Management's Discussion and Analysis

Golden Valley Mines Ltd.

For the first quarter ended March 31, 2011

Dated: June 29, 2011

INTRODUCTION

The following is Management's Discussion and Analysis of the financial condition and results of operations of Golden Valley Mines Ltd. (the "**Company**" or "**Golden Valley Mines**") for the first quarter ended March 31, 2011. This discussion and analysis should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2010 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, P. Geo. (OGQ and APGO (Temporary)) 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. 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 and those of its subsidiaries, as applicable, include 151 exploration properties located in the following areas: (i) the Abitibi Greenstone Belt (117 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) additional projects located in the Republic of Sierra Leone, in West Africa.

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 (normally other public mining 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 third party disbursements for exploration funding, these agreements typically 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 ventures and remote projects.

Golden Valley Mines' exploration strategy is based on four 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; (c) drill testing of priority anomalous targets during the early stage grassroots exploration, generally while the properties are 100%-owned; and (d) retention of largest possible interest (carried interest or NSR) following vesting in a joint venture.

The Company has formed three subsidiaries to hold advanced projects and/or projects that are peripheral to its core business plan (grassroots exploration) and/or outside of its main area of operations (Abitibi Greenstone Belt), being Abitibi Royalties Inc. ("**Abitibi**"), Nunavik Nickel Mines Ltd. ("**Nunavik Nickel**") and Uranium Valley Mines Ltd. ("**Uranium**" each of Abitibi, Nunavik Nickel, and Uranium Valley are collectively referred to herein as the "**Subsidiaries**") and intends to spin out to its shareholders a portion of its shareholdings in these Subsidiaries (For additional details, See "*Corporate Developments*" herein).

OVERALL PERFORMANCE

1. Exploration Activity:

A. Abitibi Greenstone Belt ("AGB") Grassroots Exploration Project, located in Québec and Ontario, 100%-owned Projects:

The AGB properties are comprised of gold (56), copper-zinc-silver (43), nickel-copper-PGE (7), molybdenum (9) and cobalt-silver-nickel (2) prospects located in Québec (92) and Ontario (25). Golden Valley Mines' exploration strategy consists of a systematic approach designed to reduce grassroots 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 (approximately) six (6) prospective targets is completed on another, with the pattern then consistently being repeated throughout the year.

The Company's "AGB" Grassroots Exploration Project continued through the first quarter 2011, consisting of the establishment of grids and/or the completion of ground geophysical programs on a total of nine (9) prospects, as well as carry-over from 2010 and on-going project data compilations and related mandatory assessment work reporting.

Subsequent to quarter end, the Company released new drill results obtained from the 2010 programs at the Salve Lake Prospect located near Matheson, Ontario and the Blue Mountain Prospect located near Kirkland Lake, Ontario, where anomalous gold values have been intersected in the initial drill programs on the properties. The new drill assay results include 1.60 g/t Au over 1.45 m in hole GSL-10-02 at the Salve Lake Prospect, within a previously undrilled section along the Pipestone Deformation Zone (“PDZ”), currently thought to be a splay off of the Destor Porcupine Deformation Zone (“DPFZ”). At the Blue Mountain Prospect, gold mineralization was intersected in five (5) of the seven (7) geophysical targets tested, including drill assay results of 3.04 g/t Au over 0.36 m in hole GBMO-10-07 from a brecciated and weakly altered mafic volcanic flow unit hosting fine disseminated to semi-massive pyrite and late pyritic fractures.

Based on these initial drill results, additional follow-up drilling is warranted to further assess the potential of these mineralized gold zones at depth and along strike to the northwest and southeast, respectively. The Company is currently in the process of pursuing joint venture opportunities to continue work on the properties.

In addition to the above mentioned exploration work, a summer "prospecting and sampling" program is planned, targeting geophysical anomalies and historical surface showings on thirty-five (35), 100%-owned properties.

The exploration budget for 2011 is presently estimated at $615,000 and is to include preliminary fieldwork consisting of grid establishment, ground geophysical surveys, “boot and hammer” prospecting, and geological mapping for the purpose of upgrading and advancing each property to the group of “drill-ready” prospects for the Company’s self-funded (AGB) “Grassroots Exploration Project”. The 2011 exploration program is to be primarily directed to gold and/or copper-rich volcanogenic massive sulphide (VMS) ore deposit model-type targets.

B. Henley Prospect - McFauld’s Lake “Ring of Fire” – James Bay Lowland, Ontario:

No fieldwork was completed over the property in the first quarter of 2011. A high resolution and deep-penetration electromagnetic (EM) ground geophysical surveying is planned over the property to resolve drill targets for drill testing as a follow-up work from the 2008 airborne magnetic-electromagnetic survey and 2010 ground magnetic survey.

