



VAL-D'OR MINING CORPORATION

(formerly Nunavik Nickel Mines Ltd.)

Financial report

Years ended on December 31, 2017 and 2016

VAL-D'OR MINING CORPORATION

(formerly Nunavik Nickel Mines Ltd.)

FINANCIAL REPORT

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Independent Auditors' Report

To the Shareholders of Val d'Or Mining Corporation (formerly Nunavik Nickel Mines Ltd.):

We have audited the accompanying financial statements of Val d'Or Mining Corporation (formerly Nunavik Nickel Mines Ltd.), which comprise the statement of financial position as at December 31, 2017 and December 31, 2016, and the statements of loss and other comprehensive loss, changes in equity and 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, 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.

Auditors' 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 auditors' 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 Val d'Or Mining Corporation (formerly Nunavik Nickel Mines Ltd.) as at December 31, 2017 and December 31, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



Montréal, Québec

April 2, 2018

¹ CPA auditor, CA, public accountancy permit No. A126822

VAL-D'OR MINING CORPORATION

(formerly Nunavik Nickel Mines Ltd.)

STATEMENTS OF FINANCIAL POSITION

As at

(in Canadian dollars)

	Notes	December 31, 2017	December 31, 2016
		\$	\$
ASSETS			
Current assets			
Cash		1,355,967	11,846
Sales taxes recoverable		14,145	1,620
Prepaid expenses and deposits		5,194	16
		<u>1,375,306</u>	<u>13,482</u>
Non-current assets			
Exploration and evaluation assets	6	<u>42,229</u>	<u>60,009</u>
Total assets		<u><u>1,417,535</u></u>	<u><u>73,491</u></u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	11	79,017	12,175
Due to a significant shareholder, without interest, due on demand	11	<u>30,000</u>	<u>30,000</u>
Total liabilities		<u>109,017</u>	<u>42,175</u>
EQUITY			
Share capital	7	3,499,139	2,557,466
Contributed surplus	8	158,071	158,071
Warrants	7	609,030	4,877
Deficit		<u>(2,957,722)</u>	<u>(2,689,098)</u>
Total equity		<u>1,308,518</u>	<u>31,316</u>
Total liabilities and equity		<u><u>1,417,535</u></u>	<u><u>73,491</u></u>

Going Concern (Note 2)

Subsequent events (Note 16)

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 2, 2018.

"Glenn J. Mullan"

(signed Glenn J. Mullan)

Director

"Dr. C. Jens Zinke"

(signed C. Jens Zinke)

Director

VAL-D'OR MINING CORPORATION

(formerly Nunavik Nickel Mines Ltd.)

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Years ended December 31, 2017 and 2016

(in Canadian dollars)

	Notes	December 31, 2017	December 31, 2016
		\$	\$
Operating expenses			
Audit and accounting fees		48,808	26,152
Legal fees		39,242	15,344
Consulting fees		7,382	-
Regulatory and transfer agent fees		38,832	19,551
Shareholders' information		4,478	3,706
Office expenses and other		10,725	5,898
Travel and entertainment		6,429	2,222
Share-based payments	8	-	20,788
Exploration and evaluation expenses		4,535	7,869
Impairment of exploration and evaluation assets	6	52,666	1,420,017
Settlement fee		60,000	-
Operating loss		<u>273,097</u>	<u>1,521,547</u>
Other expenses (income)			
Interest income		-	(420)
Interest expense		448	114
Foreign exchange loss (gain)		(44)	12
		<u>404</u>	<u>(294)</u>
Net loss and comprehensive loss		<u>273,501</u>	<u>1,521,253</u>
Basic and diluted net loss per common share		<u>0.015</u>	<u>0.118</u>
Weighted average number of common shares outstanding		<u>18,451,283</u>	<u>12,881,994</u>

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

VAL-D'OR MINING CORPORATION

(formerly Nunavik Nickel Mines Ltd.)

STATEMENTS OF CHANGES IN EQUITY

Years ended December 31, 2017 and 2016

(in Canadian dollars)

