



Golden Valley Mines Ltd.

Consolidated Interim Financial Statements, as at March 31, 2013 (Unaudited)

Golden Valley Mines Ltd.
152 chemin de la Mine Ecole
Val-d'Or, Québec, J9P 7B6
www.goldenvalleymines.com
Tel: 819.824.2808 fax: 819.824.3379

The attached consolidated interim financial statements have been prepared by Management of Golden Valley Mines Ltd. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Golden Valley Mines Ltd.
Consolidated Statement of Financial Position
As at March 31, 2013

(Unaudited)
(in Canadian dollars)

	Notes	March 31, 2013 \$	December 31, 2012 \$
ASSETS			
Current			
Cash	5	465,228	1,446,989
Short-term financial assets	6	1,357,145	811,538
Fees and other accounts receivable		8,184	16,181
Sales taxes recoverable		63,118	46,161
Tax credits receivable		153,895	221,959
Prepaid expenses		30,445	44,691
		<u>2,078,015</u>	<u>2,587,519</u>
Non-current			
Property and equipment	7	48,279	58,979
Exploration and evaluation assets	8	13,282,603	13,022,994
		<u>13,330,882</u>	<u>13,081,973</u>
Total assets		<u><u>15,408,897</u></u>	<u><u>15,669,492</u></u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities			
Related parties controlled by directors	15.1	56,702	11,785
Others	10	353,570	278,917
Other Liabilities		19,921	19,921
		<u>430,193</u>	<u>310,623</u>
Non-Current			
Deferred income taxes		712,555	712,555
Total liabilities		<u><u>1,142,748</u></u>	<u><u>1,023,178</u></u>
EQUITY			
Capital stock	11.1	22,743,842	22,743,842
Warrants	11.2	402,781	402,781
Contributed surplus		2,045,223	2,044,115
Deficit		(11,898,187)	(11,551,543)
Total equity attributable to owners of the parent company		<u>13,293,659</u>	<u>13,639,195</u>
Non-Controlling interest		972,490	1,007,119
Total equity		<u>14,266,149</u>	<u>14,646,314</u>
Total liabilities and equity		<u><u>15,408,897</u></u>	<u><u>15,669,492</u></u>

The accompanying notes are an integral part of the interim consolidated financial statements.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on May 30, 2013.

"Glenn J. Mullan"
Director

"Blair F. Morton"
Director

Golden Valley Mines Ltd.
Consolidated Statement of Comprehensive Loss
For the three-month period ended March 31, 2013

(unaudited)

(in Canadian dollars)

	Notes	March 31, 2013 \$	March 31, 2012 \$
Revenues			
Geological fees			470
Operating Expenses			
Salaries and other employee benefits	12.1	112,672	157,718
Office expenses		41,543	53,603
Management fees		12,888	16,375
Professional and legal fees		150,623	199,327
Advertising and exhibitions		24,705	57,563
Travelling		21,269	49,742
Exploration and evaluation expenditures		8,259	
Write-off of exploration and evaluation assets		148	25,876
Part XII.6 and other taxes		3,008	4,251
Depreciation of property and equipment	7	5,005	5,517
		<u>(380,120)</u>	<u>(569,972)</u>
Operating loss		(380,120)	(569,502)
Finance income	13	3,451	615
Change in fair value of financial assets at fair value through profit or loss		(4,604)	(56,601)
		<u>(1,153)</u>	<u>(55,986)</u>
Loss before income taxes		(381,273)	(625,488)
Deferred income taxes			(43,617)
Net loss and total comprehensive loss for the year		(381,273)	(669,105)
Net loss and total comprehensive loss attributable to:			
Shareholders of Golden Valley Mines		(346,644)	(607,222)
Non-controlling interest		(34,629)	(61,883)
		<u>(381,273)</u>	<u>(669,105)</u>
Loss per share attributable to Golden Valley Mines shareholders			
Basic and diluted loss per share	14	(0.004)	(0.008)

The accompanying notes are an integral part of the interim consolidated financial statements.

Golden Valley Mines Ltd.
Consolidated Statement of Changes in Equity
For the three-month period ended March 31, 2013

(unaudited)
(in Canadian dollars)

	Note	Capital Stock	Warrants	Contributed Surplus	Deficit	Total attributable to owners of the parent company	Non-controlling interest	Total Equity	
	Number	\$	\$	\$	\$	\$	\$	\$	
Balance at January 1, 2013		85,859,356	22,743,842	402,781	2,044,115	(11,551,543)	13,639,195	1,007,119	14,646,314
Share-based payments	12.2			1,108		1,108			1,108
Transactions with owners				1,108		1,108			1,108
Net loss and total comprehensive loss for the year					(346,644)	(346,644)	(34,629)		(381,273)
Balance at March, 2013		85,859,356	22,743,842	402,781	2,045,223	(11,898,187)	13,293,659	972,490	14,266,149
Balance at January 1, 2012		73,424,805	20,947,914		1,937,958	(8,288,404)	14,597,468	2,094,764	16,692,232
Share issue expenses			(16,626)			(16,626)			(16,626)
Share-based payments	12.2			4,229		4,229			4,229
Units issued by a private placement	11.1	2,249,999	675,000			675,000			675,000
Transactions with owners		2,249,999	658,374		4,229	662,603			662,603
Net loss and total comprehensive loss for the period					(607,222)	(607,222)	(61,883)		(669,105)
Balance at March 31, 2012		75,674,804	21,606,288		1,942,187	(8,895,626)	14,652,849	2,032,881	16,685,730

The accompanying notes are an integral part of the interim consolidated financial statements.

