Condensed Interim Financial Statements
Three months ended March 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

ABITIBI ROYALTIES INC.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

ABITIBI ROYALTIES INC.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	Notes		As at March 31, 2018		As at December 31, 2017
ASSETS					
Current					
Cash		**$**	**4,237,876**	$	4,521,160
Restricted cash			**801,626**		545,052
Amounts receivable	4		**23,416**		23,591
Sales taxes recoverable			**25,077**		13,433
Prepaid expenses			**5,115**		8,842
Total current assets			**5,093,110**		5,112,078
Non-current					
Exploration and evaluation assets	6		**39,352**		39,352
Investments	7		**33,371,701**		36,095,520
TOTAL ASSETS		**$**	**38,504,163**	$	41,246,950
LIABILITIES					
Current					
Accounts payable and accrued liabilities		**$**	**272,959**	$	415,020
Derivative financial instruments	7		**1,065,398**		1,428,140
Total current liabilities			**1,338,357**		1,843,160
Non-current					
Deferred tax liabilities			**3,139,711**		3,482,519
Total Liabilities			**4,478,068**		5,325,679
EQUITY					
Capital stock	8		**7,687,796**		7,687,796
Contributed surplus			**2,836,814**		2,780,891
Retained earnings			**23,501,485**		25,452,584
Total Equity			**34,026,095**		35,921,271
TOTAL LIABILITIES AND EQUITY		**$**	**38,504,163**	$	41,246,950

Commitments (note 16)

These financial statements were approved and authorized for issue by the Board of Directors on May 22, 2018.

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

"Ian J. Ball"
(signed Ian J. Ball)
Director

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

ABITIBI ROYALTIES INC.

Condensed Interim Statements of Net income (loss) and Comprehensive Income (Loss)

(Expressed in Canadian Dollars)

(Unaudited)

	Notes		Three months ended March 31, 2018	2017
Revenues				
Dividends		$	**75,643**	67,282
			75,643	67,282
Operating expenses				
Salaries and employee benefits expense	9		**219,739**	524,200
Professional fees	11		**112,706**	88,305
Shared-based payments	9		**55,923**	133,500
Office expenses			**24,118**	13,544
Advertising and promotion			**18,315**	2,235
Travel and transport			**3,494**	360
Royalty purchase	5		**-**	20,977
Management fees	12		**-**	24,000
Exploration expenses			**-**	279
			434,295	807,400
Operating loss			**(358,652)**	(740,118)
Financial income (costs)				
Change in fair value of investments	7		**(2,031,247)**	28,239
Foreign exchange gain (loss)			**100,901**	(25,040)
Commissions			**(8,226)**	(18,501)
Interest expense			**(424)**	(180)
Interest income			**3,741**	2,254
			(1,935,255)	(13,228)
Net loss before income tax			**(2,293,907)**	(753,346)
Deferred tax recovery			**342,808**	241,002
Net loss and comprehensive loss for the period		$	**(1,951,099)**	$ (512,344)
Earnings (loss) per share				
Basic	10	$	**(0.17)**	(0.05)
Diluted	10	$	**(0.17)**	(0.05)
Weighted average number of common shares outstanding				
Basic	10		**11,401,335**	11,323,045
Diluted	10		**11,401,335**	11,323,045

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

ABITIBI ROYALTIES INC.

Condensed Interim Statements of Changes in Equity

(Expressed in Canadian Dollars)
(Unaudited)

	Notes	Common shares outstanding Number		Capital Stock		Contributed Surplus		Retained earnings (deficit)		Total Equity (Deficiency)
Balance as at January 1, 2018		11,401,335	$	7,687,796	$	2,780,891	$	25,452,584	$	35,921,271
Restricted share units	9	-		-		55,923		-		55,923
Net loss and total comprehensive loss		-		-		-		(1,951,099)		(1,951,099)
Balance as at March 31, 2018		**11,401,335**	**$**	**7,687,796**	**$**	**2,836,814**	**$**	**23,501,485**	**$**	**34,026,095**
Balance as at January 1, 2017		11,336,243	$	7,300,142	$	3,179,193	$	25,648,700	$	36,128,035
Common shares repurchased and cancelled	9	(50,100)		(32,263)		(430,554)		-		(462,817)
Restricted share units	9	-		-		133,500		-		133,500
Net loss and total comprehensive loss		-		-		-		(512,344)		(512,344)
Balance as at March 31, 2017		11,286,143	$	7,267,879	$	2,882,139	$	25,136,356	$	35,286,374

