Management's Discussion and Analysis

Golden Valley Mines Ltd.

For the second quarter ended June 30, 2008

Dated: August 28, 2008

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 second quarter ended June 30, 2008. This discussion and analysis should be read in conjunction with the unaudited financial statements of the Company for the second quarter ended June 30, 2008 and the related notes thereto. All figures are in Canadian dollars unless otherwise specified. The technical content of this Management, 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. 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 approximately 135 exploration properties located in: (i) the Abitibi Greenstone Belt (96 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) wide variety of commodities including precious and base metals, as well as uranium prospects; 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:

Abitibi Greenstone Belt, Québec and Ontario: The 96 Abitibi Greenstone Belt properties are comprised of gold (52) and/or base metals (34), and molybdenum (10) prospects located in Québec (73) 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 being completed on another, with the pattern then consistently being repeated.

During the quarter the first phase of the 2008 Abitibi Greenstone Belt "grassroots" drill program was completed with a total of 4,576 metres drilled at seven (7) properties testing 36 separate targets. Drilling was completed at the 100%-owned **Ducros JV** (7-hole, 639-metre program) and **Island 27** (4-hole, 439-metre program) prospects located in northwestern Québec and northeastern Ontario respectively. Subsequent to the end of the first quarter ending April 30, 2008, the Company also completed or initiated drilling activities on the 100%-owned **Pascalis West** and **Venus New prospects** located in the Val-d'Or mining camp. A series of gold and volcanogenic massive sulphide (VMS) targets were tested as outlined in its recent geophysical survey programs and property compilations.

Concurrent with the above drill program, work continued on the **Kalahari Joint Venture** where the Company is earning up to an 85% interest by funding $1,000,000 in exploration expenditures on a group of nine (9) properties located in the Abitibi Greenstone Belt (Québec and Ontario). At the **Bogside Prospect** located in Cadillac Township, Quebec, drilling (3-hole, 309-metre program) tested three separate geophysical anomalies for gold targets.

The highlight of the Abitibi Greenstone Belt "grassroots" 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**. Subsequent to the second quarter ending on June 30, partial assay results from the first hole at the **Island 27 Prospect** drilling program was released. 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.

At the **Malartic CHL** property, option / joint venture partner Osisko Exploration Ltd. ("Osisko") announced results from a 2,400 metre drill program on the *"Jeffrey Zone"*, located at the southern extremity of the CHL porphyry. The Jeffrey Zone is located at the southern extremity of the CHL porphyry, approximately 3.5 km east of the center of the Canadian Malartic deposit. This mineralized zone was tested with nine holes spaced 100 metres apart along a total strike length of 800 metres. All holes in the Jeffrey Zone were oriented south, perpendicular to regional E-W fabric and were inclined 45 to 50 degrees.

Significant near surface drill results include 53.9 metres averaging 1.25 g/t Au (hole CHL07-2022) and 40.5 metres averaging 1.39 g/t Au (hole CHL07-2021). Higher grade, deeper drilling results include 1.5 metres averaging 109.5 g/t Au (hole CHL07-2027) and 1.5 metres averaging 14.65 g/t Au (hole CHL07-2029).

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 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 will maintain a free-carried interest of 30% to production.

Quimsam Capital, a joint venture partner of the Company did not work on the Arbade-Richore Prospect (Matachewan, Ontario) and the option / joint venture was terminated on August 6, 2008. (Please see the “Subsequent Events” section herein)

Uranium Joint Ventures: The Company acts as operator in two option joint ventures for uranium as a primary commodity located in the Athabasca Basin, Saskatchewan and Otish-Mistassini Basins, Québec.

At the Beartooth Island project located on Lake Athabasca along the northwest margin of the Athabasca Basin, the $2,000,000 budgeted winter 2008 exploration program was completed over the first and second quarters. The program consisted of a Spartan MT (magnetotelluric) survey (18 lines for a total of 118.2 kilometres) and 2,511.55 metre diamond drill program testing three separate conductors defined by the winter 2007 Spartan MT (magnetotelluric) survey. The camp was left on site and preparations for an autumn mobilization of supplies underway.

At the **Otish** Basin uranium project located in north-central Québec, a phase I drill program commenced. The first phase, helicopter-supported drill program will focus on extending the uranium mineralization that has been identified on the Mistassini project area and test other prospective targets that have been outlined along the favourable mineralized corridor.

A compilation of the historical holes drilled by Western Mines Ltd (Ministère de l'Énergie et des Ressources naturelles documentation technique GM 35584) in 1979 identified a zone of uranium mineralization on the Mistassini portion of the project area that is larger and higher grade than was previously believed to exist. Holes within the zone were reported to reach up to 5,100 ppm (0.51%) U_3O_8 and ten holes returned values better than 850 ppm (0.085%) U_3O_8 over a drill indicated strike length of over 60 metres (196.9 ft.).

