITIONAL CASH FLOWS INFORMATION

Non-cash activities:

	December 31, 2015	December 31, 2014
	$	$
Exploration and evaluation assets paid with share issue	36,000	-
Tax credits deducted from exploration and evaluation assets	632	872
Accounts payable and accrued liabilities included in exploration and evaluation ε	4,932	69
Fair value of stock options exercised transferred to capital stock	-	1,909

17 - RELATED PARTY TRANSACTIONS

17.1 - Transactions with the parent company

No management fees for services has been charged to the Company for the years ended December 31, 2015 and December 31, 2014, (refer to Note 14).

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 year ended December 31, 2015, the Company incurred geological fees for $9,895 ; $4,959 was included in exploration and evaluation assets and $4,936 was expensed ($30,505 for the year ended December 31, 2014, $13,601 was included in exploration and evaluation assets and $16,904 was expensed). As at December 31, 2015, the Company had net indebtedness of $5,694 to Golden Valley ($4,932 for geological services) included in accounts payable and accrued liabilities ($26,034 at December 31, 2014).

On January 30, 2015, the Company closed a private placement of 2,500,000 units at $0.10 per unit. The Company's parent and majority shareholder, Golden Valley Mines Ltd, purchased 800,000 units under the offering for total proceed to the Company of $80,000.

17.2 - Transactions with key management

With the exception of the stock options granted on April 3, 2014 and on November 20, 2014 for an amount of $7,122, which are described in Note 10, no remuneration or compensation of any kind has been paid by the Company to its directors or officers during the year ended December 31, 2015 and the year ended December 31, 2014. For additional information please refer to Note 10 "Share-based payments".

In connection with the private placement, the Company paid finder's fees of $3,300 and issued finder's fee warrants entitling the purchase of 41,250 of its common shares at a per share price of $0.10 until January 30, 2017, to an individual related to the Chairman of the Board of the Company. The fair value of finder's fee warrants has been estimated using the Black-Scholes option-pricing model at $4,877. for additional information please refer to Note 9.5 - Warrants.

In April 2015, the Company issued 300,000 of its common shares to acquire the Boston Bulldog Prospect from 2973090 Canada Inc. a private company wholly-owned and controlled by Glenn J. Mullan the CEO and a director of the Company. For more detail on this transaction refer to Note 8 Exploration and evaluation assets.

In 2014, the Company entered into consulting and success fee agreements with Red Cloud as described in Note 21. At the time, Chad Williams, was a director of Golden Valley, the Company's parent and was also the President of Red Cloud.

18 - FINANCIAL INSTRUMENT RISKS

18.1 - Financial risk

The Company is exposed to various financial risks in relation to its financial instruments. The main types of risks the Company is exposed to are credit risk and liquidity risk.

The Company focuses on actively securing short to medium-term cash flow by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial instruments for speculative purposes.

The Company's main financial risk exposure and its financial risk management policies are as follows.

a) Credit risk

Credit risk relates to the risk that one party to a financial instrument will not fulfill some or all of its obligations, thereby causing the Company to sustain a financial loss. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets, cash and cash equivalents at the reporting dates for amounts of $70,571 at December 31, 2015 and $1,470 at December 31, 2014. The risk related to cash and cash equivalents is considered negligible as the Company is dealing with a reputable financial institution whose credit rating is excellent.

b) 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 potential financing sources. The Company establishes budget and cash estimates to ensure it has the necessary funds to fulfil its obligations.

Accounts payable and accrued liabilities are due within less than 90 days. The Company's existing cash and cash equivalent significantly exceed the current cash outflow requirements.

19 - CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives in managing capital is to safeguard its ability to continue its operations, 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 prospects, 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. The Company manages its capital structure and makes adjustments to it in 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 issue new shares to improve its financial performance and flexibility. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its activities or may slow its exploration and evaluation activities until conditions improve.

The Company monitors capital on the basis of the carrying amount of equity. Capital for reporting period under review is summarized in Note 9 and in the statement of changes in equity. The Company is not subject to any externally imposed capital requirements.

20 - COMMITMENT

The Company has no commitment other than the Management Agreement described in Note 14.

21 - CONSULTING AND SUCCESS FEE AGREEMENTS

Consulting and success fee agreements with Red Cloud Mining Capital Inc.

Effective April 2, 2014, the Company entered into a consulting agreement with Red Cloud pursuant to which Red Cloud will assist the Company in an advisory role with respect to the identification, evaluation and analysis of potential acquisitions by the Company. Pursuant to this agreement, Red Cloud will perform the services outlined in the agreement for a period of six months for a total fee of $15,000 in cash (paid in full as of June 30, 2014) and 150,000 common shares of the Company (issued on October 3, 2014 refer to Note 9.2), as well as 39,272 incentive stock options granted on April 3, 2014 and exercised on April 11, 2014 (refer to Note 10).

The Company is seeking opportunities in various resource and non-resource sectors, which, if it materializes, may result in the Company undertaking a change in business under the policies of the Exchange.