The Henley Prospect lies along the Western strike extension of the favourable geological trend hosting nickel-copper-platinum group element, chromium and copper-zinc-silver mineralization, known as the "Ring of Fire", approximately 30 km to the west of the Luc Bourdon Prospect West.

2. Option and Joint Venture Properties Portfolio Review:

Abitibi Greenstone Belt Programs

A. *Integra Gold Corp.* Joint Venture – AGB:

At the AGB (Québec and Ontario) joint venture with Integra Gold Corp. (formerly Kalahari Resources Inc., hereinafter “**Integra**”), a grid was established over the Claw Lake prospect for a forthcoming ground geophysical survey and at the Munro Prospect, a core review and re-sampling program commenced.

In 2008, the Company earned a 70% interest in the group of nine properties located on the AGB (Québec and Ontario) and a joint venture was formed thereon with Integra; the Company is the operator during the joint venture phase.

B. Osisko Mining Corp. Option - Malartic CHL Prospect*:*

At the Malartic CHL Prospect, option/joint venture partner and program operator Osisko Mining Corporation ("**Osisko**") reported on June 14, 2011 on additional results from the 2010 drill program targeting the Jeffrey Zone on the Malartic CHL Prospect which is located immediately east of the Canadian Malartic property that is currently undergoing mine construction: Highlights from seventy-four (74) drillholes include 64.8 metres averaging 1.47 g/t Au (CHL10-2347, uncut), 63.6 metres averaging 1.50 g/t Au (CHL10-2351), and 55.4 metres averaging 1.39 g/t Au (CHL10-2297).

Definition drilling on the Jeffrey Zone is based on a series of sections spaced at 25 metre intervals over an east-west strike length of 400-metres and north-south distance of 135 metres. The objective of the current program is to gather sufficient drill information along strike and to depth to complete an initial indicated resource calculation by the end of Q3 2011. Additional drilling is also planned in order to investigate the extent of the zone recently discovered immediately south of the Jeffrey zone.

Mineralization at the Jeffrey Zone is located along the southern limit of the Cadillac Break, where it consists of disseminated pyrite-gold in potassic-altered quartz-feldspar porphyry dikes, in contact with a predominately ultramafic flow sequence, and in subordinate diorite-gabbro and sedimentary units. Narrower, higher-grade mineralization is hosted in quartz veined (silicified) porphyry or talcose and chlorite-altered ultramafic schists.

Continuity of steeply-dipping mineralization is now well established along a strike length of 400 metres (sections 7200E to 7600E), with a true width of 30 to 60 metres. Mineralization is more sporadic further east between sections 7600E and 8100E. Mineralization has been traced to a depth of 200 metres on most sections, where it remains open at depth. The western extremity of the Jeffrey zone (section 7200E) lies 800 metres east of the Canadian Malartic property, where Osisko defined the extension of the Barnat deposit. Based on previous work by East Malartic Mines Ltd and confirmed by 2009 drilling from section 6400E to 6550E, mineralization is known to extend on the Malartic CHL property (the Mammoth zone). An additional 2,223m of drilling was conducted in this area in late 2010 and early 2011 with results expected to be released latter this quarter.

Osisko has the right to acquire a 70% interest in the Malartic CHL Prospect in consideration for $150,000 in cash payments over a four year period (paid) and by completing a minimum $2,000,000 in exploration work over a four year period. Upon earning its 70% interest, Abitibi, Golden Valley Mines' wholly owned subsidiary, will retain a free-carried interest of 30% to production**.** Additionally, the Company holds, through Abitibi, a 2% net smelter royalty interest on a claim block held by Osisko and covering the *Charlie Zone*, which is located immediately southeast of the Canadian Malartic deposit held by Osisko.

The Company intends to spin out to its shareholders a portion of its shareholdings in Abitibi and has made application to list the shares of Abitibi on the TSX Venture Exchange (the "**Exchange**"). See "*Corporate Developments*" herein.

D. West Kirkland Mining Ltd. Options - Island 27 and Plumber Prospects:

West Kirkland Mining Ltd. ("**WKM**") may earn a 70% interest in each of *the Island 27 Prospect* (subject to a 2% NSR in favor of the original vendor) and *the Plumber Prospect*, pursuant to and in accordance with the terms of two letter agreements dated March 31, 2011, as amended. Both properties are located in the Matachewan area, west of Kirkland Lake, Ontario. WKM is the operator on both properties.

During the first quarter of 2011, project operator WKM, reported the drilling of one hole for a total of 366 metres on the Island 27 Prospect. Total expenditures for the first quarter 2011 were reported at $97,000. No significant assays were reported from by the project operator for this drillhole.

At the Plumber Prospect, as reported by project operator WKM, no work was completed on the property during the first quarter of 2011. In 2010, project expenditures on the property amounted to $6,972.