The U_3O_8 mineralization is shallow, located about 20-25 meters (65.5-82.0 ft.) below surface. The mineralized zone is spatially related to the unconformity (up to 5 metres above it) occurring along the margin of the sedimentary basin along a bedding facies contact of upper, coarser-grained arkose-conglomerate with fine-grained greywacke. The approximate thickness of the higher-grade mineralized envelope averages 2-3 meters (6.0-9.8 ft.) and remains open.

The inferred strike extension of the above described mineralized zone was intersected in historical drilling by SOQUEM (Ministère de l'Énergie et des Ressources naturelles, documentation technique GM 36262) in 1979 about 2.4 kilometres to the north along trend. Here a single hole intersected a best value of 1,040 ppm (0.104%) U_3O_8.

A minimum of forty-six drillholes are planned for this phase of the program for a total of between 1,800-2,000 linear metres of core. Each hole will be probed via a Spectral Gamma Borehole Logging Tool and mineralized sections sampled for traditional analytical assaying methods.

The second phase will include follow-up drilling, as well as the testing other targets in the Otish portion of the project area. The total cost of the program is estimated to be CDN$2 million. Lexam Explorations Inc. ("Lexam") may earn a 50%-interest by funding $3,000,000 in exploration expenditures over a 3-year period.

James Bay, Québec: During the quarter, final assay results were received for rock, soil and channel samples and, drill core samples respectively from the Phase I and Phase II of the 2007 exploration program. 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 B Southwest priority target area was not worked during 2007 program due to the presence of low-lying, swampy cover that precluded the development of normal soil profiles for ideal humus sampling. Previously, prospecting and mapping were also attempted (2006) over this area of the Cheechoo property boundary, but the thick overburden cover limited productivity in identifying outcropping "Roberto Zone" gold zone hostrock units and alteration and where Eastmain Resources Inc. are currently drill testing their "JT Target".

In December 2004, Golden Valley Mines acquired an interest in the **Cheechoo** gold property, located in the vicinity of Virginia Gold Mines Éléonore gold discovery in James Bay, Québec, and in 2005 Golden Valley Mines increased its land position on the project to 533 square kilometers. The Company has completed field programs over the property consequently from 2005 onwards. Future exploration and/or joint venture plans will be announced in the upcoming quarters.

The Cheechoo "A", "B", and "C" Prospect as well as the 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.

Golden Valley Mines now holds a 100%-interest, or is earning an interest pursuant to option joint venture agreements, in a total of 1,016 claims covering 53,324 ha (533- km^2) in the James Bay (Opinaca) region. The Company is earning an interest in contiguous claim blocks on both the west and east sides of Les Mines d'Or OPINACA's (Goldcorp) Eleonore property, which hosts the Roberto Zone gold discoveries.

James Bay Lowlands, Ontario: During the quarter, the company announced the granting of an option/joint venture with WSR Gold Inc. and Noront Resources Ltd. to acquire an aggregate 70% legal and beneficial interest for an option/joint venture on two **(Luc Bourdon Prospects)** of Company's five (100% owned) properties in the area located in the **McFauld's Lake** "Ring of Fire" area in northern Ontario, Canada. The terms of the option / joint venture are 1) $350,000 cash/shares at approval; 2)

$5,000,000 work commitment, including $1,000,000 expended in the first year; 3) the Company retains a 30% carried interest to production.

Golden Valley Mines has staked a total of 85 claims (1,231 claim units) covering 19,632 hectares or approximately 196 km^2, in the area of Noront Resources Double Eagle nickel-copper-platinum group elements (Ni-Cu-PGE) discoveries. 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, along strike to the northwest. 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 Prospect". A detailed airborne electromagnetic-magnetic survey (AEM) 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.

Selected Quarterly Information as at June 30

	2008	**2007**	**2006**
Total Revenue	116,581	261,300	39,000
Net profit (loss)	(180,050)	(51,726)	(75,462)
Basic and diluted net profit (loss) per share	(0.003)	(0.001)	(0.002)

SUMMARY OF QUARTERLY RESULTS

The following selected financial information is for the eight most recently completed quarters as derived from the Company’s respective financial statements and notes thereto. The following information should be read in conjunction with the referenced financial statements, the notes to those statements and “Results of Operations” herein.

