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Golden Valley Mines Announces TSX-V Conditional Approval of Corporate Reorganization and Alternate Mailing Method Due to Canada Post Strike

Val-d'Or, Québec – June 2, 2011, Golden Valley Mines Ltd. (“Golden Valley” or the “Company”) (TSX-V symbol: **GZZ**) is pleased to announce that, further to its news release dated April 4, 2011 regarding Golden Valley’s proposed reorganization, the TSX Venture Exchange (the “Exchange”) has granted conditional approval of the applications to list the common shares of three of the Company’s subsidiaries, being Abitibi Royalties Inc., Nunavik Nickel Mines Ltd. and Uranium Valley Mines Ltd. (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 the Subsidiaries for every 25 shares of Golden Valley held by that shareholder on the effective date of the reorganization. Completion of the proposed reorganization is subject to the approval of the Company’s shareholders and the Supreme Court of British Columbia.

On May 26, 2011, the Supreme Court of British Columbia (the “Court”) granted to Golden Valley an interim order (the “Interim Order”) with respect to, among other things, the calling of the Meeting referred to below and mailing and delivery to shareholders of the form of notice calling the Meeting, the forms of proxy and Request for Voting Instructions for use by shareholders in connection with the Meeting, and the form of Management Information Circular of Golden Valley for use in connection with the Meeting (collectively, the “Meeting Documents”).

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”). The mailing date for the Meeting under applicable legislation is June 3, 2011. Golden Valley understands that there will be a work disruption at Canada Post commencing at 11:59 p.m. on June 2, 2011. Accordingly, Golden Valley cannot assure that shareholders will receive the Meeting Documents through the mail due to the work disruption. Accordingly, Golden Valley made an application to the Court to vary the Interim Order such that Golden Valley’s mailing obligations will be satisfied if, among other things, Golden Valley summarizes in this news release the information contained in the Meeting Documents and directs shareholders to access the Meeting Documents electronically. Golden Valley will also provide a copy of the Meeting Documents and its audited consolidated financial statements for the year ended December 31, 2010 (the “Financial Statements”) to every shareholder who requests such materials. Golden Valley will also mail the Meeting Documents and Financial Statements to shareholders within 10 days of the resumption of regular mail service, provided that the Meeting has not already been held by that time.

The following is a summary of Golden Valley’s Meeting Documents:

The Meeting of the Golden Valley shareholders will be held on **Thursday, June 30, 2011 at 4:00 p.m. (Eastern)** at the offices of **Lavery, de Billy, Suite 4000, 1 Place Ville Marie, Montréal (Québec)**. Golden Valley has fixed Thursday, May 26, 2011 as the record date for determining the Golden Valley

shareholders entitled to receive notice of and to vote at the Meeting. In addition to routine annual business (presentation of annual financial statements, election of directors and re-appointment of the incumbent auditor), the Meeting is being held to approve a Shareholder Rights Plan and Stock Option Plan for each of the Subsidiaries and to pass a special resolution to approve the proposed Arrangement among Golden Valley and the Subsidiaries.

Nominees for Election as Directors

Golden Valley currently has seven directors, namely: Joseph Groia, Blair F. Morton, Glenn J. Mullan, the Hon. Dr. Arthur T. Porter, Robert D. Smith, Chad Williams and Dr. C. Jens Zinke, each of whom has been nominated by Golden Valley’s management for election, at the Meeting, as a director for a further term of one year.

The Arrangement

The object of the Arrangement is to reorganize Golden Valley’s business by spinning-out to Golden Valley shareholders partial ownership of the Subsidiaries, which hold certain of Golden Valley’s properties and interests (see below), and to list the common shares of each of the Subsidiaries on the Exchange. On the effective date of the Arrangement, which is anticipated to be on or about July 12, 2011, Golden Valley shall, among other mechanics required to effect the Arrangement, distribute to Golden Valley shareholders common shares of the Subsidiaries as follows:

- for each 25 common shares of Golden Valley held by a Golden Valley shareholder:
 - one common share in the capital of Abitibi Royalties Inc.;
 - one common share in the capital of Nunavik Nickel Mines Ltd.; and
 - one common share in the capital of Uranium Valley Mines Ltd.

No fractional shares of the Subsidiaries will be distributed to Golden Valley shareholders. The residual Subsidiaries’ shares not distributed to Golden Valley Shareholders as a result of the treatment of fractional interests will be surrendered by Golden Valley for cancellation and returned to the treasury of the respective Subsidiary.

