Management's Discussion and Analysis

Golden Valley Mines Ltd.

For the year ended December 31, 2009

Dated: April 29, 2010

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, 2009. This discussion and analysis should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2009 and the related notes thereto. All figures are in Canadian dollars unless otherwise specified. The technical content in this Management's Discussion & Analysis has been prepared under the supervision of Glenn J. Mullan 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 137 exploration properties located in the following areas: (i) the Abitibi Greenstone Belt (102 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; (v) the James Bay Lowlands of Ontario; and (vi) the Republic of Sierra Leone, West Africa (3 initial "**Exclusive Prospecting Licenses**" or EPL's).

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, but with no significant discovery) the Company will typically seek joint-venture partners (typically 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 the amount of self-funded expenditures, while the Company continues 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 primarily on other early-stage, 100%-owned properties while partners fund exploration on 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 AGB properties are comprised of gold (51), copper-zinc-silver (42), nickel-copper-PGE (7) and molybdenum (2) prospects located in Québec (82) and Ontario (20). Golden Valley Mines' exploration strategy consists of a systematic approach designed to reduce grassroots exploration risk, and increase the possibility of exploration success, through 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 (approximately) six prospective targets is completed on another, with the pattern then consistently being repeated throughout the year.

As a result of the Asset Conservation Plan ("**ACP**") that was implemented by the Company in October 2008 (and which was subsequently terminated in January 2010, see the Outlook section herein for additional information), the 2009 exploration budget for the AGB "Grassroots Exploration Project" was reduced significantly from the prior year and focused mainly on retaining key members of the exploration team and maintaining its core mining claims through selective preliminary ground follow-up work, and where warranted, drill target testing.

Exploration activities for the last quarter ended December 31, 2009 focused on maintaining the Company's core property claims through the establishment of detailed grids and completing ground geophysical programs targeting specific geological targets on eight (8) prospects for gold, copper-zinc-silver and cobalt-silver-nickel mineralization respectively. In addition, in-house project generation activities continued unabated throughout 2009 as a result of the Company's VMS (volcanogenic massive sulphide) copper-zinc-silver and/or gold initiative in the AGB region of Québec over the period March-April 2009, based on the release of a series of airborne geophysical surveys by the *Ministère des Ressources naturelles et Faune* ("**MRNF**"). Additional mining claims were subsequently staked related to this initiative later in 2009, as well as staking other targets based on further in-house project generation activities conducted over the course of 2009. In total, the Company acquired through staking, 228 100%-owned claims in the AGB (Québec and Ontario) for a total of 11,790 hectares, prospective for copper-zinc-silver and/or gold, or nickel-copper-PGE, or gold and/or molybdenum mineral deposits. Of these new claims, 24 represent new prospects (176 new claims) while the remaining 52 new claims, represent add-on claims to an existing eleven (11) prospects. Future exploration and/or joint venture plans, if any, will be announced once official claim certificates have been received from the MRNF and Ministry of Northern Development and Mines (**“MNDM”),** as applicable.

In addition, a number of strategic business opportunities in the exploration and/or mine development process have been or are, currently being evaluated, including for the first time, outside Canada. In this regard, Golden Valley Mines, through its subsidiary, Calone Mining Company (S.L.) Ltd. (“**Calone**”), acquired a number of exploration permits (EPL’s) in the Republic of Sierra Leone in West Africa. The Company, through Calone, now holds property interests in Sierra Leone consisting of 2 projects (3 EPL’s) of comprised of approximately 710 km².

2. Properties, Option, and Joint Venture Portfolio Overview:

<u>Abitibi Greenstone Belt</u>

Kalahari Joint Venture:

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 properties located in the Abitibi Greenstone Belt (Québec and Ontario). Golden Valley Mines shall act as the operator during the joint venture phase. At the end of the third quarter of 2009, exploration activities resumed on the Kalahari joint venture properties with a follow-up drilling campaign on the Perestroika Prospect, located in Courville Township, Québec. The Company completed a two (2) hole, 495 metre diamond drill program testing for the depth and lateral extension of the historical reported gold mineralization.

Malartic CHL Prospect:

At the Malartic CHL property, option/joint venture partner Osisko Mining Corporation (“**Osisko**”) reported the final results from the 2009 drill program targeting the Jeffrey Zone and Shaft Zone, as well as other targets along the CHL Porphyry Intrusion.

The <u>Jeffrey Zone</u> is a gold-mineralized environment located along the southern extremity of the CHL porphyry, approximately 3.5km east of the center of the Canadian Malartic deposit, currently under development by Osisko.

All of the holes drilled intersected mineralization along each section tested. The most significant near-surface drill results include 86.9m averaging 1.20g/t Au (CHL08-2079) including 6.0m averaging 7.35g/t Au. The depth extension of the Jeffrey Zone was also confirmed with drill intercepts of 33.5m averaging 0.78g/t Au (CHL08-2088) and 12.6m averaging 1.14g/t Au (CHL08-2090).

Drill results over the <u>Shaft Zone</u> and CHL Porphyry intrusion yielded some of the highest grade intersections over significant widths encountered to date on the property. Highlights include 15.0 metres averaging 8.6 g/t Au (CHL08-2061), 29.5m averaging 3.39g/t Au, with 1.5m averaging 38.40g/t Au (CHL08-2101), 52.5m averaging 0.89g/t Au, with 19.5m averaging 1.02g/t Au (CHL08-2128) and, 18.0m averaging 1.55g/t Au with 1.5m averaging 7.5g/t Au (CHL08-2131).

