Management's Discussion and Analysis

Golden Valley Mines Ltd.

For the quarter ended March 31, 2009

Dated: June 1st, 2009

INTRODUCTION

The following is Management's Discussion and Analysis of the financial condition and results of operations of Golden Valley Mines Ltd. (the "**Company**" or "**Golden Valley Mines**") for the quarter ended March 31, 2009. This discussion and analysis should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2008 and the related notes thereto. All figures are in Canadian dollars unless otherwise specified. The technical content in this Management's Discussion & Analysis has been prepared under the joint supervision of Michael P. Rosatelli and Glenn J. Mullan, each of whom are 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 142 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; and (v) the James Bay Lowlands of Ontario.

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

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

OVERALL PERFORMANCE

Exploration Activity:

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

100%-owned Projects: The 102 AGB properties are comprised of gold (60) and/or base metals (32), and molybdenum (10) prospects located in Québec (79) and Ontario (23). Golden Valley Mines' exploration strategy consists of a systematic approach designed to reduce exploration risk, and increase the possibility of exploration success, through the sequential exploration of a large number of grassroots properties. Preliminary work (grid establishment, prospecting, geophysical and/or geochemical surveys, reconnaissance and grid mapping and channel sampling) is completed on one property while diamond drilling of up to six prospective targets is completed on another, with the pattern then consistently being repeated throughout the year.

The Asset Conservation Plan ("**ACP**") that was put into effect by the Company in October 2008 was carried into the Company's first quarter operations and accordingly the majority of field-based project expenditures were curtailed on all self-funded exploration activities. For 2009, the exploration budget for the AGB "Grassroots Exploration Project" has been reduced significantly from the prior year with the objective of retaining the exploration team and maintaining its core claims through selective preliminary ground follow-up work and where warranted, drill target testing. Golden Valley Mines will monitor general financial conditions, including market related activity, and will recommence exploration activity when it deems financial conditions have stabilized. The reduced exploration expenditures demonstrate the Company's commitment to protect its financial resources.

Exploration activities for the period running from January 1st to March 31st, 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 six (6) prospects for both gold and copper-zinc-silver mineralization. In addition, in-house project generation activities continued unabated with the staking of seventeen (17) new VMS (volcanogenic massive sulphide) copper-zinc-silver and/or gold-rich VMS prospects in the AGB region of Québec over the period of March-April 2009. The basis of this effort was the utilization of the latest Ministère des ressources Naturelles et Faune (MRNF) publications release (DP 2008-03 through to DP 2008-38) consisting of a series (16) of MEGATEM®II (electromagnetic and magnetic data) airborne surveys.

Selection criteria was focused mainly on felsic volcanic rock units that had not been drill tested previously but registered a MEGATEM®II anomalies with strong coincidental magnetic signatures. Other prospects were selected based on the isolated characteristics of the MEGATEM®II anomalies with high magnetic signatures and their proximity to known mineralization. In addition, a number of untested MEGATEM®II anomalies were identified on existing Company properties. Future exploration and/or joint venture plans will be announced once official claim certificates have been received from the MRNF.

<u>Properties, Option, and Joint Venture Portfolio Overview</u>:

Abitibi Greenstone Belt

In the fourth quarter of 2008, the Company entered into a joint venture agreement with Kalahari Resources Inc. ("**Kalahari**") thus earning a 70% interest in a group of nine (9) properties located in the Abitibi Greenstone Belt (Québec and Ontario). Golden Valley Mines will continue to act as the operator during the joint venture phase. The joint venture agreement executed between the parties provides that if a feasibility report is approved by the management committee, the interest of Golden Valley Mines in the property shall be increased by an additional 20% and the interest of Kalahari shall be decreased accordingly by 20%. No fieldwork was conducted on any of the properties during the course of the AGB "Grassroots Exploration Project" program for the first quarter of 2009

Malartic CHL

At the Malartic CHL property, option/joint venture partner Osisko Exploration Ltd. ("**Osisko**") completed approximately 19,746 metres (101 drillholes) on the property, including over 4,900 metres (26 drillholes) in the fourth quarter of 2008. Previously, Osisko had drilled 15 holes totalling over 6,500 metres in 2007. As of March 31, 2009, results for all 101 drill-holes of the 2008 drill program remain outstanding. These drillhole results represent drilling testing for extensions of the *"Jeffrey Zone"* along strike from Osisko's "South Barnet Zone", testing of other targets along the prospective porphyry-volcanic contacts on the property including the *"Norrie Zone"* and additional follow-up drilling on the "Shaft Zone". The results will be reported when received from Osisko.