As a result of the Arrangement, Golden Valley shareholders will hold shares in Golden Valley and in each of the Subsidiaries thereby directly holding an interest in certain of Golden Valley’s assets that were previously held indirectly.

The following table sets out the approximate Golden Valley Shareholders’ ownership percentages in each of the Subsidiaries, assuming completion of the Arrangement as proposed and described in the Meeting Documents:

	% of shares held by Golden Valley Shareholders	% of shares held by Golden Valley
Abitibi Royalties Inc.	33.01%	66.99%
Nunavik Nickel Mines Ltd.	29.03%	70.97%
Uranium Valley Mines Ltd. ⁽¹⁾	25.87%	38.09%

⁽¹⁾ The remaining 36.04% of the Uranium Valley Mines Ltd. shares will be held by Lexam VG Gold Inc., an Ontario Corporation which was formerly Golden Valley’s JV partner on the Mistassini-Otish property.

The subsidiaries and respective property interests are:

- **Abitibi Royalties Inc.** holds title to Golden Valley's 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 Mining Corporation and may acquire and generate other royalty interests;
- **Nunavik Nickel Mines Ltd.** holds title to Golden Valley's 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's 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.

Technical Reports prepared in compliance with Canadian Securities Administrators National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* for each of the properties held by the Subsidiaries that are considered material to the respective Subsidiary pursuant to applicable legislation and for Exchange listing purposes have been electronically filed with regulators by Golden Valley and will be, on June 3, 2011, available for viewing through the Internet at the SEDAR website (www.sedar.com) under Golden Valley's issuer profile and at Golden Valley's website at www.goldenvalleymines.com.

Assuming the Arrangement is approved by Golden Valley shareholders at the Meeting in the manner required by the Interim Order, Golden Valley will apply to the Court at 800 Smithe Street, Vancouver, British Columbia, to obtain the Final Order on the date and at the time that will be announced by a news release, which will be publicly disseminated and filed on SEDAR not less than two days prior to the date of such hearing. At the hearing, any registered Golden Valley shareholders and any other interested party who wish to participate or to be represented or to present evidence or arguments may do so, subject to filing with the Court and delivering a notice of such intention to appear to counsel for Golden Valley no later than 4:00 p.m. on the day immediately preceding the date of the hearing.

The effective date of the Arrangement is presently anticipated to be Tuesday, July 12, 2011, and certificates representing shares of each of the Subsidiaries to be issued to Golden Valley shareholders pursuant to the Arrangement will be made available as soon as reasonably possible after the effective date.

The Board of Directors of Golden Valley has reviewed the terms and conditions of the Arrangement and has concluded that the terms and conditions of the Arrangement are fair and reasonable and in the best interests of Golden Valley and its shareholders. The Board of Directors of Golden Valley recommends that Golden Valley shareholders vote in favour of the Arrangement and in favour of all other matters to be considered at the Meeting.

In general, and subject to the detailed commentary set out in the Meeting Documents, the fair market value of the Subsidiaries' shares distributed to Golden Valley shareholders will be a taxable dividend to the Golden Valley shareholders receiving such dividend. A Golden Valley shareholder who receives Subsidiaries' shares pursuant to the Arrangement as a taxable dividend will be subject to tax in Canada on the dividend received. Golden Valley shareholders will have an adjusted cost base in the shares of the Subsidiaries equal to the fair market value of shares of the Subsidiaries received by them as a dividend. Certain Canadian shareholders that are corporations may be required to reduce a loss

they incur on the disposition of their Golden Valley common shares to take into account the amount of the taxable dividend received by them. Non-resident shareholders who receive the taxable dividend will be subject to tax in Canada under part XIII of the *Income Tax Act* (Canada) and will be required to pay a tax in Canada of 25% of the amount of the dividend (which amount may be reduced by tax treaty according to the country of residence of the non-resident shareholder) which amount will be withheld from the dividend by Golden Valley.

