ABITIBI ROYALTIES INC.

Condensed Interim Financial Statements
Three and nine months ended September 30, 2017

(Expressed in Canadian Dollars)

(UNAUDITED)

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 September 30, 2017		As at December 31, 2016
ASSETS					
Current					
Cash		**$**	**5,849,408**	$	2,060,171
Restricted cash	7		**1,344,878**		-
Other receivables	4		**25,187**		24,475
Sales taxes recoverable			**14,654**		11,701
Prepaid expenses			**9,269**		10,046
Total current assets			**7,243,396**		2,106,393
Non-current					
Exploration and evaluation assets	6		**39,252**		38,997
Investments	7		**30,632,669**		38,457,271
TOTAL ASSETS		**$**	**37,915,317**	$	40,602,661
LIABILITIES					
Current					
Accounts payable and accrued liabilities		**$**	**122,223**	$	159,073
Derivative financial instruments	7		**619,355**		489,131
Total current liabilities			**741,578**		648,204
Non-current					
Deferred tax liabilities			**3,200,185**		3,826,422
Total Liabilities			**3,941,763**		4,474,626
EQUITY					
Capital stock	8		**7,671,496**		7,300,142
Contributed surplus			**2,728,418**		3,179,193
Retained earnings			**23,573,640**		25,648,700
Total Equity			**33,973,554**		36,128,035
TOTAL LIABILITIES AND EQUITY		**$**	**37,915,317**	$	40,602,661

Commitments (note 16)

"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 Comprehensive Income (Loss)

(Expressed in Canadian Dollars)

(Unaudited)

	Notes	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Revenues					
Dividends		**$ 62,213**	$ 81,010	**$ 196,966**	$ 219,353
Royalties		**-**	-	**-**	1,542
		62,213	81,010	**196,966**	220,895
Operating expenses					
Salaries and employee benefits	9	**217,623**	172,467	**944,215**	528,348
Shared-based payments	9	**136,467**	-	**404,951**	526,925
Professional fees	11	**112,864**	124,736	**300,996**	371,031
Management fees	12	**24,000**	24,000	**72,000**	72,000
Advertising and promotion		**-**	2,500	**15,494**	5,000
Office expenses		**12,700**	12,111	**38,768**	32,824
Travel and transport		**1,720**	2,346	**11,258**	10,132
Exploration expenses		**-**	1,399	**280**	1,683
Royalty purchase	5	**-**	20,000	**20,977**	61,193
Reversal of success fee liability	13	**-**	-	**-**	(4,157,110)
		505,374	359,559	**1,808,939**	(2,547,974)
Operating income (loss)		**(443,161)**	(278,549)	**(1,611,973)**	2,768,869
Other costs (income)					
Change in fair value of investments	7	**(196,335)**	1,972,814	**639,537**	(23,902,681)
Foreign exchange loss (gain)		**230,990**	(61)	**402,951**	(118,588)
Commissions		**17,109**	-	**53,055**	18,549
Interest expense		**518**	229	**973**	635
Interest income		**(2,656)**	(2,296)	**(7,192)**	(6,825)
		49,626	1,970,686	**1,089,324**	(24,008,910)
Net income (loss) before income tax		**(492,787)**	(2,249,235)	**(2,701,297)**	26,777,779
Deferred income tax expense (recovery)		**(134,560)**	(469,744)	**(626,237)**	3,236,102
Net income (loss) and comprehensive income (loss) for the period		**$ (358,227)**	$ (1,779,491)	**$ (2,075,060)**	$ 23,541,677
Earnings (loss) per share					
Basic	10	**$ (0.03)**	$ (0.16)	**$ (0.18)**	$ 2.12
Diluted	10	**$ (0.03)**	$ (0.16)	**$ (0.18)**	$ 1.97
Weighted average number of common shares outstanding					
Basic	10	11,379,109	11,336,243	11,334,571	11,096,446
Diluted	10	11,379,109	11,336,243	11,334,571	11,974,470