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

Lebel-sur-Quévillon

During the fourth quarter of 2008, Golden Valley Mines' and Takara Resources Inc. ("**Takara**") executed an option/joint venture agreement, whereby Takara may earn up to a 60% interest in the company's 100%-owned Luciana Prospect, located north of Lebel-sur-Quévillon, Québec. In consideration for the granting of the option, Takara issued to Golden Valley Mines 250,000 common shares and conducted a drilling program during the month of December 2008 in the minimum amount of $85,000. The drill program consisted of five (5) holes totaling 557 metres. Subsequent to quarter end, this agreement was amended so as to extend the date by which Takara would have to give the Company notice of its intent to keep the option in good standing.

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

At the *<u>Otish Project</u>*, work completed over the first quarter consisted of compiling and evaluating the data from the 2008 exploration program (69 holes, 2,802 metres diamond drill program completed over two historical uranium showings). The objective of this work consisted of: (i) assessing the geological features specific to these two mineral occurrences to include their setting, host rocks, structural features, form, alteration and mineralogy; (ii) drilling indicated uranium resources discovered thus far at both the Rivière Cheno and Takwa showings; and (iii) identifying potential strike extension of the mineralized zones and the targeting for the potential for high-grade mineralization for follow-up drilling in 2009 and, if warranted, prepare a NI 43-101 resource estimate. Other exploration work completed on the project during the quarter included camp permitting applications and removal of core from the field.

The Otish Uranium Project is located in north-central Québec, Canada. In January 2007, Lexam Explorations Inc. ("**Lexam**") entered into an option to earn 50% of the project from Golden Valley Mines by spending $3 million over three years. To date, approximately $3.2 million has been spent on the property and accordingly, Lexam provided the Corporation with notice of its intent to exercise the option. As a result, a joint venture effective March 31, 2009 has been formed on the property between Lexam and Golden Valley Mines.

At the *Beartooth Island Project* which is the object of a joint venture with Ditem Explorations Inc. ("**Ditem**") located on Lake Athabasca along the northwest margin of the Athabasca Basin, no exploration work was completed on the property during the first quarter of 2009 with the exception of some data compilation required for mandatory assessment work and joint venture reporting and filing.

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

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

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

In 2008, the Company announced the signing of a definitive agreement among White Pine Resources Inc. (formally WSR Gold Inc., hereinafter "**WPR**") and Noront Resources Ltd. ("**Noront**") to acquire, from Golden Valley Mines, an aggregate 70% legal and beneficial interest for an option/joint venture on two *(Luc Bourdon and Luc Bourdon West prospects – a combined 8,944 hectares)* of the five, 100%-owned properties in the area. In order for WPR to acquire its 35% interest in the Property, WPR will be required to make payments to Golden Valley Mines totaling $175,000 (or $350,000 in the aggregate with the payments from Noront). Each of WPR and Noront must make a payment of $25,000 in cash to the Company. WPR must issue 340,909 common shares to the Company and Noront must issue 56,174 common shares to the Company. In addition to cash payments and the issuance of the shares, WPR and Noront will also be required to incur aggregate exploration expenditures on the property of at least $5,000,000 over a three year period (of which $1,000,000 must be expended in the first year).

Subsequent to the quarter ending on March 31, 2009, WPR reported the discovery of a new zinc-copper volcanogenic massive sulfide "VMS" discovery intersected in recent drilling from the McFauld's Lake joint venture. In the fall of 2008, an airborne VTEM geophysics program was completed over the properties followed by ground geophysical surveys which outlined several high priority drill targets. Drilling recently commenced in late April on these geophysical anomalies. To date, 5 holes have been completed on the G1 anomaly which has intersected massive sulphides with visible zinc and copper minerals. Downhole intervals of the massive sulphides vary from 45cm to 24.1m. The true width and extent of the zone is unknown at this time. Three additional targets (G3, G7 and G6) will be tested in this phase of the drill program. Assay results are expected to be released for the first five holes by the end of the second quarter.