In order to acquire its interest in each property, WKM must, amongst other things, make cash payments totaling $102,500 (paid), issue an aggregate 600,000 shares (of which 300,000 have been issued to date), incur aggregate exploration expenditures of $5,000,000 over a 3 year period, 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 will then hold a 30% carried interest with no further expenditure requirements until the properties achieve commercial production.

E. Cambrian Corp. Option Agreement – Broker's Fee Prospect

On October 7, 2010, as amended, the Company entered into an option/joint venture agreement with Cambrian Corp. ("**Cambrian**"), a private company, in respect of its Broker's Fee Prospect located in Arnold Township, 20 km northeast of Kirkland Lake, Ontario.

No exploration work was conducted on this property during the course of the first quarter of 2011.

Uranium Joint Ventures

F. Lexam VG Gold Inc. Joint Venture - Otish-Mistassini Basins Project

Up to and including the end of the first quarter of 2011, the *Otish-Mistassini Projec*t was the object of a joint venture with Lexam VG Gold Inc. (formerly Lexam Explorations Inc.). Subsequent to quarter end, the Company retains an interest in this property through its wholly owned subsidiary Uranium Valley which holds a 100% interest in the property. The Company intends to spin out to its shareholders a portion of its shareholdings in Uranium Valley and has made application to list the shares of Uranium Valley on the Exchange. See "*Corporate Developments*" herein. No exploration work was conducted on this property over the first quarter 2011.

G. Ditem Explorations Joint Venture - Beartooth Island Prospect:

The Beartooth Island Prospect (the "**Beartooth Prospect**") located in Saskatchewan is the object of a joint venture with Ditem Explorations Inc. ("**Ditem**") effective July 4, 2008 (the "**Beartooth Island JV**") and in which the Company holds a 40% interest through its wholly owned subsidiary Uranium Valley. The Company intends to spin out to its shareholders a portion of its shareholdings in Uranium Valley and has made application to list the shares of Uranium Valley on the Exchange. See "*Corporate Developments*" herein. No exploration work was completed on the property during the first quarter 2011.

James Bay Properties

H. Noront Resources Ltd. /White Pine Resources Inc. Option - McFauld's Lake ("Ring of Fire") Area*:*

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. No exploration work has been conducted on the property during the first quarter 2011.

Golden Valley Mines' interest in the Luc Bourdon and Luc Bourdon West prospects is held through its wholly owned subsidiary Abitibi. The Company intends to spin out to its shareholders a portion of its shareholdings in Abitibi and has made application to list the shares of Abitibi on the Exchange. See "*Corporate Developments*" herein.

I. <u>Sirios Resources Joint Venture – Cheechoo and Sharks Prospects</u>*:*

In the third quarter of 2010, the Company reported on rock sampling results from a follow-up "boot and hammer" reconnaissance mapping and rock sampling program over the extreme southwest sector of the Cheechoo B Prospect. The 2010 exploration campaign was designed to follow up on the anomalous metal values detected by the 2007 and the 2010 (preliminary data) geochemical humus sampling programs, and detailed ground magnetic survey data interpretation. Three separate mineralized zones were identified in the process of conducting the described fieldwork.

The 2010 exploration program data review and reporting process was completed in the first quarter of 2011. Currently, a follow-up exploration program is in the planning stages in respect of the southwestern sector of the Cheechoo B Prospect.

Golden Valley Mines' interest in the Cheechoo gold property was acquired in 2004, following which, in 2005 the Company increased its land position to a total of 1,016 claims covering approximately 53,324 hectares (533 km^2) by entering into an agreement with Canadian Royalties Inc., now a private company, 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") and "Sharks" properties are currently the subject of joint ventures (collectively the "**Sharks/Cheechoo JV Agreements**") with Sirios Resources Inc. ("**Sirios**") effective March 31, 2009 (the "**Effective Date**") and under which the Company holds a 60% interest. Pursuant to the terms of the joint venture agreements, the Company may earn an additional 20% interest in each property provided that it give notice to Sirios, prior to March 31, 2012, of its intent to complete at its sole cost a bankable feasibility study on each property and that it pay to Sirios the sum equal to double the amount of expenditures incurred by Sirios under the joint venture agreements from the Effective Date to the date of delivery of the bankable feasibility studies.

Golden Valley 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 out on the properties for future exploration planning and joint venture reporting. The Company is the project operator.

3. New Opportunities, Property Acquisitions:

Calone Mining Company (S.L.) Ltd. ("**Calone SL**") made the acquisition of a number of exploration licenses ("**EPL's**") in the Republic of Sierra Leone, West Africa.

The objective behind the formation of Calone SL is to pursue mineral and other business opportunities in the Republic of Sierra Leone. Subsequent to quarter end, Calone Mining Ltd., Golden Valley Mines' wholly-owned Canadian subsidiary acquired all of the shares held by the Company in Calone SL. As a result, Golden Valley Mines' interest in Calone SL is now held through the Company's wholly-owned Canadian subsidiary Calone Mining Ltd.