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

ABITIBI ROYALTIES INC.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Notes	Three months ended March 31, 2018	2017
OPERATING ACTIVITIES			
Net loss		**$ (1,951,099)**	$ (512,344)
Adjustment			
Share-based payments	9	**55,923**	133,500
Change in fair value of financial assets and liabilities		**2,031,247**	(28,239)
Deferred tax recovery		**(342,808)**	(241,002)
Foreign exchange (gain) loss		**(100,901)**	25,040
Changes in working capital items			
Sales taxes recoverable		**(11,644)**	(4,780)
Receivables		**175**	(8,140)
Prepaid expenses		**3,727**	4,637
Accounts payable and accrued liabilities		**(142,060)**	279,892
Cash flows used by operating activities		**(457,440)**	(351,436)
INVESTING ACTIVITY			
Disposal of investments	7	**-**	6,098,350
Cash flows from investing activity		**-**	6,098,350
FINANCING ACTIVITIES			
Capital stock repurchased and cancelled		**-**	(462,817)
Change in restricted cash	7	**(256,574)**	-
Disposal of derivative financial instruments		**329,829**	415,993
Cash flows from (used by) financing activities		**73,255**	(46,824)
Effect of foreign exchange rate changes on cash		**100,901**	(25,040)
Net increase (decrease) in cash		**(283,284)**	5,675,050
Cash, beginning of period		**4,521,160**	2,060,171
Cash, end of period		**$ 4,237,876**	**$ 7,735,221**
Additional cash flow information (note 14)			
Cash transactions:			
Interest received related to operating activities:		**$ 3,741**	$ 2,254
Dividends received related to investing activities:		**75,643**	67,282

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

1) NATURE OF OPERATIONS

Abitibi Royalties Inc. (the "Company") has the objective to build a premium quality royalty company by acquiring of first class royalties and by exploring, evaluating and promoting its mineral properties and other projects.

The Company was incorporated on February 18, 2010 under the Business Corporations Act of British Columbia. The head office of the Company is located at 152 Chemin de la Mine École, Val-d'Or, Quebec, Canada. The Company's registered and records office is located at #530 - 355 Burrard Street, Vancouver, B.C. V6C 2G8.

The Company also has administrative offices located at 800 René-Lévesque Boulevard West, Suite 425, Montréal, Quebec, H3B 1X9.

As at March 31, 2018, Golden Valley Mines Ltd. ("Golden Valley"), a controlling shareholder, held a 49.16% interest in the Company.

2) SIGNIFICANT ACCOUNT POLICIES

Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financing Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), under International Accounting Standard ("IAS") 34 - Interim Financial Reporting 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. These interim financial statements were prepared using the same accounting policies, methods of computation and basis of presentation as outlined in Note 4 - Summary of Significant Accounting Policies, as described in the Company's annual audited financial statements for the year ended December 31, 2017, except for the changes in accounting policies resulting from the adoption of IFRS 9 *Financial Instruments* ("IFRS 9") and IFRS 15 "*Revenue from Contracts with Customers"* ("IFRS 15") as described below. Interim financial statements do not include all the notes required in annual financial statements and, accordingly, should be read in conjunction with the annual financial statements for the year ended December 31, 2017.

