Management's Discussion and Analysis

Golden Valley Mines Ltd.

For the year ended December 31, 2008

Dated: April 29, 2009

INTRODUCTION

The following is Management's Discussion and Analysis of the financial condition and results of operations of Golden Valley Mines Ltd. (the "**Company**" or "**Golden Valley Mines**") for the year ended December 31, 2008. This discussion and analysis should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2008 and the related notes thereto. All figures are in Canadian dollars unless otherwise specified. The technical content of this Management's Discussion & Analysis has been prepared under the supervision of Michael P. Rosatelli who is a "Qualified Person" as such term is defined in National Instrument 43-101.

Forward-Looking Statements

This document contains certain forward-looking statements. In some cases, words such as "plans", "expects", or "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipate" or "does not anticipate", "believe", "intend" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur, be achieved or continue, have been used to identify these forward-looking statements. These forward-looking statements are subject to a variety of risks and uncertainties beyond the Company's ability to control or predict and are not to be interpreted as guarantees for future performance. These forward-looking statements could cause actual events or results to differ materially from those anticipated in such forward-looking statements. All forward-looking statements speak only as of the date hereof and, except as required by law, the Company does not undertake any obligation to update or publicly release any revisions to such forward-looking statements to reflect events, circumstances, or changes in expectations after the date hereof, except as required by law. Accordingly, readers should not place undue reliance on such forward-looking statements.

NATURE OF OPERATIONS

Golden Valley Mines is a mining exploration company, whose assets include 143 exploration properties located in: (i) the Abitibi Greenstone Belt (101 projects are located between Timmins, Matachewan and Kirkland Lake, Ontario and Rouyn-Noranda, Cadillac, Malartic, Val-d'Or and Chibougamau, Québec); (ii) the James Bay, Mistassini and Otish regions of northern Québec; (iii) the Nunavik (Ungava and Labrador) region of northern Québec; (iv) the Athabasca Basin of Saskatchewan; and (v) the James Bay Lowlands of Ontario.

Golden Valley Mines' primary objective is to conduct basic exploration, including initial diamond drilling, while the Company owns 100% of most of its properties. In instances where the exploration results are less than conclusive (such as when favourable geological conditions are encountered, with no significant discovery) the Company will typically seek partners (other public companies) to conduct follow-up exploration programs and continue the exploration effort. In most of these agreements, Golden Valley Mines continues to act as operator. In this manner, the Company reduces dilution to its share capital and decreases its expenditures. This also allows the Company to continue exploration on these same properties with larger budgets than its own initial investment (most of the agreements allow the partner to earn-in to properties by spending exploration funds over periods of three to four years). Furthermore, in addition to the receipt of exploration funding, these agreements usually provide for receipt by the Company of either cash or shares, or both from its partners. This allows Golden Valley Mines to focus on other early-stage, 100%-owned properties while partners fund more expansive joint venture and remote projects.

Golden Valley Mines' exploration strategy is based on three principles: (a) majority ownership during the initial early stage exploration program; (b) exploration for a wide variety of commodities including precious and base metals, as well as uranium; and (c) drill testing of priority anomalous targets during the early stage grassroots exploration, generally while the properties are 100%-owned.

OVERALL PERFORMANCE

Exploration Activity:

1. Abitibi Greenstone Belt (AGB) "Grassroots Exploration Project", Québec and Ontario

100%-owned Projects: The 103 AGB properties are comprised of gold (60) and/or base metals (33), and molybdenum (10) prospects located in Québec (80) and Ontario (23). Golden Valley Mines' exploration strategy consists of a systematic approach designed to reduce exploration risk, and increase the possibility of exploration success, through the sequential exploration of a large number of grassroots properties. Preliminary work (grid establishment, prospecting, geophysical and/or geochemical surveys, reconnaissance and grid mapping and channel sampling) is completed on one property while diamond drilling of up to six prospective targets is completed on another, with the pattern then consistently being repeated throughout the year.

Over the course of the year, 6,666 metres of diamond drilling was completed on the 2008 AGB "Grassroots Exploration Project". Drilling was completed on ten (10) prospects testing 52 separate geophysical and/or geological targets. An Asset Conservation Plan ("ACP") was put into effect by the Company in early October with the onset of the financial crisis that was affecting public markets and associated weakening of commodity prices (zinc, copper, nickel and uranium). The majority of field-based project expenditures were curtailed on all self-funded exploration activities. Moving forward, the 2009 exploration budget has been reduced significantly with the objective of retaining the exploration team and maintaining its core claims through selective preliminary ground follow-up work and where warranted, drill target testing. Golden Valley Mines will monitor general financial conditions, including market related activity, and will recommence exploration activity when it deems financial conditions have stabilized. In the interim, the reduced exploration expenditures demonstrate the Company's commitment to protect its financial resources.