Mineralized intersections from the drillholes targeting the Shaft Zone are all from the deeper portion of the zone or from zones of lower grade disseminated mineralization located in the CHL Porphyry Intrusion immediately south of the Shaft Zone. These new drill results, along with previously reported intersections from the Shaft Zone, presently suggest a minimum 150 metre strike length of unknown true width. Further drilling is expected to be completed in this area.

Mineralization at the Jeffrey Zone and along the <u>CHL Porphyry</u> Intrusion consists of disseminated pyrite-gold in strongly potassic altered quartz-feldspar porphyry dikes in contact with a predominately ultramafic flow sequence, and in subordinate gabbro and sedimentary units. Narrower, higher-grade mineralization is hosted in quartz veins; brecciated and silicified porphyry and/or talc/chlorite altered and sheared ultramafic rocks. These drill results are located between the Jeffrey Zone to the southeast and the Shaft Zone to the northwest.

The results from the 2007 and 2008 drill programs warranted the completion of a significant follow-up definition drill program and a NI 43-101 resource estimate. In the fourth quarter of 2009, the Company was informed by Osisko that a drill program was underway to include 19,000 metres of definition drilling on the Jeffrey Zone and 1,000 metres drill testing for extensions of the Mammoth Zone (combined 20,000 metres). This program was subsequently expanded during the first quarter of 2010, based on initial results to 26,000 metres.

The Malartic CHL property is under option to Osisko by way of an Option Agreement dated February 10, 2006, as amended as of February 19, 2007 (the "**Osisko Agreement**"). Pursuant to Osisko Agreement, Osisko can earn a 70% interest by making expenditures of $2,000,000; thereunder the Company has a 30% interest with no further expenditure requirements until the property achieves commercial production. As a result of a purchase and sale agreement with Osisko dated February 10, 2006, the Company also holds a 2% net smelter royalty interest in a single additional claim located elsewhere on the property,

Luciana Prospect:

On December 8, 2008 the Company granted an option to Takara Resources Inc. ("**Takara**") pursuant which Takara may earn up to a 60% interest in the Company's 100% owned Luciana prospect, provided that Takara, amongst other things, issue 250,000 common shares and conduct an $85,000 drilling program in the month of December 2008 (the "**TKK Agreement**"). In the context of Takara's announcement on March 13, 2009 of its intent to enter into a series of strategic business transactions with Garson Gold Corp. ("Garson"), on April 27, 2009 Takara assigned all of rights, title, interests, and obligations in and to the TKK Agreement to Garson. As a result of this assignment, Garson is now bound to all of the terms and conditions of the TKK Agreement. To date, a drill program (2008) consisting of five (5) holes totaling 557 metres has been completed on the Luciana Prospect funded by Takara. Golden Valley Mines was the operator of the program. No further exploration work has since been conducted on the property.

As at December 31 2009, Garson has not fulfilled its obligations under the TKK Agreement. The Company has the right to terminate the TKK Agreement and retain a 100% interest in the property, however in view of prevailing market conditions; the Company is reviewing its alternatives.

Uranium Joint Ventures

Otish-Mistassinni Basins Project, Northern Québec:

At the *Otish Project,* the compilation and evaluation of the data from the 2008 exploration program (69 holes, 2,802 metres diamond drill program completed over two historical uranium showings) was completed. The objective of this work consisted of: (i) completion of a program exploration report; (ii) assessing the geological features specific to two known mineral occurrences (Takwa; Rivière Cheno Ouest) to include their setting, host rocks, structural features, form, alteration and mineralogy; (iii) follow-up drill planning over the uranium occurrences discovered thus far at both the Rivière Cheno and Takwa showings and identifying the potential strike extension of the mineralized zones and the targeting for the potential for high-grade mineralization. The object of the phase II drill program if warranted is to prepare a NI 43-101 resource estimate over each of the two mineralized zones.

Additional project expenditures incurred were related to project generation activities with the staking of 45 new claims covering an area of 2,394 hectares and claim maintenance renewal fees.

The Otish-Mistassini Uranium Project is located in north-central Québec, Canada and was under option to Lexam Explorations Inc. ("**Lexam**") and Lexam Uranium Inc. ("**Lexam Uranium**").

Approximately $3.3 million has been spent to date on the property resulting in the Company entering into an Amended and Restated Joint Venture Agreement dated March 31, 2009 with Lexam and Lexam Uranium pursuant to which the Company holds a 50% interest in the property.

Beartooth Island Prospect, Saskatchewan:

With respect to the Beartooth Island Project (the "**Beartooth Project**"), the Company has entered into a Joint Venture Agreement dated July 4, 2008 with Ditem Mining Explorations Inc. ("**Ditem**") pursuant to which the Company holds a 40% interest in the Beartooth Project. The Beartooth Project is located on Lake Athabasca along the northwest margin of the Athabasca Basin; no exploration work was completed on the property during the 2009 fiscal year.

Under the terms of the joint venture agreement, Ditem has the right to earn an additional 6% (66% aggregate) in the Beartooth Project by delivering a feasibility study (BFS) thereon. Following the final vesting, the Company will then retain an aggregate interest in the Beartooth Project of 34%. Golden Valley Mines was the operator of the program throughout the option phase. Based on the joint venture exploration results (airborne and ground geophysics, diamond drilling) carried out to date, a Phase III work program of follow-up drilling was recommended by Golden Valley Mines for the 2009-2010 winter exploration field season, but was not completed.