Éléonore Gold Discovery Area, James Bay, Québec.

In December 2004, Golden Valley Mines acquired an interest in the Cheechoo Gold Property, located in the vicinity of the Éléonore gold discovery in James Bay, Québec. Following this initial transaction, 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**.** Golden Valley Mines has completed field programs over the property consequently from 2005 to 2007.

No exploration work was completed on the property during the first quarter of 2009 with the exception of some data compilation required for mandatory assessment work and joint venture reporting and filing.

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

As at December 31, 2008, the Company gave Sirios notice of its intent to exercise the option in respect of each of the Sharks and Cheechoo properties. As a result, a joint venture effective March 31, 2009 has been formed on each of the properties between Sirios and Golden Valley Mines.

SELECTED QUARTERLY INFORMATION AS AT MARCH 31

	2009	2008	2007
Total Revenue	Nil	163,654	22,765
Net profit (loss)	(176,672)	(140,521)	36,760
Basic and diluted net profit (loss) per share	(0.003)	(0.002)	0.001
Total Assets	18,735,580	20,468,883	15,433,844
Total Liabilities	3,794,570	4,481,205	3,119,191

RESULTS OF OPERATIONS

In the first quarter of 2009, as a result of the Company not recording operators' fees for geological work the Company reported a net loss of $176,672 compared to a net loss of $140,521 in the same period in 2008. Due to market conditions, the Company chose not to dispose of any of its short-term investments; accordingly no revenues were tabulated by the Company in this regard for both the three month period ended March 31, 2009 and 2008.

Revenues

The Company has entered into the joint venture phase in respect of the Cheechoo, Sharks, Beartooth Island, and Otish properties; as a result the Company will generate revenue in the form of operator's fees only for the programs in respect those joint ventures for which it acts as the operator. Accordingly, revenue generated from geological fees decreased from $163,654 in 2008 to nil in 2009. Interest and dividend revenue income totaled $9,377 in 2009, compared to $61,744 in 2008. As at March 31, 2009, the Company held publicly traded securities and guaranteed investment certificates having a market value of $3,635,894, 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 decreased from $280,941 in 2008 to $210,021 for the same period in 2009. This can be attributed to the decrease in the amount of funds allocated by the Company to advertising and investor relations which includes exhibitions and promotional materials. The largest increases for administrative expense items were recorded for: i) professional and legal fees (from $63,948 to $75,753); and ii) stock based compensation (from $31,925 to $40,987). The increase with respect to professional and legal fees is directly linked to the hiring by the Company of two consultants as an employee for the Montréal office.

Other administrative expenses such as salaries, rent and office expenses ($39,990), stock-based payments for services to consultants ($723), advertising and exhibitions ($17,222) and traveling ($14,360) all decreased in the first quarter ended March 31, 2009. Part XII.6 and other taxes ($8,742) increased whereas management fees ($2,500) remained the same.

Exploration Activities and Expenditures

For the first quarter ended March 31, 2009, total investments in mineral properties increased to an aggregate $13,348,635. The Company expects to receive $264,084 as an exploration rebate from the Québec government for work performed on its properties in 2008.

The Company’s 142 property interests in Québec, Ontario and Saskatchewan; including new land acquisitions in the AGB region of Québec and James Bay area of Ontario are considered prospective for the discovery of copper-zinc-silver (Cu-Zn-Ag), gold (Au), nickel-copper-platinum group elements (Ni-Cu-PGE) and chromite (Cr) deposits. All of these new property acquisitions are 100%-owned by the Company as the result of an on-going, in-house project generative program.

Over the course of the Company’s 2008 program, exploration expenditures were allocated mainly to the following activities: (i) project generation; (ii) grid establishment and geophysical surveys; and (iii) diamond drill programs and related field costs, but excluding technical/staffing, assaying and travel/transportation.

The primary focus for the Company’s project generation activities during the year was in the AGB region of Québec. Sixteen (16) new properties were acquired that were considered prospective for zinc-copper-silver and/or gold deposits and additional claims added to four (4) existing properties based on on-going in-house project generation activities. In total, 116 new claims were staked for an aggregate of 6,105 hectares at cost of $7,475. An additional $19,467 was allocated to claim maintenance fees used for renewal, transfer and cash-in-lieu of work expenditure fees.

