



## **Interim Financial Statements Second Quarter 2016**

**(Unaudited)**

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### **IMPORTANT NOTICE**

The attached financial statements have been prepared by Management of Nunavik Nickel 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.

**Nunavik Nickel Mines Ltd**  
**Interim Statement of Financial Position**

(Unaudited)

(In Canadian dollars)

	Notes	June 30, 2016 \$	December 31, 2015 \$
<b>ASSETS</b>			
Current assets			
Cash and cash equivalent	7	27,575	70,571
Sales taxes recoverable		3,076	1,078
Prepaid expenses and deposits		438	5,507
		<u>31,089</u>	<u>77,156</u>
Non-current			
Exploration and evaluation assets	8	1,469,759	1,460,725
Total assets		<u>1,500,848</u>	<u>1,537,881</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities		27,200	6,100
Total liabilities		<u>27,200</u>	<u>6,100</u>
<b>EQUITY</b>			
Capital stock	9	2,557,466	2,557,466
Contributed surplus		139,362	137,283
Warrants		4,877	4,877
Deficit		(1,228,057)	(1,167,845)
		<u>1,473,648</u>	<u>1,531,781</u>
Total liabilities and equity		<u>1,500,848</u>	<u>1,537,881</u>

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

These interim financial statements were approved and authorized for issue by the Board of Directors on August 24, 2015.

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

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

**Nunavik Nickel Mines Ltd**  
**Interim Statement of Comprehensive Income**  
**(Unaudited)**

(All amounts are expressed in Canadian dollars, unless otherwise noted.)

	Notes	Three-month period ended		Six-month period ended	
		June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
		\$	\$	\$	\$
Operating expenses					
Exploration expenses		3,642	3,482	7,927	3,482
Office expenses	12	2,739	3,541	5,290	6,277
Professional fees	13	27,324	26,375	43,757	53,988
Share-based payments		2,079		2,079	
Travel expenses	10		1,504	2,061	3,851
Advertising and promotion			279		279
		<u>35,784</u>	<u>35,181</u>	<u>61,114</u>	<u>67,877</u>
Operating loss		<u>35,784</u>	<u>35,181</u>	<u>61,114</u>	<u>67,877</u>
Financial costs (income)					
Interest income			-113	(420)	(113)
Interest expense and bank fees		19	21	79	84
Foreign exchange loss (gain)		(561)	(92)	(561)	(29)
		<u>(542)</u>	<u>(92)</u>	<u>(902)</u>	<u>(29)</u>
<b>Net loss and total comprehensive loss</b>		<u><u>35,242</u></u>	<u><u>35,089</u></u>	<u><u>60,212</u></u>	<u><u>67,848</u></u>
Basic and diluted net loss per share	11	<u><u>0.003</u></u>	<u><u>0.003</u></u>	<u><u>0.005</u></u>	<u><u>0.006</u></u>
Weighted average number of common shares outstanding	11	<u><u>12,881,994</u></u>	<u><u>12,858,917</u></u>	<u><u>12,881,994</u></u>	<u><u>12,306,855</u></u>

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

**Nunavik Nickel Mines Ltd**  
**Interim Statement of Changes in Equity**  
(Unaudited)  
(In Canadian dollars)

	Notes	Common shares outstanding Number	Capital stock \$	Contributed surplus \$	Warrants \$	Deficit \$
<b>Balance at January 1, 2016</b>		12,881,994	2,557,466	137,283	4,877	(1,167,845)
Share-based payments				2,079		
Net loss and total comprehensive loss						(60,212)
<b>Balance at June 30, 2016</b>		<u>12,881,994</u>	<u>2,557,466</u>	<u>139,362</u>	<u>4,877</u>	<u>(1,228,057)</u>
<b>Balance at January 1, 2015</b>		10,081,994	2,298,006	137,283		(1,075,214)
Common shares issued by private placement	9.2	2,500,000	250,000			
Warrants issued (Finder's warrants)					4,877	
Share issue expenses	9.2		(26,540)			
Shares issued to acquire Boston Bulldog	8 and 9.3	300,000	36,000			
Net loss and total comprehensive loss						0
<b>Balance at June 30, 2015</b>		<u>12,881,994</u>	<u>2,557,466</u>	<u>137,283</u>	<u>4,877</u>	<u>(1,075,214)</u>

