



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

Update: Calone Mining Company (SL) Ltd.

Val-d'Or, Québec – May 10, 2012 – Golden Valley Mines Ltd. (“Golden Valley” or the “Company”) (TSX-V symbol: **GZZ**) announces that its wholly-owned Canadian subsidiary, Calone Mining Ltd. (“**Calone Canada**”) has entered into a share purchase agreement (the “**SPA**”) with K&K Investment GmbH (“**K&K**”), an Austrian company, pursuant to which K&K shall acquire, through a special purpose vehicle (the “**SPV**”), all of Calone Canada’s shares held in its Sierra Leonean subsidiary, Calone Mining Company (S.L.) Ltd. (“**Calone SL**”).

As consideration for entering into the SPA, K&K shall ensure the funding and completion of an airborne electromagnetic geophysical survey (the “**Survey**”) on the property located in the Republic of Sierra Leone over which Calone SL has three reconnaissance licences over the Freetown Intrusion and Banana Islands (the “**Property**”). The Survey shall be contracted at the latest by August 2nd 2012. K&K has also agreed, upon completion of the Survey, to comply with all applicable regulatory requirements in order to obtain exploration and mining licenses for the Property. As additional consideration for entering into the SPA, K&K and Calone SL have agreed to pay to Calone Canada a royalty (the “**Royalty**”) equal to 5% of net returns from mineral products mined or removed from the Property within 10 years of closing of the transactions contemplated by the SPA (the “**Closing**”). K&K and Calone SL shall have the right to repurchase a portion of the Royalty at their election as follows: (i) 1% for the price of US\$2M leaving Calone Canada with a 4% royalty; or (ii) 2% for the price of US\$4M, leaving Calone Canada with a 3% royalty, or (iii) 3% for the price of US\$6M, thereby leaving Calone Canada with a 2% royalty.

It was further agreed to between the parties that: (i) any funds currently held by Calone SL and any future funds to be received by Calone SL after the execution of the SPA are not to be transferred to K&K and are to be remitted to Calone Canada; and (ii) Calone Canada would ensure the completion of a school, the construction of which was commenced as part of Calone SL’s Corporate and Social Responsibility activities in Sierra Leone, and which to date is nearly complete. When finished, the school is to be donated to the Sierra Leonean Government, Ministry of Education, local Chiefdom of Tonkolili and Village of Masimburie.

The Closing will take place on the date that is the earlier of 30 days after the date that K&K advises Calone Canada in writing that the SPV has been validly created and June 4, 2012.

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 (until Closing) in the Republic of Sierra Leone.

For additional information please contact:

Golden Valley Mines Ltd.

Glenn J. Mullan, President, Chairman, and CEO

2864 chemin Sullivan

Val-d'Or, Québec J9P 0B9

Tel.: 819.824.2808 ext. 1222

Email : glenn.mullan@goldenvalleymines.com

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 the 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 news release.