The main highlights of the 2008 AGB "Grassroots Exploration Project" drill program was the discovery of two new zones of base-metal mineralization on two separate 100%-owned properties. At the Ducros JV Prospect, GCF-08-07 intersected a zone of disseminated to net-textured pyrrhotite and chalcopyrite mineralization. This mineralized zone graded 0.213 g/t Pt, 0.237 g/t Pd (combined 0.451g/t Pt-Pd), 0.4142% Cu and 0.3540% Ni (combined 0.7682% Cu-Ni) over 23.20 m from 2.0-25.2. At the Island 27 Prospect, GIS-08-04 intersected 4.18% Co, 0.38% Ni and 12.1 g/t Ag over 4.0 from 110.0-114.0 m. The mineralized interval is contained within a 15.8 metre wide fault zone. Cobalt-Nickel-Silver (Co-Ni-Ag) mineralization is concentrated along an intensely fractured (quartz-carbonate) and brecciated (micro dike injections) section of the fault structure. An abundance of very fine-grained sulphides (arsenides estimated up to 30%) with minor pyrite and traces of chalcopyrite are hosted within the light green hostrock.

In August 2006, the Company was granted an option to earn a 100% interest in the Island 27 Prospect located in the Kirkland Lake/Larder Lake Break near Matachewan, Ontario. Under the terms of the option agreement, the Company must make a $25,980 cash payment and incur, prior to December 31, 2007, an aggregate $100,000 in exploration expenditures. As at December 31, 2008, the Company completed its obligations under the terms of the option agreement and vested as to a 100% interest in the property, subject to a 2% NSR (with a 1% buy-back for $1,000,000 at any time).

In addition to the above, other new drill discoveries were made during the course of the program, including at the 100%-owned Bejopipa Prospect, where 1.65 g/t gold over 1.5 metres and 0.78% zinc over 1.5 metres was intersected in two separate drillholes.

Joint Ventures: In the fourth quarter of 2008, the Company entered into a joint venture agreement with Kalahari Resources Inc. ("Kalahari") thus earning a 70% interest in a group of nine (9) properties located in the Abitibi Greenstone Belt (Québec and Ontario). Golden Valley Mines will continue to act as the operator during the joint venture phase. The joint venture agreement executed between the parties provides that if a feasibility report is approved by the management committee, the interest of Golden Valley Mines in the property shall be increased by an additional 20% and the interest of Kalahari shall be decreased accordingly by 20%. During the course of the AGB "Grassroots Exploration Project" program, drilling was conducted on the Cook Lake Prospect (6-hole, 711 metre program) and Bogside Prospect (3-hole, 309 metre program). No significant assay results were received.

At the Malartic CHL property, option/joint venture partner Osisko Exploration Ltd. ("Osisko") carried out an aggressive diamond drill program on the property throughout 2008 testing three (3) separate gold targets, referred to as the *"Norrie Zone"*, *"Jeffrey Zone and "Shaft Zone"*. Initial drill results announced from a deep diamond drillhole (CHL07-2000) that tested the *"Norrie Zone"* (~2.5 kilometres east of the main Canadian Malartic Deposit) intersected significant widths of disseminated gold mineralization in three separate zones, including 107 metres averaging 1.47 g/t Au between 1,483 m and 1,590 m downhole depth. Additional results were received from a 2,400 m drill program on the *"Jeffrey Zone"* subsequent to third quarter end. Significant near surface drill results include 53.9 m averaging 1.25 g/t Au (hole CHL07-2022) and 40.5 m averaging 1.39 g/t Au (hole CHL07-2027) and 1.5 m averaging 14.65 g/t Au (hole CHL07-2029). The *"Jeffrey Zone"* is located at the southern extremity of the CHL porphyry (~3.5 kilometres east of the center of the Canadian Malartic deposit).

Results for the final forty-one (41) holes of the drill program have not been reported on by Osisko as of the first quarter 2009. These drillhole results represent reconnaissance drilling testing for extensions of the *"Jeffrey Zone"* along strike, testing of other targets along prospective porphyry-volcanic contacts on the property and additional follow-up drilling on the *"Shaft Zone"*. During 2008, Osisko completed 19,746 metres in 101 drillholes on the property, including 4,941 metres (26 drillholes) in the fourth quarter of 2008.

Osisko has the right to acquire a 70% interest in the Malartic CHL Property in consideration for $150,000 in cash payments over a four year period ($105,000 has been paid to date) and by completing a minimum $2,000,000 in exploration work over a four year period. Upon earning its 70% interest, Golden Valley Mines will maintain a free-carried interest of 30% to production.

