Management's Discussion and Analysis

Golden Valley Mines Ltd.

For the period ended March 31, 2012

Dated: May 30, 2012

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 period ended March 31, 2012 which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee. This discussion and analysis should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2011 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 - *Standards of Disclosure for Mineral Projects*.

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 mineral exploration company whose assets and those of its subsidiaries (including the New Issuers (as hereinafter defined)), include 138 exploration properties located in the following areas: (i) the Abitibi Greenstone Belt (Ontario and 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. Golden Valley Mines also holds, until closing of the transaction pertaining to Calone Mining Company (S.L.) Ltd. between Calone Mining Ltd., the Company's wholly-owned subsidiary, and K&K Investment GMBH, additional properties located in the Republic of Sierra Leone, West Africa. For additional information with respect to these transactions, please refer to the Post Reporting Date Events sections herein.

Golden Valley Mines' primary objective is to conduct basic exploration 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 without an economically 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 instances, Golden Valley Mines continues to act as the operator during the earn-in phase. In this manner, the Company reduces dilution to its share capital and decreases the amount of self-funded expenditures, while continuing exploration on these same properties with larger budgets than its own initial investment (most of the agreements allow the partner to earn into a property by incurring exploration expenditures over periods of three to five years). Furthermore, in addition to third party disbursements for exploration funding, the Company's option agreements typically provide for receipt by Golden Valley Mines of either cash or shares, or both from its partners retaining an NSR royalty or a free-carried interest. This allows the Company to focus primarily on other early-stage, 100%-owned properties while partners fund exploration on more expansive option/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; and (d) retention of largest possible interest (carried interest or NSR) following vesting of the option and formation of the joint venture.

On July 19, 2011, the Company effected its plan of arrangement (the "**Arrangement**") pursuant to the *Canada Business Corporations Act*, as a result of which the Company distributed a portion of its interest in Abitibi Royalties Inc. ("**Abitibi Royalties**"), Nunavik Nickel Mines Ltd. ("**Nunavik Nickel**"), and Uranium Valley Mines Ltd. ("**Uranium Valley**") to its shareholders, and each of Abitibi Royalties, Nunavik Nickel, and Uranium Valley (together, the "**New Issuers**") became reporting issuers in the provinces of Alberta, British Columbia, Ontario, and Québec. The New Issuers hold advanced properties and/or projects that are peripheral to the Company's core business plan (grassroots exploration) and/or outside of its main area of operations (Abitibi Greenstone Belt). See section 3 herein, Property Interests Assigned to the New Issuers for additional details.

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 (54), copper-zinc-silver (35), nickel-copper-PGE (7), molybdenum (1) and cobalt-silver-nickel (2) prospects located in Québec (75) and Ontario (24). 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, with the pattern then consistently being repeated throughout the year as much as financial and logistical circumstances permit.

During the first quarter of 2012 ending March 31st, the Company's exploration work was focused on the completion of property compilations (for mandatory government assessment report filing and business development purposes) and project generation activities directed to identifying and evaluating new opportunities.

B. Henley Prospect - McFauld's Lake "Ring of Fire" – James Bay Lowland, Ontario:

Golden Valley Mines holds a total of 47 claims (655 claim units) covering over 10,480 hectares (approximately 105 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.

The Henley Prospect, comprising three claims, for a total of 32 units or 512 ha, 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 West Prospect. For details pertaining to the Noront Resources Ltd./White Pine Resources Inc. option (being 44 claims for a total of 655 units or 10,480 ha), please refer to section 3 *New Issuers* under the heading Abitibi Royalties Inc.

No exploration fieldwork was completed on the property during the first quarter of 2012.

2. Option and Joint Venture Properties Portfolio Review:

Abitibi Greenstone Belt Programs

A. Integra Gold Corp. Joint Venture – AGB:

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. During the quarter, the Company and Integra granted an option (the "**GZZ-I Option**") to Golden Cariboo Resources Ltd. ("**Golden Cariboo**") to acquire a 70% interest in some of the properties comprising the GZZ-I Joint Venture. Upon the GZZ-I Option being exercised, Golden Valley Mines and Integra shall retain a combined 30% free carried interest to production (22.5% Golden Valley Mines/7.5% Integra). For additional information with respect to the transaction between the Company and Golden Cariboo, and the exploration activities conducted on the properties under option by the Company and Integra to Golden Cariboo, please refer to the Section F herein.