	Jun 08	Mar 08	Dec 07	Sept 07	June 07	March 07	Dec 06	Sept 06
Total revenues	116,581	163,654	21,141	52,786	261,300	22,765	107,749	26,000
Net gain (loss)	(180,050)	(140,521)	(38,762)	(188,078)	(51,726)	36,760	471,066	(55,580)
Basic and diluted net gain (loss) per share	(0.003)	(0.002)	(0.004)	(0.003)	(0.001)	0.001	0.017	(0.001)

RESULTS OF OPERATIONS

In the second quarter ended June 30, 2008, the Company reported a net loss of $180,050 compared to a net loss of $51,726 in the same period in 2007. Although revenue received from geological fees increased considerably, the increase in the net loss is due mostly to a decrease in value of the short-term investments held by the Company. Due to market conditions, the Company chose not to dispose of any short-term investments and therefore no revenue derived from it during the 3-month period ended June 30, 2008 as it did in the same period in 2007.

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 $39,065 in 2007 to $245,235 in 2008. Interest and dividend revenue income totaled $102,930 in 2008, compared to $94,985 in 2007. As at June 30, 2008, the Company held publicly traded securities and guaranteed investment certificates having a market value of $2,156,468, 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 $310,706 in the second quarter of 2007 to $344,237 for the same period in 2008. This can be attributed to an increasing number of investor relations tours. The largest increases for administrative expense items were recorded for: i) advertising and exhibitions (from $110,017 to $120,241); ii) professional and legal fees (from $78,081 to $99,422); iii) salaries, rent and office expenses (from $25,346 to $45,815) and iv) traveling (from $30,846 to $40,637).

Other administrative expenses such as stock-based compensation to employees and directors ($29,317), management fees ($2,250) and Part XII.6 and other taxes ($662) all decreased in the second quarter ended June 30, 2008.

Exploration Activities and Expenditures

At the end of the second quarter ended June 30, 2008, total investments in mineral properties increased to an aggregate $12,304,779. The total amount is net of the exploration rebate ($74,947) received from the Québec government The Company has drilled a total of 134 targets (14,194 metres) on 36 properties in the Abitibi Greenstone Belt Grassroots Exploration Project since the program was originally initiated in 2003. The Company's 135 property interests in Québec, Ontario and Saskatchewan including new land acquisitions in the James Bay area of Ontario are considered prospective for nickel-copper-platinum group elements (Ni-Cu-PGE), following in-house project generative work.

Over the course of the first half of 2008, 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 was in the McFauld's Lake area in the James Bay Lowlands of Ontario. The initial land position established in the final quarter of 2007 was expanded significantly to our present land position of 85 claims (1,231 claim units) covering 19,632 hectares at an aggregate cost of $199,265. The four (4) separate claim blocks are the "Luc Bourdon", "Luc Bourdon West", "Henley", "OTB#1" and "OTB#2" prospects. During the second quarter the company announced the granting of an option/joint venture with WSR Gold Inc. and Noront Resources Ltd. to acquire an aggregate 70% legal and beneficial interest for an option/joint venture on two Luc Bourdon Prospects.

Preliminary field work consisting of **grid establishment and geophysical surveying** was completed on a number of properties during the first half of 2008 adding to the pipe-line of drill ready prospects for the Company's Abitibi Greenstone Belt "Grassroots Exploration Project". This work included the "Luciana Prospect" ($22,456), "Baden Prospect" ($20,610), "Bench Depth" ($19,575), Centramaque ($12,705), "Ducros Sill" ($12,756), "Lac Ducros" ($8,553), "Princess Annie" ($21,592), "Township Line" ($8,745), "U-Turn" ($6,267) and "Venus New" ($13,186). All of the above listed prospects are slated for drill testing in the forth quarter 2008 or first quarter 2009.

In addition, an airborne electromagnetic-magnetic survey was flown over “Henley Prospect” located in the McFauld’s Lake area the western claim block property has been completed. The preliminary data has now been received with the final map and report expected within 6 weeks. The survey, which was a cooperative effort between several companies in the area, was flown by Geotech Ltd. at a line spacing of 100 m for total coverage of some 81 kilometres.

Diamond drilling was conducted on eight (8) properties during the course of the Company’s Abitibi Greenstone Belt "Grassroots Exploration Project". These included the Bearmac Prospect ($95,613), Bejopipa Prospect ($87,476), Cook Lake ($68,969), Island 27 ($64,233), Bogside Prospect ($27,596), Riviere Lois ($28,048), and Ducros JV ($41,492).

FINANCIAL CONDITION

Liquidity and Capital Resources

Working capital as at June 30, 2008 was $6,499,483 compared to $7,989,068 as of December 31, 2008. No shares were issued in the second quarter of 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 2008, given that major projects are being carried out through the use of partner funds (required exploration expenditures under mining option agreement, in addition to capitalizing on operator’s fees. The working capital will cover the Company’s general and administrative expenses in 2008, provided that no extraordinary circumstances arise. As at the end of the second quarter, there is no balance in the flow through funds.