During the fourth quarter, Golden Valley Mines' and Takara Resources Inc. ("Takara") executed an option/joint venture agreement, whereby Takara may earn up to a 60% interest in the company's 100%-owned Luciana Prospect, located north of Lebel-sur-Quevillon, Québec. In consideration for the granting of the option, Takara issued to Golden Valley Mines 250,000 common shares and conducted a drilling program during the month of December 2008 in the minimum amount of $85,000. The drill program consisted of five (5) holes totaling 557 metres. Final assay results remain pending.

2. Uranium Joint Ventures, Otish-Mistassini Basins, Québec and Athabasca Basin, Saskatchewan.

During 2008, the Company acted as the operator in respect of two option/joint ventures of which uranium is the primary commodity.

At the Otish Project located in north-central Québec, a 2-phase drill program was completed during 2008 on the Mistassini property sector. The program consisted of sixty-nine (69) drillholes totaling 2,802 metres on two historic mineralized zones (*"Takwa"* in the north, consisting of 33-ddh's, 1,391 m; and "*Rivière Cheno Ouest*" in the south, consisting of 36-ddh's, 1,411 m) located approximately 2.4 kilometres apart along the same prospective geological trend in the Mistassini portion of the project.

The two objectives of this work have been accomplished, namely the confirmation of the historical drill results and the extension of the mineralized zones.

Assay highlights from drilling into the "*Rivière Cheno Ouest*" showing (approximately true widths) include the following intervals: 0.093% U_3O_8 over 3.32 m, including 0.171% U_3O_8 over 1.49 m and 0.339% U_3O_8 over 0.56 m (GRCO-08-01); 0.041% U_3O_8 over 4.72 m, including 0.103% U_3O_8 over 1.54 m and 0.187% U_3O_8 0.59 m (GRCO-08-02); 0.42% U_3O_8 over 2.37 m, including 1.63% U_3O_8 over 0.56 m & 2.02% U_3O_8 over 0.37 m (GRCO-08-17), 0.051% U_3O_8 over 2.64 m, including a higher grade section assaying; 0.138% U_3O_8 over 0.12 m (GRCO-08-22); and 0.072% U_3O_8 over 6.33 m, including 0.196% U_3O_8 over 1.46 m (GRCO-08-36).

Highlights from the drill results at the *"Takwa"* showing (approximately true widths) include the following intervals: 0.141% U_3O_8 over 5.64 m, including 0.331% U_3O_8 over 2.11 m (GT-08-02); 0.074% U_3O_8 over 3.61 m, including 0.109% U_3O_8 over 1.38 m (GT-08-10); and 0.064% U_3O_8 over 5.28 m, including 0.13% U_3O_8 over 1.65 m (GT-08-19).

Uranium mineralization at the "Rivière Cheno Ouest" and "Takwa" showings are hosted in a flat-lying Proterozoic sedimentary basinal sequence spatially associated with an angular unconformity with Archean basement rocks. The targeted uranium mineralization is shallow, occurring at depths of less than 30 metres. The mineralized zone remains open for expansion along strike in both directions based on drilling results and geophysical interpretations.

The upcoming 2009 exploration program will focus on expanding higher-grade mineralization, now outlined at the "Rivière Cheno Ouest" and "Takwa" showings. Drilling is scheduled to resume during late spring.

At the Beartooth Island Project which is under option to Ditem Explorations Inc. ("Ditem") located on Lake Athabasca along the northwest margin of the Athabasca Basin, final assay results from the 2,511.55 metre diamond drill program were received. The highlights included: 1) anomalous uranium values above background levels; 2) evidence of hydrothermal alteration; 3) elevated boron values and 4) off-hole electromagnetic (BHTEM) conductors. These four described features indicate a possible nearby mineralized structure. The off-hole BHTEM conductors proximate to the unconformity contact represent high priority drill targets along with remaining untested geophysical features within the property.

A Phase III work program of follow-up drilling is recommended for the 2009-10 winter exploration season.

Ditem has completed its obligations under the option/joint venture agreement in order to earn a 60% interest in the Beartooth Island Prospect, namely by incurring at least $3 million in exploration expenditures. A joint venture is now in effect on the property. It now has the right to earn an additional 6% (66% aggregate) by delivering a bankable feasibility study (BFS) on the property. Following the final vesting, the Company will retain an aggregate interest on the property of 34%. Golden Valley Mines was the operator of the program throughout the option phase.

3. McFauld's Lake ("Ring of Fire") Area, James Bay Lowlands, Ontario.

Golden Valley Mines has staked a total of 85 claims (1,231 claim units) covering 19,632 hectares [approximately 196 km^2] in the area of Noront Resources, Double Eagle nickel-copper-platinum group elements (Ni-Cu-PGE) discoveries in the McFauld's Lake ("Ring of Fire") regional exploration play.