Preliminary fieldwork consisting of grid establishment and geophysical surveying was completed on six (6) separate properties during the first quarter of 2009 adding to the “pipe-line” of drill ready prospects for the Company's Abitibi Greenstone Belt "Grassroots Exploration Project". This work included expenditures of $45,379 for line cutting services and $68,040 in geophysical contractor charges.

Technical and field staff expenditures amounted to $106,378 for the Company’s self-funded Abitibi Greenstone Belt Grassroots Exploration Project, project generation activities and miscellaneous joint venture project work on the Otish and Beartooth uranium projects as well as the James Bay Québec properties. Related project travel and transportation expenditures amounted to $16,165 over the first quarter of 2009.

No diamond drilling was conducted on any properties during the course of the Company’s Abitibi Greenstone Belt "Grassroots Exploration Project" during the first quarter of 2009. The Company has drilled a total of 155 targets (19,345 m) on 40 properties in the Abitibi Greenstone Belt (AGB) “Grassroots Exploration Project” since the program was originally initiated in 2003.

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.

	Mar 09	Dec 08	Sep 08	Jun 08	Mar 08	Dec 07	Sept 07	June 07
Total revenues	Nil	201,661	134,334	116,581	163,654	21,141	52,786	261,300
Net gain (loss)	(176,672)	114,285	(241,174)	(180,050)	(140,521)	(540,379)	(188,078)	(51,726)
Basic and diluted net gain (loss) per share	(0.003)	0.002	(0.004)	(0.003)	(0.002)	(0.004)	(0.003)	(0.001)

FINANCIAL CONDITION

Liquidity and Capital Resources

Working capital as at March 31, 2009 was $4,933,822 compared to $5,402,036 as of December 31, 2008. No shares were issued in the first quarter of 2009 and therefore there were no changes in the capital structure of the Company.

The Company’s liquidity is adequate to cover its commitments for 2009 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, and Otish 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 2009, provided that no extraordinary circumstances arise. As at the first quarter ended March 31, 2009, there is no balance in the flow through funds.

Contractual Obligations

		Payments due by period	
Obligation	Total	1 year or less	2 years or more
Office Lease	$108,289	$48,128	$60,161

CORPORATE DEVELOPMENT

The Company has to date filed its Management Information Circular with respect to its Annual General Meeting of Shareholders which will be held this upcoming June 19, 2009 at 2:00 p.m. in Val-d’Or, Québec.

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 May 29, 2009:

Common shares: 61,112,612

Preferred Shares: Nil

Escrowed Shares: Nil

Share Purchase Warrants: Nil

Incentive Stock Options:

Expiry Date	Outstanding	Exercise Price
July 7, 2009	890,000	$0.20
March 21, 2010	200,000	$0.35
July 14, 2010	425,500	$0.30
July 20, 2010	4,500	$0.30
June 16, 2011	300,000	$0.31
September 27, 2011	1,711,100	$0.30
February 7, 2013	865,000	$0.35
June 27, 2013	425,000	$0.36
December 22, 2013	925,000	$0.20
TOTAL:	**5,746,100**	

TRANSACTIONS WITH RELATED PARTIES

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

In November 2008, Golden Valley Mines, Dr. Jens Zinke and 9184-0876 Québec Inc., a private company controlled by Dr. Zinke, entered into a consulting services agreement pursuant to which Dr. Zinke provides consulting advisory services on an "as needed" basis as required by Golden Valley Mines with respect to various corporate and financial issues and other services as may be agreed upon from time to time between the parties. Dr. Zinke is a director of Golden Valley Mines.

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:

	March 31, 2009
Management fees	$ 2,250
Professional fees	$ 9,000
Rent	$ 3,000
Expenses capitalized in mineral properties	$ 35,250

OUTLOOK

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

Asset Conservation Plan: Due to the financial crisis currently affecting public markets and together with the weakening of commodity prices in general over the past quarter (zinc, copper, nickel and uranium) the Company has curtailed the majority of its field expenditures on self-funded exploration activity as of early October, 2008 and continued to do so in the first quarter of 2009. The Company will continue to monitor general financial conditions, including market related activity, and will recommence field-based exploration activity when it deems financial conditions have stabilized. There is no way at this time to estimate when that may be. Efforts have been made to maintain the integrity of the exploration team and core staff in the organization while a staffing reduction has been effected.