B. 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. Pursuant to the terms of the amended option agreements, 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 54 month period, and complete a feasibility study on each property. Upon completing all its obligations under the amended option agreements, a joint venture shall then be formed on each property and the Company will retain a 30% carried interest in the properties with no further expenditure requirements until the properties achieve commercial production.

No exploration fieldwork was completed on the Island 27 or the Plumber prospects during the first quarter of 2012, as reported by the project operator, WKM.

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

Pursuant to a further amended and restated mining option agreement dated April 19, 2012 (the "**Cambrian Option Agreement**") the Company granted an option to 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.

Pursuant to the terms of the Cambrian Option Agreement, Cambrian may earn a 70% undivided interest in the Property by incurring aggregate exploration expenditures of $6,000,000 over a four year period, making a $5,000 cash payment, issuing 600,000 common shares (no later than July 31, 2012), and delivering a definitive feasibility study on the property on or before the 4th anniversary of the effective date of the Cambrian Option Agreement. In the event that the exploration expenditures detailed above are not incurred by their respective due dates, the Company may grant Cambrian up to two (2) twelve (12) month extensions (an "Extension Period") to incur such expenditures, provided that Cambrian advise the Company in writing of its intent to avail itself of an Extension Period prior to the date by which the expenditures must be incurred, and that Cambrian issue in the aggregate to the Company up to an additional 400,000 common shares.

No exploration work was conducted on this property during the quarter ending March 31, 2012.

D. Monarch Energy Limited - Centremaque Prospect

Pursuant to an amended and restated mining option agreement dated March 19, 2012, the Company granted an option to Monarch Energy Ltd. ("**Monarch**") to acquire a 70% interest in the Centremaque property (the "**Monarch Option**") provided that Monarch: (i) incur aggregate exploration expenditures of $2,250,000 over a three year period from July 26, 2011 (the "**July Effective Date**"); (ii) complete a definitive feasibility study at its sole cost on or before the 10th year anniversary of the July Effective Date; (iii) issue to the Company, 9,175,008 common shares equal to 9.9% of Monarch's issued and outstanding share capital (issued); and: A) make a $35,000 cash payment; and B) reimburse the Company for legal expenses incurred with respect to the grant of the Monarch Option. Golden Valley Mines is the operator during the option phase. Upon Monarch exercising the Monarch Option, the Company will retain a 30% free carried interest in the property with no further expenditure requirements until the property achieves commercial production.

The first year's proposed work program is to include compilation of pre-existing exploration data and completion of a 3-D diamond drillhole model of the historical drill data and the drilling of approximately 1,400 metres of new drill core to confirm previous assays and evaluate the new geophysical targets.

No exploration work was conducted on this property during the first quarter of 2012 ending March 31, 2012.

E. Big North Capital Inc. – Luciana Prospect

On August 30, 2011 (the "**August Effective Date**"), the Company granted an option to Big North Capital Inc. ("**Big North**"), to acquire a 70% interest in the Luciana Prospect (the "**Big North Option**") provided that Big North: (i) incur aggregate exploration expenditures of $2,000,000 over a three year period from the August Effective Date; (ii) complete a definitive feasibility study at its sole cost on or before the 10th year anniversary of the August Effective Date; (iii) issue to Golden Valley

Mines 396,000 shares in the capital of Big North upon Exchange approval; (iv) make cash payments of $10,000 in the aggregate; and (iv) reimburse Golden Valley Mines for legal expenses incurred with respect to the grant of the Option. Golden Valley Mines is the operator during the option phase. Upon Big North exercising the Big North Option, the Company will retain a 30% free carried interest in the property with no further expenditure requirements until the property achieves commercial production.

During the first quarter ending March 31, 2012, planning for the 2012 exploration program was completed.

F. Golden Cariboo Resources Ltd. – GZZ Properties and GZZ-I Properties

The Company granted an option to Golden Cariboo to acquire a 70% interest in certain properties held as to a 100% interest by the Company (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 Mines and Integra 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 Mines and as to a 30% interest by Integra pursuant to a joint venture agreement 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**". Golden Valley Mines is the 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 the Company such number of common shares (the "**GCC Payment Shares**") in the capital of Golden Cariboo as is equal to 9.9% of Golden Cariboo's issued share capital (the "**GZZ Share Interest**"), calculated forthwith after and taking into account the issuance of the GCC 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 Mines for all costs related to the preparation of any technical reports. Golden Valley Mines has the right, but not the obligation to participate in future financings of Golden Cariboo in order to maintain the GZZ Share Interest. Upon the GZZ Option being exercised, Golden Valley Mines shall retain a 30% free carried interest to production in respect of the GZZ Properties. Upon the GZZ-I Option being exercised, Golden Valley Mines and Integra shall retain a combined 30% free carried interest to production (allocated as to 22.5% Golden Valley/7.5% Integra).