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

Golden Valley Mines staked a total of 85 claims (1,231 claim units) covering over 19,600 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 was based on the identification of similar geophysical responses within extensions of the geological terrain generally, associated with the Double Eagle discovery area. As a result of this in-house project generation initiative, five (5) properties were added to the Company's portfolio in the Ring of Fire area.

The Company subsequently entered into an Option Agreement dated August 19, 2008 with WSR Gold Inc. (now called White Pine Resources Inc., hereinafter referred to as "**WPR**") and Noront Resources Ltd. ("**Noront**"), pursuant to which each of these companies can earn a 35% interest on two of the five 100% owned properties held by the Company in the area, namely the Luc Bourdon and Luc Bourdon West prospects (consisting of a combined 8,944 hectares). In order for WPR and Noront to acquire their respective 35% interest therein, WPR and Noront were required to make payments to Golden Valley Mines totaling $350,000 in the aggregate in cash (paid) and shares (paid). Each of WPR and Noront made a payment of $25,000 in cash to the Company. WPR issued 34,090 common shares (340,909 WSR Gold common shares) to the Company and Noront issued 56,174 common shares to the Company. In addition to the cash payments and the issuance of the shares, WPR and Noront are also 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 was incurred in the first year pursuant to the terms of the agreement and $2,000,000 is required for each of the 2nd and 3rd years of the agreement.

Late in the fourth quarter, WPR reported having received the results from the Geotech Ltd. ZTEM airborne survey carried out on the property. The survey was utilized to prioritize the exploration success from the spring (see press release dated June 26, 2009) for additional drilling. In the spring of 2009, White Pine had initiated a drill program to test six regional VTEM anomalies on the joint venture claim group. Four of the six anomalies produced anomalous Zn-Cu intersections and values. Pursuant to WPR's report, the ZTEM survey has identified low resistivity anomalies directly over the zone which suggests that it could also continue potentially to greater depth at each of the G1 and G3 anomalies. These anomalies will be the target of additional drilling once the freeze-up in the lowlands has been completed.

An additional four claims were staked (1,024 ha) and added to the property based on current exploration results.

<u>Éléonore Gold Discovery Area, James Bay, Québec</u>*:*

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, in 2005 Golden Valley Mines increased its land position to a total of 1,016 claims covering approximately 53,324 hectares (533 km²) by entering into an agreement with Canadian Royalties Inc. on the Sharks Gold Property and through the staking of 100%-owned properties referred to as the Top Corner Prospect group**.**

The Cheechoo ("A", "B", and "C") Prospect and "Sharks" Prospect are subject to a joint venture with Sirios Resources Inc. ("Sirios") effective March 31, 2009 (the "Effective Date") and under which the Company has to date a 60% stake in each of the Cheechoo and Sharks Prospects. Pursuant to the terms of the joint venture agreements, the Company may earn an additional 20% interest in each of the properties provided that it give notice to Sirios, prior to March 31, 2012, of its intent to complete at its sole costs a bankable feasibility study and that it pay to Sirios the sum equal to double the amount of expenditures incurred by Sirios pursuant under the joint venture agreements from the Effective Date to the date of delivery of the bankable feasibility study.

Golden Valley Mines completed field programs over the properties from 2005 to 2007. In 2008 and 2009, the Company completed detailed compilations for all the previous work carried on the properties for future exploration planning and joint venture reporting. A management committee is now in place for each joint venture and the parties are currently in discussions with respect to determining if, and when, an exploration program will be carried out next on the properties.

3. New Opportunities - Property Acquisitions:

Project Generation Activities:

In the context of the Company's in-house project generation activities, an area located in northern Québec was identified as prospective for uranium and 86 100%-owned claims were staked covering an area of 4,155 hectares.

Golden Valley Mines, acting through its subsidiary, Calone Mining Company (S.L.) Ltd. ("**Calone**") made the acquisition of a number of exploration permits, EPL's in the Republic of Sierra Leone; titles to the Sierra Leonean properties are held by Calone.

Exclusive Prospecting Licenses ("EPL's"):

Calone has been informed by the Ministry of Mineral Resources of the Mines Division of Sierra Leone that the first of its EPLs have been approved in respect of two properties, encompassing approximately 710 km² and which are located in two geographic areas referred to respectively as the Sula Mountains and the Sewa & Bafi River Area, Kono District.

The Sula Mountains Property (Gold Prospect): This property consists of two EPLs, collectively covering approximately 450km². The property extends along over 50km of stratigraphy, encompassing portions of a Pre-Cambrian greenstone belt and well-documented from historic work and mapping by government agencies. The property is road accessible and is located approximately 30km east of Makeni, or 20km east of Magburaka.

The Sewa & Bafi River Area Property - Kono District (Diamond Prospect): This property consists of a single EPL, of approximately 260km², located immediately west of the Nimini Hills. It is directly accessible by roads, located approximately midway between the villages of Tungie and Sefadu, within the Chiefdoms of Nimiyama, Gorama Kono and Nimikoro in the Kono District and the Gorama Mende

Chiefdom in the Kenema District. Diamond mining continues to be the principal economic activity in this area.

