

Management's Discussion and Analysis

Golden Valley Mines Ltd.

For the first quarter ended March 31, 2008

Dated: May 26, 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 first quarter ended March 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, 2007 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 under 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 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. 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 (98 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) 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 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 three to four years).

Furthermore the Company acquires securities (shares or cash) from its partners in addition to the exploration funding. 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, 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 98 Abitibi Greenstone Belt properties are comprised of gold (54) and/or base metals (34), and molybdenum (10) prospects located in Québec (75) 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.

The first phase (February-April), 4,400-metre 2008 Abitibi Greenstone Belt "grassroots" drill program commenced at the **Riviere Lois Prospect** located in northwestern Québec during the quarter. Drilling (348-metres) tested three separate geophysical anomalies located within a favourable, and untested, felsic to intermediate volcanic sequence within the Hunter Mine Group (HMG) stratigraphy. Subsequent to the end of the first quarter ending March 31, 2008, the Company also completed drilling activities on the 100% owned **Bejopipa Prospect** and **Bearmac Prospects** located in the Chapais-Chibougamau mining camp. A series of gold-copper and volcanogenic massive sulphide (VMS) targets were tested as outlined in its recent geophysical survey program and property compilation.

Concurrent with this 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 **Cook Lake Prospect** located northwest of Kirkland Lake, drilling (711-metres) tested five separate geophysical anomalies for gold volcanogenic massive sulphide (VMS) targets. At the Munro Prospect contiguous to the Potter Mine claims to the west, a total of ten drillholes were completed for 2,029 metres. No significant assay results were received with one hole results remaining outstanding. A second phase program is planned contingent on results from the BHPPEM (borehole pulse electromagnetic) survey currently planned for the first half 2008.

At the **Malartic CHL** property, option / joint venture partner Osisko Exploration Ltd. ("Osisko") announced results from a deep diamond drillhole that tested the "*Norrie Zone*" located approximately 2.5 kilometres east of the main Canadian Malartic Deposit. The hole was designed to test the vertical extent of this mineralized system at depth. The hole (CHL07-2000) 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 **40.5m 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, approximately 3.5 kilometres east of the center of the Canadian Malartic deposit. This mineralized zone was tested with nine holes spaced 100 metres apart along a total east-west strike length of 800 metres.

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 (\$70,000 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).

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 winter 2008 exploration program consisting of ground geophysical surveying and diamond drilling was completed over the first and second quarter.

A Spartan MT (Magnetotelluric) survey consisted of 18 lines for a total 118.2 line kilometres over one additional priority target area (coverage over northeast section of property) and detailed in-fill surveying based on the definition of a series of anomalies, possibly produced by basement conductors, and associated resistivity lows outlined from the initial 2007 survey. No new conductors or associated resistivity lows were outlined over the northeast section of the property. The diamond drilling program totaled 2511.55 metres testing three separate conductors defined by the winter 2007 Spartan MT survey. Due to extreme ice movement, one of the drillholes did not penetrate its intended target depth. Follow-up down-hole time domain electromagnetic surveying (BHTEM) identified two off-hole conductors in two of the three holes completed. These first drill intersections on the Beartooth Island Prospect are highly encouraging in light of the evidence of hydrothermal alteration and off-hole electromagnetic conductors coinciding with the magnetotelluric geophysical anomalies. A total of 159 samples were submitted for analysis in addition to their duplicates for alteration studies to detail the geochemical halo effect as related to uranium mineralization. Ditem Exploration Inc. (“Ditem”) may earn an initial 50% interest in the Beartooth Island property by incurring expenditures of \$1,000,000 over three years. In the 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% aggregate) by incurring a further \$2,000,000 in exploration expenditures. Finally, Ditem may then increase its interest by an additional 6% (66% aggregate) by completing a bankable feasibility study within 10-years of signing. Following the final vesting, the Company will retain an aggregate interest of 34%.

At the **Otish** Basin uranium project located in north-central Québec, a historical drillhole compilation was initiated over the Mistassini portion of the project area during the quarter. 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 5100 ppm (0.51%) U3O8 and ten holes returned values better than 850 ppm (0.085%) U3O8*** over a drill indicated strike length of approximately 80 metres (262.5 ft.). 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 **1140 ppm (0.114%) U3O8**.