Following the option grant, only preliminary exploration planning has been conducted on the properties during subsequent to the first quarter of 2012.

James Bay Properties

G. Sirios Resources Joint Venture – Cheechoo and Sharks Prospects*:*

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 km²) by entering into an agreement with Canadian Royalties Inc. ("**CRI**"), now a private company, pursuant to which Golden Valley Mines' acquired CRI's interest in the Sharks Gold

Property; those claims held by CRI as to a 100% interest and which were acquired through staking (Top Corner Prospect group of properties)**.**

The Cheechoo ("A", "B", and "C") and "Sharks" properties are currently the object 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 could 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. As at quarter end, the Company did not provided such notice to Sirios; as a result, Golden Valley Mines retains a 60% interest in each of the Cheechoo and Sharks properties.

Golden Valley Mines completed field programs over the properties from 2005 to 2007. In 2008, 2009, and 2010 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.

No exploration work was conducted on this property during the first quarter ending March 31, 2012.

3. Property Interests Assigned to the New Issuers:

A. Abitibi Royalties Inc.

<u>Malartic CHL Prospect</u>*<u>:</u>*

In contemplation of the Arrangement, the Company assigned its interest in the Malartic CHL Prospect to Abitibi Royalties along with a 2% net smelter royalty interest on a claim block held by Osisko Mining Corporation ("**Osisko**") and covering the Charlie Zone, which is located immediately southeast of the Canadian Malartic deposit held by Osisko. This property is the object of a joint venture between Osisko and Abitibi Royalties. Abitibi Royalties retains a 30% free carried interest in the Malartic CHL Prospect until commercial production of the property.

For details on the expenditures made on this property by Osisko, and anticipated timing and costs to take the property to the next stage of the project plan, please refer to Osisko's continuous disclosure documents available for viewing by the public through the internet at the SEDAR website (www.sedar.com) by accessing Osisko's issuer profile. Please also refer to Abitibi Royalties' news releases dated January 17, 2012 and March 2, 2012 detailing the results of the technical audit completed by Micon International Ltd. on the internal mineral resource estimate prepared by Osisko. Further details can also be accessed from the technical report entitled *"A Review of Osisko Mining Corporation's Mineral Resource Estimate for the Jeffrey Zone, Malartic CHL Joint Venture Property, Val-d'Or, Québec" dated March 1, 2012* (the "**Report**") by accessing Abitibi Royalties' issuer profile through the internet on the SEDAR website (www.sedar.com).

As a result of the completion of the Arrangement, the Company holds an approximate 66.3% interest in Abitibi Royalties. For additional details with respect to the Arrangement, please refer to the *Corporate Development* section herein.

McFauld's Lake ("Ring of Fire") Area*:*

In contemplation of the Arrangement, Golden Valley Mines assigned its 100% interest in the Luc Bourdon and Luc Bourdon West prospects to Abitibi Royalties. The Luc Bourdon and Luc Bourdon West prospects were originally staked by the Company in 2008. Golden Valley Mines holds an approximate 66.3% interest in Abitibi Royalties.

For details on the expenditures made on the Luc Bourdon and Luc Bourdon West properties and anticipated timing of exploration activities, please refer to Abitibi Royalties' continuous disclosure documents available for viewing by the public through the internet at the SEDAR website (www.sedar.com) by accessing Abitibi Royalties' issuer profile.

B. Nunavik Nickel Mines Ltd.:

In contemplation of the Arrangement, Golden Valley Mines assigned its interest in each of the Marymac Prospect (Labrador Trough, Nunavik, Québec), Fortin Prospect, Shoot Out Prospect, and the Donnybrook and Overtime Prospects (South Raglan Trend, Nunavik, Québec) to Nunavik Nickel. Golden Valley Mines holds an approximate 70.4% interest in Nunavik Nickel. For details on expenditures and anticipated timing of exploration activities of the above mentioned properties held by Nunavik Nickel, please refer to Nunavik Nickel's continuous disclosure documents available for viewing by the public through the internet at the SEDAR website (www.sedar.com) by accessing Nunavik Nickel's issuer profile.