	Notes	Share capital		Contributed	Warrants	Deficit	Total
		Number	\$	surplus			
			\$	\$	\$	\$	\$
Balance on January 1st, 2016		12,881,994	2,557,466	137,283	4,877	(1,167,845)	1,531,781
Share-based payments	8	-	-	20,788	-	-	20,788
Net loss and comprehensive loss		-	-	-	-	(1,521,253)	(1,521,253)
Balance on December 31, 2016		<u>12,881,994</u>	<u>2,557,466</u>	<u>158,071</u>	<u>4,877</u>	<u>(2,689,098)</u>	<u>31,316</u>
Issuance of units under a public offering	7	13,800,000	1,022,222	-	357,778	-	1,380,000
Issuance of units under a private placement	7	5,353,461	248,212	-	134,763	-	382,975
Issuance of units as part of a finder's fee payment	7	225,200	14,638	-	11,262	-	25,900
Cost related to the issuance of units	7	-	(450,199)	-	105,227	-	(344,972)
Exercise of warrants	7	890,000	106,800	-	-	-	106,800
Expired warrants	7	-	-	-	(4,877)	4,877	-
Net loss and comprehensive loss		-	-	-	-	(273,501)	(273,501)
Balance on December 31, 2017		<u>33,150,655</u>	<u>3,499,139</u>	<u>158,071</u>	<u>609,030</u>	<u>(2,957,722)</u>	<u>1,308,518</u>

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

VAL-D'OR MINING CORPORATION

(formerly Nunavik Nickel Mines Ltd.)

STATEMENTS OF CASH FLOWS

Years ended december 31, 2017 and 2016

(in Canadian dollars)

	Notes	December 31, 2017	December 31, 2016
		\$	\$
OPERATING ACTIVITIES			
Net loss		(273,501)	(1,521,253)
Non-cash profit or loss items			
Share-based payments		-	20,788
Tax credits accounted in exploration expenses		-	(1,275)
Impairment of exploration and evaluation assets		52,666	1,420,017
		<u>(220,835)</u>	<u>(81,723)</u>
Change in non-cash working capital items			
Sales taxes recoverable		(12,525)	(542)
Prepaid expenses and deposits		(5,178)	5,491
Accounts payable and accrued liabilities	10	73,060	2,806
		<u>55,357</u>	<u>7,755</u>
Net cash related to operating activities		<u>(165,478)</u>	<u>(73,968)</u>
INVESTING ACTIVITIES			
Additions to exploration and evaluation assets	6 and 10	(43,174)	(16,636)
Tax credit received		2,070	1,879
Net cash related to investing activities		<u>(41,104)</u>	<u>(14,757)</u>
FINANCING ACTIVITIES			
Issuance of units under a private placement	7	382,975	-
Issuance of units under the short form prospectus	7	1,380,000	-
Issuance of shares following the exercise of warrants	7	106,800	-
Cost related to the issuance of units	7	(319,072)	-
Due to the controlling shareholder Golden Valley		-	30,000
Net cash related to financing activities		<u>1,550,703</u>	<u>30,000</u>
Increase (decrease) in cash		1,344,121	(58,725)
Cash, beginning of year		<u>11,846</u>	<u>70,571</u>
Cash, end of year		<u><u>1,355,967</u></u>	<u><u>11,846</u></u>
Interest received		-	420

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

VAL-D'OR MINING CORPORATION

(formerly Nunavik Nickel Mines Ltd.)

NOTES TO FINANCIAL STATEMENTS

At December 31, 2017 and 2016

(in Canadian dollars)

NOTE 1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

Nunavik Nickel Mines Ltd (the "Company"), incorporated on February 18, 2010 under the Business Corporations Act of British Columbia (the "Company") is involved in the process of exploring, evaluating and promoting its mineral properties and other projects. The head office of the Company is located at 152 Chemin de la Mine École, Val d'Or, Québec, J9P 0B9. The Company's registered and records office is located at #530 - 355 Burrard Street, Vancouver, B.C. V6C 2G8. The Company also has exploration offices located at 2864 Chemin Sullivan, Val-D'Or, Quebec, J9P 0B9.

On July 28, 2017, the Company changed its name to Val-D'Or Mining Corporation. The Company's shares, which are listed on the TSX Venture Exchange, are trading under the symbol MZZ (previously under symbol KZZ).

As at December 31, 2017, Golden Valley Mines Ltd. ("Golden Valley"), a significant shareholder, held a 24.63% interest in the Company.

NOTE 2. GOING CONCERN

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") 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.

Management routinely plans future activities including forecasting cash flows. Management has reviewed their plan with the Directors and has collectively formed a judgment that the Company has adequate resources to continue as a going concern for the foreseeable future, which Management and the Directors have defined as being at least the next 12 months.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and evaluation of financial statements

The financial statements are prepared using the significant accounting policies described in the present note. These methods have been applied consistently to all periods presented in these financial statements.

These financial statements have been prepared on a historical cost basis.

Functional and presentation currency

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

Segment disclosure

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the President and the Board of Directors.

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

Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized in the statement of financial position when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

The Company classifies its financial instruments by category according to their nature and their characteristics. Management determines the classification when the instruments are initially recognized, which is normally the date of the transaction.

VAL-D'OR MINING CORPORATION

(formerly Nunavik Nickel Mines Ltd.)

