

Uranium Valley Mines Ltd.



Interim Financial Statements Second Quarter 2014

Unaudited

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IMPORTANT NOTICE

The attached financial statements have been prepared by Management of Uranium Valley Mines Ltd. The Company's independent 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.

Uranium Valley Mines Ltd
Interim Statements of Financial Position
(In Canadian dollars)

	Notes	June 30, 2014 \$	December 31, 2013 \$
ASSETS			
Current			
Cash and cash equivalents	7	132,833	169,087
Sales taxes recoverable		1,830	447
Prepaid expenses and deposits	8.1	542	9,085
		<u>135,205</u>	<u>178,619</u>
Non-current			
Exploration and evaluation assets	8	208,467	207,865
Total assets		<u><u>343,672</u></u>	<u><u>386,484</u></u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities and total liabilities		<u>7,716</u>	<u>685</u>
EQUITY			
Capital stock	9	2,094,406	2,094,406
Contributed surplus		1	1
Deficit		<u>(1,758,451)</u>	<u>(1,708,608)</u>
Total equity		<u>335,956</u>	<u>385,799</u>
Total liabilities and equity		<u><u>343,672</u></u>	<u><u>386,484</u></u>

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 26, 2014.

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

Uranium Valley Mines Ltd
Interim Statement of Comprehensive Loss

(Unaudited)

(In Canadian dollars)

	Notes	Three-month period ended		Six-month period ended	
		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
		\$	\$	\$	\$
Operating expenses					
Exploration expenses		2,092	337	5,426	485
Office expenses	13	5,955	4,942	8,794	7,942
Professional fees	14	19,716	23,697	37,081	42,400
Travel expenses			239		239
		<u>27,763</u>	<u>29,215</u>	<u>51,301</u>	<u>51,066</u>
Operating loss		27,763	29,215	51,301	51,066
Financial income (costs)		17	(19)	1458	(77)
Net loss and total comprehensive loss		<u>27,746</u>	<u>29,234</u>	<u>49,843</u>	<u>51,143</u>
Basic and diluted net loss per share	12	<u>0.002</u>	<u>0.003</u>	<u>0.004</u>	<u>0.005</u>
Weighted average number of common shares outstanding	12	<u>11,099,998</u>	<u>11,099,998</u>	<u>11,099,998</u>	<u>11,099,998</u>

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

Uranium Valley Mines Ltd
Interim Statement of Changes in Equity
(Unaudited)
(In Canadian dollars)

	Common shares Notes outstanding	Capital Stock	Contributed Surplus	Deficit	Total Shareholder's Equity
	Number	\$	\$	\$	\$
Balance at January 1, 2014	11,099,998	2,094,406	1	(1,708,608)	385,799
Net loss and total comprehensive loss				(22,097)	(22,097)
Balance at March 31, 2014	<u>11,099,998</u>	<u>2,094,406</u>	<u>1</u>	<u>(1,730,705)</u>	<u>363,702</u>
Net loss and total comprehensive loss				(27,746)	(27,746)
Balance at June 30, 2014	<u>11,099,998</u>	<u>2,094,406</u>	<u>1</u>	<u>(1,758,451)</u>	<u>335,956</u>
Balance at January 1, 2013	11,099,998	2,094,406	1	(1,646,213)	448,194
Net loss and total comprehensive loss				(21,909)	(21,909)
Balance at March 31, 2013	<u>11,099,998</u>	<u>2,094,406</u>	<u>1</u>	<u>(1,668,122)</u>	<u>426,285</u>
Net loss and total comprehensive loss				(29,234)	(29,234)
Balance at June 30, 2013	<u>11,099,998</u>	<u>2,094,406</u>	<u>1</u>	<u>(1,697,356)</u>	<u>397,051</u>

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

Uranium Valley Mines Ltd
Interim Statement of Cash Flows
(Unaudited)
(In Canadian dollars)

	Notes	Three-month period ended		Six-month period ended	
		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
		\$	\$	\$	\$
OPERATING ACTIVITIES					
Net loss		(27,746)	(27,746)	(49,843)	(51,143)
Changes in non-cash working capital items					
Sales taxes recoverable		928	376	(1,383)	1,653
Prepaid expenses and deposits		3,809	2,931	8,544	5,862
Accounts payable and accrued liabilities		4,946	(787)	7,030	4,829
Cash flows from operating activities		<u>(18,063)</u>	<u>(25,226)</u>	<u>(35,652)</u>	<u>(38,799)</u>
INVESTING ACTIVITIES					
Mineral properties	8	(372)		(602)	
Cash flows from investing activities		<u>(372)</u>		<u>(602)</u>	
Net decrease in cash		(18,435)	(25,226)	(36,254)	(38,799)
Cash, beginning of period		<u>151,268</u>	<u>215,118</u>	<u>169,087</u>	<u>227,203</u>
Cash, end of period		<u><u>132,833</u></u>	<u><u>189,892</u></u>	<u><u>132,833</u></u>	<u><u>188,404</u></u>