New accounting standards

IFRS 9 - Financial Instruments

In July 2014, the IASB published IFRS 9 which replaces IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces improvements which include a logical model for classification and measurement of financial instruments, a single, forward-looking "expected credit loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

As a result of the adoption of IFRS 9, the Company has changed its accounting policy for financial instruments retrospectively, for ones that were recognized at the date of application, which was January 1, 2018. The change did not impact the carrying value of any financial instruments on this date.

Financial instruments

Classification

In implementing IFRS 9, the Company updated the financial instruments classification within its accounting policy. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial Assets/Liabilities	Original classification under IAS 39	New classification under IFRS 9
Cash	Loans and receivables at amortized costs	Financial Asset at amortized costs
Restricted cash	Loans and receivables at amortized costs	Financial Asset at amortized costs
Amounts receivable	Loans and receivables at amortized costs	Financial Asset at amortized costs
Investments	Fair value through profit or loss ("FVTPL")	FVTPL
Trade and other payables	Other Financial Liabilities at amortized costs	Financial Liabilities at amortized costs
Derivative financial instruments	FVTPL	FVTPL

The Company determines the classification of financial assets at initial recognition. The classification of its instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net income (loss) in the period in which they arise. Where Company has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve month expected credit losses. The Company recognizes in the statements of net income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized. Given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings and the negligible historical level of dividends default, the loss allowance was $nil as at March 31, 2018.

IFRS 15 - Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, which is effective for fiscal years beginning on or after January 1, 2018 and is to be applied retrospectively. Early adoption is permitted. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. As of January 1, 2018, the Company has adopted IFRS 15 and has concluded that, based on its current operations, the adoption of IFRS 15 had no significant impact on the Company's financial statements.

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

Standard issued but not yet effective

IFRS 16 - Leases

In January 2016, the IASB published IFRS 16 – Leases, which will replace IAS 17 – Leases. This IFRS eliminates the classification as an operating lease and requires lessees to recognise a right-of-use asset and a lease liability for all leases with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease, sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods, changes the accounting for sale and leaseback arrangements, largely retains IAS 17's approach to lessor accounting and introduces new disclosure requirements. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 with early application permitted in certain circumstances. The Company is currently in the process of assessing the impact of IFRS 16 on its financial statements.

IFRIC Interpretation 23 – Uncertainty over Income Tax Treatments

IFRIC Interpretation 23– Uncertainty over Income Tax Treatments ("IFRIC 23") was issued by the IASB on June 7, 2017. IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual period beginning on or after January 1, 2019. Earlier application is permitted. The Company intends to adopt the Interpretation in its financial statements for the annual period beginning on January 1, 2019. The Company is currently in the process of assessing the impact of IFRIC 23 on its financial statements.

3) JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the condensed interim financial statements and accompanying notes. Management believes that the estimates used in the preparation of the condensed interim financial statements are reasonable; however, actual results may differ materially from these estimates. The areas involving significant judgments, estimates and assumptions have been detailed in note 5 to the Company's annual audited financial statements for the year ended December 31, 2017.

(Expressed in Canadian dollars unless otherwise noted)

4) AMOUNTS RECEIVABLE

		As at March 31, 2018		As at December 31, 2017
Dividend receivable	$	**22,070**	$	22,200
Interest and other receivables		**1,346**		1,391
	$	**23,416**	$	23,591

5) ROYALTY INTERESTS

Main royalty interests

The Company's main royalty interests are as follows for which no value for accounting purposes has been assigned to the net smelter royalty ("NSR"):

Malartic CHL 3% Royalty - Malartic, Quebec

The area covered by the 3% NSR is located immediately east of the current Canadian Malartic Mine open pit operated by Canadian Malartic GP (50% owned by Agnico Eagle Mines Limited ("Agnico Eagle") and Yamana Gold Inc. ("Yamana"). The 3% NSR covers a number of known mineralized zones.

Canadian Malartic 2% Royalty - Malartic, Quebec

The area covered by the 2% NSR is on a single claim located just to the south of the Canadian Malartic open pit and covers the eastern portion of the Gouldie Zone and the historic Charlie Zone. Production on this 2% NSR area started in 2014 and stopped in June 2015.

