Management's Discussion and Analysis

Golden Valley Mines Ltd.

For the first quarter ended March 31, 2007

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 first quarter ended March 31, 2007. This discussion and analysis should be read in conjunction with the unaudited financial statements for the first quarter ended March 31, 2007 and the related notes thereto. All figures are in Canadian dollars unless otherwise noted.

Nature of Operations

Golden Valley Mines is a mining exploration Company, whose assets include approximately 129 exploration properties located in: (i) the Abitibi Greenstone Belt (97 projects all located between Timmins, Matachewan and Kirkland Lake, Ontario and Rouyn-Noranda, Cadillac, Malartic, Val-d'Or and Chibougamou, Québec; (ii) the James Bay, Mistassini and Otish regions of northern Québec; (iii) the Nunavik (Ungava and Labrador) region of northern Québec; and (iv) the Athabasca Basin of Saskatchewan.

Golden Valley Mines' exploration strategy is based on three principles: (a) majority ownership during the initial early stage exploration program; (b) wide variety of commodities including precious and base metals, uranium prospects; and (c) drill testing of priority anomalous targets during the early stage grassroots exploration, generally while the properties are 100%-owned.

Abitibi Greenstone Belt: The 97 Abitibi Greenstone Belt properties are comprised almost equally of gold (49) and/or base metals (36), and molybdenum (12) prospects located in Québec (79) and Ontario (18). Golden Valley Mines exploration strategy consists of a systematic approach designed to reduce exploration risk, and increase the possibility of exploration success, through the sequential exploration of a large number of properties. Preliminary work (gridding, prospecting, geophysical and/or geochemical surveys, reconnaissance mapping) is completed on one property while diamond drilling of up to five prospective targets is being completed on another, with the pattern then consistently being repeated.

James Bay, Québec: In December 2004, Golden Valley Mines acquired an interest in the Cheechoo gold property; located in the vicinity of Virginia Gold Mines Éléonore gold discovery in James Bay, Québec. In 2005 Golden Valley increased its land position on the project to 535 square kilometers. Grid work included line cutting, geophysical surveys and geological mapping at the Cheechoo "A" property to follow-up on some encouraging values reported in the 2005 program. Assays ranging from trace to over 209.24 g/t Au were reported from a quartz-fractured dioritic stock in the southwestern section of the Cheechoo "A" property. The "Marchand" Showing is located near the Cheechoo "B" property boundary with the Sharks Prospect. Grab sample results along this newly defined "Marchand" mineralized corridor (Cheechoo-Sharks) assayed from trace to as high as 11.96 g/t gold. Gold mineralization is associated with a foliated, silicified and garnetiferous paragneiss rock unit hosting up to 5% fine sulphides. The host structure was further identified approximately 122 metres to the northeast and is interpreted to extend a further 260 metres northeast where anomalous results were also reported in 2005. Over 530 rock and channel samples were collected in the course of the two field programs completed in 2006. An expanded work program was announced in January 2007 and is currently budgeted at $1,000,000 to consist of detailed ground geophysics prospecting, mapping and sampling at the Cheechoo B and C Prospects and Sharks Prospect. Diamond drilling is expected to be a significant component of the program by the 4th quarter.

Note that The Cheechoo "A", "B", and "C" Prospects and the Sharks Prospect are both option/joint ventures with Sirios Resources ("**SOI**") pursuant to which the Company, in each case, will earn an initial 60% interest by funding $1,000,000 in exploration over 4-years. Following initial vesting, the Company may then earn an additional 20% interest by completing a bankable feasibility study within 6 years of vesting. Should SOI then elect to allow the Company to provide the production financing, the Company would then acquire a final additional 5% interest. Golden Valley Mines also holds a 100% interest in 11 other properties in the James Bay area, or is earning an interest pursuant to the terms of the agreement defined above, in a total of 1,017 claims covering 53,377 ha (534- km2) in the James Bay - Opinaca region.

Uranium Joint Ventures: Saskatchewan and Otish-Mistassini, Québec: The Company acts as operator in two mutually exclusive option joint ventures for uranium as a primary commodity. The Saskatchewan project is located on Lake Athabasca centered on Beartooth Island along the northwest margin of the Athabasca Basin. In 2006, an airborne geophysical survey was conducted, and consisted of the MEGATEM® II system. The survey appeared to have outlined several north-south trending lineaments in the western portion of the property and northeast trending lineaments in the eastern part of the property all thought to potentially represent fault zones. In the east portion of the property, these lineaments are considered of interest due to their proximity to the Black Bay fault zone, associated potentially with uranium mineralization closer to the Uranium City and Beaverlodge areas to the northeast. Note that the Beartooth Island Prospect is located approximately 10-km SE of the Maurice Bay deposit (Cameco).

