ABITIBI ROYALTIES INC.

Interim Financial Statements
Second Quarter 2013

Unaudited

Content

IMPORTANT NOTICE

The attached financial statements have been prepared by Management of Abitibi Royalties Inc. The Company's independant auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Abitibi Royalties Inc.
Interim Statement of Financial Position
(Unaudited)
(In Canadian dollars)

	Notes	June 30, 2013	December 31, 2012
		$	$
ASSETS			
Current assets			
Cash and cash equivalent		54,443	235,586
Sales taxes recoverable		8,873	9,787
Prepaid expenses and deposits		595	6,456
		63,911	251,829
Non-current			
Exploration and evaluation assets	7	153,723	110,112
Total assets		217,634	361,941
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		5,884	36,778
Total liabilities		5,884	36,778
EQUITY			
Capital stock	8	630,823	630,823
Contributed surplus	9.2	1,536,100	1,536,100
Deficit		(1,955,173)	(1,841,760)
Total equity		211,750	325,163
Total liabilities and equity		217,634	361,941

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

These interim financial statements were approved and authorized for issue by the Board of Directors on August 29, 2013.

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

Abitibi Royalties Inc.
Interim Statement of Comprehensive Income
(Unaudited)
(All amounts are expressed in Canadian dollars, unless otherwise noted.)

	Notes	Three-month period ended June 30, 2013	Three-month period ended June 30, 2012	Six-month period ended June 30, 2013	Six-month period ended June 30, 2012
		$	$	$	$
Operating expenses					
Office expenses	11	5,065	7,254	8,189	11,067
Professional fees	12	38,501	28,800	55,326	56,465
Management fees	13	24,000	24,000	48,000	48,000
Advertising and promotion			542	570	542
Travel and transport		(2,233)	837	1,304	837
		65,333	61,433	113,389	116,911
Operating loss		65,333	61,433	113,389	116,911
Financial costs		(37)	19	24	87
Net loss and total comprehensive loss		65,296	61,452	113,413	116,998
Basic and diluted net loss per share	10	0.01	0.01	0.01	0.01
Weighted average number of common shares outstanding	10	8,701,000	8,701,000	8,701,000	8,701,000

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

Abitibi Royalties Inc.

Interim Statement of Changes in Equity

(Unaudited)

(In Canadian dollars)

	Notes	Common shares outstanding	Capital Stock	Contributed Surplus	Deficit	Total Equity
		Number	$	$	$	$
Balance at January 1, 2013		8,701,000	630,823	1,536,100	(1,841,760)	325,163
Net loss and total comprehensive loss					(48,117)	(48,117)
Balance at March 31, 2013		8,701,000	630,823	1,536,100	(1,889,877)	277,046
Net loss and total comprehensive loss					(65,296)	(65,296)
Balance at June 30, 2013		8,701,000	630,823	1,536,100	(1,955,173)	211,750
Balance at January 1, 2012		8,701,000	630,823	1,536,100	(1,626,234)	540,689
Net loss and total comprehensive loss					(55,546)	(55,546)
Balance at March 31, 2012		8,701,000	630,823	1,536,100	(1,681,780)	485,143
Net loss and total comprehensive loss					(61,452)	(61,452)
Balance at June 30, 2012		8,701,000	630,823	1,536,100	(1,743,232)	423,691

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

Abitibi Royalties Inc.

Interim Statement of Cash Flows

(Unaudited)
(In Canadian dollars)

	Notes	Three-month period ended June 30, 2013	Three-month period ended June 30, 2012	Six-month period ended June 30, 2013	Six-month period ended June 30, 2012
		$	$	$	$
OPERATING ACTIVITIES					
Net loss		(65,296)	(61,452)	(113,413)	(116,998)
Changes in non-cash working capital items					
Sales taxes recoverable		1,264	579	914	608
Prepaid expenses and deposits		2,931	2,976	5,862	24,225
Accounts payable and accrued liabilities		1,699	(1,154)	(30,894)	(5,460)
Cash flows from operating activities		(59,402)	(59,051)	(137,531)	(97,625)
INVESTING ACTIVITIES					
Additions to exploration and evaluation assets	7	(13,108)		(43,612)	(23,802)
Cash flows from investing activities		(13,108)		(43,612)	(23,802)
Net increase in cash		(72,510)	(59,051)	(181,143)	(121,427)
Cash and cash equivalent, beginning of period		126,953	393,902	235,586	456,278
Cash and cash equivalent, end of period		54,443	334,851	54,443	334,851

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

1 - NATURE OF OPERATIONS

Abitibi Royalties Inc. (the "Company") is involved in the process of exploring, evaluating and promoting its mineral properties and other projects.