Risk factors related to the business of Golden Valley will generally apply to the Subsidiaries following completion of the Arrangement and, in the view of Golden Valley's management, will not be affected by the Arrangement, as the risks associated with the businesses and operations of the Subsidiaries are presently borne by Golden Valley shareholders indirectly, by virtue of their shareholdings in Golden Valley. The Arrangement itself creates additional risks for Golden Valley shareholders including (i) the fact that market reaction to the Arrangement, the future trading price of the Golden Valley common shares and the respective trading prices of the Subsidiaries' shares, if listed, cannot be predicted; (ii) the fact that the distribution of the Subsidiaries' shares to Golden Valley shareholders may give rise to adverse tax consequences to Golden Valley shareholders and therefore each security holder is urged to consult his, her or its own tax advisor; (iii) uncertainty as to whether the Arrangement will have a positive impact on Golden Valley or any of the Subsidiaries; (iv) the fact that the completion of the Arrangement will reduce the assets held directly by Golden Valley; and (v) the fact that there is no assurance that the required approvals will be received or that any of the Subsidiaries' shares will ever be listed on the Exchange or any stock exchange. Further, no advanced income tax ruling has been, or will be, obtained from the Canada Revenue Agency relating to the Arrangement.

No assurance can be given that the proposed reorganization will be completed as envisaged, nor that Golden Valley will achieve its reorganization objectives.

Shareholder Rights Plans and Stock Option Plans of the Subsidiaries

The directors of each of the Subsidiaries have adopted a Shareholder Rights Plan and a Stock Option Plan, which have been approved by Golden Valley as the sole shareholder of each of the Subsidiaries at the time of adoption. Golden Valley shareholders will be asked at the Meeting to ratify and confirm the adoption by the Subsidiaries of the Shareholder Rights Plan Agreements and approve and ratify the Stock Option Plans, the Stock Option Plans proposed to be implemented, subject to acceptance by the Exchange in conjunction with listing on the Exchange and approval by the Golden Valley shareholders.

Accessing the Meeting Materials, Financial Statements and Technical Reports

The Meeting Documents and the Technical Reports (as referred to above) have been filed electronically with regulators and will be, on June 3, 2011, available for viewing through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com, under Golden Valley's issuer profile. The Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2010, have also been filed and are available for viewing at the SEDAR website. Golden Valley has also posted the Meeting Documents, Financial Statements and Technical Reports on its website at www.goldenvalleymines.com. Shareholders are urged to access the Meeting Documents, Financial Statements and Technical Reports on these websites, to carefully consider the information therein and to ensure to vote at the Meeting either in person or by proxy. Any Golden Valley shareholder who wishes to review the Meeting Documents, the Financial Statements or the Technical Reports may also inspect these documents at the offices of Golden Valley at 2864 chemin Sullivan, Val-d'Or, Québec; or at the Subsidiaries' registered office at

Suite 1810, 1111 West Georgia Street, Vancouver, British Columbia, during normal business hours prior to the Meeting. The Meeting Documents, the Financial Statements and the Technical Reports will also be available for review by Golden Valley shareholders at the Meeting.

Proxies and Proxyholders

You can appoint any person to be your proxyholder. It is not necessary for the person whom you appoint to be a Golden Valley shareholder. To make such an appointment, simply fill in the person's name in the blank space provided in the form of proxy. To vote your shares, your proxyholder must attend the Meeting. If you do not fill a name in the blank space in the form of proxy, the persons named in the form of proxy are appointed to act as your proxyholder. Those persons are directors and/or officers of Golden Valley. If you do not give any instructions as to how to vote on a particular issue to be decided at the Meeting, your proxyholder can vote your shares as he or she thinks fit. If you have appointed the persons designated in the forms of proxy, as filed, as your proxyholder they will, unless you give contrary instructions, vote your shares in favour of all matters to be decided at the Meeting.

Calone Mining Ltd., the fourth 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.

About Golden Valley Mines Ltd.: The Company typically tests initial grassroots targets while owning a 100% interest therein and then seeks partners to continue exploration funding. This allows the Company to carry on its generative programs and systematic exploration efforts at other majority-owned grassroots projects. The Company (together with its various subsidiaries) holds majority property interests in projects in Canada (Saskatchewan, Ontario and Québec) and in the Republic of Sierra Leone in West Africa.

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Forward Looking Statements:

This news release contains certain statements that may be deemed "forward-looking statements. Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Although Golden Valley believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or realities may differ materially from those in forward looking statements. Forward looking statements are based on the beliefs, estimates and opinions of Golden Valley's management on the date the statements are made. Except as required by law, Golden Valley undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change.

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