NOTES TO FINANCIAL STATEMENTS

At December 31, 2017 and 2016

(in Canadian dollars)

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's cash is classified in this category. They are initially measured at fair value plus directly attributable transaction costs. Subsequently, they are measured at amortized cost. The difference between the initial carrying value and the collection value is recognized in profit or loss over the duration of the contract using the effective interest rate method. They are presented in current assets when they are recoverable within 12 months of the end of the period; otherwise they are classified as non-current assets.

If there is objective evidence of an impairment loss, the amount of the loss is equal to the difference between the carrying value of the asset and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. The carrying value of the asset is reduced by using an allowance account. When assets are deemed to be uncollectible, they are written off against the allowance account. When the amount of the impairment loss decreases in a subsequent period and when this decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal is limited to the amortized cost that would have been obtained at the date of impairment reversal had the impairment not been recognized. The amount of impairment loss and the amount of the reversal are recognized in profit or loss.

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:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

Financial liabilities at amortized cost

Financial liabilities at amortized cost represent financial liabilities not held for trading. Accounts payable and accrued liabilities and the due to a significant shareholder are classified in this category. They are initially measured at fair value less transaction costs. Subsequently, they are measured at amortized cost. The difference between the initial carrying amount and the redemption value is recognized in profit or loss over the duration of the contract using the effective interest rate method. They are presented as current liabilities when they are repayable within 12 months following the end of the period; otherwise, they are classified as non-current liabilities.

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 restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is 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.

VAL-D'OR MINING CORPORATION

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NOTES TO FINANCIAL STATEMENTS

At December 31, 2017 and 2016

(in Canadian dollars)

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

At December 31, 2017 and 2016, there is no provision in the statement of financial position.

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.

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 expense is recognized for these assets during the exploration and evaluation phase.

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

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

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.

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.

VAL-D'OR MINING CORPORATION

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NOTES TO FINANCIAL STATEMENTS

At December 31, 2017 and 2016

(in Canadian dollars)

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, as long as the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset or cash-generating units in prior year.

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.

Equity

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs. 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

The Company has adopted a residual method with respect to the measurement of common shares and warrants issued as private placement units. Warrants attached to units are valued based on the fair value of warrants using the Black-Scholes valuation model and the share price at the time of financing, and the difference between the proceeds raised and the value assigned to the warrants is the residual fair value of the shares.

Other elements of equity

Contributed surplus includes charges related to stock options until such are exercised. Upon expiry, the fair value initially recorded under contributed surplus is transferred to deficit.

Warrants includes fair values allocated to the warrants issued. When warrants are exercised, the related cost and fair value are transferred to share capital. Upon expiry, the fair value initially recorded under warrant reserve is transferred to deficit.

Deficit includes all current and prior period retained profits and losses. Deficit also include charges related to warrants and stock options expired.

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NOTES TO FINANCIAL STATEMENTS

At December 31, 2017 and 2016

(in Canadian dollars)

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity-settled share-based payments

The Company operates an equity-settled share-based payments plan for its eligible directors, officers, employees and consultants. 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 equity-settled share-based payments to brokers) 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 or Share capital, in equity. Equity-settled share-based payments to brokers, in respect of an equity financing are recognized as issuance costs of the equity instruments with a corresponding credit to Contributed surplus, 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.

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

Income taxes

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

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

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

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

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

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

VAL-D'OR MINING CORPORATION

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NOTES TO FINANCIAL STATEMENTS

At December 31, 2017 and 2016

(in Canadian dollars)

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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.

The diluted loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding warrants and options.

NOTE 4. FUTURE CHANGES IN ACCOUNTING POLICIES

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 accounting policies 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 an impact on the Company's financial statements.

IFRS 9, Financial instruments

The IASB previously published versions of IFRS 9, Financial instruments that introduced new classification and measurement requirements in 2009 and 2010 and a new hedge accounting model in 2013. In July 2014, the IASB released the final version of IFRS 9, Financial instruments which replaces earlier versions of IFRS 9 issued and completes IASB's project to replace IAS 39, Financial Instruments: Recognition and Measurement.

The standard is effective for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with certain exceptions. Early adoption is permitted. The restatement for the classification and assessment presented for prior periods, particularly with respect to impairment is not required. The Company is currently assessing the impact of adoption of IFRS 9 on its financial statements, and does not expect any significant impact other than disclosures in the financial statements.

NOTE 5. JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

When preparing financial statements, management undertakes a number of estimates, judgments and assumptions about recognition and measurement of assets, liabilities, income and expenses. These estimates and judgments are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the financial statements.