Golden Valley Mines Ltd.
Consolidated Statement of Cash Flows
For the three-month period ended March 31, 2013

(unaudited)
(in Canadian dollars)

	March 31, 2013	March 31, 2012
	\$	\$
OPERATING ACTIVITIES		
Loss before income taxes	(381,273)	(625,488)
Adjustments		
Depreciation of property and equipment	5,005	5,517
Share-based payments	1,108	4,229
Write-off of exploration and evaluation assets	148	25,876
Changes in fair value of financial assets at fair value through profit or loss	4,604	56,601
Changes in working capital items		
Fees and other accounts receivable	7,997	26,299
Sales taxes recoverable	(16,957)	16,746
Prepaid expenses	14,246	29,577
Accounts payable and accrued liabilities	119,570	(71,129)
Cash flows used in continuing operations	(245,552)	(531,772)
Cash flows used in discontinuing operations		(11,283)
Cash flows from operating activities	(245,552)	(543,055)
INVESTING ACTIVITIES		
Acquisition of short-term financial assets	(1,200,210)	(400,402)
Disposal of short-term financial assets	650,000	200,000
Tax credits received	68,064	
Additions to exploration and evaluation assets	(254,063)	(195,354)
Purchase of property and equipment		(1,128)
Cash flows used in continuing operations	(736,209)	(396,884)
Cash flows used in discontinuing operations		(12,888)
Cash flows from investing activities	(736,209)	(409,772)
FINANCING ACTIVITIES		
Issuance of units by private placements		675,000
Share issue expenses		(16,626)
Cash flows from financing activities		658,374
Net change in cash	(981,761)	(294,453)
Cash, beginning of year	1,446,989	1,495,272
Cash, end of year	465,228	1,200,819

Cash transactions:

Dividends received	210	614
Interest received	2,828	212
Interest paid	11	Nil

Amounts paid or received for interest and dividend are reflected as operating cash flow.

The accompanying notes are an integral part of the interim consolidated financial statements.

Golden Valley Mines Ltd.
Notes to the consolidated financial statements
For the three-month period ended March 31, 2013
(in Canadian dollars)

1. NATURE OF OPERATIONS

Golden Valley Mines Ltd. and its subsidiaries (hereinafter "The Corporation") is specialized in the exploration and evaluation of minerals in Canada.

2. GOING CONCERN ASSUMPTION AND COMPLIANCE WITH IFRS

The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") and on the basis of the going concern assumption, meaning the Corporation will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Corporation has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Corporation has not yet generated income nor cash flows from its operations. As at March 31, 2013, the Corporation has a cumulated deficit of \$11,898,187 (\$11,551,543 as at December 31, 2012). These material uncertainties cast significant doubt regarding the Corporation's ability to continue as a going concern.

The Corporation's ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. Even if the Corporation has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

The carrying amounts of assets, liabilities, revenues and expenses presented in the consolidated financial statements and the classification used in the consolidated statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

3. GENERAL INFORMATION

Golden Valley Mines Ltd. is the parent company (and the ultimate parent company) of the following subsidiaries: Abitibi Royalties Inc., Calone Mining Ltd., James Bay Gold Corp., Nunavik Nickel Mines Ltd., and Uranium Valley Mines Ltd. Subsidiaries have all been incorporated under the Business Corporations Act (British Columbia).

Golden Valley Mines Ltd. was incorporated on August 15, 2000 under the Business Corporations Act (Canada).

The address of Golden Valley Mines Ltd.'s registered office is 152 Chemin de la Mine École, Val-d'Or, J9P 7B6, Quebec, Canada. The address of Golden Valley Mines Ltd.'s principal place of business is 2864 chemin Sullivan, Val-d'Or, Quebec, J9P 0B9. Golden Valley Mines Ltd.'s shares are listed on the TSX Venture Exchange.

Golden Valley Mines Ltd.
Notes to the consolidated financial statements
For the three-month period ended March 31, 2013
(in Canadian dollars)

4. BASIS OF PRESENTATION

These interim financial statements cover the three month period ended March 31, 2013 and were prepared in accordance with International Financing Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), under International Accounting Standard ("IAS") 34 - Interim Financial Reporting. These interim financial statements were prepared using the same accounting policies, methods of computation and basis of presentation as outlined in Note 4 - Significant Accounting Policies, as described in the Company's annual audited financial statements for the year ended December 31, 2012. The interim financial statements do not include all the notes required in annual financial statements and, accordingly, should be read in conjunction with the annual financial statements for the year ended December 31, 2012.

5. CASH

The balance on flow-through financings not spent according to the restrictions imposed by these financing arrangements represents \$622,005 (Nil as at March 31, 2012). The Corporation has to dedicate these funds to the exploration of Canadian mining properties exploration.

6. SHORT-TERM FINANCIAL ASSETS

	March 31, 2013	March 31, 2012
	<u>\$</u>	<u>\$</u>
Guaranteed investment certificates		
•1.2% interest rate, maturing in January 2013		300,000
•1.0% interest rate, maturing in January 2014	1,150,000	
Money market investment funds	3,845	3,812
Mutual funds	105,214	103,914
Marketable securities in quoted mining exploration companies	98,087	322,410
Undeposited certificates		39,600
Short-term financial assets	<u>1,357,145</u>	<u>769,736</u>

Golden Valley Mines Ltd.