2 - GOING CONCERN ASSUMPTION

These interim financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) and the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company's ability to continue as a going concern depends upon its ability to obtain necessary financing to fund its prospection operations and its projects. Given its short history, the Company's ability to raise enough financing to meet these objectives cannot be determined at this time. The Company's business involves a high degree of risk and there is no assurance that the Company will be successful in discovering economically recoverable deposits on its mineral properties. Furthermore, the Company has not yet generated any income or cash flows from its operations and there is no assurance that the business will be profitable in the future. As at June 30, 2013 the Company has a cumulated deficit of $1,955,173 ($1,841,760 as at December 31, 2012). These material uncertainties cast significant doubts regarding the Company's ability to continue as a going concern.

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

3 - CORPORATE INFORMATION

Abitibi Royalties Inc 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, Québec, Canada. The Company's registered and records office is located at #1810 - 1111 West Georgia Street, Vancouver, B.C. V6E 4M3. The Company also has administrative offices located at 800 René-Lévesque Boulevard West, Suite 425, Montréal, Québec, H3B 1X9. Prior to the completion of the Arrangement (as described below), the Company was a wholly owned subsidiary of Golden Valley Mines Ltd. ("Golden Valley"), thereafter the Company's shares were held as to: 33.66% by the general public and 66.34 % by Golden Valley (the ultimate parent company).

The Company is considered a "venture issuer" as such term is defined by applicable securities legislation and the common shares of the Company are traded on the TSX Venture Exchange under the symbol RZZ.

4 - BASIS OF PRESENTATION

These interim financial statements are covering the six and three month periods ended June 30, 2013 and were prepared in accordance with International Financing Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), under International Accounting Standard ("IAS") 34 - Interim Financial Reporting. These interim financial statements were prepared using the same accounting policies, methods of computation and basis of presentation as outlined in Note 4 - Summary of Accounting Policies, as described in the Company's annual audited financial statements for the year ended December 31, 2012. The interim of the financial statements do not include all the notes required in annual financial statements and, accordingly, should be read in conjunction with with the annual financial statements for the year ended December 31, 2012

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

5 - CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results are likely to differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

5.1 - Significant management judgement

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.

Determining whether to test for impairment of exploration and evaluation assets requires management's judgement, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

No testing for impairment was conducted on the properties despite the fact that the carrying value of the Company's net asset is superior to its market capitalization and despite the fact that no significant fieldwork was undertaken on properties during the year. Management judged that there was no testing for impairment required this year on properties despite an unfavorable change of the overall climate of the sector as well as the general situation of the economy that have had an impact on the Company's capacity to raise additional capital in order to pursue its exploration activities, coupled with a decrease in the share price. The Company has sufficient funds to respect its short term obligations and has both the intention and capacity to keep the properties until the economic context improves and the Company can pursue its exploration activities on the properties after raising additional capital.

Deferred income taxes

The assessment of availibility of future taxable profits involves judgement. A deferred tax asset is recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. To date, management has not recognized any tax assets in excess of existing temporary differences expected to reverse within the carry-forward period.

5.2 - Estimation uncertainty

Impairment of exploration and evaluation assets

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset 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. No impairment loss or reversal of impairment loss has been recognized in the six month period ended June 30, 2013 and the year ended December 31, 2012.

Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own share, the probable life of share option granted and the time of exercise of those share options. The model used by the Company is the Black-Scholes valuation model.

6 - JOINTLY CONTROLLED EXPLORATION AND EVALUATION ACTIVITIES

The Company and Osisko Mining Corporation (formerly Osisko Explorations Ltd., hereinafter "Osisko") jointly controlled exploration and evaluation activities, pursuant to a 30/70 joint venture agreement on Malartic CHL Prospect. Information on these assets is presented in the Note 7.

Abitibi Royalties Inc.