Other royalty interests

Abitibi Royalty Search Program

In 2015, the Company launched the "Abitibi Royalty Search Program", by which it would reimburse renewal fees on existing claims or staking fees on new claims in exchange for a net smelter return royalty. The program offers mining companies and prospectors an alternative to dropping potentially interesting claims or projects due to a lack of funds. Projects have to meet specific criteria to be eligible, such as being located in the close vicinity of an existing mine and showing good geology or signs of mineralization through previous exploration.

(Expressed in Canadian dollars unless otherwise noted)

6) EXPLORATION AND EVALUATION ASSETS

Luc Bourdon Prospect - James Bay, Ontario

The Company owns a 100% interest in the Luc Bourdon Prospect located in the lowland region of James Bay, Ontario. The Company is seeking new partnerships to fund future exploration programs and, if warranted by the results, to further develop the Luc Bourdon Prospect.

7) INVESTMENTS

	As at March 31, 2018		As at December 31, 2017	
	Number of shares	**Fair value**	Number of shares	Fair value
Yamana Gold Inc.	3,549,695	$ **12,636,915**	3,549,695	$ 13,914,804
Agnico Eagle Mines Limited	378,997	**20,541,637**	378,997	21,996,986
		33,178,552		35,911,790
Other investments		**193,149**		183,730
		$ **33,371,701**		$ 36,095,520

Derivative financial instruments

The total call/put options outstanding as at March 31, 2018 are as follows:

	Expiry date	**Number of shares under option**	**Exercise price range (USD)**	**Market value as at March 31, 2018**
Calls				
Yamana	July 20, 2018	**43,200**	$ 7.00	**$ 2,785**
Yamana	January 18, 2019	**1,743,000**	4.00 to 7.00	**430,803**
Yamana	January 17, 2020	**292,400**	4.00 to 7.00	**174,874**
Agnico	May 18, 2018	**59,600**	60.00 to 65.00	**3,520**
Agnico	January 18, 2019	**245,200**	60.00 to 65.00	**304,787**
Agnico	January 17, 2020	**25,900**	60.00 to 65.00	**84,835**
				$ 1,001,604
Puts				
Agnico	May 18, 2018	**65,100**	$ 39.00	**63,794**
		2,474,400		**$ 1,065,398**

(Expressed in Canadian dollars unless otherwise noted)

7) INVESTMENTS (continued)

Derivative financial instruments

The total call/put options outstanding as at December 31, 2017 are as follows:

	Expiry date	Number of shares under option		Exercise price range (USD)		Market value as at December 31, 2017
Calls						
Yamana	January 19, 2018	**1,790,300**	$	4.00 to 7.00	**$**	**189,349**
Yamana	January 18, 2019	**1,471,400**		4.00 to 7.00		**565,607**
Yamana	January 17, 2020	**292,400**		4.00 to 7.00		**212,256**
Agnico	January 19, 2018	**44,400**		60.00 to 65.00		**1,671**
Agnico	February 16, 2018	**33,000**		60.00 to 65.00		**790**
Agnico	May 18, 2018	**85,900**		60.00 to 70.00		**23,910**
Agnico	January 18, 2019	**155,400**		50.00 to 75.00		**303,876**
Agnico	January 17, 2020	**23,900**		65.00		**118,431**
					$	**1,415,890**
Puts						
Agnico	February 16, 2018	**65,100**	$	39.00		**12,250**
		3,961,800			**$**	**1,428,140**

For the three months ended March 31, 2018, the Company sold 4,266 call and 651 put option contracts (1,118 calls and 651 puts on Agnico shares and 3,148 calls on Yamana Gold shares) for total cash proceeds of $333,487 (or US $267,470). In addition, 18,677 call option contracts expired (774 on Agnico and 17,903 on Yamana) and 1,114 contracts were repurchased before expiration (463 calls and 651 puts all on Agnico) for $10,757 (or US $9,563).