Judgements

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 tax assets and measurement of income tax expense

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to use the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. If changes were made to management's assessment regarding the Corporation's ability to use future tax deductions, the Company could be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

VAL-D'OR MINING CORPORATION

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NOTES TO FINANCIAL STATEMENTS

At December 31, 2017 and 2016

(in Canadian dollars)

NOTE 5. JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Going concern

The evaluation of the Company's ability to continue as a going concern, to raise additional financing in order to cover its operating expenses and its obligations for the upcoming year requires significant judgment based on past experience and other assumptions including the probability that future events are considered reasonable according to the circumstances. Please refer to Note 2 for further information.

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.

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 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 6 for the exploration and evaluation assets impairment analysis.

The impairment loss recognized in the statement of comprehensive loss amounts to \$52,666 for the year ended December 31, 2017 (\$1,420,017 for the year ended December 31, 2016). No reversal of impairment losses has been recognized for the reporting periods.

Estimates

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.

Warrants

Estimating fair value for warrant requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the warrants. The fair value of warrants is evaluated using the Black-Scholes valuation model at the date of grant. The Company has made estimates as to the expected volatility, and expected life of warrants. The expected volatility is based on the historical volatility of the Company, over the period of the expected life of the warrants. The expected life of the warrant is based on historical data. These estimates may not necessarily be indicative of future actual patterns.

Fair value of stock options

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 model used by the Company is the Black-Scholes valuation model at the date of grant. The Company has made estimates as to the volatility, the probable life of share options granted and the time of exercise of those share options.

VAL D'OR MINING CORPORATION

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NOTES TO FINANCIAL STATEMENTS

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(in Canadian dollars)

NOTE 6. EXPLORATION AND EVALUATION ASSETS

The following tables presents a summary of exploration and evaluation assets by property:

	Balance as at January 1, 2016			Balance as at December 31, 2016			Balance as at December 31, 2017
	Additions	Impairment	Additions	Impairment			
	\$	\$	\$	\$	\$	\$	
Abitibi Greenstone Belt Prospect (Quebec and Ontario)	-	-	-	24,766	-	24,766	
Chibougamau-Chapais Prospect (Quebec)	10,205	-	10,205	7,258	-	17,463	
Boston Bulldog Prospect (Ontario)	41,100	1,024	42,124	2,862	(44,986)	-	
Shoot-Out Prospect - (Quebec)	-	7,680	7,680	-	(7,680)	-	
Marymac Prospect (Quebec)	1,419,625	392	(1,420,017)	-	-	-	
	<u>1,460,725</u>	<u>19,301</u>	<u>(1,420,017)</u>	<u>60,009</u>	<u>(52,666)</u>	<u>42,229</u>	

The following table presents the additions to exploration and evaluation assets by property:

	December 31, 2017			
	Abitibi Greenstone Belt Prospect	Chibougamau- Chapais Prospect	Boston Bulldog Prospect	Total
	\$	\$	\$	\$
Acquisition and claim maintenance	1,086	50	2,193	3,329
Technical and field staff	-	1,234	-	1,234
Geology	25,475	4,899	669	31,043
Sampling and testing	275	348	-	623
General expenses	-	727	-	727
Government assistance	(2,070)	-	-	(2,070)
Total additions at December 31, 2017	<u>24,766</u>	<u>7,258</u>	<u>2,862</u>	<u>34,886</u>

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NOTE 6. EXPLORATION AND EVALUATION ASSETS (continued)

December 31, 2016

	Chibougamau- Chapais Prospect	Boston Bulldog Prospect	Shoot-Out Prospect	Marymac Prospect	Total
	\$	\$	\$	\$	\$
Acquisition and claim maintenance	2,868	100	7,066	550	10,584
Technical and field staff	3,434	-	614	-	4,048
Consultant fees	3,684	924	-	446	5,054
General expenses	219	-	-	-	219
Tax credits	-	-	-	(604)	(604)
Total additions at December 31, 2016	<u>10,205</u>	<u>1,024</u>	<u>7,680</u>	<u>392</u>	<u>19,301</u>

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NOTE 6. EXPLORATION AND EVALUATION ASSETS (continued)

Abitibi Greenstone Belt Prospect - Quebec and Ontario

On April 18, 2017, the Company signed a Mining Option Agreement ("Option") with Golden Valley to acquire a 100% interest in 61 grassroots properties in the Abitibi Greenstone Belt Prospect consisting of 484 mining claims. Pursuant to the terms of the Option, the Company must incur \$4,000,000 of expenditures with respect to exploration and other mining operations on the properties before December 31, 2021 (with \$500,000 to be incurred on or before December 31, 2018, \$750,000 to be incurred on or before the December 31, 2019, \$1,000,000 to be incurred on or before December 31, 2020, and \$1,750,000 to be incurred on or before December 31, 2021).