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

Uranium Valley Mines Ltd

Notes to Interim Financial Statements

June 30, 2014 and 2013

(In Canadian dollars)

1 - NATURE OF OPERATIONS

Uranium Valley Mines Ltd (the "Company") is involved in the process of exploring, evaluating and promoting its mineral properties and other projects.

2 - GOING CONCERN ASSUMPTION AND STATEMENT OF COMPLIANCE WITH IFRS

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, its projects and continued support of suppliers and creditors. 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, 2014, the Company has a cumulated deficit of \$1,758,451 (\$1,708,608 as at December 31, 2013). 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. Those adjustments could be material.

3 - CORPORATE AND GENERAL INFORMATION

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 #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, Quebec, H3B 1X9. As at March 31, 2014, Golden Valley Mines Ltd ("Golden Valley"), the parent company, holds a 37.58% participation in the Company.

3.1 - Acquisition of exploration and evaluation asset

In July 2014, the Company entered into a Mining Option Agreement to acquire up to 100% property in the Porcupine Miracle Prospect. For more information on this transaction, please refer to Note 18 - Subsequent Event.

3.2 - Exchange's continued listing requirements

On March 25, 2014, the Company received a letter from the Compliance and Disclosure department of the Exchange which indicated that the Company had not met the activity requirement for mining issuers. The Company is required to provide a submission to the Exchange evidencing that it meets the Exchange's continued listing requirements by September 25, 2014, failing which the Company's listing will be transferred to NEX, which is a separate board of the Exchange that provides a trading forum for Companies that have fallen below the Exchange's continued listing requirements.

As a result to the above, the Company is actively looking for other business opportunities where it could apply its expertise and continue its development with a view to meeting the continued listing requirements of the Exchange.

Uranium Valley Mines Ltd

Notes to Interim Financial Statements

June 30, 2014 and 2013

(In Canadian dollars)

4 - BASIS OF PRESENTATION

These interim financial statements are covering the six month and three month periods ended June 30, 2014 and were prepared in accordance with International Financial 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 5 - Summary of Accounting Policies, as described in the Company's annual audited financial statements for the year ended December 31, 2013. 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, 2013

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

5 - SUMMARY OF ACCOUNTING POLICIES

5.1 - Overall considerations

The significant accounting policies that have been applied in the preparation of these financial statements are summarized in Note 5 - Summary of Accounting Policies, of the Company's annual audited financial statements for the year ended December 31, 2013.

5.2 - Functional and presentation currency

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

6 - JUDGEMENTS, ESTIMATES 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.

6.1 - Significant management judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgement. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period (See Note 5.4 of the Company's annual audited financial statements for the year ended December 31, 2013).

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgement based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

Uranium Valley Mines Ltd

Notes to Interim Financial Statements

June 30, 2014 and 2013

(In Canadian dollars)

6.2 - Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

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. (see Note 5.9 of the Company's annual audited financial statements for the year ended December 31, 2013).

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recovered from either exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information become available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

See Note 8 for the exploration and evaluation assets impairment analysis.

No impairment loss of the exploration and evaluation assets has been recognized in profit or loss in the period ended June 30, 2014 (Nil for the year ended December 31, 2013). No reversal of impairment losses has been recognized for the reporting periods.

No testing for impairment was conducted on the Beartooth Island Prospect despite the fact that the carrying value of the Company's net asset is superior to its market capitalization and despite that no significant fieldwork was undertaken on this property during the year. Management judged that there was no testing for impairment required this year on this property 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 property until the economic context improves and the Company can pursue its exploration activities on the property after raising additional capital.