Calone is awaiting confirmation for several additional EPLs and will continue to monitor progress of these applications. Initial exploration work on the Sula Mountains and Sewa & Bafi River properties consisted of a detailed compilation of historical work including a preliminary assessment of the reported known mineral occurrences (gold, diamond, nickel, iron, titanium). Airborne geophysical (magnetic, electromagnetic and radiometric) surveys were also been tendered as part of a first phase exploration program. Ground follow-up work is expected to consist of "boot & hammer" prospecting to assess the reported occurrences and areas identified by the geophysical surveys.

Sierra Leone is located in the central portion of the Archean, West African Craton, disrupted by the opening of the Atlantic Ocean, whose Western counterpart forms the Guyana Shield along the northern coastline of South America (extending from Columbia, and Venezuela to Brazil). Several Pre-Cambrian greenstone belts are well documented from previous work within Sierra Leone. Exploration dedicated to "lode" precious metals (Au-Ag) targets is modest by North American or Western European standards, although numerous indications have been located by the Sierra Leone Geological Survey and its successors. Additionally, Sierra Leonean public statistics report that alluvial mining has recovered more than 340,000 oz of gold from streams cross-cutting the prospective greenstone belts.

The objective behind the formation of Calone is to pursue mineral and other business opportunities in the Republic of Sierra Leone. It should be noted that this new initiative is complementary to Golden Valley Mines' existing Canadian exploration efforts which are anticipated to continue pursuant to the Company's original business plan. It is also the Company's intention to pursue its core CSR (Corporate Social Responsibility) values in Sierra Leone through its subsidiary Calone.

SELECTED ANNUAL INFORMATION

	2009	2008	2007
Total Revenue	$62,603	$616,230	$357,992
Net profit (loss)	($1,066,128)	($447,460)	($743,423)
Basic and diluted net profit (loss) per share	($0.02)	($0.01)	($0.01)
Total Assets	$18,848,234	$19,111,567	$20,841,546
Total Liabilities	$3,470,362	$4,044,408	$4,759,375

RESULTS OF OPERATIONS

In the year ended December 31, 2009, the Company reported a net loss of $1,066,128 compared to a net loss of $447,460 in 2008, as a result of the Company re-evaluating its interest in its properties located in the Abitibi Greenstone Belt and in the Nunavik area; the decision was made to write these properties off. This expense totaled $755,263 in 2009 (nil in 2008).

Revenues

The Company had entered into joint ventures in respect of the Cheechoo and Sharks Prospects in Québec (Sirios), Beartooth Island Project in Saskatchewan (Ditem), the Otish and Mistassini Basins Prospects (Lexam and Lexam Uranium) and the nine (9) Abitibi Greenstone Belt joint venture properties (Kalahari). As a result, the Company will generate revenue in the form of operator's fees only for the programs in respect to those joint ventures for which it acts as the operator. Accordingly, revenue generated from geological fees decreased from $384,575 in 2008 to $17,603 in 2009 due largely to reduced exploration activity due to the global financial crisis.

The Company also earns revenue from various option agreements on grassroots exploration projects. The amount of revenues generated from property options is a function of the amount of new agreements concluded during a given period, and the general market interest towards grassroots exploration projects, combined with the prevailing market conditions structures at any given time. Option payments on properties equaled $45,000 in 2009 compared to $231,655 in 2008.

Other income

Other sources of income are interest and dividend income and realized gains on the disposal of short-term investments.

Interest and dividend revenue income totaled $49,447 in 2009, compared to $197,895 in 2008. At the end of 2008, the interest rates had been constantly falling and ended with near-zero yields. Therefore, the Company decided in 2009 to invest less money in term deposits. Interest income for 2009 totals $23,560, in comparison to $65,877 for 2008. As at December 31, 2009, the Company has one term deposit of $1,018,171 earning 2.8688%. The Company held money market investment funds and publicly traded securities having a market value of $1,478,527 and $385,721 respectively, comprised of common shares of third party optionees issued to the Company in accordance with the terms of certain property option agreements. Revenues tabulated by the Company for the disposal of its short-term investments were equal to $7,691. The ability to realize any gains depends largely on the prevailing market conditions, and the amounts may fluctuate significantly from period to period. With the exception of common shares of third parties held by the Company, the Company's short-term investments can be liquidated on relatively short notice, if required.

Non-Exploration Expenditures

Administrative expenses increased from $1,176,532 in 2008 to $1,697,800 in 2009. There was a significant increase in the amount expensed for stock-based compensation ($225,137 in 2009 compared to $168,896 in 2008) following the incentive stock options granted to the Company's employees and directors. Management Fees ($19,000) increased as a direct result of management's recent trips to Sierra Leone.

Other administrative expenses such as professional and legal fees ($271,347), advertising and exhibitions ($99,397), traveling ($49,703) and salaries, rent and office expenses ($215,575) all decreased in 2009, the result of which is attributable to the implementation of the ACP.

Exploration Activities and Expenditures

For the fiscal year ended December 31, 2009, total investments in mineral properties increased to an aggregate $299,389.

The Company's 137 property interests in Québec, Ontario and Saskatchewan; including new land acquisitions considered prospective for copper-zinc-silver or nickel-copper-PGE or gold or molybdenum in the AGB regions in Québec and Ontario or uranium (northern Québec) mineral 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 being conducted by exploration staff while drilling and other field-based expenditures are reduced as part of the Company's Asset Conservation Plan (ACP). The ACP was subsequently terminated in January 2010 due to a generally improved environment for public capital markets. This was also evidenced by a new financing completed at a significant premium to the market price at the time.