The target selection process utilized by the Company was based on the identification of similar geophysical responses within extensions of the favourable geological terrain associated with the Double Eagle discovery area. As a result of this in-house project generation initiative, five (5) new properties were added to the Company's portfolio in the McFauld's Lake ("Ring of Fire") area.

During the second quarter, the Company announced the signing of a definitive agreement among White Pine Resources Inc. (formally WSR Gold Inc., hereinafter "WPR") and Noront Resources Ltd. ("Noront") to acquire, from Golden Valley Mines, an aggregate 70% legal and beneficial interest for an option/joint venture on two *(Luc Bourdon Prospects)* of the five, 100%-owned properties in the area. In order for WPR to acquire its 35% interest in the Property, WPR will be required to make payments to Golden Valley Mines totaling $175,000 (or $350,000 in the aggregate with the payments from Noront). Each of WPR and Noront must make a payment of $25,000 in cash to the Company. WPR must issue 340,909 common shares to the Company and Noront must issue 56,174 common shares to the Company. In addition to these payments, WPR and Noront will also be required to incur aggregate exploration expenditures on the Property of at least $5,000,000 over a three year period (of which $1,000,000 must be expended in the first year).

Work completed on the property as part of the WPR / Noront agreement included shared airborne and ground follow-up geophysical surveys. A diamond drill program is expected to commence in second quarter of 2009.

The 100%-owned *"Henley Prospect"* claim block is located along the same favourable geological and geophysical trend to the west-northwest of the *"Luc Bourdon Prospects"*. A detailed airborne electromagnetic-magnetic survey (AEM) that was flown over the property outlined four (4) main electromagnetic conductor trends for immediate ground follow-up, including an association with positive magnetic features at places.

Two separate, 100%-owned claim blocks *("OTB#1" and "OTB#2")* were also acquired over strong positive magnetic anomalies similar in character and along a sub-parallel geophysical trend located approximately 24 and 34 kilometres northeast of the main McFauld's Lake ("Ring of Fire") corridor.

Future exploration and/or joint venture plans will be announced in the upcoming quarters with regard to the Company's 100%-owned "Henley Prospect" and "OTB#1" and "OTB#2" prospects.

4. Éléonore Gold Discovery Area, James Bay, Québec.

In December 2004, Golden Valley Mines acquired an interest in the Cheechoo Gold Property, located in the vicinity of the Éléonore gold discovery in James Bay, Québec. Following this initial transaction, Golden Valley Mines increased its land position to a total of 1,016 claims covering 53,324 hectares (533 km^2) in 2005 with an agreement with Canadian Royalties Inc. on the Sharks Gold Property and through staking of 100%-owned properties referred to as the Top Corner Prospect group**.** Golden Valley Mines has completed field programs over the property consequently from 2005 to 2007.

Final assay results were received and reported in the first half of the year for rock, soil and channel samples, and drill core samples respectively from the Phase I and Phase II of the 2007 exploration program completed in December 2007. Channel and humus sample results from the Phase I program included highlights of 1.065 g/t over 1.0 m over the *"Marchand" Showing* on surface and a 8.4 g/t sample collected the Sharks Prospect *"Top Fin"* mineralized corridor. The Phase II drill program consisted of follow-up diamond drilling and prospecting of geophysical and geochemical results. The drill program totaled 2,507 linear metres of NQ core in nineteen (19) holes over the Cheechoo A, Sharks and Cheechoo B claim groups, including testing of the *"Letang"* and *"Trap Zone"* (Cheechoo A)**,** "Inex southeast extension" now referred to as *"Top Fin"* (Sharks)**,** *"Marchand"* (Sharks-Cheechoo B boundary), and *"Garrioch"* (Cheechoo B) gold showings / mineralized corridors. No significant gold or base metal values were obtained from 682 submitted core samples.

The *Cheechoo ("A", "B", and "C") Prospect* and "*Sharks*" *Prospect* are under option from Sirios Resources Inc. ("Sirios") pursuant to which the Company, in each case, will earn an initial 60% interest by funding $1,000,000 in exploration over 4-years. Following initial vesting, the Company may then earn an additional 20% interest by completing a bankable feasibility study within 6 years of vesting. Should Sirios then elect to allow the Company to provide the production financing, the Company would then acquire an additional 5% interest (aggregate 85% interest) in the property.

As at December 31, 2008, the Company gave Sirios notice of its intent to exercise the option.

At the Top-Corner Gold Prospect**,** reconnaissance mapping and prospecting program was completed over fifteen (15) 100%-owned Golden Valley Mines Inc. property blocks (440 claims for 23,187 ha). A number of areas were defined for detailed ground follow-up.

During the year no fieldwork was completed on the properties. Year to date expenditures were related to camp maintenance and demobilization costs and on-going field data compilations for reporting purposes. The scope and size of any future exploration programs are currently in the planning stage.