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 exterior of Canada.

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, two are on uranium projects, while the other five projects include four gold ventures and a nickel-copper-PGE group of properties. Subject to all seven options vesting over the terms of their respective agreements, it is anticipated that the aggregate approximate total funding available for exploration purposes is $13 million. Accordingly, this funding allows the Company to conduct programs during the option term, which are generally more advanced than the grassroots programs described above, without depleting its own treasury. Additionally, it also affords the Company exposure to other commodities, such as uranium, for which it might not otherwise be exploring independently.

Uranium Exploration Ventures: The Company is conducting uranium exploration at two joint ventures, both recently vested, with total incurred exploration funding to date (during the option phase of both agreements) having amounting to $3,000,000 on each of the two uranium projects The first of the two uranium programs is located in Northern Saskatchewan ("**Beartooth Island Prospect**") and allowed the Company's partner, Ditem Explorations, to earn up to an aggregate interest of 60% through having funded a minimum of $3,000,000 in exploration expenditures. To date three programs have been conducted: (i) airborne geophysical surveys in 2006; (ii) detailed geophysical surveys conducted on the ice of Lake Athabasca in 2007; and (iii) follow-up ground geophysical surveying and a first-phase drill program of approximately 2,500-metres in the first Quarter of 2008. 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; Ditem is now the operator. The Company is continuing to negotiate certain outstanding payments with Ditem.

Similarly, the Company continued uranium exploration at the Otish and Mistassini Basin Prospects in central Québec, a program funded by option/joint venture partner Lexam. Airborne geophysical surveys conducted over the project areas, traditional prospecting and geological mapping, and historical work compilations delineated several prospective target areas which became the focus of two drill programs concluded during the fourth quarter. A total of 69 drill holes were completed in two areas ("Riviere Cheno Ouest" and "Takwa"). During the quarter, Lexam earned a 50% interest in respect of the property through having funded total exploration expenditures of $3,000,000 over a three-year period and providing notice to the Company of its intent to exercise the option. Golden Valley Mines was the operator on both joint ventures during the option phase.

Gold Exploration: The Company has also benefited from an exploration option/joint venture on its Malartic CHL Prospect which is under option to Osisko**.** The property is contiguous and immediately adjacent to Osisko's 100% owned Canadian Malartic Gold Project near Val-d'Or, Québec. Osisko may earn up to a 70% interest through funding exploration expenditures of $2,000,000, leaving Golden Valley Mines with a 30% carried interest in the property. Osisko has been drilling with multiple rigs over much of the past year and is expected to complete vesting imminently based on work conducted to date. The results for the 101 drill holes drilled in the 2008 program remain outstanding.

Nickel-Copper-Platinum Group Elements: The Company has acquired five 100%-owned properties in the McFaulds Lake ("Ring of Fire") area, James Bay Lowlands, Northern Ontario. The area is considered promising for base metals potential (both Ni-Cu-PGE and/or Cu-Zn-Ag VMS) following recent 2007 announcements of a promising, early-stage nickel discovery by Noront. Two of the properties have recently (June, 2008) been 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. The two companies have indicated their intention to continue work programs through 2009.

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

RISKS AND UNCERTAINTIES

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

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

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

On May 21, 2009, the Canadian Accounting Standards Board ("**AcSB**") confirmed that Canadian generally accepted accounting principles (Canadian GAAP) for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("**IFRS**") for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. Companies will be required to prepare their financial statements in accordance with IFRS and will have to provide comparative IFRS information for the previous fiscal year.

The Company intends to adopt these requirements as set out by the AcSB and other regulatory bodies. At this time, the impact of adopting IFRS cannot be reasonably quantified. During fiscal 2009, the Company will continue to evaluate the impact of IFRS on the Company and develop and put in place a plan for the conversion to IFRS. If the Company decides not to early adopt the standards, the actual conversion work will occur in late 2009 and 2010, in anticipation of the preparation of the December 31, 2010 balance sheet that will be required for comparative purposes for all periods ending in 2011.

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.