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	Number of Common shares outstanding	Capital Stock	Contributed Surplus	Retained earnings	Total Equity
Balance as at January 1, 2017		11,336,243	$ 7,300,142	$ 3,179,193	$ 25,648,700	$ 36,128,035
Common shares issued upon the exercise of options	9	135,978	414,490	(283,932)	-	130,558
Common shares repurchased and cancelled	8	(66,600)	(43,136)	(571,794)	-	(614,930)
Restricted share units	9	-	-	404,951	-	404,951
Net loss and total comprehensive loss		-	-	-	(2,075,060)	(2,075,060)
Balance as at September 30, 2017		**11,405,621**	**$ 7,671,496**	**$ 2,728,418**	**$ 23,573,640**	**$ 33,973,554**
Balance as at January 1, 2016		10,929,368	$ 5,358,952	$ 2,849,709	$ 11,787,330	$ 19,995,991
Common shares issued upon the exercise of options	9	458,975	1,966,752	(819,653)	-	1,147,099
Common shares repurchased and cancelled	8	(52,100)	(25,562)	(156,243)	-	(181,805)
Restricted share units	9	-	-	526,925	-	526,925
Net income and total comprehensive income		-	-	-	23,541,677	23,541,677
Balance as at September 30, 2016		11,336,243	$ 7,300,142	$ S 2,400,738	$ 35,329,007	$ 45,029,887

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 September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
OPERATING ACTIVITIES					
Net income (loss)		**$ (358,227)**	$ (1,779,491)	**$ (2,075,060)**	$ 23,541,677
Adjustment					
Share-based payments	9	**136,467**	-	**404,951**	526,925
Reversal of success fee liability		-	-	-	(4,157,110)
Change in fair value of financial assets and liabilities		**(196,335)**	1,972,814	**639,537**	(23,902,681)
Deferred income tax expense (recovery)		**(134,560)**	(469,744)	**(626,237)**	3,236,102
Changes in working capital items					
Sales taxes recoverable		**(4,733)**	(768)	**(2,953)**	(6,564)
Receivables		**2,925**	(2)	**(712)**	52,928
Prepaid expenses		**(8,497)**	(13,852)	**777**	(3,878)
Accounts payable and accrued liabilities		**17,566**	(30,803)	**(36,850)**	(50,693)
Cash flows used by operating activities		**(545,394)**	(321,846)	**(1,696,547)**	(763,294)
INVESTING ACTIVITIES					
Additions to exploration and evaluation assets		-	-	**(255)**	(3,744)
Disposal of investments		-	-	**6,098,350**	-
Payment of success fee		-	-	**-**	(15,890)
Cash flows from (used by) investing activities		**-**	-	**6,098,095**	(19,634)
FINANCING ACTIVITIES					
Issuance of capital stock	9	**64,559**	-	**130,558**	1,147,099
Capital stock repurchased and cancelled		**(62,836)**	-	**(614,930)**	(181,805)
Increase in restricted cash	7	**(1,344,878)**	-	**(1,344,878)**	-
Disposal of derivative financial instruments	7	**480,443**	-	**1,216,939**	347,168
Cash flows from (used by) financing activities		**(862,712)**	-	**(612,311)**	1,312,462
Net increase (decrease) in cash and cash equivalents		**(1,408,106)**	(321,846)	**3,789,237**	529,534
Cash and cash equivalents, beginning of period		**7,257,514**	2,548,953	**2,060,171**	1,697,573
Cash and cash equivalents, end of period		**$ 5,849,408**	**$ 2,227,107**	**$ 5,849,408**	**$ 2,227,107**

Additional cash flow information (note 14)
Cash transactions:

Interest received related to operating activities:	**$ 2,655**	$ 2,296	**$ 7,192**	$ 6,825

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 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.

2) SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed interim financial statements are covering the three and nine months ended September 30, 2017 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 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 5 - Summary of Accounting Policies, as described in the Company's annual audited financial statements for the year ended December 31, 2016. 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, 2016.

These financial statements were approved and authorized for issue by the Board of Directors on November 20, 2017.

New standards not yet adopted and interpretations but not yet effective

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. The Company anticipates that all of the pronouncements will be adopted in the Company's accounting policy 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 a material impact on the Company’s financial statements.

2) SIGNIFICANT ACCOUNTING POLICIES (continued)

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 assets, 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. The Company is currently evaluating the impact of IFRS 9 on its financial statements.

IFRS 15 - Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15. The new standard is effective for fiscal years beginning on or after January 1, 2018 and is to be applied retrospectively. Early adoption is permitted. IFRS 15 will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

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. The Company is currently evaluating the impact of IFRS 15 on its financial statements.

FRS 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 in the statement of financial position 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 evaluating the impact of IFRS 16 on its financial statements.