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

**Nunavik Nickel Mines Ltd**  
**Interim Statement of Cash Flows**  
(Unaudited)  
(In Canadian dollars)

	Notes	Three-month period ended June 30, 2016	June 30, 2015	Six-month period ended June 30, 2016	June 30, 2015
		\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>					
Net loss		(35,242)	(35,089)	(60,212)	(67,848)
Adjustment					
Share-based payments	10	2,079		2,079	
Changes in working capital items					
Sales taxes recoverable		1,832	5,138	(1,999)	4
Prepaid expenses and deposits		2,534	2,533	5,068	5,068
Accounts payable and accrued liabilities		11,473	7,528	17,295	(20,733)
Cash flows from operating activities		<u>(17,324)</u>	<u>(19,890)</u>	<u>(37,769)</u>	<u>(83,509)</u>
<b>INVESTING ACTIVITIES</b>					
Additions to exploration and evaluation assets			(194)	(5,831)	(5,194)
Tax credits received		604	632	604	632
Cash flows from investing activities		<u>604</u>	<u>438</u>	<u>(5,227)</u>	<u>(4,562)</u>
<b>FINANCING ACTIVITIES</b>					
Issue of capital stock	9.2				250,000
Share issue costs					<u>(21,664)</u>
Cash flows from financing activities					<u>228,336</u>
<b>Net increase (decrease) in cash</b>		<b>(16,720)</b>	<b>(19,452)</b>	<b>(42,996)</b>	<b>140,265</b>
Cash and cash equivalent, beginning of period		44,295	161,187	70,571	1,470
Cash and cash equivalent, end of period		<u>27,575</u>	<u>141,735</u>	<u>27,575</u>	<u>141,735</u>

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

**Notes to Interim Financial Statements**

June 30, 2016 and 2015

(In Canadian dollars)

***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.

The Company is nevertheless 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.

***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 June 30, 2016, the Company has a cumulated deficit of \$1,228,057 (\$1,167,845 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 June 30, 2016, Golden Valley Mines Ltd. ("Golden Valley"), the parent company, is holding a 60.27 % participation in the Company.

***4 - BASIS OF PRESENTATION***

These interim financial statements are covering the six and three month periods ended June 30, 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.

**Notes to Interim Financial Statements**

June 30, 2016 and 2015

(In Canadian dollars)

**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**

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.

See Note 8 for the exploration and evaluation assets impairment analysis.

No impairment loss was recognized during the period ended June 30, 2016 and during the year ended December 31, 2015.

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

**7 - CASH AND CASH EQUIVALENTS**

	June 30, 2016	December 31, 2015	June 30, 2015
	\$	\$	\$
Cash	27,575	10,571	66,735
Demand deposit, 0.7% redeemable at any time		60,000	75,000
	<u>27,575</u>	<u>70,571</u>	<u>141,735</u>

**8 - EXPLORATION AND EVALUATION ASSETS**

The summary of carrying amount can be analyzed as follows:

Properties	Balance as at January 1, 2016 \$	Additions \$	Balance as at June 30, 2016 \$
Boston Bulldog Prospect (Ontario)	41,100	137	41,237
Chibougamau-Chapais Prospect (Quebec)	1,419,625	8,716	1,419,806
Marymac Prospect (Quebec)	1,460,725	9,034	1,469,759

Properties	Balance as at January 1, 2015 \$	Additions \$	Balance as at June 30, 2015 \$
Boston Bulldog Prospect (Ontario)	1,381,437	41,000	1,381,537
Marymac Prospect (Quebec)	1,381,437	41,100	1,422,537



**Notes to Interim Financial Statements**

June 30, 2016 and 2015

(In Canadian dollars)

**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 approximately 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.