For the three months ended March 31, 2017, the Company sold 10,999 call/put option contracts (3,011 on Agnico Eagle shares and 7,988 on Yamana) for total cash proceeds of $415,993 (or US $315,407). In the same period, 13,339 option contracts (calls and puts combined) expired (1,674 on Agnico Eagle and 11,665 on Yamana). In addition, on January 20, 2017, the Company was called to deliver 108,700 shares of Agnico (43,600 shares at US $45 per share and 65,100 shares at US$40 per share) and received, net of commission paid, $6,096,765 (or US$4,564,813) from the covered call options it had sold.

Restricted cash

Restricted cash of $801,626 (or US$621,705) as at March 31, 2018 ($545,052 as at December 31, 2017) relates to funds held as collateral on the put option contracts of 65,100 shares of Agnico referred to in the *Derivative financial instruments* above. The funds will become unrestricted once the put option contracts are exercised, repurchased or expired.

8) EQUITY

a) Capital stock

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

Authorized

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

b) Normal Course Issuer Bid

On October 2, 2015, the Company received acceptance of its notice to commence a normal course issuer bid ("NCIB"). This approval allowed the Company to purchase 546,300 of its common shares (representing 5% of the Company's total issued and outstanding common shares as of September 21, 2015) from October 6, 2015 to October 5, 2016. On October 6, 2016, the Company renewed its NCIB for another year until October 5, 2017. This new approval allows the Company to purchase up to 566,812 of its common shares. On September 25, 2017, the Company announced the renewal of its NCIB from October 6, 2017 to October 5, 2018 allowing the Company to purchase for cancellation 569,797 of its issued and outstanding common shares. Common shares purchased under the NCIB will be cancelled.

For the three months ended March 31, 2018, the Company did not repurchase any share. For the three months ended March 31, 2017, the Company repurchased and cancelled 50,100 commons shares at prices varying from $8.93 to $9.55 for a total of $462,817.

9) REMUNERATION

a) Salaries and employee benefits expense

The Company has implemented an Executive Compensation Policy (the “Policy”) which approved certain amounts being paid and accrued to directors and officers. The Company's executives receive a salary in accordance with the amounts approved in the Policy and monthly accruals are being recorded to cover the total estimated meeting fee remuneration payable to directors. The directors and executive officers are also entitled to receive incentive stock options and Restricted Share Units. The Company does not offer any other benefits or perquisites to its directors and executive officers.

The Chairman of the Board, the President and CEO, and the Chief Financial Officer of the Company are subject to Executive Employment Agreements ("Employment Agreements") which define their current remuneration and benefits. The Employment Agreements also provide for market standard payments on termination of employment without cause or following a change of control which could amount up to twice base salary and bonus, continuation of benefits and certain vesting acceleration clauses on restricted shares units and options.

(Expressed in Canadian dollars unless otherwise noted)

9) REMUNERATION (continued)

Stock option plan

The Company has adopted a 20% fixed option plan (the "Plan") in 2013. Pursuant to the Plan, options, for an aggregate total of 1,740,200 common shares, (representing 20% of the issued number of common shares outstanding at the time) may be granted to its directors, officers, employees, consultants or management companies employees from time to time. The exercise price of each option is fixed by the Board of Directors but would 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 TSX Venture Exchange (the "Exchange"); if no sales were reported, it would 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 would be determined by the Board of Directors, in accordance with the rules and regulations of the Exchange.

For the three months ended March 31, 2018 and 2017, no stock options were exercised.