The 2008 exploration program will consist of two drilling phases which are anticipated to total 4,000 meters (13,125 ft.). The first phase is scheduled to begin in the second quarter and will focus on extending the uranium mineralization that has been identified on the Mistassini project area and test other targets that have been outlined.

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: 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.

2007 Program Summary: The Phase I Program included the following ground follow-up components based on results obtained previously in 2005 and 2006:

- Establishment of 4 grids on the Sharks and Cheechoo "B" properties (250 line kilometers or 196 land-based line kilometers;
- 5,496 grid and reconnaissance humus soil samples;
- Detailed grid-mapping and sampling completed over five separate mineralized trends;
- 115.4 linear metres of channel sampling over showings and / or mineralized corridors; and
- 90.11 line kilometers of induced polarization (IP), 36.2 line kilometers of Horizontal Loop Electromagnetic (HLEM) and 196.1 line kilometers of magnetic surveying.

The Phase II 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. Drilling was completed over the period from September 24th to December 20th, 2007. A total of 682 core samples were submitted for analysis with final assay results recently received. The primary targeting tool was testing of geophysical responses (induced polarization [IP] chargeability anomalies and horizontal loop electromagnetic [HLEM] conductors) along mineralized corridors or their inferred traces. At the time of drilling, the results for rock / soil / channel sample results remained outstanding due to laboratory backlogs.

During the three month period ended March 31 2008, no fieldwork was completed on the property with emphasis placed on compiling results from the 2007 program. The scope and size of the 2008 summer-fall exploration program is currently in the planning stage and will be announced in the second quarter.

The Cheechoo "A", "B", and "C" Prospect as well as the Sharks Prospect are under option from Sirios Resources (TSX.V:SOI) 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 SOI then elect to allow the Company to provide the production financing, the Company would then acquire an additional 5% interest (aggregate 85% interest).

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- km²) 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: Golden Valley Mines has staked an additional 80 claims (1,167 claim units) covering some 18,672 hectares in the area of Noront Resources Double Eagle nickel-copper-platinum group elements (Ni-Cu-PGE) discoveries in the *McFauld's Lake area*, James Bay Lowlands, Ontario. The Company's land holdings in the McFauld's Lake area now total 85 claims (1,231 claim units) covering 19,696 hectares or approximately 197 sq.-km. The target selection process was based on the identification of similar geophysical responses within extensions of the favourable geological terrain associated with the Double Eagle discovery area (the "Ring of Fire"), along strike to the northeast. In addition, two separate claim blocks 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.

Future exploration and/or joint venture plans will be announced in the upcoming quarter.

Selected Quarterly Information as at March 31

	2008	2007	2006
Total Revenue	163,654	22,765	15,000
Net profit (loss)	(140,521)	36,760	(138,289)
Basic and diluted net profit (loss) per share	(0.002)	0.001	(0.004)

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.

	Mar 08	Dec 07	Sept 07	June 07	March 07	Dec 06	Sept 06	Jun 06
Total revenues	163,654	21,141	52,786	261,300	22,765	107,749	26,000	39,000
Net gain (loss)	(140,521)	(38,762)	(188,078)	(51,726)	36,760	471,066	(55,580)	(75,462)
Basic and diluted net gain (loss) per share	(0.002)	(0.004)	(0.003)	(0.001)	0.001	0.017	(0.001)	(0.002)

RESULTS OF OPERATIONS

In the first quarter ended March 31, 2008, the Company reported a net loss of \$140,521 compared to a net profit of \$36,760 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 March 31, 2008 as it did in the same period in 2007.