(Expressed in Canadian dollars unless otherwise noted)

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 6 to the Company's annual audited financial statements for the year ended December 31, 2016.

4) OTHER RECEIVABLES

	As at September 30, 2017	As at December 31, 2016
Dividend receivable	**$ 22,330**	$ 23,700
Interest and other receivables	**2,857**	775
	$ 25,187	$ 24,475

5) ROYALTY INTERESTS

Main royalty interests

Malartic CHL 3% Royalty - Malartic, Quebec

The area covered by the 3% net smelter royalty ("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. No value for accounting purposes has been assigned to the 3% NSR.

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.

(Expressed in Canadian dollars unless otherwise noted)

5) ROYALTY INTERESTS (continued)

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.

For the three and nine months ended September 30, 2017, the Company invested $nil and $20,977 ($20,000 and $61,193 for the three and nine months ended September 30, 2016), respectively to acquire NSR royalties in three projects; one in Saskatchewan and two in Ontario. These amounts were expensed because the Company does not expect to receive royalty income in the foreseeable future.

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 September 30, 2017		As at December 31, 2016	
	Number of shares	Fair value	Number of shares	Fair value
Yamana Gold Inc.	3,549,695	**$ 11,713,993**	3,549,695	$ 13,382,350
Agnico Eagle Mines Limited	335,497	**18,918,676**	444,197	25,074,921
		$ 30,632,669		$ 38,457,271

Sale of Agnico Eagle Shares

On January 20, 2017, the Company was called to deliver 108,700 shares of Agnico from the covered call options it had sold. For further details, refer to *Derivative financial instruments* section.

(Expressed in Canadian dollars unless otherwise noted)

7) INVESTMENTS (continued)

Derivative financial instruments

The total call/put options outstanding as at September 30, 2017 are as follows:

	Expiry date	Number of shares under option	Exercise price range (USD)	Market value as at September 30, 2017
Calls				
Yamana	January 19, 2018	**2,138,000**	$ 4.00 to 10.00	**$ 149,902**
Yamana	January 18, 2019	**995,000**	5.00 to 7.00	**192,945**
Agnico	January 19, 2018	**52,900**	60.00 to 75.00	**14,875**
Agnico	February 16, 2018	**62,600**	60.00 to 70.00	**24,905**
Agnico	May 18, 2018	**31,300**	70.00	**23,437**
Agnico	January 18, 2019	**58,900**	60.00 to 75.00	**148,087**
				$ 554,151
Puts				
Agnico	October 20, 2017	**33,500**	$ 44.00	**$ 25,921**
	November 17, 2017	**75,100**	39.00 to 44.00	**39,283**
		3,447,300		**$ 619,355**

The total call/put options outstanding as at December 31, 2016 are as follows:

	Expiry date	Number of shares under option	Exercise price range (USD)	Market value as at December 31, 2016
Calls				
Yamana	January 20, 2017	1,166,500	$ 4.50 to 12.00	$ 15,954
Yamana	January 19, 2018	538,900	4.00 to 10.00	128,780
Agnico	January 20, 2017	167,500	40.00 to 55.00	344,397
		1,872,900		$ 489,131

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.

7) INVESTMENTS (continued)

Derivative financial instruments (continued)

For the nine months ended September 30, 2017, the Company sold 29,417 calls and 4,444 put option contracts (3,476 calls and 4,444 puts on Agnico Eagle shares and 25,941 calls on Yamana Gold shares) for total cash proceeds of $1,225,554 (or US$937,112).

For the nine months ended September 30, 2016, the Company sold 11,346 call option contracts (1,230 calls on Agnico Eagle shares and 10,116 calls on Yamana Gold shares) covering 1,011,600 shares of its investment in Yamana and 123,000 in Agnico for total cash proceeds of $451,318 (or US$347,168).

For the nine months ended September 30, 2017, 17,030 (none in 2016) option contracts (2,007 calls and 3,358 puts on Agnico Eagle and 11,665 calls on Yamana) expired or were repurchased before expiration.

Restricted cash

Restricted cash of $1,344,878 (or US$1,077,627) relates to funds held as collateral on the put option contracts of 108,600 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 which allowed the Company to purchase up to 566,812 of its common shares. On September 25, 2017, the Company further renewed 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.

8) EQUITY (continued)

b) Normal Course Issuer Bid (continued)

For the three months ended September 30 2017, the Company repurchased 6,800 of its common shares under NCIB. No common shares were repurchased under NCIB for the three months ended September 30, 2016.

