



GOLDEN VALLEY MINES LTD.

152, Chemin de la Mine École
Val-d'Or, Québec J9P 7B6
819.824.2808 (main)
819.824.3379 (fax)
info@goldenvalleymines.com

**NEW OPTION AGREEMENT SIGNED
\$4,500,000 over a 5 year period on 12 Abitibi Greenstone Belt Properties**

VAL-D'OR, QUÉBEC - January 18, 2012 - Golden Valley Mines Ltd. (“Golden Valley” or the “Company”, TSXV:GZZ) is pleased to announce that it has entered into an option agreement with Golden Cariboo Resources Ltd. (“Golden Cariboo”) in respect of a portfolio consisting of twelve (12) properties located in the Abitibi Greenstone Belt.

Golden Valley has granted an option to Golden Cariboo to acquire a 70% interest in certain properties held as to a 100% interest by Golden Valley (the “GZZ Option”) and located in the Abitibi Greenstone Belt of northwestern Québec 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 Company), Golden Valley and Integra Gold Corp. (“Integra”) have granted an option to Golden Cariboo to acquire a 70% interest in certain properties located in the Abitibi Greenstone Belt of northwestern Québec (the “GZZ-I Option”); these properties are held as to a 70% interest by Golden Valley and as to a 30% interest by Integra pursuant to a joint venture agreement between Integra and Golden Valley (the “GZZ-I Properties”). The GZZ Option and the GZZ-I Option are together referred to herein as “the Option”. Golden Valley will be operator during the option phase.

In order to maintain in force the Option granted to it, and to exercise the Option, Golden Cariboo must: (i) issue to Golden Valley such number of common shares (the “Payment Shares”) in the capital of Golden Cariboo as is equal to 9.9% of Golden Cariboo’s issued share capital (the “Share Interest”), 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 5 year period (the “Expenditures”) to be allocated between the GZZ Properties and the GZZ-I Properties as Golden Cariboo 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 Golden Valley for all costs related to the preparation of any technical reports. Golden Valley has the right, but not the obligation to participate in future financings of Golden Cariboo in order to maintain its Share Interest.

Upon the GZZ Option being exercised, Golden Valley shall retain a 30% free carried interest to production in respect of the GZZ Properties. Upon the GZZ-I Option being exercised, Golden Valley and Integra shall retain a combined 30% free carried interest to production (22.5% Golden Valley/7.5% Integra).

To date, more than an aggregate \$1.1 million in acquisition (claim staking and claim maintenance fees) and exploration (preliminary ground fieldwork and diamond drilling) expenditures have been incurred on the GZZ Properties and the GZZ-I Properties.

Summaries per property group are as follows:

GZZ Properties (Golden Valley, 100%):

Dionne Prospect: This gold property (18 claims, 824 ha) is located in the Amos area. The property was staked to cover a historical gold showing that yielded a grab sample that carried 8.291 opt Au (MRNF GM 01629).

North Contact Prospect: This gold property (9 claims, 360 ha) is located within the Val-d'Or Gold Camp, along the north contact of the Bourlamaque Batholith. This granodiorite intrusive containing multiple gold-bearing quartz vein systems has had a well-documented mining history that includes past (Ferderber and Dumont gold mines) and present (Lac Herbin gold mine) gold producers.

Princess Annie Prospect: This gold property (11 claims, 472 ha) covers a unit of felsic volcanic rocks and basalt that lie within the regional Lois Deformation Corridor. This structure is roughly midway between the auriferous Macamic Deformation Corridor twelve kilometers to the north and the gold-bearing Destor Porcupine Fault that is eleven kilometers to the south.

Riverside Prospect: The Riverside (4 claims, 53 ha) prospect is contiguous to the Bogside and Bogside NW Prospects, located within the Pontiac Sediments, south of the Cadillac-Larder Lake Break. The underlying geology of the property carries low gold values associated with mineralized alteration zones hosted in quartz-porphyry intrusive bodies similar to those being mined by Osisko Mining Corporation at their producing Canadian Malartic gold mine in Malartic.

Rivière d'Alembert Prospect: This copper-zinc-silver property (5 claims, 244 ha) falls within the Duparquet mining camp and is located two kilometers south of the Destor Porcupine Deformation Corridor. The presence of altered felsic as well as intermediate volcanic units in recent drillholes that intersected narrow but massive pyrrhotite-pyrite sections with weakly anomalous copper, zinc and silver values suggests a prospective environment for possible volcanogenic massive sulphide discoveries.