The terms of the Beartooth Island Option/Joint Venture agreement with Ditem Explorations ("**DIT**") allows Ditem to earn an initial 50% interest by incurring aggregate exploration expenditures of $1,000,000 over three years. In the fourth year of the agreement, DIT may then elect to increase its interest by 10% (aggregate 60% interest) by incurring an additional $2,000,000 in exploration expenditures. Finally, DIT may then enhance its position by acquiring an additional 6% interest (aggregate 66%) in the property provided that it deliver a bankable feasibility study within 10-years from the signing of the final agreement. Golden Valley will retain an aggregate 34% interest following vesting. Golden Valley is the operator during the option period.

An option/joint venture was announced in early January, 2007 with Lexam Explorations Inc. ("**Lexam**") on the Company's Otish and Mistassini Basin uranium project in central Québec. Staking of the properties was motivated by the "unconformity-type" uranium deposit model that is inferred to occur in the Otish and Mistassini Basins based on geological conditions analogous to those found in the Athabasca Basin, Saskatchewan. Much of the historical work done in the area (1976-83) was conducted by companies also then active in northern Saskatchewan and using similar prospecting techniques. Current exploration plans for the properties include a Phase I, property-scale, high-resolution airborne radiometric-magnetic-electromagnetic geophysical survey. The objective of the survey will be to prioritize areas for rapid ground follow-up during the summer program utilizing traditional "boot and hammer" prospecting, ground geophysics, geochemical sampling, and geological mapping teams for the identification of ground-based targets. The Phase I program has been budgeted at a minimum of $750,000 for 2007. Further details will be provided as the program progresses and exploration targets are defined. Pursuant to the terms of the option/joint venture agreement Lexam may earn a 50% interest by funding $3,000,000 in exploration expenditures over a 3-year period. Golden Valley Mines is the operator of the program. Work in 2006 consisted of compilations and ground acquisitions.

One of the Golden Valley Mines' objectives is to conduct basic exploration, including initial diamond drilling, while the Company owns the properties 100%. In instances where the exploration results are less than conclusive (such as when favourable geological conditions are encountered, with no significant discovery) the Company will typically seek partners (other public companies) to conduct follow-up exploration programs and continue the exploration effort. In most of these agreements, Golden Valley Mines continues to act as operator. In this manner, the Company reduces dilution to its share capital and decreases expenditures but continues exploration on these same properties with larger budgets than its own initial investment (most of the agreements allow the partner to earn-in to properties by spending exploration funds over three to four years), and the Company acquires securities (shares or cash) from its partners in addition to the exploration funding. This allows Golden Valley Mines to focus on other early-stage, 100%-owned properties while partners fund more expansive joint venture and remote projects.

Golden Valley Mines acquired 1 new 100%-owned project at end of quarter March 31, 2007. Work continued on the Kalahari joint venture where the Company is earning up to an 85% interest by funding $1,000,000 of exploration on a group of 9 properties all located in the Abitibi Greenstone Belt.

In addition, other properties optioned by the Company to third parties during 2006 included the Arbade-Richore Prospect (Quinsam) and Malartic CHL Prospects (Osisko), where field work has been planned or is in progress.

No new work was performed at the Marymac nickel-copper-PGE project in Nunavik, Québec or at the Shoot Out Nickel-Copper-PGE project in Québec, the Bijoux diamond venture, located in the James Bay/Nunavik region of Québec and for several of its Abitibi projects in Québec and Ontario.

Selected Quarterly Information as at March 31

	March 31, 2007	March 31, 2006	March 31, 2005
Total Revenue	22,765	15,000	Nil
Net income (loss)	36,760	(138,289)	(240,001)
Basic and diluted net gain (loss) per share	0.001	(0.004)	(0.09)

Results of Operations

As at March 31, 2007, the Company reported a net gain of $36,760 compared to a net loss of $138,289 as at March 31, 2006. This change is due mostly to an increase in interest and other revenue earned on the Company's cash balance as well a favourable return on its short-term investments.

Revenues

There was no revenue generated from property options during the first quarter in 2007 ($15,000 for the same period in 2006) Interest and other revenue income totaled $38,541 in 2007, a significant increase from $5,808 in 2006.Interest income fluctuates during this period from year to year depending on the Company's cash balance, and interest rates. For this quarter, the Company also recorded an amount of $22,765 such amount representing geological fees charged as operator under the Beartooth Island joint-venture agreement.