As consideration for the Option, the Company will issue 16,666,668 common shares to Golden Valley at a deemed price of \$0.12 per share for an aggregate deemed value of \$2,000,000 (issuable as to 4,166,667 common shares on or before each of December 31, 2018, 2019, 2020 and 2021). In addition, the Company has granted Golden Valley a royalty equal to 1.25% of the net smelter returns ("NSRs") from the 61 properties on the terms set out in the option agreement of which 1% may be bought back by the Company by paying Golden Valley \$5,000,000, at the Company option, in cash or shares at a deemed price per share equal to the market price of the Company's shares at the time of such election.

If the Company has issued the common shares and incurred the expenditures provided for in the option agreement, it may exercise the option on or before December 31, 2021.

Since the signing of the Option, Golden Valley has not proceeded with the renewal of 36 mining claims and directly staked 26 new mining claims for a total of 474 mining claims at December 31, 2017, consisting in 60 grassroots properties. Non-renewal of mining claims did not require an impairment of capitalized exploration and evaluation assets since no exploration and evaluation expenditures were done on these mining claims.

Chibougamau-Chapais Prospect - Central, Quebec

The Chibougamau-Chapais Prospect is a non-contiguous group of 40 claims, located in the Chibougamau area in central Quebec. The Company holds a 100% interest in this property.

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 and March 24, 2017, pursuant to which it has been granted by 2973090 Canada Inc., a Canadian private company wholly-owned and controlled by Glenn J. Mullan, the previous 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 April 7, 2018 (Note 16). 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.

On December 30, 2016, the 3 mining claims expired and the Company attempted to re-stake the claims, but was met with competition for the said claims as they were staked by another party. However, the Company was of the opinion that the other party did not follow proper staking procedures on one of the claims. Consequently, the Company re-staked and submitted a claim dispute with the Ministry of Northern Development and Mines ("MNDM"). At September 30, 2017, no decision was given by the MNDM on the on-going claim dispute and therefore, the Company decided to impair its Boston Bulldog Prospect.

On November 8, 2017, the Company received confirmation that the dispute filed was allowed and therefore got the main claim back. However, management believes that no reversal of impairment was required.

Shoot-Out Prospect - Northern Quebec

The Shoot-Out Prospect is the combination of two properties, Shoot-Out East and Shoot-Out West, and consists of 62 claims 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 favor of the original vendors, one of which is a director and officer of the Company. Since the Company is not planning any work in the near future, the Company made the decision to impair its Shoot-Out Prospect.

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NOTE 6. EXPLORATION AND EVALUATION ASSETS (continued)

Marymac Prospect - Labrador Trough, Quebec

The Marymac Prospect located in the Labrador Trough of Quebec, consists of 32 Map Designated Units (each an "MDU"). The Company holds a 100% interest in the Marymac Prospect that is subject to a 2% net smelter royalty ("NSR") interest in favour of Capex Group Inc. (formerly 862539 Alberta Ltd.), which was granted pursuant to an agreement dated March 1, 2001. This prospect was impaired in the year ended December 31, 2016.

Fortin Prospect - Abitibi, Quebec

The Fortin Prospect is located in the central part of Ducros Township, approximately 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 that is 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. This prospect was impaired in the year ended December 31, 2013.

NOTE 7. EQUITY

Authorized

Unlimited number of voting common shares without par value.

Transaction on share capital

2017

On March 30, 2017, the Company closed a non-brokered private placement pursuant to which it has issued 4,353,461 units at a price of \$0.065 per unit for a gross proceeds of \$282,975. Each unit consists of one common share in the capital of the Company and one non-transferable share purchase warrant, entitling the purchase of one common share at a per share price of \$0.085 until March 30, 2019. The fair value of the 4,353,461 warrants was estimated at \$0.025 using the Black-Scholes valuation model with the following assumptions: an expected volatility of 127.7%, a risk-free interest rate of 0.79%, an expected unit life of 2 years, no expected dividend yield and a share price at date of grant of \$0.08. As a result, the warrants were valued at \$108,837 and deducted from share capital and recorded as an increase of Warrants in the statement of changes in equity.

In connection with the financing, the Company issued an aggregate 225,200 common shares at a deemed per share price of \$0.065 for \$14,638 representing 8% of the purchase proceeds received from subscribers introduced to the Company by the finders and issued 225,200 non-transferable finders warrants entitling the purchase of an aggregate 225,200 common shares of the Company at a per share price of \$0.085 until March 30, 2019, representing 8% of the number of units placed with the assistance of the finders. The related fair value method, using the Black Scholes options pricing model was retained to estimate the fair value of the 225,200 non-transferable finders warrants with the following assumptions: an expected volatility of 127.7%, a risk-free interest rate of 0.79%, an expected unit life of 2 years, no expected dividend yield and a share price at date of grant of \$0.08. As a result, the warrants were valued at \$11,262 and recorded as an increase of issuance costs, deducted from share capital, and as an increase of Warrants in the statement of changes in equity. The Company also incurred legal fees and regulatory fees in relation with the private placement for a total of \$11,332.