Salve Lake Prospect: This gold property (3 claims, 256 ha) is located in the Black-River Matheson area. The property falls within the Kidd-Munro geological assemblage. Gold deposition on the property is controlled by a splay from the Pipestone Fault which is itself a splay off of the Porcupine Destor Deformation Zone. The Maude Lake gold deposit is also situated over this secondary splay approximately two kilometers to the north-northwest of the Salve Lake Prospect. Recent drilling (Golden Valley April 5, 2011 news release) confirmed the southeast extension of the Pipestone Fault on the property with an intersection of 1.60 g/t Au over 1.45 metres.

Venus New Prospect: This gold property (22 claims, 807 ha) is located in the Barraute area approximately 45 kilometers north of the Val-d'Or Gold Camp. The volcanoclastic rocks of the property are affected by the northwest extension of the Uniacke Deformation Corridor. The property hosts gold occurrences that are associated with quartz veins and carbonate alteration within two parallel shear zones. Recent drilling programs (Golden Valley May 11,

2009 news release) confirmed the presence of quartz vein-hosted gold mineralization grading 0.767 g/ t Au over 0.57 metres; 2.05 g/t Au over 0.49 metres and 15.85 g/t Au over 0.26 metres

GZZ-I Properties (Golden Valley 70%, Integra 30%):

Bogside Prospect: This gold property (8 claims, 323 ha) overlies a section of a regional drag fold that is part of the Cadillac-Larder Lake Break. The currently producing Lapa-Cadillac Gold Mine of Agnico-Eagle Mines Limited is situated within this tectonic zone and is located one kilometer to the north of the Bogside Prospect.

Bogside NW: This gold property (6 claims, 96 ha) is contiguous to the west of the Bogside Prospect. The property is located within the Pontiac Sediments, south of the Cadillac-Larder Lake Break. The underlying geology of the property carries low gold values associated with mineralized alteration zones hosted in quartz-porphyry intrusive bodies similar to those being mined by Osisko Mining Corp. at their producing Canadian Malartic gold mine in Malartic.

Claw Lake Prospect: This gold property (8 claims, 1120 ha) is located in the Shining Tree area. The property was acquired to cover the massive and porphyritic quartz-diorite Claw Lake Stock, based on a target model of an Archean porphyry-style copper-gold±molybdenite mineralization. The best known porphyry-hosted deposit of this type is associated with the Pearl Lake Porphyry Stock near Timmins, Ontario at the Hollinger-McIntyre deposit (Canada's largest gold deposit at approximately 30.1 million ounces of historic production). To date there have been twelve showings of gold, molybdenum, silver, copper or zinc identified on the property (OGS GR249, 1986; OGS AFRO ID 2.1483; OGS AFROID W9480-00072)

Cook Lake Prospect: This gold property (13 claims, 464 ha) is well-located within the historic Kirkland Lake Gold Camp as per historical exploration results from 1929, where underground sampling of a quartz vein within the Scott-Kirkland Number two shaft returned 6.46 opt Au over three feet (OGS Document: To Shareholders of Scott-Kirkland Gold Mines, A. Reid, 1929). The property also displays favourable host rock alteration assemblages that are generally identified with possible copper-zinc-silver volcanogenic massive sulphide environments.

Perestroika Prospect: This gold property (8 claims, 325 ha) is located within the Barraute area approximately 45 kilometers northeast of the Val-d'Or Gold Camp. The property is situated over the Uniacke Deformation Corridor. This auriferous structure is inferred to be a splay from the Manneville Deformation Corridor which is the eastern extension of the Destor Porcupine Deformation Zone. Recent drilling (Golden Valley August 11, 2010 news release) confirmed the southeast extension of the Glasnost Zone within the Uniacke Deformation Corridor with intersections of 3.50 metres averaging 18.08 g/t Au and 1.15 metres averaging 59.52 g/t Au. Follow-up diamond drilling is planned to test this newly-defined target.

Including previously announced joint venture programs with Big North Capital Ltd. (Luciana Prospect) and Monarch Energy Ltd. (Centremaque Prospect), the 2012 Abitibi Greenstone Belt "partner-funded" programs are currently budgeted at approximately \$750,000. Golden Valley is the operator during the option phase of all of the programs.

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.

Forward-Looking Statement: This news release contains certain 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 of this news release and the Company does not undertake any obligation to update or publicly release any revisions to such forward-looking statements to reflect events, circumstances, or changes in expectations after the date hereof, except as required by law. Accordingly, readers should not place undue reliance on such forward-looking statements.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

For additional information please contact:

Golden Valley Mines Ltd.

Glenn J. Mullan

Chairman, President, and CEO

152, Chemin de la Mine Ecole

Val-d'Or, Québec J9P 7B6

Telephone: 819.824.2808 ext. 204

Email : glenn.mullan@goldenvalleymines.com