SELECTED ANNUAL INFORMATION

	2008	2007	2006
Total Revenue	$616,230	$357,992	$187,749
Net profit (loss)	($447,460)	($743,423)	$201,735
Basic and diluted net profit (loss) per share	$(0.01)	($0.01)	$0.01
Total Assets	$19,111,567	$20,841,546	$12,081,253
Total Liabilities	$4,044,408	$4,759,375	$1,944,714

RESULTS OF OPERATIONS

In the year ended December 31, 2008, the Company reported a net loss of $447,460 compared to a net loss of $743,423 in the same in 2007. Although changes in fair value of held for trading financial assets in the amount of $438,793 were negative, compared to a positive variation in the amount of $19,636 for that same period in 2007, the decrease in the net loss can be attributed to the considerable increase in revenue received from geological fees and property options.

Revenues

The Company continued to work on a number of exploration option agreements that were completed in prior years. Accordingly, revenue generated from geological fees increased from $103,242 in 2007 to $384,575 in 2008. Revenue generated from property options decreased from $254,750 in 2007 to $231,655 in 2008. Interest and dividend revenue income totaled $197,895 in 2008, compared to

$286,097 in 2007. As at December 31, 2008, the Company held publicly traded securities and guaranteed investment certificates having a market value of $3,606,871, comprised of common shares of third party optionees issued to the Company in accordance with the terms of certain property option agreements.

Non-Exploration Expenditures

Administrative expenses increased from $953,972 in 2007 to $ 1,176,532 in 2008 as a result of the Company hiring additional staff for the corporate Montreal office. The largest increases for administrative expense items were recorded for: (i) expenses related to new salaries, rent, and office expenses resulting from the Company moving its corporate office in Montreal to a new location (from $70,771 to $282,326); ii) professional and legal fees (from $180,098 to $279,121); and iii) amortization of property and equipment (from $3,281 to $27,572).

Other administrative expenses such as stock-based compensation to employees and directors ($168,896), and traveling ($76,765) remained relatively the same in 2008, whereas part XII.6 and other taxes ($0), management fees ($9,000) and stock-based payments for services ($3,848) decreased. The decrease with respect to part XII.6 and other taxes is a direct result from the Company not completing any flow-through financings in 2008. Advertising and exhibitions expenses increased from $243,906 in 2007 to $329,004 in 2008 as a result of certain aspects of the Company's business related activities no longer being completed in-house, including the redesign of the Company's website and the increase of the Company's visibility through various forms of outsourced media. The Company has subsequently significantly reduced these expenditures in response to the financial crisis.

Exploration Activities and Expenditures

For the fiscal year 2008, total investments in mineral properties increased to an aggregate $12,995,512. The Company expects to receive $264,084 as an exploration rebate from the Québec government for work performed on its properties in 2008. The Company has drilled a total of 155 targets (19,345 m) on 40 properties in the Abitibi Greenstone Belt (AGB) "Grassroots Exploration Project" since the program was originally initiated in 2003. The Company's 143 property interests in Québec, Ontario and Saskatchewan; including new land acquisitions in the AGB region of Québec and James Bay area of Ontario are considered prospective for the discovery of copper-zinc-silver (Cu-Zn-Ag), gold (Au), nickel-copper-platinum group elements (Ni-Cu-PGE) and chromite (Cr) deposits. All of these new property acquisitions are 100%-owned by the Company as the result of an on-going, in-house project generative program.

Over the course of the Company's 2008 program, exploration expenditures were allocated to three main activities: (1) project generation; (2) grid establishment and geophysical surveys; and (3) diamond drill programs and related field costs, but excluding technical/staffing, assaying and travel/transportation.

The primary focus for the Company's project generation activities during the year was in the AGB region of Québec. Seven (7) new properties were acquired and additional claims added to three existing properties based on promising initial exploration work results, considered prospective for zinc-copper-silver and deposits. In total, 70 claims were staked for an aggregate of 3,898 hectares at cost of $3,375. Elsewhere, Golden Valley Mines staked additional claims in the area of Noront Resources, Double Eagle nickel-copper-platinum group elements (Ni-Cu-PGE) and chromite discoveries in the McFauld's Lake ("Ring of Fire") regional exploration play in 2008. In total, 80 new claims covering 18,608 hectares or approximately 186 km^2 were staked by the Company for a total cost of $126,640

Preliminary fieldwork consisting of grid establishment and geophysical surveying was completed on fifteen (15) separate properties during 2008 adding to the pipe-line of drill ready prospects for the Company's Abitibi Greenstone Belt "Grassroots Exploration Project". This work included expenditures of $107,677 for line cutting services and $336,994 in geophysical contractor charges. At the 100%-owned *"Henley Prospect"* located in the McFaud's Lake ("Ring of Fire") area, an airborne geophysical survey was flown over the property. The cost of the survey was $12,080.