Notes to the consolidated financial statements

For the three-month period ended March 31, 2013

(in Canadian dollars)

7. PROPERTY AND EQUIPMENT

The carrying amount can be analysed as follows:

	Property and equipment					Exploration and evaluation equipment				
	Automotive equipment	Office furniture	Computer equipment	Leasehold improvement	Total	Automotive equipment	Machinery and equipment	Computer equipment	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Gross carrying amount										
Balance at January 1, 2013		46,282	72,693	60,385	179,360	55,334	27,725	36,215	119,274	298,634
Additions										
Balance at March 31, 2013		46,282	72,693	60,385	179,360	55,334	27,725	36,215	119,274	298,634
Accumulated depreciation										
Balance at January 1, 2013		30,451	57,751	56,252	144,454	47,104	27,725	20,372	95,201	239,655
Depreciation		1,502	1,216	2,287	5,005	2,748		2,947	5,695	10,700
Balance at March 31, 2013		31,953	58,967	58,539	149,459	49,852	27,725	23,319	100,896	250,355
Carrying amount at March 31, 2013		14,329	13,726	1,846	29,901	5,482		12,896	18,378	48,279
	Property and equipment					Exploration and evaluation equipment				
	Automotive equipment	Office furniture	Computer equipment	Leasehold improvement	Total	Automotive equipment	Machinery and equipment	Computer equipment	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Gross carrying amount										
Balance at January 1, 2012	1,399	46,282	72,693	60,385	180,759	55,334	27,725	35,087	118,146	298,905
Additions								1,128	1,128	1,128
Disposal of a subsidiary	(1,399)				(1,399)					(1,399)
Balance at March 31, 2012		46,282	72,693	60,385	179,360	55,334	27,725	36,215	119,274	298,634
Accumulated depreciation and Write-off										
Balance at January 1, 2012	137	22,811	53,055	46,427	122,430	36,113	26,517	8,582	71,212	193,642
Disposal of a subsidiary	(137)				(137)					(137)
Depreciation		1,901	1,160	2,456	5,517	2,748	604	2,947	6,299	11,816
Balance at March 31, 2012		24,712	54,215	48,883	127,810	38,861	27,121	11,529	77,511	205,321
Carrying amount at March 31, 2012		21,570	18,478	11,502	51,550	16,473	604	24,686	41,763	93,313

Golden Valley Mines Ltd.**Notes to the consolidated financial statements****For the three-month period ended March 31, 2013****(unaudited)**

(in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS

The carrying amount can be analyzed as follows:

	Balance at January 1, 2013	Additions	Tax credits	Disposition	Write-off	Balance at March 31, 2013
	\$	\$	\$	\$	\$	\$
Golden Valley Mines Ltd. Properties						
Acquisition and claims maintenance	4,797,667	33,775				4,831,442
Property option payments	312,500					312,500
Drilling, excavation and related costs	3,244,395	81,889				3,326,284
Technical and field staff	4,030,568	86,867				4,117,435
Airborne geophysics	671,742					671,742
Geophysics	2,268,422	1,600				2,270,022
Line cutting	1,097,836	1,240				1,099,076
Sampling and testing	710,017	5,437				715,454
Travel and transport	1,736,342	5,992				1,742,334
Program management and consultants	239,376					239,376
Professional Fees	6,978					6,978
Depreciation, insurance and office expenses	463,986	10,886				474,872
Communications	55,434	353				55,787
Option payments received	(1,068,104)					(1,068,104)
Write-off of exploration and evaluation assets	(3,856,597)					(3,856,597)
Government assistance	(1,447,228)					(1,447,228)
Net expenses incurred during the period	13,263,334	228,039				13,491,373
Exploration and evaluation assets transferred to subsidiaries	(2,464,773)					(2,464,773)
Balance, end of the period	10,798,561	228,039	-	-	-	11,026,600

Golden Valley Mines Ltd.**Notes to the consolidated financial statements****For the three-month period ended March 31, 2013****(unaudited)**

(in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

	Balance at January 1, 2013	Additions	Tax credits	Disposition	Write-off	Balance at March 31, 2013
	\$	\$	\$	\$	\$	\$
Abitibi Royalties Inc. Properties						
Acquisition and claims maintenance	31,018					31,018
Technical and field staff	7,232					7,232
Program management and consultants	71,862	30,503				102,365
Net expenses incurred during the period	<u>110,112</u>	<u>30,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,615</u>
Nunavik Nickel Mines Ltd. Properties						
Acquisition and claims maintenance	1,739,181	900				1,740,081
Technical and field staff	3,062					3,062
Program management and consultants	2,031	167				2,198
Airborne geophysics	290,304					290,304
Government assistance	(128,092)					(128,092)
Net expenses incurred during the period	<u>1,906,486</u>	<u>1,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,907,553</u>
Uranium Valley Mines Ltd. Properties						
Acquisition and claims maintenance	1,567,349					1,567,349
Technical and field staff	2,568					2,568
Travel and transport	41,452					41,452
Program management and consultants	1,007					1,007
Communication	60					60
Government assistance	(654)					(654)
Write-off of exploration and evaluation assets	(1,403,948)					(1,403,948)
Net expenses incurred during the period	<u>207,834</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,834</u>
Summary						
Mining rights	8,373,446	34,675				8,408,121
Exploration and evaluation assets	7,520,330	224,934				7,745,264
Exploration and evaluation assets transferred to subsidiaries	(2,464,773)					(2,464,773)
Disposal of a subsidiary	(406,009)					(406,009)
	<u>13,022,994</u>	<u>259,609</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,282,603</u>