*Chibougamau-Chapais Prospect - Central, Quebec*

The Chibougamau-Chapais Prospect is a non-contiguous group of 40 claims, covering 2,203.65 hectares, located in the Chibougamau area in central Quebec, which were staked by the Company in the first quarter of 2016. The Company intends to design and conduct a grass root exploration program on this property in the coming future.

**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.

**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.

## Notes to Interim Financial Statements

June 30, 2016 and 2015

(In Canadian dollars)

**9.2 - Private Placement (continued)**

In connection with this private placement, the Company has 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. The fair value of finder's fee warrants has been estimated using the Black-Scholes option-pricing model at \$4,877. The total issuance cost related to this private placement amounted to \$26,540 (including finder's fees and finder's warrants).

**9.3 - 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 entitle their holders to subscribe to an equivalent number of ordinary shares, as follows:

	June 30, 2016	
	Number of warrants	Weighted average exercise price
Balance, beginning of reporting period	1,291,250	\$ 0.12
Granted	-	-
Balance, end of reporting period	<u>1,291,250</u>	<u>0.12</u>

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

	June 30, 2016	
Expiry date	Number of warrants	Exercise price
January 30, 2017	<u>1,291,250</u>	<u>\$ 0.12</u>

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:

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.

## Notes to Interim Financial Statements

June 30, 2016 and 2015

(In Canadian dollars)

**9.4 - 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.

**10 - EMPLOYEE REMUNERATION****10.1 - 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 shares 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 May 16, 2016, the Company granted incentive stock options to directors, officers and consultants to purchase an aggregate 446,801 of the Company's common shares. The options are exercisable at a price of \$0.065 until May 16, 2021 and are vested immediately. The fair value of the stock options granted has been estimated using the Black-Scholes option-pricing model at \$2,079.

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

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

	2016		2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding at January 1	793,199	0.18	1,008,199	0.18
Granted	446,801	0.065	-	-
Exercised	-	-	-	-
Cancelled	-	-	(215,000)	0.19
Outstanding and exercisable at June 30	1,240,000	0.14	793,199	0.18

The table below summarizes the information related to outstanding share options as at June 30, 2016 and 2015:

Exercise price	2016		2015	
	Outstanding options		Outstanding options	
	Number of options	Weighted average remaining contractual life (year)	Number of options	Weighted average remaining contractual life (year)
0.065	506,801	4.63	60,000	3.79
0.080	58,199	3.38	58,199	4.38
0.20	675,000	1.07	675,000	2.07
	1,240,000		793,199	

**Notes to Interim Financial Statements**

June 30, 2016 and 2015

(In Canadian dollars)

**10.1 - Share-based payments (continued)**

No stock options have been granted in the six month period ended June 30, 2015. The fair value of the stock options granted during the six month period ended June 30, 2016, has been estimated on the date of issue, using the Black-Scholes option-pricing model with the following assumptions:

	Issue May 16, 2016
Share price at date of grant	\$0.065
Expected dividend yield	0%
Expected volatility	100%
Risk-free interest rate (based on 5 years Canada Bonds)	0.64%
Expected life	5 years
Exercise price at the date of grant	\$0.065

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.

**10.2 - Restricted Share Unit Plan**

At the annual general and special meeting of shareholders held on June 27, 2016, the shareholders approved the adoption and implementation of a Restricted Share Unit Plan (the "RSU Plan"). The RSU Plan will be adopted and implemented by the Company's Board upon receipt of acceptance by the Exchange. The RSU Plan provides that restricted share units ("Share Units") may be granted by the Company's Compensation and Corporate Governance Committee (the "Committee") 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. At the time Share Units are granted to a Participant, the Committee will determine any time-based or other conditions as to the vesting of the Share Units and the expiry date (the "Expiry Date") for such Share Units. The Expiry Date of a Share Unit will be the third anniversary of its date of grant. The aggregate number of common shares issuable pursuant to Share Units granted under the RSU Plan will not, at any given time, exceed 1,288,199 common shares. The Company has yet to make the submission to the Exchange to obtain its acceptance of the RSU Plan.