7 - CASH AND CASH EQUIVALENTS

	<u>June 30,</u> 2014	<u>December 31,</u> 2013
	\$	\$
Cash	27,833	19,087
Demand deposit, .9% (1% in 2013) redeemable at any time	105,000	150,000
	<u>132,833</u>	<u>169,087</u>

8 - EXPLORATION AND EVALUATION ASSETS

The summary of carrying amount can be analyzed as follows:

Properties	Balance as at January 1, 2014 \$	Additions \$	Impairment \$	Balance as at June 30, 2014 \$
Beartooth Island Prospect (Saskatchewan)	207,865	602		208,467
	<u>207,865</u>	<u>602</u>		<u>208,467</u>

Properties	Balance as at January 1, 2013 \$	Additions \$	Impairment \$	Balance as at June 30, 2013 \$
Beartooth Island Prospect (Saskatchewan)	207,834			207,834
	<u>207,834</u>			<u>207,834</u>

Uranium Valley Mines Ltd

Notes to Interim Financial Statements

June 30, 2014 and 2013

(In Canadian dollars)

8 - EXPLORATION AND EVALUATION ASSETS (continued)

Otish/Mistassini Prospect - North Central Quebec

On March 31, 2011, the Company acquired Golden Valley's 50% interest in the Otish/Mistassini Prospect and on July 15, 2011, it acquired the 50% interest held by Lexam in the property. As a result, the Company holds a 100% interest in the Otish/Mistassini Prospect. As of December 31, 2012, despite its belief in the ore potential of its claims, the Company, in regard of the moratorium imposed by the Quebec Government on the issuance of exploration and exploitation permits for uranium in the province of Quebec, made the decision to impair its Otish/Mistassini Prospect.

Beartooth Island Prospect - Athabaska Basin, Saskatchewan

On March 31, 2011, the Company acquired Golden Valley's 40% interest in the Beartooth Island Prospect. This property is the object of an agreement with Ditem. Ditem can acquire an additional 6% interest in the property by advising the Company of its intent to complete and by completing a feasibility study at its sole cost within the period of 6 years from the operative date, subject to and in accordance with the terms of the agreement. Following the final vesting, the Company will retain an aggregate 34% undivided interest in the property. As of this date the Company retains a 40% interest therein; Ditem is the operator.

Porcupine Miracle Prospect - Landmuir Township, Ontario

In July 2014, the Company entered into a Mining Option Agreement to acquire up to 100% property in the Porcupine Miracle Prospect. For more information on this transaction, please refer to Note 18 - Subsequent Event.

8.1 - Deposits for claims renewal

The Company makes deposits with the Ministère des ressources naturelles et de la faune du Québec as a more practical way to pay renewal fees and to renew its claims coming due or to stake new claims. As of June 30, 2014, the unused balance of the deposit was \$215 (\$3,690 at December 31, 2013). The deposits are included in the Prepaid expenses and deposits in the statement of financial position.

9 - EQUITY

9.1 - 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.

9.2 - Escrowed Shares

Pursuant to TSX Venture Exchange policies, the aggregate 8,170,910 common shares of the Company held by Lexam and 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, 2014, an aggregated of 1,225,635 common shares (2,451,272 at December 31, 2013) continued to be held in escrow.

Uranium Valley Mines Ltd

Notes to Interim Financial Statements

June 30, 2014 and 2013

(In Canadian dollars)

10 - SHARE-BASED PAYMENTS

The Company has adopted an incentive stock option plan pursuant to which directors, officers, employees and consultants are eligible to receive incentive stock options. Under the terms of this plan, the aggregate number of shares issuable upon the exercise of all options granted thereunder may not exceed 10% of the Company's common shares issued and outstanding at the time of grant. The exercise price of each option is fixed by the Board of Directors, but shall not be less than the closing price of the Company's share on the trading day immediately prior to the date of grant less any discount permitted by the Exchange; if no sales were reported, it shall be the sales closing price on the last trading day immediately prior to the date of grant on which sales were reported. The vesting period of the options shall be determined by the Board of Directors, in accordance with the rules and regulations of the Exchange. As of June 30, 2014 and December 31, 2013, no options had been granted.

11 - FAIR VALUE MEASUREMENT

The carrying value of cash and cash equivalents and accounts payable and accrued liabilities are considered to be reasonable approximation of fair value because of the short-term maturity of these instruments.

12 - LOSS PER SHARE

The calculation of basic loss per share is based on the net 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 had been issued, would have had the effect of decreasing the loss per share which would be antidilutive.

Both the basic and diluted loss per share have been calculated using the net loss attributable to owners of the Company as the numerator, i.e. no adjustment to the net loss were necessary in either of the periods ended June 30, 2014 and 2013.

	Three months June 30, 2014	Six months June 30, 2014	Six months June 30, 2013
Net loss for the period	(27,746)	(49,843)	(51,143)
Weighted average number of shares in circulation	11,099,998	11,099,998	11,099,998
Basic and diluted loss per share	(0.002)	(0.004)	(0.005)

There have been no other transactions involving shares between the reporting date and the date of authorization of these financial statements.