For the nine months ended September 30, 2017, the Company repurchased and cancelled 66,600 of its common shares at prices varying from $9.03 to $9.40 for a total of $614,930.

For the nine months ended September 30, 2016, the Company repurchased and cancelled 52,100 of its common shares at prices varying from $2.90 to $4.15 for a total of $181,805.

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.

b) Share-based payments

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.

(Expressed in Canadian dollars unless otherwise noted)

9) REMUNERATION (continued)

A summary of changes in the number of incentive stock option for the nine months ended September 30, 2017 and 2016 is presented as follows:

	2017			2016		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Outstanding as at January 1	766,003	$	1.08	1,224,978	$	1.61
Exercised	(135,978)		0.96	(458,975)		2.50
Outstanding as at September 30	630,025	$	1.11	766,003	$	1.08
Exercisable as at September 30	630,025	$	1.11	766,003	$	1.08

There has been no incentive stock option issued for the three and nine months ended September 30, 2017 and 2016.

For the nine months ended September 30, 2017, the Company issued 135,978 of its common shares for a total consideration of $130,558 from the exercise of stock options at prices of $0.55 per share for 101,763 common shares and of $2.18 per share for 34,215 common shares.

For the nine months ended September 30, 2016, the Company issued 458,975 of its common shares for a total consideration of $1,147,099 from the exercise of stock options at prices of $2.18 per share for 1,059 common shares and of $2.50 per share for 457,916 common shares.

The table below summarizes the information related to outstanding share options as at September 30, 2017 and 2016:

	2017 Outstanding options		2016 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	485,737	0.99	587,500	2.00
$2.18	64,288	1.67	98,503	1.66
$3.62 to $3.70	80,000	1.96	80,000	2.96
	630,025		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.

A summary of changes in the number of Share Units for the nine months ended September 30, 2017 and 2016 is presented as follows:

	2017	2016
Outstanding at January 1	583,365	-
Granted	-	583,365
Outstanding at September 30	583,365	583,365
Units Vested	291,682	145,841

In February and March 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 were respectively February 4, 2019 and March 16, 2019.

The total compensation related to the 2016 grants totalled $2,107,701 of which the Company recognized an amount of $136,467 and $404,951 for the three and nine months ended September 30, 2017 ($nil and $526,925 for the three and nine months ended September 30, 2016), respectively.

(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 and nine months ended September 30, 2017 and 2016 as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Net income (loss) for the period attributable to shareholders	$ (358,227)	$ (1,779,491)	$ (2,075,060)	$ 23,541,677
Weighted average number of common shares outstanding - Basic	11,379,109	11,336,243	11,334,571	11,096,446
Dilutive effect of stock options	-	-	-	878,024
Weighted average number of common shares outstanding - Diluted	11,379,109	11,336,243	11,334,571	11,974,470
Basic earnings (loss) per share	$ (0.03)	$ (0.16)	$ (0.18)	$ 2.12
Diluted earnings (loss) per share	$ (0.03)	$ (0.16)	$ (0.18)	$ 1.97

For the three and nine months ended September 30, 2017, potential dilutive common shares from incentive stock options and Share Units have not been included in the earnings (loss) per share calculation as they would result in a reduction of the loss per share. For the nine months ended September 30, 2016, all outstanding stock options and vested Share Units were considered in the calculation of the diluted earnings (loss) per share.

11) PROFESSIONAL FEES

The following table shows professional fees for the three and nine months ended September 30, 2017 and 2016:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Audit, tax and accounting fees	$ 6,420	$ 40,369	$ 35,096	$ 88,417
Legal fees	52,992	24,251	94,948	112,344
Exchange, regulatory & transfer agent fees	14,727	14,647	53,490	53,663
Media relations and other consultants	38,725	45,469	117,462	116,607
	$ 112,864	$ 124,736	$ 300,996	$ 371,031

12) MANAGEMENT FEES

On October 1, 2010, the Company 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 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 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. The provision of services by Golden Valley commenced on October 1, 2010, but payment of monthly fees started on July 15, 2011 (the "Trading Date").

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.

For the three and nine months ended September 30, 2017, the Company paid management fees of $24,000 and $72,000 ($24,000 and $72,000 for the three and nine months ended September 30, 2016) to Golden Valley pursuant to the Management Agreement, respectively.