## Notes to Interim Financial Statements

June 30, 2016 and 2015

(In Canadian dollars)

**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. Therefore potential dilutive common shares such as 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 issued that could potentially dilute earnings per share in the future is given in Note 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 periods ended June 30, 2016 and 2015.

	Three months June 30, 2016	Six months June 30, 2016	Six months June 30, 2015
Loss for the period attributable to the owners of the Company	\$35,242	\$60,212	\$67,848
Weighted average number of shares in circulation	12,881,994	12,881,994	12,306,855
Basic and diluted loss per share	\$0.003	\$0.005	\$0.006

**12 - OFFICE EXPENSES**

	Three months June 30, 2016	Six months June 30, 2016	Six months June 30, 2015
Insurance premiums	\$ 2,534	\$ 5,068	\$ 5,069
Communications	92	92	411
Other	113	130	797
	<u>2,739</u>	<u>5,290</u>	<u>6,277</u>

**13 - PROFESSIONAL FEES**

	Three months June 30, 2016	Six months June 30, 2016	Six months June 30, 2015
Audit, tax and accounting fees	6,552	\$ 15,912	\$ 15,912
Legal fees	11,478	12,086	21,035
Exchange, regulatory and transfer agent fees	9,294	15,759	17,041
	<u>27,324</u>	<u>43,757</u>	<u>53,988</u>

**Notes to Interim Financial Statements**

June 30, 2016 and 2015

(In Canadian dollars)

**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 periods ended June 30, 2016 and 2015. 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.

**15 - ADDITIONAL CASH FLOW INFORMATION**

Non-cash activities:

	June 30, 2016	June 30, 2015
	\$	\$
Accounts payable and accrued liabilities included in exploration and evaluation assets	3,806	538
Exploration and evaluation assets paid with share issue		36,000

# Nunavik Nickel Mines Ltd

## Notes to Interim Financial Statements

June 30, 2016 and 2015

(In Canadian dollars)

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### **17 - RELATED PARTY TRANSACTIONS**

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

No management fees for services have been charged to the Company for the periods ended on June 30, 2015 and 2014 and the year ended 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 six month period ended June 30, 2016, the Company incurred geological fees of \$17,854 (\$4,690 in 2015) of which \$9,362 was included in exploration and evaluation assets and \$8,492 in exploration expenses (for the six months ended on June 30, 2015, \$732 was included in the exploration and evaluation assets while \$3,958 was expensed). As at June 30, 2016, the Company had net indebtedness of \$9,820 (\$6,372 as of June 30, 2015) to Golden Valley.

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. Taking into account the shares issued pursuant to this private placement, Golden Valley holds, at March 31, 2015, 7,763,634 common shares of the Company for a 61.7% ownership.

#### **17.2 - Transactions with key management**

On May 16, 2016, the Company granted incentive stock options to directors, officers and consultants to purchase an aggregate 446,801 of the Company's common shares. The fair value of the stock options granted has been estimated at \$2,079. The stock options are described in Note 10

With the exception of the stock options granted on May 16, 2016, no remuneration or compensation of any sort has been paid by the Company to its directors or officers during the periods ended June 30, 2016 and 2015 and the year ended December 31, 2015.

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 President and CEO of the Company. The fair value of finder's fee warrants has been estimated using the Black-Scholes option-pricing model at \$4,877.

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.

### **18 - COMMITMENT**

The Company has no commitment other than the Management Agreement described in Note 14 and the Boston Bulldog Prospect Mining Option Agreement described in Note 8.