Over the course of the Company's 2009 program, exploration expenditures were allocated mainly to the following activities: (i) project generation; (ii) grid establishment and geophysical surveys; and (iii) diamond drilling 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. A total of twenty-four (24) new properties and additional mining claims were added to five (5) existing properties based on on-going in-house project generation activities. Claim acquisition and maintenance fees for the year on the AGB "Grassroots Exploration Project" in Québec and Ontario amounted to $39,904. Also, Golden Valley Mines acting as operator for the Otish-Mistassini Uranium Joint Venture Project with Lexam and Lexam Uranium, staked an additional 45 new claims covering an area of 2,394 hectares and "cash-in-lieu" claim renewal/maintenance fees of $101,659. An additional $35,986 in claim acquisition and maintenance fees went towards staking new claims and "cash-in-lieu" claim renewal/maintenance fees on select prospects in northern Québec. In regards to the Company's Sierra Leone opportunity, Calone, $90,690 was incurred with the initiation of the EPL applications.

Preliminary fieldwork consisting of grid establishment and/or geophysical surveying was completed on 8 (eight) Abitibi Greenstone Belt properties during the year 2009 adding to the "pipe-line" of drill ready prospects for the Company's Abitibi "Grassroots Exploration Project". This work included expenditures of $202,976 in grid and geophysical contractor establishment, survey and report charges respectively.

Technical and field staff expenditures amounted to $483,827 for the Company's self-funded Abitibi Greenstone Belt Grassroots Exploration Project, project generation activities and miscellaneous joint venture project work on the Otish-Mistassini and Beartooth Island uranium projects and the Kalahari joint venture. Related project travel and transportation expenditures only amounted to $53,338. Sampling and testing charges amounted to $20,421.

No diamond drilling was conducted on any properties during the course of the Company's Abitibi Greenstone Belt "Grassroots Exploration Project" during the third quarter of 2009. The Company has drilled a total of 155 targets (19,345m) on 40 properties in the Abitibi Greenstone Belt (AGB) "Grassroots Exploration Project" since the program was originally initiated in 2003. However, at the end of the third quarter, exploration activities resumed on the Kalahari joint venture properties with a follow-up drilling campaign on the Perestroika Prospect, located in Courville Township, Quebec. The Company completed a two (2) hole, 495 metre diamond drill program testing for the depth and lateral extension of the historical reported gold mineralization prior to year end.

SUMMARY OF QUARTERLY RESULTS

The following selected financial information is for the eight (8) 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.

	Dec 09	**Sep 09**	**Jun 09**	**Mar 09**	**Dec 08**	**Sep 08**	**Jun 08**	**Mar 08**
Total revenues	4,597	13,006	45,000	Nil	201,661	134,334	116,581	163,654
Net gain (loss)	(500,838)	(224,579)	(164,039)	(176,672)	114,285	(241,174)	(180,050)	(140,521)
Basic and diluted net gain (loss) per share.........	(0.01)	(0.004)	(0.003)	(0.003)	0.002	(0.004)	(0.003)	(0.002)

FINANCIAL CONDITION

Liquidity and Capital Resources

Working capital as at December 31, 2009 was $3,942,733 compared to $5,402,036 as of December 31, 2008. During the fiscal year ended December 31, 2009, the Company raised $1,200,000 in gross proceeds from a flow-through private placement offering consisting of the issuance of 2,823,526 common shares at a price of $0.425 per share.

The Company does not have any asset backed commercial paper.

The Company's liquidity is adequate to cover its commitments for 2010 given that the Company has an option to participate in any exploration program carried out under the joint venture agreements on each of the Cheechoo, Sharks, Beartooth Island, Otish properties and the nine Kalahari properties, notwithstanding that should the Company elect not to participate in such programs it shall see its interest in the particular property diluted. The working capital will cover the Company's general and administrative expenses in 2010, provided that no extraordinary circumstances arise.

Fourth Quarter

On December 17, 2009, the Company closed a flow-through private placement offering of an aggregate 2,823,526 flow-through common shares from treasury at a price of $0.425 per share for gross proceeds of $1,200,000. Shares acquired by the placees were subject to a hold period until April 18, 2010 in accordance with applicable securities legislation. Aggregate cash finder's fees of $82,344 were paid to Limited Market Dealer Inc. and Industrial Alliance Securities Inc.

CORPORATE DEVELOPMENT

On June 18, 2009, Golden Valley Mines Ltd established Calone Mining Company (S.L.) Ltd. to operate in the Republic of Sierra Leone (Western Africa). The objective behind the formation of Calone is to pursue mineral and other business opportunities in Sierra Leone.

The Company is in the process of complementing its exploration team with external consultants to review additional mining and other opportunities. Initial "Exclusive Prospecting Licenses" (EPL) as required under Sierra Leonean legislation have been approved and initial work programs (compilation of historical work) are underway. Bid tenders for remote sensing and airborne geophysical surveys have been solicited and tenders are pending.

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 Company's 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, 2010:

Common shares: 63,936,138

Preferred Shares: Nil

Escrowed Shares: Nil

Share Purchase Warrants: Nil

Incentive Stock Options:

Expiry Date	Outstanding	Exercise Price
March 21, 2010	200,000	$0.35
July 14, 2010	425,500	$0.30
July 20, 2010	4,500	$0.30
August 6, 2010	75,000	$0.30
June 16, 2011	300,000	$0.31
September 27, 2011	1,711,100	$0.30
August 6, 2012	600,000	$0.30
February 7, 2013	860,000	$0.35
June 27, 2013	425,000	$0.36
December 22, 2013	925,000	$0.20
June 22, 2014	300,000	$0.30
August 6, 2014	370,000	$0.30
TOTAL:	**6,196,100**	

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off balance-sheet arrangements.

