

Uranium Valley Mines Ltd.



URANIUM VALLEY MINES LTD.

Interim condensed financial statements (unaudited)

For the three-month and six-month periods ended on June 30, 2017 and 2016

URANIUM VALLEY MINES LTD.

INTERIM CONDENSED FINANCIAL STATEMENTS

NOTICE TO READER	3
INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)	
Interim condensed statements of financial position	4
Interim condensed statements of loss and comprehensive loss	5
Interim condensed statements of changes in equity	6
Interim condensed statements of cash flows	7
Notes to interim condensed financial statements	8 - 12

Notice to Reader

The accompanying unaudited interim condensed financial statements of Uranium Valley Mines LTD. (the "Company") for the three-month and six-month periods ended on June 30, 2017 and 2016 have been prepared by the management and are its responsibility. These unaudited interim condensed financial statements, together with the accompanying notes, have been reviewed and approved by the members of the Company's Board of Directors. These unaudited interim condensed financial statements have not been reviewed by the Company's auditors.

URANIUM VALLEY MINES LTD.

INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

As at	(Unaudited - in Canadian dollars)		
	Notes	June 30, 2017	December 31, 2016
		\$	\$
ASSETS			
Current assets			
Cash	5	536,673	531,552
Accounts receivable		29,575	-
Sales taxes recoverable		6,646	3,166
Prepaid expenses and deposits		10,570	215
		583,464	534,933
Non-current assets			
Exploration and evaluation assets	6	54,234	14,474
Total assets		637,698	549,407
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		65,293	26,449
Liability component related to flow-through shares		-	19,941
Total liabilities		65,293	46,390
EQUITY			
Share capital	7	2,641,710	2,465,310
Contributed surplus		1	1
Warrants	7	147,609	184,009
Deficit		(2,216,915)	(2,146,303)
Total equity		572,405	503,017
Total liabilities and equity		637,698	549,407

Going Concern (Note 2)
Subsequent events (Note 12)

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

On behalf of the Board of Directors,

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

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

URANIUM VALLEY MINES LTD.

INTERIM CONDENSED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three-month and six-month periods ended on

(Unaudited - in Canadian dollars)

	June 30, 2017 (3 months)	June 30, 2016 (3 months)	June 30, 2017 (6 months)	June 30, 2016 (6 months)
	\$	\$	\$	\$
Operating expenses				
Exploration and evaluation expenses (recovery)	(2,905)	525	(2,857)	757
Audit and accounting fees	11,512	6,552	23,025	15,912
Legal fees	14,629	6,947	34,745	7,494
Consultant fees	558	-	781	-
Regulatory and transfer agent fees	6,240	7,588	20,470	14,239
Investor relations fees	2,769	-	6,820	-
Shareholder's information	271	-	271	-
Office expenses and other	1,575	2,701	7,059	5,235
Operating loss	<u>34,649</u>	<u>24,313</u>	<u>90,314</u>	<u>43,637</u>
Other expenses (income)				
Interest income	-	-	-	(130)
Interest expense	113	18	239	76
Exchange gain	-	(548)	-	(548)
Reversal of liability component related to flow-through shares	(17,175)	-	(19,941)	-
	<u>(17,062)</u>	<u>(530)</u>	<u>(19,702)</u>	<u>(602)</u>
Net loss and total comprehensive loss	<u>17,587</u>	<u>23,783</u>	<u>70,612</u>	<u>43,035</u>
Basic and diluted net loss per common share	<u>0.001</u>	<u>0.002</u>	<u>0.004</u>	<u>0.004</u>
Weighted average number of common shares outstanding	<u>19,254,996</u>	<u>11,233,331</u>	<u>18,956,653</u>	<u>11,233,331</u>

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

URANIUM VALLEY MINES LTD.

INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY

For the six-month periods ended on June 30, 2017 and 2016

(Unaudited - in Canadian dollars)

	Share capital		Contributed Surplus	Warrants	Deficit	Total
	Number	\$	\$	\$	\$	\$
Balance on January 1st, 2016	11,233,331	2,104,406	1	-	(2,057,443)	46,964
Net loss and comprehensive loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(43,035)</u>	<u>(43,035)</u>
Balance on June 30, 2016	<u>11,233,331</u>	<u>2,104,406</u>	<u>1</u>	<u>-</u>	<u>(2,100,478)</u>	<u>3,929</u>
Balance on January 1st, 2017	18,654,996	2,465,310	1	184,009	(2,146,303)	503,017
Exercise of warrants	7	1,400,000	-	(36,400)	-	140,000
Net loss and comprehensive loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,612)</u>	<u>(70,612)</u>
Balance on June 30, 2017	<u>20,054,996</u>	<u>2,641,710</u>	<u>1</u>	<u>147,609</u>	<u>(2,216,915)</u>	<u>572,405</u>

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

URANIUM VALLEY MINES LTD.

INTERIM CONDENSED STATEMENTS OF CASH FLOWS

For the three-month and six-month periods ended on

(Unaudited - in Canadian dollars)

	Notes	June 30, 2017 (3 months)	June 30, 2016 (3 months)	June 30, 2017 (6 months)	June 30, 2016 (6 months)
				\$	\$
OPERATING ACTIVITIES					
Net loss		(17,587)	(23,783)	(70,612)	(43,035)
Non-cash profit or loss items					
Reversal of liability component related to flow-through shares		(17,175)	-	(19,941)	-
		(34,762)	(23,783)	(90,553)	(43,035)
Change in non-cash working capital items					
Accounts receivable		(29,575)	-	(29,575)	-
Sales taxes recoverable		2,318	964	(3,480)	(1,221)
Prepaid expenses and deposits		7,145	2,534	(10,355)	5,068
Accounts payable and accrued liabilities	9	22,566	11,784	9,126	22,207
		2,454	15,282	(34,284)	26,054
Net cash related to operating activities		(32,308)	(8,501)	(124,837)	(16,981)
INVESTING ACTIVITIES					
Additions to exploration and evaluation assets	6 and 9	(7,771)	(167)	(10,042)	(167)
Net cash related to investing activities		(7,771)	(167)	(10,042)	(167)
FINANCING ACTIVITIES					
Issuance of shares		140,000	-	140,000	-
Net cash related to financing activities		140,000	-	140,000	-
Increase (decrease) in cash		99,921	(8,668)	5,121	(17,148)
Cash, beginning of period		436,752	22,902	531,552	31,382
Cash, end of period		536,673	14,234	536,673	14,234
Interest received		-	130	-	130

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

URANIUM VALLEY MINES LTD.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

NOTE 1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

Uranium Valley Mines Ltd (the "Company"), incorporated on February 18, 2010 under the Business Corporations Act of British Columbia, 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, Quebec, Canada J9P 7B6. 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, Montreal, Quebec, H3B 1X9.

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

These interim condensed financial statements will be included in the consolidation perimeter of its controlling shareholder Golden Valley Mines Ltd. ("Golden Valley").

NOTE 2. GOING CONCERN ASSUMPTION

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) and the basis of the going concern assumption, which presumes the Company will continue its operations and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business for the foreseeable future. The use of these principles may not be appropriate. The Company is in its early stages, and as is common with similar companies, it raises financing for its exploration and evaluation activities. During the six-month period ended June 30, 2017, the Company has incurred a net loss and comprehensive loss of \$70,612 (for the year ended December 31, 2016 – \$88,860) and has an accumulated deficit of \$2,216,915 (December 31, 2016 – \$2,146,303). To date, the Company has financed its cash requirements primarily by issuing common shares or units. The Company's ability to continue as a going concern is subject to its ability to raise additional financing or reduce its expenditure levels. The Company's discretionary activities do have some scope for flexibility in terms of the amount and timing of expenditures, and to a certain extent, expenditures may be adjusted accordingly. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future, that such sources of funding will be available to the Company or that they will be available on terms acceptable to the Company. These material uncertainties cast significant doubt regarding the ability to continue as a going concern.