As at March 31, 2007, the Company held publicly traded securities and other short-term investments having a market value of $1,680,158 ($559,382 in 2006), comprised of common shares of third party optionees issued to the Company in accordance with the terms of certain property option agreements. During the first quarter ended March 31, 2007, the Company realized investment gains on these securities of $53,793, compared to $16,595 for the same period in 2006.

Non-Exploration Expenditures

The Company's total amount of administrative expenses for this quarter slightly increased compared to the same period in 2006 ($175,533 compared to $163,392) Salaries, rent and office expenses ($44,449 compared to $14,662 in 2006), stock-based compensation ($43,990 compared to $21,238) and advertising and exhibitions expenses ($26,096 compared to $16,669) all increased in 2007. The foregoing increases are a direct result of the Company's greater visibility at trade shows, additional job postings, and the addition of administrative and geological personnel. As a result of the Company hiring a greater number of employees during the quarter the stock based payments for services to consultants ($4,073 in 2007 compared to $32,726 in 2006) and professional fees ($14,259 in 2007 compared to $38,229 in 2006), decreased compared to the same period in 2006. Management Fees ($9,750) as did Part XII.6 and other taxes ($11,657) remained unchanged. Traveling expenses slightly decreased ($ 8,840 in 2007 compared to $11,313 in 2006).

On February 1, 2006, the Company moved into a new office location in Val-d'Or, Québec. With this move, the Company realized a one-time write-off of leasehold improvements in the amount of $18,397.

Exploration Activities and Expenditures

At the end of the first quarter ended March 31, 2007, total investments in mineral properties increased to an aggregate $7,434,967. As at the year-end 2006, Golden Valley Mines had drilled a total of 69 targets on 22 properties in the Abitibi Greenstone Belt Project since the program was initiated in 2003. The Company's 129 property interests in Québec, Ontario and Saskatchewan include new 2007 land acquisitions in the Abitibi Greenstone Belt, considered prospective for gold, base metals and molybdenum, as well as new uranium projects continued to be added at the Otish and Mistassini regions in north-central Québec, following in-house project generative work.

Active exploration programs undertaken during the first quarter ended March 31, 2007 included a four-hole, 394-metre program was completed at the **Plumber Prospect**, located near Matachewan, Ontario. Each of the drillholes intersected a number of variable mineralized (pyrite, pyrrhotite and traces chalcopyrite), and altered (silica, sericite, hematite and chlorite) zones hosted by intermediate (andesite) volcanic rock units in contact with syenite dykes. Assay results remain pending at time of writing.

Diamond drilling has commenced at the **Bench Depth Prospect** located in Baden Township, located approximately six kilometres north-northwest of the village of Matachewan, Ontario. The prospect was acquired on the basis of the proximity to the Woman River Gold Occurrence, which returned a reported gold value of 1.14 oz/t of gold over 40 feet from a diamond drillhole from 1936 (MDC 18, Part 2). Fieldwork completed by Golden Valley Mines included the establishment of a detailed grid, geophysical (magnetic and induced polarization) surveys, and data compilation. Four distinct drill targets have been identified on the property for initial drill testing.

At the optioned **"Island-27" property**, the first phase of geophysical surveying (magnetic and induced polarization) was completed over the western section of the Island 27 Prospect claims subsequent to end of March 31, 2007. The property is located in the townships of Burt, Flavelle, Gross, and Holmes between Matachewan and Kirkland Lake, Ontario. The property is strategically located along the Kirkland Lake-Larder Lake Fault Zone and northwest-trending Cross Lake Fault.

At the **Beartooth Island Prospect**, Quantec Geosciences Ltd. completed resistivity and chargeability mapping utilizing their proprietary 24-bit, MT Logger Survey System. The survey was completed in early April 2007 and consisted of 48 line kilometres of grid over three priority target areas defined from the property-scale, high-resolution and deep penetrating MEGATEM(R) II electromagnetic-magnetic survey (1156 line kilometres) completed in August 2006. The exploration objective of the MT Logger survey at the Beartooth Island prospect is to detect graphitic metasediments and fault structures in the basement below the unconformity as well as alteration zones (plumes) in the sediments above the unconformity potentially related to uranium mineralization. A diamond drill program, as well as downhole geophysical surveying is planned contingent on these results. The estimated value of the Phase I ground follow-up geophysical surveying work and proposed follow-up diamond drill program is budgeted at $1,000,000.