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 services, 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.

Expenses incurred with respect to related parties were concluded in the normal course of operations at the exchange amount accepted by the parties and are as follows:

	December 31, 2009
Rent	$12,000
Management fees	$19,000
Professional fees	$36,000
Expenses capitalized in mineral properties	$162,893

SUBSEQUENT EVENTS

Shareholders Rights Plan

On January 12, 2010, the Board of Directors of the Company adopted a Shareholder Rights Plan (the "**Rights Plan**"). The shareholders of the Company will be asked to confirm the Rights Plan at the Company's next Annual and Special General Meeting of shareholders planned to be held on June 30, 2010. In the event that the Rights Plan is not confirmed by a majority of the votes cast by holders of common shares of the Company who vote in respect of such confirmation, the Rights Plan and all outstanding rights hereunder will terminate.

The Plan has not been adopted in response to, or in anticipation of, any specific effort to acquire control of the Company. The Plan is not aimed at blocking bids, but is designed to ensure that any acquisition for control is made through a public offer to all shareholders and that sufficient time is available to evaluate and respond to any unsolicited offer.

Option/Joint Ventures with West Kirkland Mining Ltd.

On April 19, 2010, the Company announced the principal terms of two letter agreements with West Kirkland Mining Ltd. ("**WKM**") pursuant to which WKM may earn a 70% interest in the each of the Island 27 Prospect (subject to a 2% NSR in favour of the original vendor) and the Plumber Prospect, both located in the Matachewan area, west of Kirkland Lake, Ontario.

In order to acquire its interest in each property, WKM must, amongst other things, make cash payments totaling $102,500, issue an aggregate 600,000 shares, incur aggregate exploration expenditures of $5,000,000 over a 3 year period (including $1,050,000 over the first year), and complete a feasibility study on each property.

Upon completing of all its obligations under the letter agreements, a joint venture shall then be formed on each property pursuant to which the Company has a 30% interest with no further expenditure requirements until the property achieves commercial production.

OUTLOOK

Asset Conservation Plan: Due to the financial crisis, and in the aftermath, still affecting public markets and together with the destabilization of volatility of commodity prices in general over the past 6 quarters (zinc, copper, nickel and uranium) the Company had curtailed the majority of its field expenditures on self-funded exploration activity as of early October, 2008 and continued to do so through the last quarter of 2009 to Year-End. The Company has continued to monitor general financial conditions, including market related activity, and will recommence post recession field-based exploration activities when it deems that the financial conditions have stabilized. There is no way at this time to estimate when that may be. Efforts had been directed towards maintaining the integrity of the exploration team and core staff in the organization while a general staffing reduction had been implemented. A flow-through private placement completed at a significant premium just prior to year-end was a positive signal, and the Company recommenced field-based exploration near the end of the 1st quarter of 2010. Additional staffing requirements were also met and the Company terminated the ACP and recommenced field operations. These unique and acute financial conditions which prevailed from late 2008 to the end of 2009 have caused many to take a more cautious view and to include additional risk assessment in both budgeting and exploration planning.

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. It is anticipated that the 2010 budget for the Abitibi grassroots programs will be approximately $1,000,000, consisting of project generation, property acquisitions, prospecting, grid establishment, ground geophysical surveys and diamond drilling as required for purposes of assessment, to keep key properties and agreements 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.

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, including for the first time, properties outside of Canada, principally in West Africa, at this time.

Advanced Exploration Programs: Separately, the Company has seven primary option/joint venture opportunities that are being conducted in conjunction with its Abitibi Greenstone Belt programs. Of these programs, five are or were funded by joint venture partners (two are on uranium projects - Otish Project JV with Lexam and Lexam Uranium and Beartooth Island Project JV with Ditem; four for gold and/or Cu-Zn-Ag - Osisko and Garson joint ventures; and a nickel-copper-PGE/Cu-Zn-Ag Project-WPR/Noront), while the Kalahari Abitibi Greenstone Belt and Sirios Cheechoo gold projects are or were funded by Golden Valley Mines. Subject to all five joint venture funded options vesting over the terms of their respective agreements, it is anticipated that the aggregate approximate total funding available for exploration purposes is in excess of $18 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 or cobalt for which it might not otherwise be exploring independently.

Uranium Exploration Ventures: The Company conducted uranium exploration at two joint ventures, both recently vested, with total incurred exploration funding to date (during the option phase of both agreements) having amounted to $3,000,000 on each of the two uranium projects. The first of the two uranium programs is Beartooth Project located in Northern Saskatchewan and allowed the Company's partner, Ditem, to earn an aggregate interest of 60% through having funded a minimum of $3,000,000 in exploration expenditures. To date three programs of exploration work have been conducted on the property operated by Golden Valley Mines: (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. During the second quarter of 2008, Ditem gave notice to the Company of its intent to vest as to a 60% interest in the property, after having incurred the required expenditures pursuant to 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. Under the terms of the joint venture, Ditem has the right to earn an additional 6% (66% aggregate) in the Beartooth Project by delivering a feasibility study (BFS) thereon. Ditem is now the operator. The Company negotiated certain outstanding payments with Ditem and accepted shares for expenditures owed in the amount of $74,265 representing unpaid accounts under the joint venture.