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

NOTE 3. BASIS OF PRESENTATION

These interim condensed financial statements, approved by the Board of Directors on July 17, 2017, have been prepared in accordance with IAS 34, "Interim Financial Reporting". These interim condensed financial statements as well as the related notes should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2016.

NOTE 4. SIGNIFICANT ACCOUNTING POLICIES

Overall considerations

The significant accounting policies that have been applied in the preparation of these financial statements are summarized in Note 3 - Significant Accounting Policies, of the Company's annual audited financial statements for the year ended December 31, 2016.

URANIUM VALLEY MINES LTD.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

NOTE 5. CASH

	June 30, 2017	December 31, 2016
	\$	\$
Cash	536,673	496,552
Cash held for exploration and evaluation expenses	-	35,000
	<u>536,673</u>	<u>531,552</u>

The cash held for exploration and evaluation expenses represents the balance on flow-through financing not spent according to restrictions imposed by this financing arrangement. The Company has to dedicate these funds to mining properties exploration expenses which will need to be incurred prior to December 31, 2017. At June 30, 2017, the Company has fulfilled all its obligations.

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 June 30, 2017
	\$	Additions	\$	Additions	\$
Porcupine Miracle Prospect (Ontario)	<u>11,725</u>	<u>2,749</u>	<u>14,474</u>	<u>39,760</u>	<u>54,234</u>
	<u>11,725</u>	<u>2,749</u>	<u>14,474</u>	<u>39,760</u>	<u>54,234</u>

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

	June 30, 2017	December 31, 2016
	\$	\$
Acquisition and claim maintenance	152	50
Consultant fees	-	2,027
Geophysics	38,100	-
Geology	1,508	724
Government assistance	-	(52)
	<u>39,760</u>	<u>2,749</u>

Porcupine Miracle Prospect - Landmuir Township, Ontario

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

URANIUM VALLEY MINES LTD.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

NOTE 6. EXPLORATION AND EVALUATION ASSETS (Continued)

Otish/Mistassini Prospect - North Central Quebec

The Company owns a 100% interest in the Otish/Mistassini Prospect which comprises 48 mining claims located in the province of Quebec. This property was impaired in the year ended December 31, 2011.

Beartooth Island Prospect - Athabaska Basin, Saskatchewan

On March 31, 2011, the Company acquired Golden Valley's 40% interest in the Beartooth Island Prospect which comprises 4 mining claims. This property is the object of an agreement with Ditem. Ditem can acquire an additional 6% interest in the property by advising the Company of its intent to complete and by completing a feasibility study at its sole cost within the period of 6 years from the operative date, subject to and in accordance with the terms of the agreement. Following the final vesting, the Company will retain an aggregate of 34% undivided interest in the property. As of the date here of the Company retains a 40% interest therein on 2 mining claims; Ditem is the operator. Since no exploration work has been performed in the past years and the operator is not planning any work in the near future, the Company made the decision to impair its Beartooth Island Prospect at December 31, 2015.

NOTE 7. SHARE CAPITAL

Authorized

Unlimited number of voting common shares without par value.

Transaction

On May 23, 2017, a total of 1,400,000 warrants were exercised at a price of \$0.10 per share for total proceeds of \$140,000.