C. Uranium Valley Mines Ltd.:

Otish-Mistassini Basins Project

In contemplation of the Arrangement, the Company assigned its interest in the *Otish-Mistassini Projec*t to Uranium Valley. Until May 12, 2011, the property was the object of a joint venture with Lexam VG Gold Inc. (formerly Lexam Explorations Inc., hereinafter "**Lexam**"). Effective May 12, 2011, Uranium Valley purchased Lexam's interest in the property, as a result of which Uranium Valley now holds a 100% interest in the property and the joint venture with Lexam was terminated.

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**"). In contemplation of the Arrangement, the Company assigned its 40% interest in this property to Uranium Valley, as a result of which Uranium Valley is now a party to the Beartooth Island JV. For additional details with respect to the Arrangement, please refer to the *Corporate Development* section herein.

For details on expenditures and anticipated timing of exploration activities of the properties described above and held by Uranium Valley, please refer to Uranium Valley's continuous disclosure documents available for viewing by the public through the internet at the SEDAR website (www.sedar.com) by accessing Uranium Valley's issuer profile. Golden Valley Mines holds an approximate 37.6% interest in Uranium Valley.

4. Calone Mining Company (S.L.) Ltd. /Calone Mining Ltd.:

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. Calone Mining Ltd. (**"Calone Canada**"), Golden Valley Mines' wholly-owned Canadian subsidiary has 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 Calone Canada. For details with respect to the transaction pertaining to Calone Mining Company (S.L.) Ltd. between Calone Mining Ltd., the Company's wholly-owned subsidiary, and K&K Investment GMBH, please refer to the Post Report Date Events section herein.

SELECTED QUARTERLY INFORMATION [1]

	2012	2011	2010
Total Revenue	470	18,321	1,069
Net loss and total comprehensive loss for the period	(669,105)	(580,562)	(440,761)
Basic and diluted net loss per share	(0.008)	(0.008)	(0.007)
Total Assets	18,236,283	19,493,166	18,399,994
Total Liabilities	1,550,553	1,875,129	3,823,649

(1) This table represents selected quarterly information for the Company and its Subsidiaries.

DISCUSSION AND RESULTS OF OPERATIONS

In the first quarter ended March 31, 2012, the Company reported a net loss and comprehensive loss of $669,105 compared to $580,562 in 2011, due to an increase in operating expenses particularly the investor relations, accounting fees, and legal fees a component of professional and legal fees. This increase is directly attributable to: (i) the services that are being provided by the Company to the New Issuers pursuant to the management services agreement entered into between the Company and same on October 1, 2010 and pursuant to which the Company receives a monthly fee as of July 15, 2011, from each of the New Issuers in the amount of $8,000; and (ii) the consolidation between the Company and the New Issuers (compared to Nil for the corresponding quarter in 2011).

Revenues

The Company's active joint venture properties for the first quarter ended March 31, 2012 from which revenues were generated are the following: the Cheechoo and Sharks properties in Québec. Accordingly, revenue generated from geological fees totaled $470 in the first quarter of 2012.

Other revenue

Other sources of income are interest and dividend income and realized gains on the disposal of short-term investments. As required under IFRS, interest and dividend income ($615 as at March 31, 2012 compared to $10,827 in 2011) are now grouped together and appear under the heading *Finance income and costs*. The Company didn't sell any short-term investments in the first quarter ended March 31, 2012. The realized gains, on the disposal of short-term investments, for the same period of 2011 were in the amount of $24,156.

The Company held money market investment and mutual funds having a market value of $103,914 as at March 31, 2012 as well as publicly traded securities comprised of common shares of third party optionees issued to the Company in accordance with the terms of certain property option agreements having a market value of $362,010 as at March 31, 2012. Additionally, as a result of the Arrangement, the Company holds an aggregate of 16,906,456 common shares in the capital of the New Issuers (the "**New Issuers Shares**") of which 12,679,842 are currently subject to escrow pursuant to the policies of the TSX Venture Exchange (the "**Exchange**"). The market value of the New Issuers Shares is, as at May 24, 2011, $6,927,400.

Non-Exploration Expenditures

Operating expenses increased from $436,647 in 2011 to $568,731 in 2012. There was an increase in the amount expensed for salaries and other employee benefits ($157,718 in 2012 compared to $136,815 in 2011). Office expenses increased from $39,933 to $52,362 due to the Company moving into its new offices in Montreal in August of 2011. Advertising and exhibitions decreased from $75,656 in 2011 to $57,563 in 2012. Travelling fees ($49,742 compared to $48,755 in 2011) remained relatively the same. Management fees ($16,375 compared to $8,250 in 2011) and professional and legal fees ($199,327 compared to $131,074 in 2011) both increased.