Exclusive Prospecting Licenses ("EPL's"):

Calone SL was informed by the Ministry of Mineral Resources of the Mines Division of Sierra Leone late in the fourth quarter of 2010 that two of the five licenses that it held in Sierra Leone, had been cancelled. The Company believes that all renewal fees have been duly paid and that all work performed to date has been executed in compliance with local mining regulations. As of this time, no official documentation from the Ministry of Mineral Resources of the Mines Division of Sierra Leone on its decision has been received by the company.

Reconnaissance Licenses:

Exploration activities commenced subsequent to quarter end with the start-up of a 2,950 line-kilometre Geotech Versatile Time-Domain Electromagnetic (VTEM) and Magnetic airborne geophysical survey. However, due to extreme weather conditions, the survey had to be postponed until after the rainy season sometime in the October 2011 timeframe.

The target area covered by the Calone SL's Reconnaissance licenses is deemed prospective for the discovery of potentially economic deposits of platinum group elements (PGE's – ruthenium, rhodium, palladium, osmium, iridium, and platinum) and/or nickel-copper and/or chromium. Very little previous exploration work appears to have been conducted in this area of the country.

Corporate Social Responsibility ("CSR") Initiatives:

As part of the Company's on-going CSR initiatives in Sierra Leone, Golden Valley Mines is to assist with the construction of a new school, and with reinforcing and repairing several bridges leading into the village of Masimburie (Tonkolili District, east of Makeni), as soon as practical, and pursuant to and in accordance with the terms and conditions approved by the board of directors of the Company.

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.

SELECTED QUARTERLY INFORMATION AS AT MARCH 31, 2011

	2011	2010	2009
	IFRS		Canadian GAAP
Total Revenue	18,321	1,069	Nil
Net profit (loss)	(580,562)	(440,761)	(176,672)
Basic and diluted net profit (loss) per share	(0.008)	(0.007)	(0.003)
Total Assets	19,493,167	18,399,994	18,735,580
Total Liabilities	1,875,129	3,823,649	3,794,570

RESULTS OF OPERATIONS

In the first quarter ended March 31, 2011, the Company reported a loss before income taxes of $503,562 compared to $412,485 in 2010, due to an increase in operating expenses.

Revenues

The Company's and the Subsidiaries active joint venture properties for 2011 for which revenues will be generate are the followings: the Cheechoo and Sharks properties in Québec, and the nine (9) Abitibi Greenstone Belt joint venture properties. Accordingly, revenue generated from geological fees totaled $18,321 in the first quarter of 2011.

Other revenue

Other sources of income are interest and dividend income and realized gains on the disposal of short-term investments. As per IFRS, these sources of income are now grouped together and appear under the heading *Finance income and costs*. The details are found in Note 13 of the interim consolidated financial statements.

The Company held money market investment funds and publicly traded securities having a market value as at March 31, 2011 of $349,275 and $345,388 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 $24,156. The Company's short-term investments can be liquidated on relatively short notice, if required. Additionally, finance income totaled $33,615 in 2011, compared to $5,572 in 2010.The Company's one term deposit of $1,035,989, which matured in March 2011, earned $41,439 in interest (2.8688%) over a two year period.

The Company recorded a foreign exchange loss of $2,348 (nil in 2010) during the first quarter of 2011.

Non-Exploration Expenditures

Operating expenses increased from $402,753 in 2010 to $458,455 in 2011. There was an increase in the amount expensed for salaries, employee benefits and office expenses ($176,748 in 2011 compared to $95,384 in 2010) as the Company increased its administrative staff, both in accounting and legal services in April 2010. This expense now includes stock-based payments. For additional details, please refer to the table in Note 12.1 of the interim consolidated financial statements. Advertising and exhibitions decreased from $149,158 in 2010 to $ 75,656, as last year's participation in Minalliance (formerly Communic-Actions fund) was a one-time contribution. Travelling fees ($48,755 compared to $27,741 in 2010) increased as a direct result of management's multiple trips to Sierra Leone, West Africa, as well as to Hong Kong, and the routine yearly trips made for the Company's trade shows. Management fees however, ($8,250) remained the same.

Calone SL pays three of its directors a collective $30,000 annual fee, tabulated as director's fees. Since this amount was paid to Calone's directors in April 2011, it will be expensed in the second quarter's interim consolidated financial statements.

In light of the transactions with the proposed spin-outs, professional and legal fees increased during the year to $131,074 from $76,700 in 2010. Following the completion of the Arrangement (as hereinafter defined), it is anticipated that professional and legal fees will stabilize.

Other operating expenses such as amortization of property and equipment decreased from $13,324 in 2010 to $9,215 in 2011.

Exploration Activities and Expenditures

For the first quarter ended March 31, 2011, total investments in exploration and evaluation assets increased to an aggregate $14,609,197 from $14,173,766 as at the year ended December 31, 2010. In accordance with its accounting policies, the Company reviewed certain of its exploration expenses and came to the decision to record an amount of $8,757 as impairment of exploration and evaluation assets.