Golden Valley Mines Ltd.**Notes to the consolidated financial statements****For the three-month period ended March 31, 2013****(unaudited)**

(in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

	Balance at January 1, 2012	Additions	Tax credits	Disposition	Write-off	Balance at March 31 2012
	\$	\$	\$	\$	\$	\$
Golden Valley Mines Ltd. Properties						
Acquisition and claims maintenance	4,753,688	5,887				4,759,575
Property option payments	312,500					312,500
Drilling, excavation and related costs	3,238,372	145				3,238,517
Technical and field staff	3,740,860	80,536				3,821,396
Airborne geophysics	671,742					671,742
Geophysics	2,268,322	100				2,268,422
Line cutting	1,097,836					1,097,836
Sampling and testing	699,416	846				700,262
Travel and transport	1,733,135	1,275				1,734,410
Program management and consultants	239,376					239,376
Professional Fees	6,978					6,978
Depreciation, insurance and office expenses	419,493	12,139				431,632
Communications	55,434					55,434
Option payments received	(1,068,104)					(1,068,104)
Write-off of exploration and evaluation assets	(2,379,275)					(2,379,275)
Government assistance	(1,363,809)					(1,363,809)
Net expenses incurred during the period	14,425,964	100,928				14,526,892
Exploration and evaluation assets transferred to subsidiaries	(2,453,775)	(10,998)				(2,464,773)
Balance, end of the period	11,972,189	89,930				12,062,119

Golden Valley Mines Ltd.

Notes to the consolidated financial statements

For the three-month period ended March 31, 2013

(unaudited)

(in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

	Balance at January 1, 2012	Additions	Tax credits	Disposition	Write-off	Balance at March 31 2012
	\$	\$	\$	\$	\$	\$
Abitibi Royalties Inc. Properties						
Acquisition and claims maintenance	30,868	150				31,018
Technical and field staff	4,342	752				5,094
Program management and consultants	20,386	22,900				43,286
Net expenses incurred during the period	<u>55,596</u>	<u>23,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,398</u>
Nunavik Nickel Mines Ltd. Properties						
Acquisition and claims maintenance	1,689,450	12,541				1,701,991
Technical and field staff	1,013	766				1,779
Program management and consultants	1,326	217				1,543
Airborne geophysics	273,897	16,407				290,304
Government assistance	(119,730)					(119,730)
Net expenses incurred during the period	<u>1,845,956</u>	<u>29,931</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,875,887</u>
Uranium Valley Mines Ltd. Properties						
Acquisition and claims maintenance	1,546,622	15,221				1,561,843
Technical and field staff	1,327	612				1,939
Travel and transport	25,229	16,223				41,452
Program management and consultants	737	54				791
Communication	60					60
Net expenses incurred during the period	<u>1,573,975</u>	<u>32,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,606,085</u>

Golden Valley Mines Ltd.**Notes to the consolidated financial statements****For the three-month period ended March 31, 2013****(unaudited)**

(in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

	Balance at January 1, 2012 \$	Additions \$	Tax credits \$	Disposition \$	Write-off \$	Balance at March 31 2012 \$
Sierra Leone Properties (held by the Corporation's subsidiary: Calone Mining Ltd.)						
Acquisition and claims maintenance	238,231					238,231
Airborne geophysics	257,648					257,648
Travel and transport	202,780					202,780
Remote Sensing Study	66,356					66,356
Technical and field staff	55,606					55,606
Program management and consultants	91,449	12,888				104,337
Sampling and testing	4,692					4,692
Office expenses	3,590					3,590
Geophysics	1,320					1,320
Communications	809					809
Write-down of Mineral properties	(529,360)					(529,360)
Net expenses incurred during the period	393,121	12,888				406,009
Disposal group held-for-sale						(406,009)
	<u>15,840,837</u>	<u>188,661</u>				<u>15,623,490</u>
Summary						
Mining rights	8,258,859	33,799				8,292,658
Exploration and evaluation assets	10,035,753	165,860				10,201,614
Exploration and evaluation assets transferred to subsidiaries	(2,453,775)	(10,998)				(2,464,773)
Disposal group held-for-sale						(406,009)
	<u>15,840,837</u>	<u>188,661</u>				<u>15,623,490</u>

All impairment charges are included within Write-off of exploration and evaluation assets. During the year and the previous year, some mining claims and exploration and evaluation assets were written off for the following reasons: abandoned mining claims, negative results obtained after exploration surveys and/or absence of exploration fees over the past three years. Despite its belief in the ore potential of its claims, Uranium Valley, in regard of the moratorium imposed by the Quebec Government on the issuance of exploration and exploitation permits for uranium in the province of Quebec, made the decision to write-off its Otish/Mistassini Prospect.