Technical and field staff expenditures amounted to $501,513 for the Company's self-funded Abitibi Greenstone Belt Grassroots Exploration Project, project generation activities and miscellaneous joint venture project work on the James Bay Québec properties. Part of this work included prospecting and sampling programs directed over ten (10) properties located in the Abitibi Greenstone Belt of northwestern Québec and northeastern Ontario. Related project travel and transportation expenditures amounted to $183,164 for the year.

Diamond drilling was conducted on eleven (11) properties during the course of the Company's Abitibi Greenstone Belt "Grassroots Exploration Project" during 2008, including the "Luciana Prospect" option/joint venture agreement with Takara signed in December.

Over the course of the year, sampling and assaying expenditures for drilling, prospecting and project generation activities accounted for $92,009 of the 2008 exploration expenditures.

The Company implemented an Asset Conservation Plan in early October 2008 in order to diminish expenditures and protect its financial resources brought upon by the "sub-prime" or credit crisis in the United States and its broadening influence on public capital markets and a generally negative sentiment in investor valuations To execute on the ACP, the Company has reduced staffing, diminished its field operations and exploration activities and is now focused primarily on its partner funded exploration activity while it continues to evaluate certain strategic business opportunities.

	Dec 08	**Sep 08**	**Jun 08**	**Mar 08**	**Dec 07**	**Sept 07**	**June 07**	**March 07**
Total revenues	201,661	134,334	116,581	163,654	21,141	52,786	261,300	22,765
Net gain (loss)	114,285	(241,174)	(180,050)	(140,521)	(540,379)	(188,078)	(51,726)	36,760
Basic and diluted net gain (loss) per share	0.002	(0.004)	(0.003)	(0.002)	(0.004)	(0.003)	(0.001)	0.001

FINANCIAL CONDITION

Liquidity and Capital Resources

Working capital as at December 31, 2008 was $5,402,036 compared to $7,189,068 as of December 31, 2007. No shares were issued in 2008 and therefore there were no changes in the capital structure of the Company.

The Company has sufficient liquidity to cover its exploration commitments for 2009, given that major projects are being carried out through the use of partner funds (required exploration expenditures under mining option agreements, in addition to capitalizing on operator's fees). The working capital will cover the Company's general and administrative expenses in 2009, provided that no extraordinary circumstances arise. As at the end 2008, there is no balance in the flow through funds.

Contractual Obligations

		Payments due by period	
Obligation	**Total**	**1 year or less**	**2 years or more**
Office Lease	$120,321	$48,128	$72,193

Fourth Quarter

On December 8, 2008 the Company granted an option to Takara pursuant which Takara may earn up to a 60% interest in the Company's 100% owned Luciana prospect located north of Lebel-sur-Quévillon, Québec provided that Takara issues 250,000 common shares and conducts a $85,000 drilling program in the month of December 2008. As at December 31 2008, the option is in good standing.

During the fourth quarter, the Company granted an aggregate 925,000 incentive stock options to its directors, officers, consultants and employees. The options are exercisable at a price of $0.20 until December 22, 2013. 825,000 options vested immediately and 100,000 options granted to a consultant will vest as to 25,000 options on a quarterly basis.

CORPORATE DEVELOPMENT

Joseph Groia was elected as a director of the Company by shareholders at the annual shareholder meeting held June 26, 2008. Mr. Groia is a principal at Groia & Company Professional Corporation, a litigation boutique that concentrates its practice on corporate and securities litigation. He practices securities litigation, acting as counsel for clients involved in civil, quasi-criminal, criminal and administrative law cases. Mr. Groia received his B.A. and J.D. from the University of Toronto. He was called to the Ontario Bar in 1981. In 1985 he joined the Ontario Securities Commission (OSC) as Associate General Counsel responsible for litigation matters. From October 1987 until March 1990 he was the OSC's Director of Enforcement. He joined Heenan Blaikie in 1990, to practice corporate and securities litigation as a partner until he started Groia & Company on January 1, 2000.

Given Dr. Pierre Corbeil's new contract appointment to a Québec governmental entity, Dr. Corbeil has resigned as a director of the Company. The Company takes this opportunity to thank Dr. Corbeil for his dedication and contributions as both a member of the board as well as a member of the Company's Audit and E3 (Environmental Excellence in Exploration) committees, since his appointment in June 2007. The Company wishes him continued success in his future endeavours.

CAPITAL STOCK INFORMATION

Authorized

The Company is authorized to issue an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares without nominal or par value, issuable in one or more series with restrictions as determined by the Board of Directors. The holders of the common shares of the Company shall be entitled to vote at all shareholder meetings and to receive such dividends as the Board of Directors of the Company in their discretion shall declare.