The primary focus for the Company's project generation activities during the first quarter ending March 31, 2011 was in the Abitibi Greenstone Belt Region of Québec. A total of twenty-three (23) additional mining claims were added to six (6) existing properties. Claim acquisition and maintenance fees for the first quarter of 2011 on the Company's "AGB" properties amounted to $8,122. A total of $54,516 was spent on staking and maintenance on all of the Company's Canadian properties combined.

Preliminary fieldwork consisting of grid establishment and/or geophysical surveying and reporting was completed on nine (9) AGB properties and Claw Lake Prospect (Integra JV) during the fourth quarter adding to the group of drill ready prospects for the Company's AGB Grassroots Exploration Project. This work included expenditures during the 3 month period ended March 31, 2011 of $41,145 for line cutting and $91,172 for geophysical surveying.

Technical and field staff expenditures amounted to $136,731 for the 3 month period ending March 31, 2011 for the Company's self-funded AGB Grassroots Exploration Project, project generation activities, the Cheechoo B Prospect (JV with Sirios) and the Integra JV exploration program and other miscellaneous joint venture project work.

Diamond drilling activities continued throughout the last quarter on the Company's Abitibi Greenstone Belt "Grassroots Exploration Project", for a total of $81,591. The Company has drilled a total of 183 targets (23,855m) on forty-nine (49) properties in the Abitibi Greenstone Belt (AGB) "Grassroots Exploration Project" since the program was originally initiated in 2003.

Related exploration program expenditures included $48,246 for sampling and testing, and $6,553 for travel and transport.

SUMMARY OF QUARTERLY RESULTS

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

	Mar 11	**Dec 10**	**Sep 10**	**Jun 10**	**Mar 10**	**Dec 09**	**Sep 09**	**Jun 09**
	(IFRS)		(IFRS)				(Canadian GAAP)	
Total revenues	18,321	11,249	4,660	107	1,069	4,597	13,006	45,000
Net gain (loss)	(580,562)	512,336	(367,062)	(402,579)	(440,761)	(500,838)	(224,579)	(164,039)
Basic and diluted net gain (loss) per share	(0.008)	0.0075	(0.004)	(0.0063)	(0.007)	(0.01)	(0.004)	(0.003)

FINANCIAL CONDITION

Liquidity and Capital Resources

Working capital as at March 31, 2011 was $4,408,491 compared to $5,335,818 as of December 31, 2010.

The Company's liquidity is adequate to cover its commitments for 2011 given that the Company (or its Subsidiaries, as applicable) has an option to participate in any exploration program carried out under the joint venture agreements on each of the Beartooth Island, Cheechoo, Sharks, Otish properties and the nine Integra Gold properties, notwithstanding that should the Company (or its subsidiaries as applicable) elect not to participate in such programs, their respective interests in the particular property shall be correspondingly diluted.

Pursuant to the terms of the Beartooth Island JV Agreement, Ditem, as the operator, is to prepare a draft work plan and budget for a mining operations program for each calendar year, for consideration by the management committee, such draft program to be delivered to the management committee on or before March 1 of each calendar year to which the draft program relates. The parties have waived the requirement for delivery of a draft program commencing March 1, 2011 and ending February 29, 2012.

Additionally, pursuant to the terms of the Sharks/Cheechoo JV Agreement, the Company as the operator, is to prepare a draft work plan and budget for a mining operations program for each calendar year, for consideration by the management committee, such draft program to be delivered to the management committee on or before March 1 of each calendar year to which the draft program relates. The parties have waived the requirement for delivery of a draft program commencing March 1, 2011 and ending February 29, 2012.

Provided that no extraordinary circumstances arise, the working capital is expected to cover the Company's general and administrative expenses in 2011 and the cash held for exploration expenses reserve of $335,042 will cover the Company's exploration programs for the remainder of 2011.

Contractual Obligations

		Payments due by period	
Obligation	Total	1 year or less	2 years or more
Office Lease	$ 29,039	$ 29,039	$ 0
Mobile Equipment	$ 22,196	$ 9,865	$ 12,331
Total	$ 51,235	$ 38,904	$ 12,331

CORPORATE DEVELOPMENT

The Company entered into an Arrangement Agreement on March 31, 2011, as amended and restated on May 24, 2011, with the Subsidiaries to effect its previously announced corporate reorganization. The Subsidiaries and respective property interests are:

• **Abitibi Royalties Inc**. holds title to Golden Valley Mines' interests in the Luc Bourdon and Bourdon West Prospects (also known as the McFaulds Lake Property) and the Malartic CHL Property, plus a 2% net smelter royalty interest in one claim held by Osisko and may acquire and generate other royalty interests;

• **Nunavik Nickel Mines Ltd.** holds title to Golden Valley Mines' Fortin Property, the Marymac Prospect, the Shoot Out Prospect (East and West combined) and the Donnybrook and Overtime Claims, and may acquire and generate other nickel ventures in Canada and elsewhere; and

• **Uranium Valley Mines Ltd.** holds title to Golden Valley Mines' interests in uranium properties, being the Mistassini-Otish Property (previously under joint venture with Lexam VG Gold Inc.) and a joint venture uranium property in Saskatchewan (the Beartooth Island Property), and may acquire and generate other uranium ventures in Canada and elsewhere.

