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Golden Valley Mines Closes \$675,000 Non-Brokered Private Placement

Val-d'Or, Québec – January 20, 2012 – Further to its news release of December 23, 2011, **Golden Valley Mines Ltd.** (“**Golden Valley**” or the “**Company**”, **TSX-V symbol: GZZ**) is pleased to announce that it has closed a non-brokered private placement with a single strategic investor of 2,000,000 units (the “**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 (a “**Common Share**”) and one-half of a share purchase warrant (a “**Warrant**”). Each whole Warrant entitles the holder thereof to acquire one additional common share at a price of \$0.40 per common share (a “**Warrant Share**”) for a period of eighteen months from January 20, 2012 (the “**Closing Date**”). 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 TSX Venture Exchange.

Concurrently with the above mentioned Strategic Subscription, two insiders of the Company have subscribed for 249,999 Units, upon the same terms and conditions described above for proceeds of \$74,999.70. The subscription by insiders of the Company constitutes a related party transaction for the purposes of TSX Venture Policy 5.9, however is exempt from the minority approval and valuation requirements of such policy. The Company intends to use the aggregate proceeds raised for general working capital.

In addition to the Strategic Subscription being subject to standstill provisions for a period of 12 months, the Common Shares and the Warrant Shares issued thereunder are subject to a voting agreement pursuant to which securities held by the strategic investor are to be voted in accordance with the voting recommendations set forth in the proxy-related materials sent in advance of any meeting of shareholders of the Company. The provisions of such voting agreement expire the earlier to occur of the date of the Company’s annual meeting of shareholders in 2013 or on December 31, 2013.

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 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.

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