13 - OFFICE EXPENSES

	Three months June 30, 2014	Six months June 30, 2014	Six months June 30, 2013
	\$	\$	\$
Insurance premiums	2,534	5,068	5,862
Communications	3,421	3,726	2,011
Others			69
	<u>5,955</u>	<u>8,794</u>	<u>7,942</u>

Uranium Valley Mines Ltd

Notes to Interim Financial Statements

June 30, 2014 and 2013

(In Canadian dollars)

14 - PROFESSIONAL FEES

	Three months June 30, 2014	Six months June 30, 2014	Six months June 30, 2013
	\$	\$	\$
Audit, tax and accounting fees	6,240	15,600	18,720
Legal fees	6,276	7,349	4,243
Exchange, regulatory and transfer agent fees	7,200	14,132	19,437
	<u>19,716</u>	<u>37,081</u>	<u>42,400</u>

15 - MANAGEMENT FEES

On October 1, 2010 the Company entered into a Management and Administrative Services Agreement (the "Management Agreement") with Golden Valley pursuant to which Golden Valley will provide certain administrative, management and financial services such as office space, administrative support, including the use of Golden Valley's in house legal counsel for day to day general enquiries, services of a chief financial officer and investors relations services to the Company in consideration of \$96,000 per year (the "Fee"), payable on a monthly basis, plus applicable taxes. The provision of services by Golden Valley commenced on October 1, 2010, but payment of monthly fees started as of July 15, 2011. Effective January 1, 2013, Golden Valley has agreed to suspend the payment of the management fees to enable the Company to conserve cash for its operations. Accordingly the Company was not charged any management fees by Golden Valley for the period ended on June 30, 2014 and the year ended on December 31, 2013.

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 or 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.

16 - RELATED PARTY TRANSACTIONS

16.1 - Transactions with the parent company

In July 2011, the Company commenced making payment to Golden Valley in accordance with the Management Agreement (refer to Note 15). During the year ended on December 31, 2012, the Company has paid \$96,000 for services received from Golden Valley pursuant to the Management Agreement. As explained in Note 15, no management fees were charged to the Company by Golden Valley for the period ended on June 30, 2014 and the year ended December 31, 2013.

In addition, pursuant to the terms of the Management Agreement, Golden Valley has agreed to provide the Company with the services of a qualified geologist at an hourly charge equal to the hourly charge to Golden Valley, plus 10%. During the six month period ended June 30, 2014, the Company incurred geological fees in the amount of \$2,233; of this amount \$601 was included in exploration and evaluation assets (\$170 which has been entirely expensed, for the six month period ended June 30, 2013,). As at June 30, 2014, the Company had a balance payable of \$1,110 (Nil payable as at June 30, 2013) to Golden Valley.

Uranium Valley Mines Ltd

Notes to Interim Financial Statements

June 30, 2014 and 2013

(In Canadian dollars)

16.2 - Transactions with key management

Key management personnel of the Company are the members of the board of directors, as well as the president and the chief financial officer. The Company did not pay any compensation nor any other form of employment benefits or perquisites to its key management in the period ended June 30, 2014 and the year ended on December 31, 2013. The services of the chief financial officer previously charged to the Company through the Management and Administrative Agreement were assumed by Golden Valley.

In July 2014, the Company entered into a Mining Option Agreement to acquire up to 100% property in the Porcupine Miracle Prospect from 2973090 Canada Inc, a company owned and controlled by Mr. Glenn J. Mullan, the CEO of the Company. For more information on this transaction, please refer to Note 18 - Subsequent Event.

17 - COMMITMENT

The Company has no commitment other than the Management Agreement described in Note 15.

18 - SUBSEQUENT EVENT

On July 3, 2014, the Company entered a Mining Option Agreement with 2973090 Canada Inc, ("2973090") pursuant which the Company has the option to acquire a 100% ownership interest in the Porcupine Miracle Prospect. The Porcupine Miracle Prospect is constituted of four (4) mineral claims located in the Langmuir Township in the province of Ontario, Canada. In consideration for the option the Company will issue 200,000 common shares as follows: 66,666 common shares (which shares have been issued), 66,667 common shares on July 17, 2015 and, 66,667 common shares on July 17, 2016. In order to exercise the option, the Company is required to incur exploration expenditures of \$50,000 by July 17, 2016 and, in addition, to maintain the property in good standing. The property will be subject to a royalty in favour of 2973090 equal to 3% of net smelter returns. Advance royalty payments of \$10,000 per annum are payable by the Company commencing on July 17, 2017; the advance royalty payments will be deducted from the amounts payable under the royalty. The transaction received approval from the TSX Venture Exchange on July 16, 2014.

2973090 is a Canadian company owned and controlled by Mr. Glenn J. Mullan, the CEO of the Company.