On February 3, 2017, a total of 890,000 warrants were exercised at a price of \$0.12 per share for total proceeds of \$106,800.

On November 30, 2017, the Company closed a short form prospectus offering and a non-brokered private placement offering pursuant to which it has issued 14,800,000 units at a price of \$0.10 per unit for a gross proceeds of \$1,480,000. Each unit consists of one common share in the capital of the Company and one-half non-transferable share purchase warrant, entitling the purchase of one common share at a per share price of \$0.15 until November 30, 2020. The related fair value method, using the Black Scholes options pricing model was retained to estimate the fair value of the 7,400,000 warrants with the following assumptions: an expected volatility of 134.9%, a risk-free interest rate of 1.41%, an expected unit life of 3 years, no expected dividend yield and a share price at date of grant of \$0.10. As a result, the warrants were valued at \$383,704 and deducted from share capital and recorded as an increase of Warrants in the statement of changes in equity.

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NOTE 7. EQUITY (Continued)

In connection with the short form prospectus offering, the Company paid a commission of \$138,000, representing 10% of the gross proceeds and issued 1,380,000 non-transferable finders warrants entitling the purchase of an aggregate 1,380,000 units of the Company at a per unit price of \$0.10 until November 30, 2020, representing 10% of the number of units issued. Each unit consists of one common share in the capital of the Company and one-half non-transferable share purchase warrant, entitling the purchase of one common share at a per share price of \$0.15 until November 30, 2020. The fair value of the 1,380,000 non-transferable finders warrants was estimated at \$0.08 using the Black-Scholes valuation model with the following assumptions: an expected volatility of 134.9%, a risk-free interest rate of 1.41%, an expected unit life of 3 years, no expected dividend yield and a share price at date of grant of \$0.10. As a result, the finders warrants were valued at \$105,227 and recorded as an increase of issuance costs, deducted from share capital, and as an increase of Warrants in the statement of changes in equity. The Company also incurred legal fees, regulatory fees and other fees in connection with the short form prospectus for a total of \$164,490.

In connection with the non-brokered private placement offering, the Company incurred regulatory fees and other fees for a total of \$5,250.

The expected volatility used above in the assumptions 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.

Warrants

The following table shows the changes in warrants:

	December 31, 2017		December 31, 2016	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Outstanding, beginning of year	1,291,250	0.12	1,291,250	0.12
Issued	13,358,661	0.12	-	-
Exercised	(890,000)	0.12	-	-
Expired	(401,250)	0.12	-	-
Outstanding, end of year	<u>13,358,661</u>	<u>0.12</u>	<u>1,291,250</u>	<u>0.12</u>

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

	December 31, 2017		December 31, 2016	
Expiration date	Exercise price	Number of warrants outstanding	Exercise price	Number of warrants outstanding
	\$		\$	
January 30, 2017	-	-	0.12	1,250,000
January 30, 2017	-	-	0.10	41,250
March 30, 2019	0.085	4,578,661	-	-
November 30, 2020	0.10	1,380,000	-	-
November 30, 2020	0.15	7,400,000	-	-
	<u>0.12</u>	<u>13,358,661</u>	<u>0.12</u>	<u>1,291,250</u>

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NOTE 8. SHARE-BASED PAYMENTS

Stock option plan

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.

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

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

	December 31, 2017		December 31, 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding, beginning of year	565,000	0.07	793,199	0.18
Granted	-	-	446,801	0.065
Forfeited	-	-	(675,000)	0.20
Outstanding, end of year	<u>565,000</u>	<u>0.07</u>	<u>565,000</u>	<u>0.07</u>

The fair value of the stock options granted of \$0.05 has been estimated on the date of issue, using the Black-Scholes option-pricing model with the following assumptions:

	December 31, 2017	December 31, 2016
Share price at date of grant	-	0.065 \$
Expected dividend yield	-	- \$
Expected volatility	-	100 %
Risk-free interest rate	-	0.64 %
Expected life	-	5 years
Exercise price at the date of grant	-	0.065 \$

For the year ended December 31, 2016, given 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.

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NOTE 8. SHARE-BASED PAYMENTS (Continued)

The number of outstanding stock options that could be exercised for an equal number of common shares is as follow:

Expiry date	Exercise price	Number of options
	\$	
April 3, 2019	0.065	60,000
November 20, 2019	0.08	58,199
May 16, 2021	0.065	446,801
	0.07	565,000

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 TSX Venture 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 decided at the grant date. 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's RSU Plan was approved by the TSX Venture Exchange.