A summary of changes in the number of incentive stock option for the three months ended March 31, 2018 and 2017 is presented as follows:

	2018			2017		
	Number of options		**Weighted average exercise price**	Number of options		Weighted average exercise price
Outstanding as at January 1	625,311	$	1.10	766,003	$	1.08
Exercised	-		-	-		-
Outstanding as at March 31	625,311	$	1.10	766,003	$	1.08
Exercisable as at March 31	625,311	$	1.10	766,003	$	1.08

The table below summarizes the information related to outstanding share options as at March 31, 2018 and 2017:

	2018 Outstanding options		2017 Outstanding options	
Range of Exercise price	**Number of options**	**Weighted average remaining contractual life (year)**	Number of options	Weighted average remaining contractual life (year)
$0.55	483,630	0.49	587,500	1.49
$2.18	64,288	1.17	98,503	2.17
$3.62 to $3.70	77,393	1.46	80,000	2.46
	625,311		766,003	

(Expressed in Canadian dollars unless otherwise noted)

9) REMUNERATION (continued)

Restricted Share Unit Plan

The Company's Board of Directors has implemented a Restricted Share Unit Plan (the "RSU Plan"), which provides that restricted share units ("Share Units") may be granted 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, or in satisfaction of dividends declared by the Company and payable to Participants. The aggregate number of common shares issuable pursuant to Share Units granted under the RSU Plan will not, at any given time, exceed 896,769 common shares, among other limits with respect to individual grants under the RSU Plan. At the time Share Units are granted to a Participant, the Company 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 granted will be the third anniversary of its date of grant, unless the Company determines an earlier date, or subject to accelerated expiry in the event of a change of control of the Company.

In fiscal year 2016, the Company granted 583,365 Share Units to officers, directors and consultant of which 25% vested on the date of grant with the remaining balance vesting equally on each anniversary date of grant. Expiration dates for the two grants of 72,500 and 510,865 are February 4, 2019 and March 16, 2019, respectively.

The total compensation related to the 2016 grants totalled $2,107,701 of which the Company recognized an amount of $55,923 for the three months ended March 31, 2018, ($133,500 for the three months ended March 31, 2017).

A summary of changes in the number of Share Units for the three months ended March 31, 2018 and 2017 is presented as follows:

	2018	2017
Outstanding at January 1	**583,365**	583,365
Granted	**-**	-
Outstanding at March 31,	**583,365**	583,365
Units Vested	**437,524**	291,682

None of the vested RSU were converted into common shares for the three months ended March 31, 2018 and 2017.

(Expressed in Canadian dollars unless otherwise noted)

10) EARNINGS (LOSS) PER SHARE

Earnings (loss) per share has been calculated using the weighted average number of common shares outstanding for the three months ended March 31, 2018 and 2017 as follows:

		2018		2017
Net loss for the period attributable to shareholders	$	**(1,951,099)**	$	(512,344)
Weighted average number of common shares outstanding - Basic		**11,401,335**		11,323,045
Dilutive effect of stock options		**-**		-
Weighted average number of common shares outstanding - Diluted		**11,401,335**		11,323,045
Basic earnings (loss) per share	$	**(0.17)**	$	(0.05)
Diluted earnings (loss) per share	$	**(0.17)**	$	(0.05)

For the three months ended March 31, 2018 and 2017, potential dilutive common shares from stock options and RSU have not been included in the earnings (loss) per share calculation as they would result in a reduction of the loss per share.

11) PROFESSIONAL FEES

The following table shows professional fees for the three months ended March 31, 2018 and 2017:

		2018		2017
Media relations and other consultants	$	**54,390**	$	40,107
Exchange, regulatory and transfer agent fees		**42,255**		29,418
Legal fees		**16,061**		6,689
Audit, tax and accounting fees		-		12,091
	$	**112,706**	$	88,305

12) MANAGEMENT FEES

In 2010, the Company had entered into a Management and Administrative Services Agreement (the "Management Agreement") with Golden Valley Mines Ltd ("Golden Valley"), a controlling shareholder of the Company, pursuant to which Golden Valley would 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 consultant and investors relations services to the Company in consideration of $96,000 per year (the "Fee"), payable on a monthly basis, plus applicable taxes.

Effective January 1, 2018, the Company terminated the Management Services Agreement with no further amounts payable. Pursuant to the termination, administrative, management and financial services such as office space, administrative support and services of the former chief financial officer previously provided by Golden Valley has been be assumed by the Company.