Calone Mining Ltd., the fourth wholly owned subsidiary of Golden Valley that was referred to in Golden Valley's news release of May 21, 2010, which initially announced the proposed reorganization, will not be spun-out at this time.

On June 2, 2011, the Company announced that the Exchange granted conditional approval of the applications to list the common shares of each of the Subsidiaries on the Exchange. As a result of the proposed reorganization to be carried out by plan of arrangement (the "**Arrangement**") pursuant to the *Canada Business Corporations Act*, each Golden Valley shareholder will receive one common share in the capital of each of Abitibi, Nunavik Nickel, and Uranium Valley for every 25 shares of Golden Valley held by that shareholder on the effective date of the reorganization. Presently, the effective date is anticipated to be on or about July 12, 2011. The Arrangement is subject to the approval of the Company's shareholders and the Court of British Columbia. No assurance can be given that the proposed reorganization will be completed as envisaged, nor that Golden Valley will achieve its reorganization objectives. Golden Valley intends to seek shareholder approval at an annual and special meeting of its shareholders to be held on June 30, 2011 (the "**Meeting**"). For additional information regarding the Meeting and the Arrangement, please refer to the Company's website at www.goldenvalleymines.com or visit the Company's issuer profile at www.sedar.com.

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 June 29, 2011:

Common shares: 72,094,805

Preferred Shares: Nil

Escrowed Shares: Nil

Share Purchase Warrants: 3,333,329

Incentive Stock Options:

Expiry Date	Outstanding	Exercise Price
September 27, 2011	1,505,000	$0.30
August 6, 2012	600,000	$0.30
February 7, 2013	795,000	$0.35
June 27, 2013	425,000	$0.36
December 22, 2013	700,000	$0.20
June 22, 2014	300,000	$0.30
August 6, 2014	360,000	$0.30
December 22, 2015	1,050,000	$0.50
TOTAL:	5,735,000	

OFF BALANCE SHEET ARRANGEMENTS

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

RELATED PARTIES TRANSACTIONS

The compensation paid or payable to key management includes directors and senior executives. The compensation paid to key management for employee and consulting services is presented below:

	March 31	
	2011	2010
	CAN$	CAN$
Short-term employee benefits		
Salaries including bonuses and benefits	98,869	17,629
Social security costs	22,340	1,937
Total short-term employee benefits	121,209	19,567
Other transaction with consultants		
Management Fees	8,250	8,250
Professional fees	13,224	9,000
Expenses capitalized in exploration and evaluation assets	49,561	80,507
Total transactions with consultants	71,035	97,757
Total remuneration	263,279	215,081

The fees detailed above are equivalent to what the Company would otherwise pay to an unrelated third party in the industry and were completed in the normal course of the Company's operations.

OUTLOOK

New Opportunities - Property Acquisitions:

The Company has acquired mineral exploration rights outside of its traditional exploration areas located in the mining jurisdictions of Québec, Ontario, Saskatchewan, Canada, and in the West African country of Sierra Leone through Calone SL, a subsidiary of Calone Mining Ltd., Golden Valley Mines' wholly owned subsidiary. The Company is also reviewing other international exploration opportunities, although no new acquisitions have been committed to or completed as of the date hereof.

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

Furthermore, the general public market volatility that has continued 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, to acquire prospective mining 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 option/joint ventures agreements on more advanced-stage projects such as the Island 27 and Plumber Prospects (WKM Option JV) and those outside of the Company's primary exploration base in the Abitibi Greenstone Belt in 2010 such as those located in Saskatchewan (Beartooth Island Project: Ditem JV, held by the Company through its wholly owned subsidiary Uranium Valley) and James Bay Lowlands in northern Ontario (Luc Bourdon Prospect, White Pine-Noront Option JV, held by the Company through its wholly owned subsidiary Abitibi) 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.

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 Sierra Leonean operations operated through its subsidiary Calone Mining Ltd. are also subject to political, regulatory, foreign exchange and currency fluctuation risks.

There can be no assurance that the Subsidiaries' shares will be listed for trading on the Exchange or, if listed, that they will continue to meet the Exchange's continued listing requirements following listing. There can also be no assurance that an active public market will develop or be sustained following listing of the Subsidiaries' shares on the Exchange, or as to the prices at which trading in these shares will occur even if a public market does develop. Once listed, the lack of an active public market could have a material adverse effect on the price of the Subsidiaries' shares.