(Expressed in Canadian dollars unless otherwise noted)

13) RELATED PARTY TRANSACTIONS

a) Transactions with the parent company

- Pursuant to the terms of the Management Agreement (note 12), 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%.

  For the three and nine months ended September 30, 2017, the Company incurred geological fees in the amount of $564 and $1,874 ($1,505 and $5,923 for the three and nine months ended September 30, 2016), respectively of this amount $255 was included in Exploration and Evaluation assets. As at September 30, 2017, the Company had net indebtedness of $717 (2016 - $2,775) to Golden Valley of which $564 (2016 - $1,505) were for geological services.

- A consultant of the Company is being remunerated by Golden Valley through the management fees. For the nine months ended September 30, 2017, remuneration of the consultant derived from the management fees amounted to $64,503 ($12,889 for the nine months ended September 30, 2016).

- In April 2016, after obtaining approval from the Exchange, the Company acquired from Golden Valley a 2% NSR on the Bogside Prospect, the Bogside NW and Riverside Prospects for $11,692.

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. The compensation paid to key management is presented below:

	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Salaries and benefits	$ 143,750	$ 131,251	$ 416,250	$ 362,306
Bonus (1)	-	-	247,500	-
Meeting fees	37,500	37,500	112,500	97,500
Additional cash amounts (2)	-	-	87,750	-
Payroll levies (3)	36,373	3,716	80,215	68,542
	217,623	172,467	944,215	528,348
Share-based compensation (4)	136,467	-	404,951	526,925
	$ 354,090	$ 172,467	$ 1,349,166	$ 1,055,273

13) RELATED PARTY TRANSACTIONS (continued)

Transactions with key management (continued)

1) In April 2017, the Board of Directors 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) In April 2017, the Board of Directors also approved additional cash payments totalling $87,750 to directors, the Chairman of the Board, the President and Chief Executive Officer, the Chief Financial Officer and two consultants.
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 value of $526,925. The share-based compensation amount of $404,951 is the part of the cost of the RSU granted in 2016 that is allocated for the nine months ended September 30, 2017.

- 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 (rent and municipal taxes representing about $2,000 per quarter). For the three and nine months ended September 30, 2017, the Company has paid $2,255 and $5,093 ($2,294 and $6,043 for the three and nine months ended September 30, 2016) for the Toronto office, respectively.

- In June 2016, the President and CEO travelled as a passenger in a private jet owned by a shareholder, who has more than 10% interest in the common shares of the Company. The Company reimbursed its share of the operating expenses incurred during the flight of $1,726 to the shareholder.

c) Management Success Fees Agreement

On May 27, 2014, (as subsequently amended and restated and further amended) the Company entered into a Management Success Fees Agreement with 2973090 Canada Inc. (“2973090”), a company controlled by the Chairman of the Board of the Company. This agreement provided that upon the Company completing a transaction or series of transactions the amount of the success fee payable will be determined based on the value of the transaction. On May 22, 2015, following the sale of the Malartic CHL Property, the Board of Directors established the amount of the Success Fee payable with respect to the sale to $4,290,000 of which $3,500,000 was to be payable from time to time as and when the Company would have the funds available to do so, as determined by its Board of Directors and of which $790,000 would become payable in the same way but only as Proven and Probable Reserves were established on the Malartic CHL Project in accordance with National Instrument 43-101. On March 11, 2016, the Company terminated the Management Success Fees Agreement. Prior to its termination an amount of $132,890 was paid out ($117,000 paid in 2015 and $15,890 paid in January 2016) under the terms of the Management Success Fees Agreement, with no further amounts payable. Following this termination, the remaining liability of $4,157,110 was reversed in the first quarter of 2016.

(Expressed in Canadian dollars unless otherwise noted)

14) ADDITIONAL CASH FLOW INFORMATION

	As at September 30,	
Non-cash activities:	2017	2016
Accounts payable and accrued liabilities included in Exploration and Evaluation Assets	$ -	$ 106

15) 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 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 and consultants that include termination and change of control clauses. In the case of termination, the officers and consultants are entitled to an amount equal to a multiple (ranging from one to two times) 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 September 30, 2017, the total annual base fee of the officers and consultants under the agreements is $635,000.

The Company is party to a Management Agreement by which its pays a monthly fee of $8,000 to Golden Valley. The Management Agreement is described in note 13.