For the three months ended March 31, 2017, the Company has paid management fees of $24,000 to Golden Valley pursuant to the Management Agreement.

13) RELATED PARTY TRANSACTIONS

a) Transactions with the parent company

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. For the three months ended March 31, 2018, the Company did not incur any geological fees (for the three months ended March 31, 2017 - $485). For efficiency reasons, where the Company and Golden Valley are dealing with the same suppliers one may pay for both and be reimbursed by the other. As at March 31, 2018, the Company had net indebtedness of $3,475 to Golden Valley, while at March 31, 2017 the Company had a net receivable amount of $8,023.

In addition, in 2017, a consultant of the Company was being remunerated by Golden Valley through the management fees. For the three months ended March 31, 2017, remuneration of the consultant derived from the management fees amounted to $21,501.

(Expressed in Canadian dollars unless otherwise noted)

13) RELATED PARTY TRANSACTIONS (continued)

b) Transactions with key management

Key management personnel of the Company are the members of the board of directors, as well as the President and Chief Executive Officer and the Chief Financial Officer. In accordance with its Executive Compensation Policy the Company has, during the three months ended March 31, 2018 and 2017, paid or accrued salaries as shown in the table below:

		2018		2017
Salaries and benefits	$	**160,635**	$	136,250
Bonus (1)		**-**		247,500
Meeting fees		**37,500**		37,500
Additional cash amounts (2)		**-**		84,000
Payroll levies (3)		**21,604**		15,200
		219,739		520,450
Share-based compensation (4)		**55,923**		133,500
	$	**275,662**	$	653,950

1) Salaries and benefits for the three months ended March 31, 2017 include approved bonuses totaling $247,500 for the Chairman of the Board and the President and Chief Executive Officer based on their performance in 2016.

2) Additional cash amounts for the three months ended March 31, 2017 include approved cash payments totalling $84,000 to directors, the Chairman of the Board, the President and Chief Executive Officer, the Chief Financial Officer and one consultant instead granting of stock options.

3) The payroll levies are the Company's contributions to mandatory governmental benefits plans related to salaries, meetings fees and taxable benefits on exercise of incentive stock options.

4) In February and March 2016, the Company granted 583,365 RSU (of which 145,841 vested immediately) to officers, directors and consultant for a total compensation value of $2,107,701. The share-based compensation amount of $55,923 is the part of the cost of the RSU granted in 2016 that is allocated for the three months ended March 31, 2018 ($133,500 for the three months ended March 31, 2017).

As at March 31, 2018, some of the salaries, meeting fees and year-end performance bonuses disclosed above in the amount of $191,556 (as at March 31, 2017 - $359,000) had not been paid and were included in account payables and accrued liabilities.

The President and Chief Executive Officer is using his Toronto Property as an office for the Company and is being reimbursed the expenses related to the premises. For the three months ended March 31, 2018, the Company has paid $1,600 (2017 -$1,792) for the Toronto office.

(Expressed in Canadian dollars unless otherwise noted)

14) ADDITIONAL CASH FLOW INFORMATION

		As at March 31,		
Non-cash activities:		**2018**		2017
Accounts payable and accrued liabilities included in Exploration and Evaluation Assets	$	-	$	205

15) CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives in managing capital are 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 and acquiring the right potential royalty rights. 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 or repurchase shares under its Normal Course Issuer Bid to improve its financial performance and flexibility. The Company monitors capital on the basis of the carrying amount of equity. Capital for reporting period under review is summarized in the Statement of Changes in Equity. The Company is not subject to any externally imposed capital requirements.

16) COMMITMENTS

The Company has entered into agreements with officers that include termination and change of control clauses. In the case of termination, the officers are entitled to an amount equal to a multiple (ranging from one to two times) of the annual base fee payable. In the case of a change of control, the officers and consultants are entitled to an amount equal to a multiple (ranging from one to two times) the sum of the annual base fee. As at March 31, 2018, the total annual base fee of the officers and consultants under the agreements is $635,000.