For additional discussion of risk factors, please refer to the Company's Management Information Circular dated May 26, 2011 and which is available upon request from the Company or on its issuer profile at www.sedar.com.

CONVERSION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

In February 2008, the Accounting Standards Board announced that the accounting framework under which the financial statements are prepared for all publicly accountable companies will be replaced by International Financial Reporting Standards starting January 2011. The first set of yearly financial statements under IFRS will be for the year ending December 31, 2011, including comparative information for the year ending December 31, 2010.

The Company prepared its opening balance sheet in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards, as at January 1, 2010, and made the required adjustments to the results for the three months ended March 31, 2010 and the year ended December 31, 2010. The interim consolidated financial statements for the three months ended March 31, 2011 are incorporated by reference in this MD&A and present information relating to the impact of the transition to IFRS, including a complete set of its significant accounting policies. Disclosure requirements under IFRS are significantly greater than those that were required under former Canadian GAAP. As a result, management decided to include its full accounting policies in its first IFRS interim consolidated financial statements to ensure a clear understanding by the readers of the detailed policies.

IFRS 1, First Time Adoption of IFRS, offers the possibility to utilize certain exemptions from full retrospective application of IFRS. The exceptions and exemptions adopted by the Corporation are as follows: the estimates established by the Corporation in accordance with IFRS at the date of transition to IFRS are consistent with estimates made for the same date in accordance with Canadian GAAP, after adjustments to reflect any difference in accounting principles, if applicable. Financial assets and liabilities that were derecognized before January 1, 2010 pursuant to Canadian GAAP were not recognized under IFRS. The Corporation has early applied the change in IFRS1 in this respect regarding the application date of the exception, i.e. January 1, 2010. The Corporation has chosen not to apply IFRS 2, Share-based Payment, retrospectively to options granted on or before November 7, 2002 or granted after November 7, 2002 and vested before the date of transition to IFRS. The Corporation has elected not to apply IFRS 3, Business Combinations, retrospectively to business combinations that occurred before the date of transition (January 1, 2010). See Note 17.5 for an explanation of the effect of the exemption.

Under IFRS, issuance of flow-through shares is accounted for similarly to the issuance of a compound financial instrument. The liability component represents the obligation to revert the tax benefit to the investors. Proceeds from the issuance of shares by flow-through private placements are allocated between shares issued and a liability using the residual method.

Under IFRS 2, each tranche in an award of incentive stock options with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis. Also, an estimate of the number of share-based payments expected to be forfeited is required, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate.

Some of the adjustments on the balance sheet as at January 1, 2010 and December 31, 2010 were the result of differences in the accounting treatment of the flow-through shares from the 2009 and 2010 flow-through private placements and the difference in accounting treatment of the incentive stock options vested in 2010. These adjustments also had an impact on the statement of income, but did not have a significant impact on the financial performance of the Corporation.

The transition from Canadian GAAP to IFRS had no significant impact on the statement of cash flows, except that, under IFRS, cash flows related to interest are classified in a consistent manner as operating, investing or financing activities each period. Under Canadian GAAP, cash flows related to interest received or paid were classified as operating activities. The Company's interest received is all related to its investing activities.

The following table shows the total effect of the transition on the consolidated statement of financial position