Golden Valley Mines Ltd.**Notes to the consolidated financial statements****For the three-month period ended March 31, 2013***(in Canadian dollars)*

8. EXPLORATION AND EVALUATION ASSETS (continued)

The Corporation holds (together with its subsidiaries) 120 exploration and evaluation properties located in: (i) the Abitibi Greenstone Belt; (ii) the James Bay, Mistassini and Otish regions of northern Quebec; (iii) the Nunavik (Ungava and Labrador) region of northern Quebec; (iv) the Athabasca Basin of Saskatchewan, and (v) James Bay Lowlands of Ontario.

Abitibi Greenstone Belt Properties – Integra Gold Corp. (formerly Kalahari Resources Inc.) – Quebec and Ontario

On February 21, 2005, the Corporation was granted an option by Integra to acquire up to a 85% interest in nine mineral properties provided that, amongst other things, it incur an aggregate \$1,000,000 in exploration expenditures on any one of or a combination of the nine properties (\$500,000 for 70%, completed). The Corporation provided Integra with notice of its intent to vest as to a 70% interest in the properties and, a joint venture agreement was concluded as at December 8, 2008 (the “GZZ-I JV”). The GZZ-I JV is subject to underlying royalties ranging between 3% and 3½% in favour of the original vendors, one of which is a director and an officer of the Corporation. On January 11, 2012, the Corporation and Integra granted an option (the “GZZ-I Option”) to Golden Cariboo Resources Ltd. (“GCC”) to acquire a 70% interest in some of the properties comprising the GZZ-I JV. Upon the GZZ-I Option being exercised, the Corporation and Integra shall retain a combined 30% free carried interest to production (22.5% Golden Valley Mines/7.5% Integra) in those properties.

The agreement governing the GZZ-I Option was amended and restated by the parties on January 10, 2013. As of the date hereof, the GZZ-I Option and the agreement continues to be in good standing as does the GZZ-I JV. For additional information with respect to the transaction between the Corporation and GCC, please refer to the GZZ Properties - Golden Cariboo Resources Ltd. – Abitibi Greenstone Belt, Quebec and Ontario paragraph herein.

Broker's Fee Prospect - Cambrian Corp. - Kirkland Lake, Ontario

On October 7, 2010 (the “Effective Date”), the Corporation granted an option (the “Cambrian Option”) to Cambrian Corp. (“Cambrian”), a private company, to acquire up to a 70% interest in the Broker's Fee prospect. On April 2, 2013, the parties entered into a third amended and restated mining option agreement with respect to the Cambrian Option. Pursuant to this third further amended and restated agreement, in order to maintain in force the Cambrian Option, Cambrian must incur aggregate exploration expenditures of \$6,000,000 over a six year period, of which \$200,000 must be spent on or before October 7, 2013, issue an aggregate 600,000 common shares (issued), and deliver a definitive feasibility study on the property on or before the 6th anniversary of the Effective Date. Upon the Cambrian Option vesting, the Corporation will retain a 30% free and carried interest to production. As of the date hereof, the agreement and the Cambrian Option are in good standing.

Golden Valley Mines Ltd.

Notes to the consolidated financial statements

For the three-month period ended March 31, 2013

(in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

West Kirkland Mining Ltd. Options - Island 27 and Plumber Prospects - Matachewan, Kirkland Lake, Ontario

In March 2010, West Kirkland Mining Ltd. ("WKM") was granted an option (the "WKM Option") to acquire a 70% interest in each of the Island 27 Prospect (subject to a 2% NSR in favour of the original vendor) and the Plumber Prospect. Both these prospects are located in the Matachewan area, west of Kirkland Lake, Ontario. Pursuant to and in accordance with the terms of the agreements, as they have been amended, 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 66 month period, and complete a feasibility study on each property. Upon completing all its obligations under the agreements governing the grant of the option, a joint venture shall then be formed on each property and the Corporation will retain a 30% free carried interest in the properties with no further expenditure requirements until the properties achieve commercial production.

As of the date hereof, the agreements and the WKM Option have been terminated; as a result and subject to a 2% NSR in favour of the original vendor, the Corporation retains a 100% interest in each of the Island 27 and the Plumber Prospects.

Luciana Prospect - Big North Graphite Corp. (formerly Big North Capital Inc.) – Lebel-sur Quévillon, Quebec

On August 30, 2011 (the "Effective Date"), the Corporation granted an option (the "Big North Option") to Big North Graphite Corp. ("Big North"), to acquire a 70% interest in the Luciana prospect (the "Big North Option"). On October 10, 2012, the parties entered in to an amended and restated option agreement in respect of the Big North Option. Pursuant to this agreement, in order to maintain in force the Big North Option, Big North must, amongst other things: (i) incur incrementally aggregate exploration expenditures of \$2,000,000 on or before the 3rd anniversary of the Effective date, of which \$250,000 must be incurred on or prior to May 30, 2013, (ii) complete a definitive feasibility study at its sole cost on or before the 10th year anniversary of the Effective Date; (iii) issue to Golden Valley 396,000 shares in the capital of Big North (issued); (iv) make cash payments of \$10,000 in the aggregate (paid); and (iv) reimburse Golden Valley for legal expenses incurred with respect to the grant of the Option (paid).

The Corporation is the operator during the Option phase. Upon Big North exercising the Option, the Corporation will retain a 30% free carried interest to production. As of the date hereof the agreement and the Big North Option have been terminated resulting in the Corporation retaining a 100% interest in the Luciana Prospect.