Revenues

The Company continued to work on a number of exploration option agreements which were completed in prior years. Accordingly, revenue generated from geological fees increased from \$22,765 in 2007 to \$163,654 in 2008. Interest and dividend revenue income totaled \$61,744 in 2008, compared to \$38,541 in 2007. As at March 31, 2008, the Company held publicly traded securities and guaranteed investment certificates having a market value of \$1,149,217, 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 \$163,392 in the first quarter of 2007 to \$280,941 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 \$26,096 to \$100,188); ii) travelling (from \$8,840 to \$15,070) and iii) investor relations which is a component of professional and legal fees (from \$14,259 to \$63,948). It is of the Company's opinion that activities categorized as investor relations play an integral part in the Company's business development, as such activities help to increase shareholder awareness, while also creating new investor opportunities.

Other administrative expenses such as stock-based payments for services to consultants (\$3,848), stock-based compensation to employees and directors (\$31,925), management fees (\$2,500) and Part XII.6 and other taxes (\$2,516) all decreased in the first quarter ended March 31, 2008.

Exploration Activities and Expenditures

At the end of the first quarter ended March 31, 2008, total investments in mineral properties increased to an aggregate \$11,689,467. The Company has drilled a total of 106 targets (13,181 metres) on 31 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.

Revenues are expected to occur sporadically over future quarters as the revenue generated by option agreements and project operator expenses are tied to milestone dates under option and exploration agreements, which may be augmented, altered, or cancelled with little notice.

FINANCIAL CONDITION

Liquidity and Capital Resources

Working capital as at March 31, 2008 was \$6,945,583 compared to \$7,189,068 as of December 31, 2007. No shares were issued in the first quarter of 2008 and therefore there were no changes in the capital structure of the Company.

The Company has sufficient liquidity to conduct 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 non-flow-through portion of working capital will cover the Company's general and administrative expenses in 2008, provided that no extraordinary circumstances arise. The flow-through reserve of \$328,138 will cover the Company's obligations under its agreements with current exploration partners.

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 May 26, 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
June 25, 2008	871,430	871,430	\$0.35
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

Expiry Date	Outstanding	Exercisable	Exercise Price
July 14, 2010	445,500	445,500	\$0.30
July 20, 2010	84,500	84,500	\$0.30
June 16, 2011	300,000	300,000	\$0.31
September 27, 2011	1,786,100	1,786,100	\$0.30
February 7, 2013	1,060,000	176,667	\$0.35
TOTAL:	5,639,530	4,579,530	\$0.30

On February 7, 2008, the Corporation granted an aggregate 1,060,000 incentive stock options under its 2007 Stock Option Incentive Plan to directors, officers, employees, and consultants at an exercise price of \$0.35 per share. Of these options, an aggregate 775,000 options have been granted to the Company's directors and officers. 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 first quarter ended March 31, 2008 is \$2,000.

OUTLOOK

Golden Valley Mines exploration plans for 2008 were described in further detail in the Company's 2007 Annual Report. The Company's principal objectives are related to the Abitibi Greenstone Belt project with plans to continue work at the rate of 1-2 drill programs per month. The budget for the Abitibi Greenstone Belt grassroots programs has recently been expanded to \$1,500,000, up significantly from 2007. Separately, Golden Valley plans to continue uranium exploration at the Beartooth Island joint venture in Saskatchewan, a program funded by joint venture partner Ditem Explorations Inc., and similarly to continue uranium exploration at the Otish and Mistassini Basin Prospects in central Québec, a program funded by joint venture partner Lexam Explorations Inc., and to continue various other grassroots generative exploration efforts. The Company has recently acquired several 100%-owned properties in the McFaulds Lake area, James Bay Lowlands, Northern Ontario, in an area considered promising following recent announcements of a promising, early-stage nickel discovery by Noront Resources Ltd. A decision on further exploration in the James Bay area of Québec, and the scope of such work, will be contingent on the results from the programs completed in late 2007 and which are still pending. These results are expected early in the second quarter of 2008.

The capital markets for exploration companies remain strong due to continued strength in the commodities prices of the Company's principal exploration targets such as base metals, gold, and uranium. The public stock markets could remain strong, although volatile as seen throughout 2007, for

one or more years. Golden Valley Mines 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 considered to have a healthy outlook for the near term.

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.

During 2007, the effectiveness of the disclosure controls and procedures of the Corporation were evaluated by the management. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective.

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.