	January 1, 2010			March 31, 2010			December 31, 2010			
Pre-change accounting standards description	Previous GAAP	Effect of transition to IFRS	IFRS	Previous GAAP	Effect of transition to IFRS	IFRS	Previous GAAP	Effect of transition to IFRS	IFRS	IFRS description
	CAN$	CAN$	CAN$	CAN$	CAN$	CAN$	CAN$	CAN$	CAN$	
ASSETS										*ASSETS*
Current assets										Current
Cash	674,030		674,030	263,164		263,164	2,759,136		2,759,136	Cash
										Cash held for exploration expenses
Fees and other accounts receivable	164,989		164,989	80,541		80,541	179,098		179,098	Fees and other accounts receivable
Short-term investments	2,882,419		2,882,419	2,884,786		2,884,786	1,756,825		1,756,825	Short-term investments
Sales taxes recoverable	111,353		111,353	154,738		154,738	199,623		199,623	Sales taxes recoverable
Tax creditsreceivable	361,655		361,655	335,529		335,529	275,919		275,919	Tax credits and credit on duties receivable
Prepaid expenses	26,712		26,712	28,330		28,330	65,007		65,007	Prepaid expenses
	4,221,158		4,221,158	3,747,088		3,747,088	5,235,608		5,235,608	
										Non-current
Exploration funds	1,200,000		1,200,000	1,058,943		1,058,943	615,042		615,042	
Property and equipment	132,175		132,175	120,759		120,759	140,038		140,038	Property and equipment
Mining properties	13,294,901		13,294,901	13,473,204		13,473,204	14,173,766		14,173,766	
	14,627,076		14,627,076	14,652,906		14,652,906	14,928,846		14,928,846	
	18,848,234		18,848,234	18,399,994		18,399,994	20,164,454		20,164,454	Total assets
LIABILITIES										*LIABILITIES*
Current liabilities										Current
Accounts payable and accrued liabilities										Accounts payable and accrued liabilities
Related companies	46,932		46,932	14,674		14,674	25,209		25,209	Related companies
Others	231,493		231,493	217,962		217,962	489,623		489,623	Others
		296,470	296,470		(296,470)	(296,470)		128,960	128,960	Other liability
Future incomes taxes	3,191,937		3,191,937	3,562,737	324,747	3,887,484	1,029,441	324,747	1,354,188	Deferred income tax
	3,470,362	296,470	3,766,832	3,795,373	28,276	3,823,649	1,544,273	453,707	1,997,980	Total liabilities
SHAREHOLDERS' EQUITY										*EQUITY*
Capital stock	17,046,676	(296,470)	16,750,206	16,675,877		16,675,877	20,255,444	(425,430)	19,830,014	Capital Stock
Contributed surplus	1,447,273		1,447,273	1,454,188	3,118	1,457,306	1,798,828	23,910	1,822,738	Contributed surplus
Deficit	(3,116,077)		(3,116,077)	(3,525,444)	(31,394)	(3,556,838)	(3,434,091)	(52,186)	(3,486,277)	Deficit
	15,377,872	(296,470)	15,081,402	14,604,621	(28,276)	14,576,345	18,620,181	(453,707)	18,166,474	Total equity
	18,848,234		18,848,234	18,399,994	0	18,399,994	20,164,454	0	20,164,454	Total liabilities and equity

The following table shows the total effect of the transition on the consolidated statement of comprehensive los

Canadian GAAP descriptioı	Year ended December 31, 2010 Previous GAAP	Effect of transitioı to IFRS	IFRS	Three month endec March 31, 2010 Previous GAAP	Effect of transitioı to IFRS	IFRS	IFRS descriptioı
	CAN$	CAN$	CAN$	CAN$	CAN$	CAN$	
Revenue							Revenue
Geological Fees	12,085		12,085	1,069		1,069	Geological Fees
Options on properties	5,000		5,000				
	17,085		17,085	1,069		1,069	
Operating expenses							Operating expenses
Salaries, rent and office expenses	450,838	27,028	477,866	92,266	3,118	95,384	Salaries,employee benefits and office expens
Stock-based compensatioı	256,501		256,501				
Stock-based payments for services	2,739		2,739				
Management fees	33,000		33,000	8,250		8,250	Management fees
Director's fees (Note 13)	30,000		30,000	30,000		30,000	Director's fees
Professional and legal fees	474,039		474,039	76,700		76,700	Professional and legal fees
Advertising and exhibition	319,663		319,663	149,158		149,158	Advertising and exhibition
Travelling	149,094		149,094	27,741		27,741	Travelling
Part XII.6 and other taxes	21,566		21,566	2,196		2,196	Income taxes
Write-down of mineral properties	1,353,303		1,353,303				Impairment exploration and evaluation asset
Amortization of property and equipmen	51,437		51,437	13,324		13,324	Amortization of property and equipmen
	3,142,180		3,169,208	399,635		402,753	
Operating loss	(3,125,095)		(3,152,123)	(398,566)		(401,684)	Operating loss
Other revenue (expenses)							
Interest	35,207		35,207	5,437		5,437	Finance income and cost
Dividend	2,700		2,700				
Bank charges	(4,660)		(4,660)				
Loss on exchange	(11,229)		(11,229)				Foreign exchange loss
Gain on investments disposal	114,943		114,943				
Changes in fair value of held-for-trading financial assets	194,876		194,876	(16,238)		(16,238)	Changes in fair value of held-for-trading financia assets
Loss before income taxes	(2,793,258)		(2,820,286)	(409,367)		(412,485)	Loss before income taxes
Future income taxes	(2,475,243)	353,023	(2,122,220)		28,276	28,276	Deferred income taxes
Net loss and comprehensive los	(318,015)		(698,066)	(409,367)		(440,761)	Loss and total comprehensive loss for the perioc

POST-REPORTING DATE EVENTS

On March 31, 2011 as amended and restated on May 24, 2011, the Corporation entered into an Arrangement Agreement with the Subsidiaries to effect its previously announced corporate reorganization. On June 2, 2011, the Company announced that the Exchange granted conditional approval of the applications to list the common shares of each of the Subsidiaries on the Exchange. Golden Valley intends to seek shareholder approval of this proposed reorganization at an annual and special meeting of its shareholders scheduled to be held on June 30, 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 26, 2011, and 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 or at the Corporation's website at www.goldenvalleymines.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.