	March 07	Dec 06	Sept 06	June 06	March 06	Dec 05	Sept 05	June 05
Total revenues	22,765	107,749	26,000	39,000	15,000	4,000	Nil	16,000
Net gain (loss)	36,760	471,066	(55,580)	(75,462)	(138,289)	27,839	(184,761)	(228,422)
Basic and diluted net gain (loss) per share	0.001	0.017	(0.001)	(0.002)	(0.004)	0.001	(0.007)	(0.008)

Financial Condition

Liquidity and Capital Resources

Working capital increased from $2,000,484 as at December 31, 2006 to $5,093,867 as at March 31, 2007. As of March 31, 2007, the Company has an unspent balance of $2,415,218 in flow-through exploration funds. During the period ended March 31, 2007, $1,366,053 was raised through the convertible securities namely warrants and options. The Company closed a non brokered private placement financing for gross proceeds of $1,250,000 whereby 3,787,878 Units at $0.33 were issued. Each Unit is comprised of 1 common share and 1 half of a whole share purchase warrant entitling the holder thereof to acquire on additional share of the Corporation at a price of $0.50 per common share for a period of 2 years. Pursuant to the offering, a finder's fee was paid to Blackmont Capital Inc. by the issuance of a number of Units equal to 5% of the gross proceeds raised.

As at March 31, 2007, the Company had sufficient cash liquidity to carry out its exploration commitments for 2007. The non-flow-through portion of working capital will cover the Company's general and administrative expenses in 2007, provided that no extraordinary circumstances or expenses arise. The flow-through reserve of $2,415,218 will cover the Company's obligations under its agreements with Sirios Resources Inc. for the 2007 exploration program in the James Bay area of Québec. As at March 31, 2007 the Corporation incurred expenditures in the amount of the $183,064 on the Abitibi project.

Given that the Company is a small corporate entity focused on exploration, with a limited revenue stream, the Company budgets exploration and administrative expenses, and closely monitors its general and administrative operating costs, its investments, as well as its cash position.

On April 5, 2007, the Corporation closed a brokered private placement financing for gross proceeds of $1,999,800 whereby 3,636,000 Units at $0.55 were issued. Each Unit is comprised of one common share and one half of a whole share purchase warrant entitling the holder thereof to acquire one additional share of the Corporation at a price of $0.70 per common share for a period of 2 years. The agent received a cash commission equal to 8% of the gross proceeds raised, as well as an option to acquire 363,600 Units. Each Agent Option is exercisable at a price of $0.55 for 2 years and is comprised one common share and one half of a whole share purchase warrant exercisable at $0.70 for 2 years.

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Contractual Obligations

		Payments due by period	
Obligation	$Total	1 year or less	2 years or more
Flow-through exploration expenditures	$2,415,248	$2,415,248	-
Property Options/Purchase(1)	$2,600,000	$500,000	$2,100,000
Vehicle rental 2)	$14,667	$7,040	$7,627

Notes

(1) The following is the detail of the optional expenditure commitments of the Company should it elect to maintain property options, as optionee of the various properties in which the Company is earning an interest:

(i) $800,000 over the next three (3) years to earn up to an 80% interest from Sirios Ressources Ltd. on the Cheechoo Prospect;

(ii) $800,000 over the next three (3) years to earn up to 80% interest in the Sharks prospect pursuant to an assignment of interest by Canadian Royalties Inc.; and

(iii) $1,000,000 on any one of or a combination of nine mineral properties to acquire up to an 85% interest from Kalahari Ressources Ltd.

(2) The Company has entered into a loan agreement with General Motors Acceptance Corporation of Canada Ltd. repayable over three (3) years in monthly installments $586.68 (including interest) for an aggregate total cost of $21,120 of which $14,667 remains unpaid.

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 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 dividend 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 March 31, 2007:

Common shares: 52,163,516

Preferred Shares: Nil

Escrowed Shares: Nil

Share Purchase Warrants:

Expiry Date	**Exercise Price**	**Number**
November 4, 2007	$0.40 (1)	1,279,204
November 4, 2007	$0.35 (2)	105,940
November 7, 2007	$0.40(3)	333,333
December 15, 2007	$0.40(4)	500,000
January 10, 2009	$0.50	3,977,271
	TOTAL:	6,195,748

Notes:

(1) $0.35 if exercised by November 4, 2006
(2) $0.30 if exercised by November 4, 2006
(3) $0.35 if exercised by November 7, 2006
(4) $0.35 if exercised by December 15, 2006