Notes to Interim Financial Statements
June 30, 2013 and 2012
(Unaudited)
(In Canadian dollars)

7 - EXPLORATION AND EVALUATION ASSETS

The summary of carrying amount can be analyzed as follows:

Properties	Balance as at January 1, 2013 $	Additions $	Balance as at March 31, 2013 $	Additions $	Balance as at June 30, 2013 $
Malartic CHL Prospect (Quebec)	78,359	30,503	108,862	13,015	121,877
Bourdon Prospects (Ontario)	31,753		31,753	93	31,846
	110,112	30,503	140,615	13,108	153,723

Properties	Balance as at January 1, 2012 $	Additions $	Balance as at March 31, 2012 $	Additions $	Balance as at June 30, 2012 $
Malartic CHL Prospect (Quebec)	27,489	21,958	49,447	348	49,795
Bourdon Prospects (Ontario)	28,107	1,844	29,951	1,802	31,753
	55,596	23,802	79,398	2,150	81,548

7 - EXPLORATION AND EVALUATION ASSETS (continued)

The Company has acquired through the issues of common shares from treasury, the following properties and interests:

Malartic CHL Prospect - Malartic, Québec

The Company acquired a 100% interest in the Malartic CHL Prospect (the " Malartic CHL Property") located near Malartic, Québec from Golden Valley. The Malartic CHL Property was subject to an option agreement in favour of Osisko Mining Corporation (formerly Osisko Explorations Ltd., hereinafter "Osisko") pursuant to which Osisko can earn a 70% interest in the Malartic CHL Property by making expenditures of $2,000,000 (the ``Malartic CHL Property Option``). During the period, Osisko provided notice to the Company of its intent to exercise the Malartic CHL Property Option, as a result of which the Company and Osisko are deemed to have entered into a joint venture agreement on the Malartic CHL Property. The Company retains a 30% free carried interest with no further expenditure requirements until the property achieves commercial production.

The Company also acquired from Golden Valley a 2% net smelter royalty interest (the "NSR") in one mining claim held by Osisko and located in the township of Fournière, Registration Division of Abitibi, Province of Québec.

Luc Bourdon and Bourdon West Prospects - James Bay, Ontario

The Company acquired a 100% interest in the Luc Bourdon and Bourdon West Prospects (the "Bourdon Prospects") located in the lowland region of James Bay, Ontario. The Bourdon Prospects are subject to an Option Agreement in favour of White Pine Resources Inc. (formerly WSR Gold Inc.) and Noront Resources Ltd. (together, the "Optionees") pursuant to which each of these companies can earn a 35% interest in the Bourdon Prospects upon incurring an aggregate of $5,000,000 in exploration expenditures (the "Bourdon Prospects Option") . Should the Bourdon Prospects Option be exercised, the Company will retain with a 30% free carried interest in the Bourdon Prospects, with no further expenditure requirements until the property achieves commercial production.

On February 2, 2013, the option agreement (the "Agreement" or the "Bourdon Prospects Option") pursuant to which the Optionees could earn a 35% interest in the Bourdon Prospects was terminated as a result of the Optionees failing to incur the exploration expenditures required under the Agreement by their due date, and failing to cure the default within 60 days of th Company's notice to each of them to this effect. As a result, the Company retains a 100% interest in the Bourdon Prospects.

8 - EQUITY

8.1 - Capital stock

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

Authorized
Unlimited number of common shares, without par value, voting and participating.

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

(In Canadian dollars)

8.2 - Escrowed shares

Pursuant to TSX Venture Exchange policies, the aggregate 5,771,912 common shares of the Company held by Golden Valley are subject to escrow provisions (the "Escrowed Shares"). 10% of the Escrowed Shares were released at the time the Exchange confirmed the final acceptance for listing of the Company's common shares; thereafter 15% of the Escrowed Shares will be released every six months. At June 30, 2013 , an aggregated 2,597,360 (3,463,147 as at December 31, 2012) common shares continued to be held in escrow.

9 - EMPLOYEE REMUNERATION

9.1 - Salaries and employee benefits expense

No remuneration expense was incurred by the Company for the six months ended June 30, 2013 and June 30, 2012.

9.2 - Share-based payments

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

On September 29, 2011, the Company granted an aggregate 860,000 incentive stock options (the "Options") to purchase an aggregate 860,000 common shares of the Company at an exercise price of $2.50 per common share to its directors, officers, and consultants. The Options are exercisable at the date of the grant and expire 5 years from the date of grant.