Golden Valley Mines Ltd.**Notes to the consolidated financial statements****For the three-month period ended March 31, 2013***(in Canadian dollars)*

8. EXPLORATION AND EVALUATION ASSETS (continued)***GZZ Properties - Golden Cariboo Resources Ltd. - Abitibi Greenstone Belt, Quebec and Ontario***

On January 11, 2012, the Corporation granted an option to GCC to acquire a 70% interest in certain properties held as to a 100% interest by the Corporation (the "GZZ Option") and located in the Abitibi Greenstone Belt of northwestern Quebec and northeastern Ontario (the "GZZ Properties"). Concurrently, and subject to net smelter return royalty interests and advance royalty interests in favour of the original vendors (one of which is a director and officer of the Corporation), the Corporation and Integra granted an option to GCC to acquire a 70% interest in certain properties located in the Abitibi Greenstone Belt of northwestern Quebec (the "GZZ-I Option"); these properties are held as to a 70% interest by the Corporation and as to a 30% interest by Integra pursuant to the GZZ-I JV between Integra and Golden Valley Mines (the "GZZ-I Properties"). The GZZ Option and the GZZ-I Option are together referred to herein as "the Option".

The Corporation is the operator during the option phase. On January 10, 2013, the Corporation, Integra and GCC entered into an amended and restated agreement in respect of the Option. In order to maintain in force and exercise the Option, GCC must: (i) issue to the Corporation such number of common shares (the "GCC Payment Shares") in the capital of GCC as is equal to 9.9% of GCC's issued share capital (the "GZZ Share Interest") (issued), calculated forthwith after and taking into account the issuance of the Payment Shares; (ii) incur expenditures in an aggregate amount of \$4,500,000 over a 6 year period (the "Expenditures") to be allocated between the GZZ Properties and the GZZ-I Properties as GCC may determine provided that no more than \$4,000,000 of the Expenditures shall be incurred with respect to the GZZ Properties and at least \$500,000 of the Expenditures shall be incurred with respect to the GZZ-I Properties; and (iii) reimburse the Corporation for all costs related to the preparation of any technical reports.

The Corporation has the right, but not the obligation to participate in future financings of GCC in order to maintain the GZZ Share Interest. Upon the GZZ Option being exercised, the Corporation shall retain a 30% free carried interest to production in respect of the GZZ Properties. Upon the GZZ-I Option being exercised, the Corporation and Integra shall retain a combined 30% free carried interest to production (allocated as to 22.5% the Corporation/7.5% Integra). As of the date hereof, the agreement and the Option are in good standing.

Golden Valley Mines Ltd.**Notes to the consolidated financial statements****For the three-month period ended March 31, 2013***(in Canadian dollars)*

8. EXPLORATION AND EVALUATION ASSETS (continued)***Sirios Resources Ltd. - Sharks and Cheechoo Joint Venture - James Bay Northern Quebec***

On June 14, 2012, the Corporation granted an option (the "SOI Option") to Sirios to acquire the Corporation's 60% interest in and to the Sharks and Cheechoo prospects (the "Properties") located in the James Bay area of Northern Quebec and in which Sirios currently holds a 40% interest. In order for Sirios to acquire 5% of Golden Valley's 60% interest in the Properties, Sirios must on or before December 31, 2012 (the "Initial Option Period") incur aggregate exploration expenditures on the Properties of \$800,000 (the "Initial Expenditures"). Additionally, Sirios has undertaken to retain and pay for the geological services of at least 1 representative of the Corporation in the event that geological tasks are carried out during the Initial Option Period.

In order for Sirios to acquire the Corporation's remaining 55% interest in the Properties, Sirios must (i) on or before June 15, 2013, notify the Corporation in writing of its intent to acquire the remaining 55% interest in the Properties (the "Option Notice"); and (ii) within 3 years from the date of the Option Notice (the "Subsequent Option Period"), incur additional exploration expenditures on the Properties of approximately \$4.2 million (the "Subsequent Expenditures"); and (iii) on or before December 31, 2013, issue to the Corporation a number of common shares equal to the lesser of (a) an amount of \$1,000,000 based on the weighted average price per common share for the 20 consecutive trading days before the date of issuance or (b) 9.9% of Sirios' issued and outstanding share capital (the "Payment Shares"); and (iv) no later than the date which is 3 years from the date of the Option Notice, pay \$500,000 in cash or in securities of Sirios, based on the weighted average price per common share on the 20 consecutive trading days before the date of the issuance, at the sole discretion of Sirios.

However, Sirios shall have the obligation to pay in cash that portion of the \$500,000 which would result in the Corporation becoming an insider of Sirios. For a period of 3 years from the date of the Option Notice, the Corporation shall have the right, but not the obligation to maintain its share interest in Sirios by subscribing for securities of Sirios, on the same terms and conditions as the other subscribers for a particular financing. Golden Valley retains a Net Smelter Return royalty for gold varying between 2.5% and 4% depending on the price of gold as well as a 4% net smelter return from all other mineral products mined or removed from the Properties. The Corporation retains a royalty (the "Royalty") equal to 4% of the net returns from all mineral products mined or removed from the Properties; the Royalty relevant to gold mineral products mined or removed from the Properties only (the "Gold Portion") may vary between 2.5% and 4% depending on the market price of Gold at the time of the payment of the Gold Portion.