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 dividend 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 August 28, 2008:

Common shares: 61,112,612

Preferred Shares: Nil

Escrowed Shares: Nil

Share Purchase Warrants:

Expiry Date	Exercise Price	Number
January 10 , 2009	$0.50	3,977,271
April 5, 2009	$0.70	1,999,800
	TOTAL:	**5,977,071**

Incentive Stock Options:

Expiry Date	Outstanding	Exercisable	Exercise Price
February 4, 2009	2,000	2,000	$0.35
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	1,736,100	1,736,100	$0.30
February 7, 2013	1,060,000	353,333	$0.35
June 27, 2013	450,000	0	$0.36
TOTAL:	**5,068,100**	**3,911,433**	$0.30

On June 27, 2008, the Company granted an aggregate 450,000 incentive stock options under its 2007 Stock Option Incentive Plan to directors at an exercise price of $0.36 per share. The options expire five years from the date of grant, vest quarterly over an 18-month period, and are subject to the required four month hold period and other applicable regulatory approvals.

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 Corporation. 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 the second quarter ended June 30, 2008 is $5,000.

OUTLOOK

Grassroots Exploration Programs: The Company's exploration plans for 2008 were described in detail in its Annual Report. The Company's principal programs focus on the Abitibi Greenstone Belt "Grassroots" exploration project, which is conducted primarily on properties owned 100% by the Company, and include plans to continue exploration work at the rate of 1-2 drill programs per month. The budget for the Abitibi grassroots programs was increased to $1.5 million, up significantly from the approximate $1 million originally committed in 2007. 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.

Advanced Exploration Programs: Separately, the Company has four 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 two projects include a gold venture and a nickel-copper-PGE group of properties. Subject to all four options being exercised (vested) over their respective terms, it is anticipated that the aggregate approximate total funding available for exploration purposes is $13 million. 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.

Uranium Exploration Ventures: Subject to the options vesting, the Company is conducting uranium exploration at two option/joint ventures with anticipated total exploration funding exposure during the option phase amounting to $6,000,000 ($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 Explorations Inc.** ("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. Subsequent to quarter end, Ditem exercised the option on the Beartooth Island Prospect and a joint venture was formed (please see the "Subsequent Events" section herein).

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 Explorations Inc**. ("**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 a first-Phase drill program commencing during the 2nd Quarter of 2008 and which is continuing at this time. Lexam may earn up to a 50% interest through funding total exploration expenditures of $3,000,000 over a three-year period. Golden Valley 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 Explorations Inc.** ("**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 with a 30% carried interest in the property. Osisko has been drilling with multiple rigs over much of the past year.

Nickel-Copper-Platinum Group Elements: The Company has recently acquired five 100%-owned properties in the McFaulds Lake 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 announcements of a promising, early-stage nickel discovery by Noront Resources Ltd. 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 Resources Ltd. and WSR Gold Inc. who may each earn a 35% interest, leaving Golden Valley with a 30% carried interest.

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, perhaps somewhat mitigated by continued strength in the commodities prices of the Company's principal exploration targets such as base metals, gold, and uranium. The public stock markets are expected to remain volatile as seen throughout 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.

SUBSEQUENT EVENTS

On June 22, 2006 the Corporation granted to Quinsam an option to acquire up to a 51% interest in the Corporation's Arbade Richore Prospect provided that Quinsam make a $10,000 cash payment, issue 400,000 common shares, and incur aggregate exploration expenditures of $1,000,000 over three years. On August 1, 2007, the parties amended the agreement so that a portion of the aggregate exploration expenditures ($300,000) must be completed before the second anniversary of the closing date of the agreement. As consideration for the amendment Quinsam made an additional $5,000 cash payment and issued an additional 50,000 common shares to the Corporation. The Corporation retains a 2% NSR in the property of which Quinsam may buy-back 1% for $1,000,000 within 12 months from the commencement of commercial production. As at December 31, 2007, the agreements remain in good standing. The option was terminated effective August 6, 2008 and the properties remain 100% owned by the Corporation.

On January 20, 2006, the Company granted an option to Ditem Explorations Inc. to acquire an initial 50 % interest in Beartooth Island Property provided that Ditem incur aggregate exploration expenditures of $ 1,000,000 over three year. In the fourth (4th) year of the agreement or after having incurred the first $ 1,000,000 in expenditures, Ditem may elect to increase its interest by an additional 10% (60%) by incurring a further $ 2,000,000 in exploration expenditures. Finally, Ditem may then increase its interest by an additional 6% (66%) by completing a Bankable Feasibility Study (BSF) within 10 years of signing. Following the final vesting the Company will retain an aggregate 34% undivided interest in the Property. Subsequent to quarter end, Ditem vested as to a 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 the operator.

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 Corporation 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 Corporation'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.