Issued and Outstanding

The following details the issued and outstanding securities of the Company as at April 29, 2009:

Common shares: 61,112,612

Preferred Shares: Nil

Escrowed Shares: Nil

Share Purchase Warrants: Nil

Incentive Stock Options:

Expiry Date	**Outstanding**	**Exercisable**	**Exercise Price**
July 7, 2009	890,000	890,000	$0.20
March 21, 2010	200,000	200,000	$0.35
July 14, 2010	425,500	425,500	$0.30
July 20, 2010	4,500	4,500	$0.30
June 16, 2011	300,000	300,000	$0.31
September 27, 2011	1,711,100	1,711,100	$0.30
February 7, 2013	870,000	467,500	$0.35
June 27, 2013	425,000	141,666	$0.36
December 22, 2013	925,000	850,000	$0.20
TOTAL:	**5,751,100**	**4,990,266**	

During the year ended December 31, 2008, the Company granted an aggregate 2,435,000 incentive stock options under its 2007 Stock Option Incentive Plan to directors at a weighted average exercise price of $0.29 per share. The options expire five years from the date of grant, the vesting period shall be determined by the Board of Directors, in accordance with the rules and regulations of the TSX Venture Exchange.

TRANSACTIONS WITH RELATED PARTIES

Transactions concluded during the year with directors, officers, and companies controlled by them include agreements for management consulting services, geological consulting, or for such other services required by the Company. Expenses incurred following the preceding agreements were incurred in the normal course of operations and were paid at fair market value.

In February 2008, the Company took possession of a new exploration office location in Val-d’Or, Québec. The office building belongs to a private corporation controlled by a Director of the Company. The aggregate amount paid for office rent to a related party for year ended December 31, 2008 is $11,000.

OUTLOOK

Grassroots Exploration Programs: The Company’s principal self-funded programs focus on the Abitibi Greenstone Belt “Grassroots Exploration Project”, which is conducted primarily on properties owned 100% by the Company, and previously included plans to continue exploration work at the rate of 1-2 drill programs per month. The 2009 budget for the Abitibi grassroots programs is approximately $1,000,000, consisting of project generation, property acquisitions, prospecting and ground geophysical surveys as required for purposes of assessment, to keep key properties in good standing. Based on historical work in the areas, geophysical signatures, and general geological conditions, the properties included in the exploration programs include both precious and base metals as primary targets.

Asset Conservation Plan: Due to the financial crisis currently affecting public markets, and together with the weakening of commodity prices in general over the past quarter (zinc, copper, nickel, uranium, silver and gold) the Company has curtailed the majority of its field expenditures on self-funded exploration activity as of early October, 2008. The Company will continue to monitor general financial conditions, including market related activity, and will recommence field-based exploration activity when it deems financial conditions have stabilized. There is no way at this time to estimate when that may be. Efforts have been made to maintain the integrity of the exploration team and core staff in the organization while staffing reductions has been imposed.

The Company continues to evaluate other business opportunities including certain distress situations encountered by competitors, and other mining opportunities created by the global financial crisis.

Advanced Exploration Programs: Separately, the Company has seven primary option/joint venture opportunities that are being conducted in conjunction with Abitibi Greenstone Belt programs. Of these programs, two are on uranium projects, while the other five projects include four gold ventures and a nickel-copper-PGE group of properties. Subject to all seven options being exercised (vested) over their respective terms, it is anticipated that the aggregate approximate total funding available for exploration purposes is $13 million over the term of the agreements. Accordingly, this funding allows the Company to conduct programs during the option term, which are generally more advanced than the grassroots programs described above, without depleting its own treasury. Additionally, it also affords the Company exposure to other commodities, such as uranium, for which it might not otherwise be exploring independently. Given that four of these programs are funded by partners, it is difficult to anticipate the probability of continuance beyond that several are close to vesting at this time.

Uranium Exploration Ventures: Subject to the option vesting, the Company is conducting uranium exploration at one option/joint ventures with anticipated total exploration funding exposure during the option phase amounting to $3,000,000 ($3,000,000 on each uranium project). The first of the two uranium programs is located in Northern Saskatchewan ("Beartooth Island Prospect") and allows the Company's partner, Ditem, to earn up to an aggregate interest of 60% through funding a minimum of $3,000,000 in exploration expenditures. To date three programs have been conducted: (i) airborne geophysical surveys in 2006; (ii) detailed geophysical surveys conducted on the ice of Lake Athabasca in 2007; and (iii) follow-up ground geophysical surveying and a first-phase drill program of approximately 2,500-metres in the first Quarter of 2008. On June 16, 2008, Ditem issued a notice of vesting as to earning its 60% interest in the property, after having incurred the required expenditures under the option agreement. As of the date hereof, a joint venture has been formed on the property and the Company retains a 40% interest therein; Ditem is now the operator. The Company is continuing to negotiate certain outstanding payments with Ditem.