No restricted shares units were issued during the year.

NOTE 9. INCOME TAXES

Major components of tax expense (income)

The major components of tax expense (income) are outlined below:

	December 31, 2017	December 31, 2016
	\$	\$
Current tax expense (income)	-	-
Deferred tax expense (income)		
Origination and reversal of temporary differences	(72,323)	85,612
Deferred tax expense arising from the write-down of a deferred tax asset	72,323	(85,612)
Total deferred tax expense (income)	-	-
Total income tax expense (income)	-	-

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NOTE 9. INCOME TAXES (Continued)

Relationship between expected tax expense and accounting profit or loss

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

	December 31, 2017	December 31, 2016
	\$	\$
Loss before income taxes	(273,501)	1,521,253
Expected tax expense calculated using the combined federal and provincial income tax rate in Canada of 26.80% (26.90% in 2016)	(73,298)	(409,217)
Impact of change in tax rates	820	3,517
Impairment of exploration and evaluation assets	-	314,714
Share-based payments	-	5,592
Non-deductible expenses and other	155	(218)
Change in unrecognized temporary differences	<u>72,323</u>	<u>85,612</u>
Deferred income tax expense (income)	<u>-</u>	<u>-</u>

The federal corporate tax of 15% in 2017 is the same as the corporate tax rate in 2016. The Quebec general corporate tax rate will decrease from 11.90% to 11.50% beginning January 1 of each year from 2017 to 2020.

Unrecognized deferred tax assets and liabilities

As at December 31, 2017 and 2016, the Company has the following deductible temporary differences for which no deferred tax has been recognized:

	December 31, 2017		December 31, 2016	
	Federal	Provincial	Federal	Provincial
	\$	\$	\$	\$
Share issuance costs	368,813	368,813	12,986	12,986
Exploration and evaluation assets	392,798	392,798	334,276	334,276
Non-capital losses	<u>843,135</u>	<u>840,766</u>	<u>534,346</u>	<u>532,021</u>
	<u>1,604,746</u>	<u>1,602,377</u>	<u>881,608</u>	<u>879,283</u>

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, 2017, deferred tax assets totalling \$424,983 (\$233,358 at December 31, 2016) have not been recognized.

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NOTE 9. INCOME TAXES (Continued)

The Company has the following non-capital losses which are available to reduce income taxes in future periods, for which no deferred tax asset has been recognized in the statement of financial position, that can be carried over the following years:

	Federal	Provincial
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
2036	76,899	76,882
2037	308,575	308,548
	<u>843,135</u>	<u>840,766</u>

The Company has investment tax credits carryover of \$23,295 (\$23,295 in 2016) that expire between 2031 and 2033, which are available to reduce income taxes payable in future years.

NOTE 10. ADDITIONAL CASH FLOWS INFORMATION

Additional disclosures regarding cash flows that did not result in a cash outflow:

	December 31, 2017	December 31, 2016
	\$	\$
Tax credits deducted from exploration and evaluation assets	2,070	604
Accounts payable and accrued liabilities included in exploration and evaluation assets	(6,218)	3,269
Issuance of units as part of a finder's fee payment	25,900	-

NOTE 11. RELATED PARTY TRANSACTIONS

Transactions with a shareholder company

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 to December 31, 2017, Golden Valley has agreed to suspend the charges of the management fees to enable the Company to conserve cash for its operations. Therefore no management fees were paid for the year ended December 31, 2017 and 2016.

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.

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NOTE 11. RELATED PARTY TRANSACTIONS (Continued)

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.

Golden Valley shall be entitled to terminate the Management Agreement at any time giving to the Company at least 30 days prior notice in writing as long as the fee is not being paid to Golden Valley.

As described in Note 16, the Company entered into a Termination Agreement with Golden Valley dated as of January 1, 2018 under which Golden Valley agrees to terminate the Management Agreement effective January 1, 2018 in exchange of a settlement fee of \$60,000 payable as consideration for its failure to pay the management fees since January 1, 2013. The Company accrued that settlement fee at December 31, 2017 because the management considers that the conditions leading to that Termination Agreement existed at December 31, 2017.

During the year ended December 31, 2017, Golden Valley recharged some expenses to the Company for a total amount of \$25,046; \$7,017 was capitalized as exploration and evaluation assets and \$18,029 was recorded in the statement of loss and comprehensive loss (\$30,396 for the year ended December 31, 2016, \$19,630 was capitalized as exploration and evaluation assets and \$10,766 was recorded in the statement of loss and comprehensive loss).