Sirios is the operator during the Initial Option Period and the Subsequent Option Period and the Initial Expenditures and Subsequent Expenditures shall include an amount representing 10% of same in lieu of the payment of operator's fees in cash by the Corporation. The issuance of the Payment Shares by Sirios shall survive the termination of the Option. As of the date hereof, Sirios has incurred the Initial Expenditures and has acquired an addition 5% interest in the Properties, resulting in the Corporation retaining a 55% interest therein. As of the date hereof, the Sirios Option is in good standing.

Golden Valley Mines Ltd.**Notes to the consolidated financial statements****For the three-month period ended March 31, 2013***(in Canadian dollars)*

8. EXPLORATION AND EVALUATION ASSETS (continued)***James Bay Properties- Canadian Royalties Inc.- James Bay, Quebec.***

Subject to a 1.5% NSR on the Stake Claims (as hereinafter defined), on September 30, 2005, the Corporation was assigned all of the interest of Canadian Royalties Inc. ("CRI") in 645 mining claims located in the James Bay area of Quebec of which 374 were acquired directly by staking (the "Staked Claims") and 271 claims were under option to CRI from Sirios (the "Sharks Claims"). As consideration for this transaction, the Corporation transferred to CRI the common shares it held in Sirios, issued 1,500,000 share purchase warrants, and reimbursed CRI in full for previously incurred costs on the property. The Corporation may acquire up to an 80% interest in the Optioned Claims provided that, amongst other things, it incurs an aggregate \$1,000,000 in exploration expenditures over a four year period and deliver a bankable feasibility study. The Corporation provided notice to Sirios of its intent to vest as to a 60% interest in the Sharks Claims and a joint venture agreement was entered into by the parties on March 31, 2009. As of the date hereof, the Corporation has granted Sirios an option to acquire the Corporation's 60% interest in the Sharks property.

For additional details in respect of this transaction, please refer to the section entitled Sirios Resources Ltd. - Shares and Chechoo Joint Venture - James Bay Northern Quebec above. CRI retains a 1.5% NSR on the staked Claims.

Malartic CHL Prospect - Malartic, Quebec

Abitibi Royalties acquired a 100% interest in the Malartic CHL Prospect (the "Malartic CHL Property") located near Malartic, Quebec from the Corporation. The Malartic CHL Property was subject to an option agreement in favour of Osisko pursuant to which Osisko can earn a 70% interest in the Malartic CHL Property by making expenditures of \$2,000,000 (the "Malartic CHL Property Option"). During the period, Osisko provided notice to Abitibi Royalties of its intent to exercise the Malartic CHL Property Option, as a result of which Abitibi Royalties and Osisko are deemed to have entered into a joint venture agreement on the Malartic CHL Property. Abitibi Royalties retains a 30% free carried interest with no further expenditure requirements until the property achieves commercial production.

Abitibi Royalties also acquired from the Corporation a 2% net smelter royalty interest in one mining claim held by Osisko and located in the township of Fournière, Registration Division of Abitibi, Province of Quebec.

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Notes to the consolidated financial statements
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9. LEASES

The Corporation's future minimum operating lease payments are as follows:

			Minimum lease
	Within 1 year	1 to 5 years	payments due
	\$	\$	Total
			\$
March 31, 2013	57,461	128,321	185,782
March 31, 2012	62,879	179,178	242,056

The Corporation leases its offices under a lease expiring in July 2016.

The Corporation leases one vehicle under a lease expiring in June 2013.

Lease payments recognized as an expense during 2013 amount to \$16,215 (\$15,720 in 2012). This amount consists of minimum lease payments. No surface payments or contingent rent payments were made or received. The Corporation's operating lease agreements do not contain any contingent rent clauses, renewal options or escalation clauses or any restrictions, such as those concerning dividends, additional debt, and further leasing. No sublease income is expected as all assets held under lease agreements are used exclusively by the Corporation.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31,	March 31,
	2013	2012
	\$	\$
Others		
Trade accounts	86,558	190,627
Wage and salaries payable	204,633	30,719
Benefits		1,815
Current charges	59,911	
Other	2,468	12,333
	<u>353,570</u>	<u>450,976</u>

Golden Valley Mines Ltd.
Notes to the consolidated financial statements
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11. EQUITY

11.1 Capital Stock

The Capital Stock of the Corporation consists of fully paid common shares.

Authorized

Unlimited number of common shares without par value. All shares are equally eligible to receive dividends and the repayment of capital, and represent one vote each at the shareholders' meeting of the Corporation.

Unlimited number of preferred shares, issuable in series with rights and restrictions to be determined by the directors.