Warrants

The following table shows the changes in warrants:

	June 30, 2017		December 31, 2016	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of period	7,291,832	\$ 0.11	-	-
Issued	-	-	7,291,832	0.11
Exercised	(1,400,000)	0.10	-	-
Outstanding, end of period	<u>5,891,832</u>	<u>0.11</u>	<u>7,291,832</u>	<u>0.11</u>

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

Expiration date	Exercise price	Number of warrants outstanding
	\$	
September 23, 2017	0.10	3,591,999
September 23, 2017	0.15	145,833
October 31, 2017	0.13	<u>2,154,000</u>
		<u>5,891,832</u>

URANIUM VALLEY MINES LTD.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

NOTE 8. SHARE-BASED PAYMENTS

The Company has adopted an incentive stock option plan pursuant to which directors, officers, employees and consultants are eligible to receive incentive stock options. Under the terms of this plan, the aggregate number of shares issuable upon the exercise of all options granted thereunder may not exceed 10% of the Company's common shares issued and outstanding at the time of grant. The exercise price of each option is fixed by the Board of Directors, but shall not be less than the closing price of the Company's share on the trading day immediately prior to the date of grant less any discount permitted by the Exchange; if no sales were reported, it shall be the sales closing price on the last trading day immediately prior to the date of grant on which sales were reported. The vesting period of the options shall be determined by the Board of Directors, in accordance with the rules and regulations of the Exchange. As of June 30, 2017 and December 31, 2016, no options had been granted.

NOTE 9. ADDITIONAL CASH FLOW INFORMATION

The following significant non-cash transactions have been excluded from the statements of cash flows:

	June 30, 2017	December 31, 2016
Accounts payable included in exploration and evaluation assets	\$ 29,718	\$ -

NOTE 10. RELATED PARTY TRANSACTIONS

Transactions with the controlling shareholder

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 and investors relations services to the Company in consideration of \$96,000 per year (the "Fee"), payable on a monthly basis, plus applicable taxes. The provision of services by Golden Valley commenced on October 1, 2010, but payment of monthly fees started as of July 15, 2011 (the "Trading Date"). Effective January 1, 2013, Golden Valley has agreed to suspend the payment of the management fees to enable the Company to conserve cash for its operations.

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.

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.

The Company did not pay any management fees to Golden Valley for the six-month periods ended on June 30, 2017 and 2016.

URANIUM VALLEY MINES LTD.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

NOTE 10. RELATED PARTY TRANSACTIONS (Continued)

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 on June 30, 2017, the Company incurred fees in the amount of \$1,656; of this amount \$1,606 was included in exploration and evaluation assets and \$50 was expensed as exploration and evaluation expenses (\$1,034 for the six-month period ended on June 30, 2016, of this amount \$167 had been included in exploration and evaluation assets and \$867 has been expensed as exploration and evaluation expenses). As at June 30, 2017, the Company had a balance payable of \$6,743 (\$9,606 as at December 31, 2016) to Golden Valley.

Transactions with key management

Key management personnel of the Company are the members of the board of directors, as well as the president and the chief financial officer. The Company did not pay any compensation nor any other form of employment benefits or perquisites to its key management in the six-month periods ended on June 30, 2017 and 2016. The services of the chief financial officer previously charged to the Company through the Management and Administrative Agreement were assumed by Golden Valley.

NOTE 11. COMMITMENTS

The Company has no commitment other than the Management Agreement described in Note 9 and its obligations under the Porcupine Miracle Prospects Mining Option Agreement described in Note 6.

NOTE 12. SUBSEQUENT EVENTS

On July 10, 2017, the Company has acquired a 100% interest in four mining claims located in Langmuir township, Ontario, known as the Porcupine Miracle Prospect, on exercise of the option granted to the Company by 2973090 Canada Inc. (the "optionor"), in accordance with the terms of the mining option agreement between the Company and the optionor, as described in Note 6.

As consideration for the option, and in accordance with the terms of the option agreement, the Company has issued to the optionor an aggregate 200,000 common shares of the Company and has incurred exploration and evaluation expenses of at least \$50,000.

The final tranche of 66,667 payment shares to be issued to the optionor in order to exercise the option will be subject to a hold period until November 14, 2017, in accordance with applicable securities legislation and the policies of the TSX Venture Exchange.

The Company also granted incentive stock options to directors, officers and consultants of the Company, which entitle the purchase of an aggregate 1,915,000 common shares in the capital of the Company at a per share price of \$0.05 for a period of 10 years.