

Uranium Valley Mines Ltd.



Interim Financial Statements First Quarter 2014

Unaudited

Content

Interim Financial Position	2
Interim Comprehensive Loss	3
Interim Change in Equity	4
Interim Cash Flows	5
Notes to Interim Financial Statements	6 to 13

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	March 31, 2014 \$	December 31, 2013 \$
ASSETS			
Current			
Cash and cash equivalents	7	151,268	169,087
Sales taxes recoverable		2,757	447
Prepaid expenses and deposits	8.1	4,351	9,085
		<u>158,376</u>	<u>178,619</u>
Non-current			
Exploration and evaluation assets	8	208,095	207,865
Total assets		<u><u>366,471</u></u>	<u><u>386,484</u></u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities and total liabilities		<u>2,769</u>	<u>685</u>
EQUITY			
Capital stock	9	2,094,406	2,094,406
Contributed surplus		1	1
Deficit		(1,730,705)	(1,708,608)
Total equity		<u>363,702</u>	<u>385,799</u>
Total liabilities and equity		<u><u>366,471</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 May 30, 2014.

"Glenn J. Mullan"

Director

Uranium Valley Mines Ltd

Interim Statement of Comprehensive Loss

(Unaudited)

(In Canadian dollars)

	Notes	Three-month period ended	
		March 31, 2014	March 31, 2013
		<u>\$</u>	<u>\$</u>
Operating expenses			
Exploration expenses		3,334	148
Office expenses	13	2,839	3,000
Professional fees	14	17,365	18,703
Operating loss		<u>23,538</u>	<u>21,851</u>
Interest expenses (income)		<u>(1,441)</u>	58
Net loss and total comprehensive loss		<u><u>22,097</u></u>	<u><u>21,909</u></u>
Basic and diluted loss per share	11	<u><u>0.002</u></u>	<u><u>0.002</u></u>
Weighted average number of common shares outstanding	11	<u><u>11,099,998</u></u>	<u><u>11,099,998</u></u>

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

Uranium Valley Mines Ltd
Interim Statements of Changes in Equity

(In Canadian dollars)

	Common shares outstanding Number	Capital Stock \$	Contributed Surplus \$	Deficit \$	Total Equity \$
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>
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>

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

Uranium Valley Mines Ltd

Interim Statements of Cash Flows

(In Canadian dollars)

	March 31, 2014	March 31, 2013
	<u>\$</u>	<u>\$</u>
<i>OPERATING ACTIVITIES</i>		
Net loss	(22,097)	(21,909)
Changes in working capital items		
Sales taxes recoverable	(2,311)	1,277
Prepaid expenses and deposits	4,735	2,931
Accounts payable and accrued liabilities	2,084	5,616
Cash flows from operating activities	<u>(17,589)</u>	<u>(12,085)</u>
<i>INVESTING ACTIVITIES</i>		
Tax credit received		
Additions to exploration and evaluation assets	<u>(230)</u>	
Cash flows from investing activities	<u>(230)</u>	
Net decrease in cash and cash equivalents	(17,819)	(12,085)
Cash and cash equivalents, beginning of period	<u>169,087</u>	<u>227,203</u>
Cash and cash equivalents, end of period	<u><u>151,268</u></u>	<u><u>215,118</u></u>

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

Uranium Valley Mines Ltd

Notes to Interim Financial Statements

March 31, 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 March 31, 2014, the Company has a cumulated deficit of \$1,730,705 (\$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 - 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

March 31, 2014 and 2013

(In Canadian dollars)

4 - BASIS OF PRESENTATION

These interim financial statements are covering the three month period ended March 31, 2014 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 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 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

March 31, 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 March 31, 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

	March 31, 2014	December 31, 2013
	\$	\$
Cash	26,268	19,087
Demand deposit, .9% (1% in 2013) redeemable at any time	125,000	150,000
	<u>151,268</u>	<u>169,087</u>

Uranium Valley Mines Ltd

Notes to Interim Financial Statements

March 31, 2014 and 2013

(In Canadian dollars)

8 - EXPLORATION AND EVALUATION ASSETS

The summary of carrying amount can be analyzed as follows:

	Balance as at January 1, 2014 \$	Additions \$	Impairment \$	Balance as at March 31, 2014 \$
Properties				
Beartooth Island Prospect (Saskatchewan)	207,865	230		208,095
	<u>207,865</u>	<u>230</u>	<u></u>	<u>208,095</u>
	<u>207,865</u>	<u>230</u>	<u></u>	<u>208,095</u>
	Balance as at January 1, 2013 \$	Additions \$	Impairment \$	Balance as at March 31, 2013 \$
Properties				
Beartooth Island Prospect (Saskatchewan)	207,834			207,834
	<u>207,834</u>	<u></u>	<u></u>	<u>207,834</u>
	<u>207,834</u>	<u></u>	<u></u>	<u>207,834</u>
	<u>207,834</u>	<u></u>	<u></u>	<u>207,834</u>

Uranium Valley Mines Ltd

Notes to Interim Financial Statements

March 31, 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 the date here of the Company retains a 40% interest therein; Ditem is the operator.

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 practicle way to pay renewal fees and to renew its claims coming due or to stake new claims. As of March 31, 2014, the unused balance of the deposit was \$1,490 (\$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 March 31, 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

March 31, 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 March 31, 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 March 31, 2014 and 2013.

	March 31,	
	2014	2013
Net loss for the period	<u>(22,097)</u>	<u>(21,909)</u>
Weighted average number of shares in circulation	<u>11,099,998</u>	<u>11,099,998</u>
Basic and diluted loss per share	<u>(0.002)</u>	<u>(0.002)</u>

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

13 - OFFICE EXPENSES

	March 31,	March 31,
	2014	2013
	\$	\$
Insurance premiums	2,534	2,931
Communications	305	
Others		69
	<u>2,839</u>	<u>3,000</u>

Uranium Valley Mines Ltd

Notes to Interim Financial Statements

March 31, 2014 and 2013

(In Canadian dollars)

14 - PROFESSIONAL FEES

	March 31, 2014	March 31, 2013
	\$	\$
Audit, tax and accounting fees	9,360	11,440
Legal fees	1,073	305
Exchange, regulatory and transfer agent fees	6,932	6,958
	<u>17,365</u>	<u>18,703</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 (the "Trading Date"). Effective January 1, 2013, Golden Valley has agreed to suspend the payment of the management fees to enable the Company to conserve cash for its operations. Accordingly the Company was not charged any management fees by Golden Valley for the period ended on March 31, 2014 and the year ended on December 31, 2013.

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.

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 March 31, 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 quarter ended March 31, 2014, the Company incurred geological fees in the amount of \$1,318; of this amount \$230 was included in exploration and evaluation assets (\$108 which has been entirely expensed, for the period ended March 31, 2013,). As at March 31, 2014, the Company had a balance payable of \$1,494 (\$153 at March 31, 2013) to Golden Valley.

Uranium Valley Mines Ltd

Notes to Interim Financial Statements

March 31, 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 March 31, 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.

17 - COMMITMENT

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