11.2 Warrants

Outstanding warrants entitle their holders to subscribe to an equivalent number of ordinary shares, as follows:

	March 31, 2013		December 31, 2012	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Balance, beginning of reporting period	9,426,191	0.22	3,333,329	0.75
Granted			9,426,191	0.22
Expired			(3,333,329)	0.75
Balance, end of reporting period	9,426,191	0.22	9,426,191	0.22

The number of outstanding warrants which could be exercised for an equivalent number of common shares is as follows:

Expiry date	March 31, 2013		December 31, 2012	
	Number	Exercise price \$	Number	Exercise price \$
July 20, 2013	1,124,999	0.40	1,124,999	0.40
March 25, 2014	3,097,833	0.20	3,097,833	0.20
March 25, 2014	368,363	0.15	368,363	0.15
November 8, 2014	4,644,441	0.20	4,644,441	0.20
November 8, 2014	190,555	0.15	190,555	0.15
	9,426,191	0.22	9,426,191	0.22

Golden Valley Mines Ltd.
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12. EMPLOYEE REMUNERATION

12.1 Salaries and other employee benefits expense

Salaries and other employee benefits expense recognized for employee benefits are analyzed below:

	<u>March 31</u> 2013 <u>\$</u>	<u>March 31</u> 2012 <u>\$</u>
Salaries and group insurance	162,188	165,545
Share-based payments	<u>1,108</u>	<u>4,229</u>
	163,296	199,930
Less: salaries capitalized in exploration and evaluation assets	<u>(50,624)</u>	<u>(42,212)</u>
Salaries and other employee benefits expense	<u><u>112,672</u></u>	<u><u>157,718</u></u>

12.2 Share-based payments

The Corporation has in place a stock option plan under which officers, directors, employees and consultants are eligible to receive incentive stock options. Under the terms of this plan, the aggregate number of shares issuable upon the exercise of all options granted thereunder may not exceed 11,175,595 shares. The exercise price of each option is fixed by the Board of Directors, but shall not be less than the closing price of the Corporation's shares on the trading day immediately prior to the date of grant less any discount permitted by the TSX Venture Exchange; if no sales were reported, it shall be the sales closing price on the last trading day immediately prior to the date of grant on which sales were reported. The vesting period of the options shall be determined by the Board of Directors, in accordance with the rules and regulations of the TSX Venture Exchange.

Golden Valley Mines Ltd.
Notes to the consolidated financial statements
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12.2 Share-based payments (continued)

All share-based payments will be settled in equity. The Corporation has no legal or constructive obligation to repurchase or settle the options.

The Corporation's share options are as follows for the reporting periods presented:

	March 31, 2013		December 31, 2012	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding as at January 1	6,985,000	0.33	6,820,000	0.35
Granted			815,000	0.15
Cancelled			(100,000)	0.35
Expired	(795,000)	0.35	(550,000)	0.30
Outstanding as at March 31	<u>6,190,000</u>	<u>0.33</u>	<u>6,985,000</u>	<u>0.33</u>
Exercisable as at January 1 and March 31	<u>6,165,000</u>	<u>0.33</u>	<u>6,945,000</u>	<u>0.33</u>

The table below summarizes the information related to share options as at March 31, 2013

Expiry date	Outstanding options			Exercisable options
	Number of options	Weighted average exercise price \$	Weighted average remaining contractual life (years)	Number of options
June 27, 2013	425,000	0.36	0.49	425,000
December 22, 2013	575,000	0.20	0.98	575,000
June 22, 2014	300,000	0.30	1.47	300,000
August 6, 2014	310,000	0.30	1.60	310,000
December 22, 2015	1,015,000	0.50	2.98	1,015,000
October 5, 2016	2,750,000	0.35	3.76	2,750,000
July 23, 2017	815,000	0.15	4.56	790,000
	<u>6,190,000</u>	<u>0.33</u>		<u>6,165,000</u>

Golden Valley Mines Ltd.
Notes to the consolidated financial statements
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13. FINANCE INCOME

Finance income may be analyzed as follows for the reporting periods presented:

	March 31 2013	March 31 2012
	\$	\$
Interest and dividend income from cash and short-term financial assets	3,451	615

14. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period divided by the weighted average number of shares in circulation during the period. In calculating the diluted loss per share, potential common shares such as share options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 11 and 12.

Both the basic and diluted loss per share have been calculated using the loss attributable to owners of the Corporation as the numerator, i.e. no adjustment to the loss were necessary in 2013 and 2012.

	March 31 2013	March 31 2012
Net loss attributable to shareholders of Golden Valley Mines Ltd.	(346,644)	(607,222)
Weighted average number of shares in circulation	85,859,356	75,180,299
Basic and diluted loss per share	\$ (0.004)	\$ (0.008)

Golden Valley Mines Ltd.
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15. RELATED PARTY TRANSACTIONS

The Corporation's related parties include its joint key management and related companies, as described below.

Expenses incurred to related parties, including those expenses incurred following the preceding agreements.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash. Other than the related party transactions disclosed below, there were no other direct transactions with related parties other than routine payments for management and exploration services and grants of stock options.

15.1 Transaction with key management

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

	March 31 2013	March 31 2012
	\$	\$
Short-term employee benefits		
Salaries including bonuses ⁽¹⁾	96,582	110,349
Benefits	6,565	10,589
Total short-term employee benefits	<u>103,147</u>	<u>120,938</u>
Other transactions with key management		
Rent		3,000
Management Fees	12,888	16,375
Professional fees	30,000	6,000
Expenses capitalized in exploration and evaluation assets	34,505	31,942
Total other transactions with key management	<u>77,393</u>	<u>57,317</u>
Total remuneration	<u><u>180,540</u></u>	<u><u>178,255</u></u>

⁽¹⁾ An amount of \$34,458 (Nil in 2012) has been accrued in Wage and salaries payable as an amount due to related parties. This amount represents director's fees which have been deferred and not yet paid.