Exploration Activities and Expenditures

For the period ended March 31, 2012, total investments in exploration and evaluation assets decreased to an aggregate $15,623,490 from $15,840,837. In May 2012 the Company made the decision to divest its interest in **Calone SL**. Accordingly, the carrying value of $406,009 of the exploration and development assets of **Calone SL** has been classified as held-for-sale and transferred to current assets at its fair value. For further information please refer to note 15 Subsequent Events in the March 31, 2012 consolidated interim financial statements and the Post-Reporting Date Events section herein.

The Company's (including those held through its subsidiaries) property interests in Québec, Ontario and Saskatchewan, are considered to be prospective for precious (gold-silver-platinum group metals) and base-metals (nickel, copper, zinc) energy minerals (i.e. uranium), and diamonds. During the first quarter ended March 31, 2012, all of the new property acquisitions were the result of an on-going, project generative program being conducted by the Company's in-house exploration staff.

The primary focus for the Company's project generation activities during the first quarter ending March 31, 2012 was in the AGB region of Québec and Ontario. A total of two (2) new properties were acquired (54 claims covering 856 ha) and additional mining claims were added (18 claims covering 925 ha) to four (4) existing properties. Claim acquisition and maintenance fees for the first quarter 2012 on the Company's AGB properties amounted to $5,887.

Exploration activities over the first quarter of 2012 were focused on completing property compilations and maintaining the Company's project generation activities.

Technical and field staff expenditures amounted to, as at quarter end of $80,536 for the Company's self-funded AGB Grassroots Exploration Project, project generation activities and Cheechoo B Prospect (JV with Sirios) exploration programs.

Related exploration program expenditures included $846 for sampling and testing, and $1,275 for travel and transport. Amortization, office and general exploration expenses amounted to $12,139 over the first quarter of 2012.

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 12	Dec 11	Sep 11	Jun 11	Mar 11	Dec 10	Sep 10	Jun 10
Total revenues	470	3,127	2,022	2,727	18,321	11,249	4,660	107
Net gain (loss)....................	(669,105)	(2,605,862)	(1,310,528)	(859,447)	(580,562)	919,789	(270,974)	(406,120)
Basic and diluted net gain (loss) per share..................	(0.008)	(0.013)	(0.018)	(0.013)	(0.008)	0.0143	(0.004)	(0.006)

FINANCIAL CONDITION

Liquidity and Capital Resources

Working capital as at March 31, 2012 was $2,258,308 compared to $2,153,829 as of December 30, 2011 as a result of the Company closing a non-brokered private placement in January 2012.

The Company's liquidity is adequate to cover its exploration commitments for 2012 given that each of the Company and the New Issuers 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 the New Issuers elect not to participate in such programs, their respective interests in the particular property shall be correspondingly diluted.

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. At this time, no program has been implemented or approved in respect of these properties.

On January 20, 2012, the Company closed a non-brokered private placement with a single strategic investor of 2,000,000 units at a subscription price of $0.30 per unit resulting in proceeds of $600,000 ("**Strategic Subscription**").

Each unit consists of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder thereof to acquire one additional common share at a price of $0.40 per common share for a period of eighteen months from January 20, 2012. The common shares and the warrants acquired by the placee are subject to a hold period and may not be traded until May 21, 2012 except as permitted by applicable securities legislation and the rules of the Exchange.

Concurrently with the above mentioned Strategic Subscription, two insiders of the Company subscribed for 249,999 units, upon the same terms and conditions described above for proceeds of $74,999.70. The Company intends to use the aggregate proceeds raised for general working capital.

Contractual Obligations

		Payments due by period	
Obligation	Total	1 year or less	2 years or more
Office Lease	229,725	53,013	176,712
Mobile Equipment	12,331	9,865	2,466
Total	242,056	62,879	179,178

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 May 30, 2012:

Common shares: 75,674,804

Preferred Shares: Nil

Escrowed Shares: Nil

Share Purchase Warrants: 3,458,328

Incentive Stock Options:

Expiry Date	Outstanding	Exercise Price
August 6, 2012	550,000	$0.30
February 7, 2013	795,000	$0.35
June 27, 2013	425,000	$0.36
December 22, 2013	575,000	$0.20
June 22, 2014	300,000	$0.30
August 6, 2014	310,000	$0.30
December 22, 2015	1,015,000	$0.50
October 5, 2016	2,750,000	$0.35
TOTAL:	6,720,000	

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:

	Period ended March 31	
	2012	2011
	$	$
Short-term employee benefits		
Salaries including bonuses and benefits	110,349	107,760
Social security costs	10,589	10,883
Total short-term employee benefits (1)	120,938	118,643
Other transaction with consultants		
Rent (2)	3,000	3,000
Management Fees (3)	16,375	8,250
Professional fees (4)	6,000	13,224
Expenses capitalized in exploration and evaluation assets (5)	31,942	49,561
Total transactions with consultants	57,317	74,035
Total remuneration	178,255	192,678

(1) Includes amounts paid to the board of directors of the Company, and to Ms. Annie J. Karahissarian and Ms. Luciana Zannella, who are both officers of the Company.

(2) Amount paid to 2973090 Canada Inc., a company controlled by Glenn J. Mullan who is an officer and a director of the Company.

(3) Aggregate amount paid to 2973090 Canada Inc., a private company controlled by Glenn J. Mullan, an officer and director of the Company, and Rosatelli Exploration Services Enr., a company controlled by Michael P. Rosatelli, an officer of the Company.

(4) Aggregate amount paid to 9184-0876 Quebec Inc., a private company controlled by Dr. C. Jens Zinke, a director of the Company.

(5) Aggregate amount paid to 2973090 Canada Inc., a private company controlled by Glenn J. Mullan, an officer and director of the Company, and Rosatelli Exploration Services Enr., a company controlled by Michael P. Rosatelli, an officer of the Company.

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

The Company has acquired mineral exploration rights outside of its traditional exploration areas located in the West African country of Sierra Leone through Calone SL, a subsidiary of Calone Canada. Calone Canada is currently in the process of selling its shares in Calone SL to K&K Investment GMBH. For details with respect to the transaction between Calone Canada and K&K Investment GMBH pertaining to Calone SL, please refer to the Post Report Date Events section herein.

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 2011 such as those located in Saskatchewan (Beartooth Island Project: Ditem JV, assigned by the Company to Uranium Valley) and James Bay Lowlands in northern Ontario (Luc Bourdon Prospect, White Pine-Noront Option JV, assigned by the Company to Abitibi Royalties) 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.

POST-REPORTING DATE EVENTS

Golden Valley Mines' wholly-owned Canadian subsidiary, Calone Mining Ltd. ("**Calone Canada**") 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 is to 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 licenses over the Freetown Intrusion and Banana Islands (the "**Property**"). The Survey is to be contracted at the latest by August 2, 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$2,000,000 leaving Calone Canada with a 4% royalty; or (ii) 2% for the price of US$4,000,000, leaving Calone Canada with a 3% royalty, or (iii) 3% for the price of US$6,000,000, thereby leaving Calone Canada with a 2% royalty.

It is 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 is to 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.

Closing is to 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.

RISKS AND UNCERTAINTIES

The Corporation does not generate income or cash flows from its operations. As at March 31, 2012, the Corporation had a negative cumulated retained deficit of $8,895,626 ($8,288,404 as at December 31, 2011). 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.

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 and the New Issuers have 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.

The operations of the Company require licenses and permits from various governmental and non-governmental authorities. There can be no assurances that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations for its proposed projects.

The directors and officers of the Company will only devote part of their time and attention to the affairs of the Company and some of them are or will be engaged in other projects or businesses that could give rise to potential conflicts of interest.

The Company may be liable for environmental contamination and natural resource damages relating to properties that it currently owns, operates or have an interest in, or at which environmental contamination occurred while or before it owned, operated or acquired an interest in the properties. No assurance can be given that potential liabilities for such contamination or damages caused by past activities at these properties do not exist.

The Company does not have insurance to adequately protect itself against all or certain risks associated with mineral exploration. Although the Company has taken steps to verify title to mineral properties in which it has an interest in accordance with industry standards, these procedures do not guarantee the Company's title. The Company's claims may be subject to unregistered agreements or transfers or third party and native land claims and title may be affected by undetected defects. There is no assurance that the interests of the Company in its properties may not be challenged or impugned.

Future exploration and development activities on the Company's and the New Issuers' properties will require additional financing. There is no assurance that additional funding will be available to the Company or the New Issuers 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 Calone Canada are also subject to political, regulatory, foreign exchange and currency fluctuation risks.

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

For additional discussion of risk factors, please refer to the Company's Management Information Circular dated May 16, 2012 and which is available upon request from the Company or on its issuer profile at www.sedar.com.

ADDITIONAL INFORMATION

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 by accessing the Company's issuer profile.