Similarly, the Company continued uranium exploration at the Otish Project located in central Québec, a program funded by option/joint venture partner Lexam and Lexam Uranium and operated by Golden Valley Mines. 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 of 2008. A sixty-nine (69) hole, 2,802 metre diamond drill core was completed on two areas within the Mistassini segment of the property referred to as "Rivière Cheno Ouest Showing" and "Takwa Showing"). Approximately $3.3 million has been spent on the property and the Company has entered into an

Amended and Restated Joint Venture Agreement dated March 31, 2009 with Lexam and Lexam Uranium pursuant to which the Company holds a 50% interest in the property.

Gold Exploration: The Company is also in an 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 drill rigs over much of the past year and is expected to complete vesting imminently based on work conducted to date. Over 116 drill holes have thus far been reported from the Malartic CHL JV. Additional drilling is continuing with Osisko having announced a 19,000 metre program during the 4th quarter of 2009, subsequently expanded to 26,000 meters and which is continuing at this time.

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 (Ni-Cu-PGE, Cu-Zn-Ag and/or Cr) following recent 2007 announcements of a promising, early-stage nickel discovery by Noront. Two of the properties were (June, 2008) option/joint ventured to Noront and WPR who may each earn a 35% interest, leaving the Company with a 30% carried interest, in consideration for cash/share payments totaling $350,000 and exploration funding of $5,000,000 during the course of the option phase. During the first quarter of 2010, WPR reported the discovery of zinc-copper-silver volcanogenic massive sulfide ("VMS") mineralization intersected in recent drilling from the McFauld's Lake joint venture. Assay highlights of 3.73% Zn, 0.90% Cu and 25.7 g/t Ag over 8.70 metres (from 36.90-45.60m), including 5.60% Zn, 0.90% Cu and 34.9 g/t Ag over 5.70 metres (from 36.90-42.60m). Individual, higher grade zones included 13.10% Zn over 0.65 metres (39.15-39.80m) and 1.43% Cu over 0.75 metres (from 37.65-38.40m). As of July 1, 2009, WPR/Noront project exploration expenditures total $2,077,503 since the option/joint venture agreement was signed. In addition, $350,000 in payments has been made to Golden Valley. Presently WPR and Noront are in the process of formulating the next phase of exploration work.

New Opportunities - Property Acquisitions: The Company has acquired mineral exploration rights outside of the well established and known mining jurisdictions of Ontario and Québec. Golden Valley Mines has also made its first acquisitions outside of Canada by obtaining a number of prospecting permits in the West African country of Sierra Leone through its subsidiary Calone. A total of three (3) EPLs have been approved to date, and granted to Calone by the Ministry of Mineral Resources of the Mines Division of the Government of Sierra Leone. The EPLs cover two properties, encompassing approximately 710km² and are located in two geographic areas referred to respectively as the Sula Mountains and the Sewa & Bafi River Area, Kono District, respectively prospective for gold, copper-zinc-silver, nickel-copper-PGE and on the Sewa & Bafi River property, prospective for diamonds. The acquisition by Calone represents an expansion of its grassroots exploration business model internationally and is complementary to Golden Valley Mines' existing Canadian exploration efforts. The Company views the expansion into Sierra Leone as an opportunity for Golden Valley Mines to consider the geological potential of Sierra Leone, where previous exploration activities have been modest in terms of the historical exploration record within highly prospective Archean Greenstone belts equivalent to those well endowed with mineral deposits of the Guyana Shield along the northern coastline of South America and neighbouring and proximate countries in West Africa (Guinea, Burkina Faso, Mali).

In addition, the Company is actively searching and evaluating certain strategic business opportunities in the exploration/mining industry affecting both the senior and junior industry company ranks due to the current financing conditions in capital markets. A number of internal reviews have recently been completed or are now currently in progress for distressed companies and certain assets, both in Canada and internationally.

Also the general market uncertainties that have and continue to affect the overall state of the exploration industry has offered Golden Valley Mines new opportunities for its project generation activities, where previously the demand for prospective land was at a much more competitive state. One of the Company's most important attributes is its ability to identify new high priority exploration opportunities and then utilizing the latest government data and/or historical work reports, acquire the best prospective claims. The results of this grassroots exploration business model have led to the discoveries of new mineral occurrences (Co-Ag-Ni, Ni-Cu-PGE and Au) in the Abitibi Greenstone Belt on 100%-owned properties and also leading to the successful creation of joint ventures on more advanced-stage projects (Malartic CHL Au Project: Osisko JV) and those outside of the Company's primary exploration base in the Abitibi in 2008. Examples of these joint ventures include northern Québec and Saskatchewan (Otish and Beartooth Projects: Lexam and Ditem JV's) and James Bay Lowlands in northern Ontario (Luc Bourdon Prospect, White Pine-Noront JV) and the subsequent confirmation and/or new discoveries of uranium at the Otish Project and brand new copper-zinc-silver / nickel-copper-PGE mineralization on the Luc Bourdon Prospect claims.