As at December 31, 2017, the Company had a balance payable of \$74,761 (\$10,259 at December 31, 2016) to Golden Valley included in accounts payable and accrued liabilities. In addition, the Company owes an amount of \$30,000, due on demand and bearing no interest (\$30,000 in 2016).

During the year ended December 31, 2017, the Company signed a Mining Option Agreement with Golden Valley to acquire a 100% interest in 61 grassroots properties in the Abitibi Greenstone Belt Prospect consisting of 484 mining claims as describe in Note 6.

During the year ended December 31, 2017, Golden Valley has exercised a total of 400,000 warrants at a price of \$0.12 per warrant for total proceeds of \$48,000.

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 ("CFO").

For the year ended December 31, 2017, the CFO charged the Company for consulting services for \$30,000 which are included under Audit and accounting fees in the statement of loss and comprehensive loss. In 2016, such services were rendered by Golden Valley under the management services agreement described above.

During the year ended December 31, 2017, a director of the Company has exercised a total of 75,000 warrants at a price of \$0.12 per warrant for total proceeds of \$9,000.

During the year ended December 31, 2016, the Company granted stock options to directors and officers to purchase an aggregate 286,801 common shares of the Company. The Company recorded a share-based payments of \$13,344 as part of this transaction.

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NOTE 11. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

During the year ended December 31, 2017, the Company was recharged a total of \$19,200 in exploration and evaluation expenses by International Venture Prospects Ltd. a related company. These exploration and evaluation expenses were incurred on the Abitibi Greenstone Belt prospect as part of a Mining Option Agreement signed with Golden Valley which was terminated in February 2017.

NOTE 12. FINANCIAL ASSETS AND LIABILITIES

Categories of financial assets and liabilities

The carrying amounts and fair values of financial instruments presented in the statement of financial position are as follows:

	December 31, 2017		December 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Financial assets				
Loans and receivables				
Cash	<u>1,355,967</u>	<u>1,355,967</u>	<u>11,846</u>	<u>11,846</u>
Financial liabilities				
Financial liabilities measured at amortized cost				
Accounts payable and accrued liabilities	79,017	79,017	12,175	12,175
Due to a significant shareholder	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
	<u>109,017</u>	<u>109,017</u>	<u>42,175</u>	<u>42,175</u>

The carrying value of cash, accounts payable and accrued liabilities and the due to a significant shareholder is considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

Financial assets and liabilities measured at amortized cost for which a fair value is provided in the statement of financial position are presented in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

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

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

There have been no significant transfers between Level 1 and 2 in the reporting periods.

The techniques and evaluation methods used to measure fair value were not changed compared to previous years.

VAL-D'OR MINING CORPORATION

(formerly Nunavik Nickel Mines Ltd.)

NOTES TO FINANCIAL STATEMENTS

At December 31, 2017 and 2016

(in Canadian dollars)

NOTE 13. 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 either with partners or by the Company's own means or sale. 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 exploration and evaluation activities or may slow its 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 7 and in the statement of changes in equity. The Company is not subject to any externally imposed capital requirements.

NOTE 14. 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.

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 cash of \$1,355,967 at December 31, 2017 and \$11,846 at December 31, 2016. The risk related to cash is considered negligible as the Company is dealing with a reputable financial institution whose credit rating is excellent.

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 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 cash significantly exceed the current cash outflow requirements.

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NOTE 15. COMMITMENTS

The Company entered into a Management Agreement described in Note 11.

The Company entered into a consulting agreement with the CFO for an indefinite term which will call for a monthly payment of \$2,500.

The Company has the following commitments in connection with mining option agreements:

	Exploration work	Issuance of shares
	\$	
2018		
Abitibi Greenstone Belt	474,250	4,166,667
2019		
Abitibi Greenstone Belt	750,000	4,166,667
Boston Bulldog (Note 6 and 16)	49,331	-
2020		
Abitibi Greenstone Belt	1,000,000	4,166,667
2021		
Abitibi Greenstone Belt	1,750,000	4,166,667

NOTE 16. SUBSEQUENT EVENTS

On January 19, 2018, the Company amended its Option Agreement on the Boston Bulldog Prospect to extend the deadline to incur minimum exploration and evaluation expenditures of \$50,000 to April 7, 2019.

On January 1, 2018, the Company entered into a Termination Agreement with Golden Valley under which Golden Valley agrees to terminate the Management Agreement, effective January 1, 2018, in exchange of a settlement fee of \$60,000.

On February 5, 2018, the Company has granted incentive stock options to the Company's directors, officers, employees and consultants, which entitle the purchase of an aggregate 2,600,000 common shares at a per share price of \$0.105 until February 5, 2023.