Incentive Stock Options:

Expiring Date	Outstanding	Exercisable	Exercise Price
September 27, 2007	149,000	149,000	0.25
April 7, 2008	110,000	110,000	0.31
June 25, 2008	1,000,000	1,000,000	0.35
February 04, 2009	2,000	2,000	0.35
July 7, 2009	964,900	964,900	0.20
March 21, 2010	200,000	200,000	0.35
July 14, 2010	620,500	620,500	0.30
July 20, 2010	84,500	84,500	0.30
June 16, 2011	300,000	160,556	0.31
September 27, 2011	1,795,000	614,955	0.30
TOTAL:	**5,225,900**	**3,906,411**	

Transactions with Related Parties

Other than as detailed in the Company's audited financial statements for the year ended December 31, 2006 (see Note 14, *Related Party Transactions* therein), there were no significant transactions with related parties during the fiscal period ended March 31, 2007 save for routine payments for management and exploration services in the aggregate amount of $7,500.

Corporate Developments

During the quarter ended March 31, 2007, the Company announced that R. Bruce Durham resigned as Vice President – Exploration to pursue new opportunities. Mr. Durham continues to act as a consultant for the Company regarding business opportunities and select property submittals. In light off the foregoing, Mr. Michael P. Rosatelli was transitioned into the position of Vice President – Exploration. Mr. Rosatelli has been the Company's Senior Exploration Geologist since 2003 and has worked closely with Golden Valley Mines' management team over the past 3½-years on all facets of the Company's exploration activities. Mr. Rosatelli has worked as an exploration geologist for nearly 20 years in various positions with both major and junior mining companies, including previously with McVicor-BHP Billiton, Anglo-Gold, Band-Ore, and Kennecott. His experience covers a broad range of exploration activities for many commodities, including precious and base metals and uranium deposits across Canada and Africa. Note that Mr. Rosatelli is primarily responsible for having assembled the Otish Basin region uranium property portfolio in Québec and the Beartooth Island Prospect in the Athabasca Basin, Saskatchewan.

Outlook

Golden Valley Mines exploration results to date have been summarized in the Exploration Activities and Expenditures section of this document. The Company's principal exploration strategy and business plan are related to the Abitibi Greenstone Belt, James Bay, and Uranium Joint Venture projects, in addition to on-going grassroots project generation activities with the objective to identify new targets in existing project areas or new opportunities. The capital markets for exploration companies remain strong due to continued strength in the commodities prices of the Company's principal exploration targets such as base metals, gold, uranium and molybdenum. These markets are expected to remain strong for one or more years. Golden Valley Mines ability to option exploration properties for third party exploration, and fund its own exploration projects is correlated to the strength of commodities markets and the exploration and mining sectors, and accordingly, is considered to have a healthy outlook for the near term.

Risks and Uncertainties

The exploration of mineral deposits involves significant and other risks over an extended period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate, and few properties which are explored are ultimately developed into producing mines. The long-term profitability of the Company's operations will be in part related to the cost and success of its exploration programs, which may be affected by a number of factors out of the Company's control, such as commodity prices, the availability of skilled personnel, qualified vendors, and critical equipment.

Substantial expenditures are required to establish reserves through drilling, to determine the technical and economic feasibility of mining and extracting them, and, if warranted, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, it is impossible to ensure that the current or proposed exploration programs on properties in which the Company has an interest will result in profitable mining operations.

Changes in Accounting Policies

Effective January 1, 2007, the Company prospectively adopted the recommendations of the CICA Handbook Section 3855, Financial Instruments Recognition, which establish standards for recognition and measurement of financial assets, financial liabilities and non financial derivatives. These recommendations require that fair market value be used to measure financial assets that are held for trading or available for sale, financial liabilities that are held for trading or all derivative financial instruments.

Internal Controls Over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the three month period ended March 31, 2007 that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

Additional Information

Additional information about Golden Valley Mines is available through the Company's website at www.goldenvalleymines.com or through the internet on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Forward Looking Statement

This management's discussion and analysis of the financial condition and results of operations contains statements that include forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties beyond the Corporation's ability to control or predict which could cause actual events to differ materially from those anticipated in such forward-looking statements. Readers are cautioned not to place undue reliance on such forward-looking statements.

(s)

(Signed) Glenn J. Mullan
President and Chief Executive Officer
Val-d'Or, Québec (Canada)
May 30, 2007

(s)

(Signed) Jennifer L. Boyle
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Val-d'Or, Québec (Canada)
May 30, 2007