Similarly, the Company has continued uranium exploration at the Otish and Mistassini Basin Prospects in central Québec, a program funded by joint venture partner Lexam. Airborne geophysical surveys conducted over the project areas, traditional prospecting and geological mapping, and historical work compilations delineated several prospective target areas which became the focus of two drill programs concluded during the fourth quarter. A total of 69 drill holes were completed in two areas. Lexam may earn up to a 50% interest through funding total exploration expenditures of $3,000,000 over a three-year period. The vesting is imminent given that Lexam have incurred the required expenditures. Golden Valley Mines was the operator on both joint ventures during the option phase.

Gold Exploration: The Company has also benefited from an exploration option/joint venture on its Malartic CHL Prospect which is under option to Osisko**.** The property is contiguous and immediately adjacent to Osisko's 100% owned Canadian Malartic Gold Project near Val-d'Or, Québec. Osisko may earn up to a 70% interest through funding exploration expenditures of $2,000,000, leaving Golden Valley Mines with a 30% carried interest in the property. Osisko has been drilling with multiple rigs over much of the past year and is expected to complete vesting imminently based on work conducted to date.

Nickel-Copper-Platinum Group Elements: The Company has acquired five 100%-owned properties in the McFaulds Lake ("Ring of Fire") area, James Bay Lowlands, Northern Ontario. The area is considered promising for base metals potential (both Ni-Cu-PGE and/or Cu-Zn-Ag VMS) following recent 2007 announcements of a promising, early-stage nickel discovery by Noront. In consideration for cash/share payments totaling $350,000 and exploration funding of $5,000,000 during the course of the option phase, two of the properties have recently (June, 2008) been option/joint ventured to Noront and WPR who may each earn a 35% interest, leaving Golden Valley Mines with a 30% carried interest. Turbulence in financial markets over the 3rd Quarter has severely impaired the value of the consideration received from each of Noront and WPR although the two companies have indicated their intention to continue work programs through 2009.

Outlook Summary: The capital markets for exploration companies have shown great volatility over the past several months, reflecting the "sub-prime" or credit crisis in the United States and its broadening influence on public capital markets and a generally negative sentiment in investor valuations. Weakening of commodity prices (zinc, copper, nickel, uranium, silver, gold) has similarly added to the general market malaise. The public stock markets are expected to remain volatile, and subject to further weakening, as seen throughout the latter half of 2008 to date, for the short-term or beyond. The Company's ability to option exploration properties for third party exploration, and fund its own exploration projects is correlated to the strength of the commodities markets and the exploration and mining sectors, and accordingly, is not insulated from general market conditions. As a consequence, the Company implemented an "Asset Conservation Plan" in early October, 2008 in order to diminish expenditures and protect its financial resources. To execute on the ACP, the Company has reduced staffing, diminished its field operations and exploration activities and is now focused primarily on its partner funded exploration activity while it continues to evaluate certain strategic business opportunities.

RISKS AND UNCERTAINTIES

Mineral exploration and mining involve considerable financial and technical risk. Substantial expenditures are usually required to establish ore reserves, to evaluate metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to assure that the current exploration programs planned by the Company will result in profitable commercial mining operations. Unusual or unexpected geological formations, unstable ground conditions that could result in cave-ins or land slides, floods, power outages or fuel shortages, labour disruptions, fires, explosions, and the inability to obtain suitable or adequate machinery, equipment or labour are risks associated with the conduct of exploration programs and the operation of mines. At this point, the Company has no experience in the development and operation of mines and in the construction of facilities required to bring mines into production, and it has, to date relied, and may continue to rely, upon consultants for expertise with respect to the construction and operation of a mining facility.

Future exploration and development activities on the Company's properties will require additional financing. There is no assurance that additional funding will be available to the Company when needed or that, if available, the terms of such financing will be reasonable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the property interests of the Company with the possible dilution or loss of such interests. The effects of these factors cannot be accurately predicted, but any of these issues could impede development or render it uneconomic.

FINANCIAL REPORTING CONTROLS AND PROCEDURES

The Company maintains internal accounting and administrative control systems designed to ensure the relevance and reliability of the financial information and the protection of assets. Management acknowledges its responsibility in managing the Company's business according to the requirements of the relevant laws and accepted standards and financial principles, in addition to maintaining well-ordered and efficient standards of conduct in its activities.

ADDITIONAL INFORMATION

The disclosure required pursuant to National Instrument 58-101 – *Disclosure of Corporate Governance Practices* has been made by the Company in its Management Information Circular dated May 20, 2008, which has been filed with regulators and is accessible via the Internet for public viewing on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Additional information about Golden Valley Mines may be obtained from the Company's website at www.goldenvalleymines.com or on SEDAR at www.sedar.com.