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

A summary of the status of the Company's incentive stock option plan as at June 30, 2013 is presented below:

	Remaining life	Expiry Date	Options Number	Weighted average exercise price $
Issued on September 29, 2011	3.25 years	Sep 29, 2016	860,000	2.50
Outstanding and exercisable as at June 30, 2013 and December 31, 2012			860,000	2.50

(In Canadian dollars)

9.2 - Share-based payments (continued)

The fair value of the stock options granted of $1,79 has been estimated on September 29, 2011, using the Black-Scholes option-pricing model with the following assumptions:

Share price at date of grant	$2.41
Expected dividend yield	0%
Expected volatility	100%
Risk-free interest rate (based on 5 years Canada Bonds)	1.45%
Expected life	5 years
Exercise price	$2.50

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

10 - LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period divided by the weighted average number of shares in circulation during the period. The diluted loss per share, calculated as if potential common shares would have had the effect of decreasing the loss per share which would be antidilutive. Therefore potential dilutive common shares such as share options, have not been included in the calculation as they would results in a reduction of the loss per share.
Both the basic and diluted loss per share have been calculated using the loss attributable to owners of the Company as the numerator, i.e. no adjustment to the loss were necessary in either of the six or three month periods ended June 30, 2013 and June 30, 2012 .

	Three months June 30, 2013	Six months June 30, 2013	Six months June 30, 2012
Loss for the period attributable to the owners of the Company	$65,296	$113,413	$116,998
Shares outstanding beginning of period	8,701,000	8,701,000	8,701,000
Weighted average number of shares issued in the period			
Weighted average number of shares in circulation	8,701,000	8,701,000	8,701,000
Basic and diluted loss per share	$0.01	$0.01	$0.01

(In Canadian dollars)

11 - OFFICE EXPENSES

	Three months June 30, 2013	Six months June 30, 2013	Six months June 30, 2012
	$	$	$
Insurance premium	2,931	5,862	5,952
Communications	2,134	2,327	4,676
Others			439
	5,065	8,189	11,067

12 - PROFESSIONAL FEES

	Three months June 30, 2013	Six months June 30, 2013	Six months June 30, 2012
	$	$	$
Audit, tax and accounting fees	12,480	18,720	20,000
Legal fees	11,334	13,870	11,327
Exchange, regulatory and transfer agent fees	14,687	22,736	25,138
	38,501	55,326	56,465

13 - MANAGEMENT FEES

On October 1, 2010 (the "Effective Date") 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"). For the three month and six month periods ended June 30, 2013 and June 30, 2012, the Company has paid respectively $24,000 and $48,000 in management fees to Golden Valley.

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.

(In Canadian dollars)

14 - ADDITIONAL CASH FLOW INFORMATIONS

Non- cash activity:

	June 30, 2013	June 30, 2012
	$	$
Accounts payable and accrued liabilities included in exploration and evaluation assets		2,150

15 - RELATED PARTY TRANSACTIONS

15.1 - Transactions with the parent company

Prior to the completion of the Arrangement, the Company was a wholly owned subsidiary of Golden Valley, thereafter the Company's shares were held as to: 33.66% by the general public, and 66.34% by Golden Valley.

The Company made monthly payments of $8,000 to Golden Valley in accordance with the Management Agreement (refer to Note 12). For the six months ended June 30, 2013 the Company has paid $48,000 ($48,000 for the six months ended June 30, 2012) for services received from Golden Valley pursuant to the Management Agreement.

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. The Company is using the services of the technical and geological staff of Golden Valley on an as required basis. These services are covered by the Management and Administrative Agreement, but are not included in the monthly fee, and the Company is being charged on the basis of the actual cost plus 10%. During the six month period ended June 30, 2013 the Company incurred geological fees in the amount of $3,653; such amount was included in exploration and evaluation assets ($5,176 for the six month period ended June 30, 2012). As at June 30, 2013 the Company had no indebtedness ($3,037 as of June 30, 2012) to Golden Valley.

15.2 - Transactions with key management

The Company did not pay any compensation nor any other form of employment benefits or perquisites to its Directors and officers in the six month periods ended June 30, 2013 and June 30, 2012. The services of the chief financial officer were charged to the Company through the Management and Administrative Agreement with Golden Valley. Of the $48,000 fee paid by the Company pursuant to the terms of this agreement $7,500 were for the services of the chief financial officer. Please refer to note 12 for a more detailed description of the Management and Administrative Agreement.

16 - COMMITMENTS

The Company has no commitment other than the Management Agreement described in Note 13