Outlook Summary: The capital markets for exploration companies have shown great volatility over the past two years, 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. The volatility of commodity prices (zinc, copper, nickel and uranium) have similarly added to the general negative market sentiment with the exception of gold, where the latter commodity has taken on its historical role as the investment choice in times of economic volatility. Public capital markets are expected to remain volatile, as seen throughout most of 2009 with some analysts recently demonstrating expectations of an economic and public market recovery as early as year-end 2009. 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 the ACP in early October, 2008 in order to diminish expenditures and protect its financial resources. Following a recent flow-through financing completed late in the fourth quarter of 2009, the Company has terminated the ACP and has recently recommenced field exploration.

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 commercially 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. The Company’s Sierra Leone operations operated through its subsidiary Calone are also subject to political, regulatory, foreign exchange and currency fluctuation risks.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The CICA’s Accounting Standards Board (“**AcSB**”) has confirmed that IFRS will replace current Canadian GAAP for publicly accountable companies, including the Company, effective for fiscal years beginning on or after January 1, 2011. Accordingly, the Company will report interim and annual financial statements in accordance with IFRS beginning with the quarter ending March 31, 2011 (with 2010 comparative).

IFRS Transition Plan

The Company has established a transition plan and engaged third-party advisers to assist with the planning and implementation of its transition to IFRS. The following summarizes the Company's progress and expectations with respect to its IFRS transition plan:

Initial analysis of key areas for which changes to accounting policies may be required	Completed
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives	Completed
Assessment of IFRS 1 First-time Adoption of International Reporting Standards (“IFRS 1”)	In progress, completion expected during Q2 2010
Final determination of changes to accounting policies and choices to be made with respect to IFRS 1 alternatives	In progress, completion expected during Q2 2010
Resolution of the accounting policy change implications on information technology, internal controls and contractual arrangements	In progress, completion expected during Q3 2010
Quantification of the financial statement impact of changes in accounting policies	Throughout 2010
Management and employee education and training	Throughout the transition process

Impact of Adopting IFRS on the Company's Business

As part of its analysis of changes to significant accounting policies, the Company is assessing what changes may be required to its accounting systems and business processes. The Company believes that the changes identified to date are minimal and the systems and processes can accommodate the necessary changes.

The Company is currently assessing the impact on contractual arrangements that may be affected by potential changes to significant accounting policies. This assessment will continue throughout 2010.

The Company's personnel who are involved in the preparation of financial statements are being trained on the relevant aspects of IFRS and the anticipated changes resulting from the adoption of IFRS. The Board of Directors and Audit Committee have been regularly updated on the progress of the IFRS conversion plan, and made aware of the evaluation to date of the key aspects of IFRS affecting the Company.

First-time Adoption of IFRS

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS effective as at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company is currently assessing the optional exemptions that it expects to apply in its preparation of an opening IFRS statement of financial position as at January 1, 2010. This assessment should be completed by the end of the second quarter of 2010.

Impact of Adopting IFRS on the Company's Financial Statements

The adoption of IFRS will result in some disclosure changes to the Company's accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in its financial statements.

The following provides a summary of the Company's evaluation to date of potential changes to accounting policies in key areas based on the current standards and guidance within IFRS. This is not intended to be a complete list of areas where the adoption of IFRS will require a change in accounting policies, but to highlight the areas the Company has identified as having the most potential for a significant change. The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an effect on the changes required to the Company's accounting policies upon the adoption of IFRS. At the present time however, the Company is not aware of any significant expected changes prior to its adoption of IFRS that would affect the summary provided below.

1) Exploration and Evaluation Expenditures

IFRS currently allow an entity to retain its existing accounting policies related to the exploration and evauation of mineral properties, subject to some restrictions.

The Company expects to retain its current policy of expensing exploration and evaluation expenditures as incurred. Therefore the Company does not expect that the adoption of IFRS will result in any significant change to the related line items within its financial statements.

2) Impairment of (Non-financial) Assets

IFRS require a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value.

The Company's accounting policies related to impairment of assets is in line with IFRS. The carrying value of its mineral properties interest is reviewed quarterly. The Company does not expect an impact to the carrying value of its assets. The Company will perform impairment assessments as at the transition date in accordance with IFRS and in subsequent periods.

3) Share-based Payments

Under certain circumstances, IFRS require a different measurement of stock-based compensation related to stock options than current Canadian GAAP.

The Company does not expect any significant changes to its accounting policies related to share-based payments that would result in a significant change to line items within its financial statements.

4) Property and Equipment

IFRS contain different guidance related to recognition and measurement of property and equipment than current Canadian GAAP.

The Company does not expect any changes to its accounting policies related to property and equipment that would result in a significant change to line items within its financial statements.

5) Income Taxes

Under certain circumstances, IFRS contain different requirements related to recognition and measurement of future (deferred) income taxes.

The Company does not expect any changes to its accounting policies related to income taxes that would result in a significant change to line items within its financial statements.

Subsequent Disclosures

Further disclosures of the IFRS transition process are expected as follows:

The Company's Management's Discussion and Analysis for the 2010 interim periods and the year ended December 31, 2010 will include updates on the progress of the transition plan, and, to the extent known, further information regarding the impact of adopting IFRS on key line items in the annual financial statements.

The Company's first financial statements prepared in accordance with IFRS will be the interim financial statements for the three months ending March 31, 2011, which will include notes disclosing transitional information and disclosure of new accounting policies under IFRS. The interim financial statements for the three months ending March 31, 2011 will also include 2010 financial statements for the comparative period, adjusted to comply with IFRS, and the Company's transition date IFRS statement of financial position (as at January 1, 2010).

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 19, 2009, 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.