Management's Discussion and Analysis

Golden Valley Mines Ltd.

For the second quarter ended June 30, 2011

Dated: August 29, 2011

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 second quarter ended June 30, 2011 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, 2010 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.

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 mining exploration company whose assets and those of its subsidiaries (including the New Issuers (as hereinafter defined)), include 141 exploration properties located in the following areas: (i) the Abitibi Greenstone Belt (107 projects are located between Timmins, Matachewan and Kirkland Lake, Ontario and Rouyn-Noranda, Cadillac, Malartic, Val-d'Or and Chibougamau, 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; and (vi) additional projects located in the Republic of Sierra Leone, in West Africa.

Golden Valley Mines' primary objective is to conduct basic exploration, including initial diamond drilling, 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 with no 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 of these agreements, Golden Valley Mines continues to act as operator. In this manner, the Company reduces dilution to its share capital and decreases the amount of self-funded expenditures, while the Company 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 periods of three to four years). Furthermore, in addition to third party disbursements for exploration funding, these agreements typically provide for receipt by the Company of either cash or shares, or both from its partners. This allows Golden Valley Mines to focus primarily on other early-stage, 100%-owned properties while partners fund exploration on more expansive 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, generally while the properties are 100%-owned; and (d) retention of largest possible interest (carried interest or NSR) following vesting in a joint venture.

The Company has effected its plan of arrangement (the "**Arrangement**") pursuant the *Canada Business Corporations Act*, as a result of which the Company has 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**") have become reporting issuers in the provinces of Alberta, British Columbia, Ontario, and Québec. The New Issuers hold advanced projects 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 (43), nickel-copper-PGE (7), molybdenum (9) and cobalt-silver-nickel (2) prospects located in Québec (84) and Ontario (23). 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 while diamond drilling of up to (approximately) six (6) prospective targets is completed on another, with the pattern then consistently being repeated throughout the year.

The exploration budget for the Company's 2011 "AGB" Grassroots Exploration Project is presently estimated at $615,000 and is to include preliminary fieldwork consisting of grid establishment, ground geophysical surveys, "boot and hammer" prospecting and sampling programs for the purpose of upgrading and advancing each property to the group of "drill-ready" prospects for the Company's self-funded (AGB) "Grassroots Exploration Project". The 2011 exploration program is to be primarily directed to gold and/or copper-rich volcanogenic massive sulphide (VMS) ore deposit model-type targets.

The Company's "AGB" Grassroots Exploration Project continued through the second quarter of 2011, with the establishment of grids and/or the completion of ground geophysical programs on a total of five prospects, ongoing project data compilations and related mandatory assessment work reporting, as well as in –house project generation and new opportunities property transactions.

In addition to the above mentioned exploration work, a summer prospecting and sampling program is now currently underway targeting geophysical anomalies and historical surface showings, over 100%-owned properties acquired by the Company over the last several years. So far into the program, prospecting and sampling has been conducted on eighteen (18) properties. Rock assay results remain outstanding at the present time of writing.

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 Prospect West. 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 work has been conducted on the property during the second quarter of 2011.

2. Option and Joint Venture Properties Portfolio Review:

Abitibi Greenstone Belt Programs

A. *Integra Gold Corp.* Joint Venture – AGB:

At the AGB (Québec and Ontario) joint venture with Integra Gold Corp. (formerly Kalahari Resources Inc., hereinafter "**Integra**"), exploration work during the second quarter was focused on the Claw Lake Prospect where a ground geophysical survey was completed as was the drill core review and re-sampling program at the Munro Prospect.

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.

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. WKM is the operator on both properties.

During the second quarter of 2011, project operator WKM reported no drilling was conducted on the Island 27 Prospect. Total expenditures for the second quarter 2011 were reported at $11,000.

At the Plumber Prospect, as reported by project operator WKM, no work was completed on the property during the first quarter of 2011. However, in the second quarter of 2011, project expenditures on the property amounted to just $224.

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 3 year period, and complete a feasibility study on each property.

Upon completing of all its obligations under the letter agreements, a joint venture shall then be formed on each property pursuant to which the Company will then hold a 30% carried interest with no further expenditure requirements until the properties achieve commercial production.

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

On October 7, 2010, as amended, the Company entered into an option/joint venture agreement with 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.

No exploration work was conducted on this property during the course of the second quarter of 2011.

James Bay Properties

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

In the third quarter of 2010, the Company reported on rock sampling results from a follow-up "boot and hammer" reconnaissance mapping and rock sampling program over the extreme southwest sector of the Cheechoo B Prospect. The 2010 exploration campaign was designed to follow up on the anomalous metal values detected by the 2007 and the 2010 (preliminary data) geochemical humus sampling programs, and detailed ground magnetic survey data interpretation. Three separate mineralized zones were identified in the process of conducting the described fieldwork.

Follow-up "boot and hammer" reconnaissance mapping and rock sampling exploration program is planned to commence over the third quarter of 2011 with the objective of identifying additional zones of mineralization outside of the area investigated in 2010.

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 km^2) by entering into an agreement with Canadian Royalties Inc., now a private company, on the Sharks Gold Property and through the staking of 100%-owned properties referred to as the Top Corner Prospect group**.**

The Cheechoo ("A", "B", and "C") and "Sharks" properties are currently the subject 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 may 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.

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.

3. Property Interests Assigned to the New Issuers:

A. Abitibi Royalties Inc.

Malartic CHL Prospect*:*

At the Malartic CHL Prospect, option/joint venture partner and program operator Osisko Mining Corporation ("**Osisko**") continued on with its stated objective of completing and delivering an initial indicated "in-pit" resource calculation on the Jeffrey Zone by the end of the third quarter of 2011. The Jeffrey Zone is located immediately east of the Canadian Malartic property that is currently now in production. Definition drilling (42,990 m) on the Jeffrey Zone is based on a series of sections spaced at 25 metre intervals over an east-west strike length of 400-metres and north-south distance of 135 metres.

As reported by Osisko, no drilling was conducted on the property and project expenditures totaled $18,000 for the second quarter of 2011. Assay results currently remain outstanding for ten drillholes (1,762 m) drilled in the first quarter of 2011. Presently, total project cumulative expenditures as reported by Osisko total $4,719,000.

In contemplation of the Arrangement, the Company assigned its interest in the property to Abitibi Royalties along with a 2% net smelter royalty interest on a claim block held by Osisko and covering the Charlie Zone, which is located immediately southeast of the Canadian Malartic deposit held by Osisko. Osisko has the right to acquire a 70% interest in the Malartic CHL Prospect in consideration for $150,000 in cash payments over a four year period (paid) and by completing a minimum $2,000,000 in exploration work over a four year period. Upon Osisko earning its 70% interest, Abitibi Royalties will retain a free-carried interest of 30% until the commencement of commercial production from the property.

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 Post-Reporting Date Events 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 additional details with respect to the Arrangement, please refer to the *Post-Reporting Date Events*.

B. Nunavik Nickel Mines Ltd.:

Marymac Prospect – Labrador Trough, Nunavik Québec

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 (East and West) 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 additional details with respect to the Arrangement, please refer to the *Post-Reporting Date Events*.

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. Golden Valley Mines holds an approximate 37.6% interest in Uranium Valley. For additional details, please refer to the *Post-Reporting Date Events* section herein. No exploration work was conducted on this property during the second quarter of 2011.

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, please refer to the *Post-Reporting Date Events* section herein. No exploration work was completed on the property during the second quarter of 2011.

Pursuant to the terms of the Beartooth Island JV, Ditem, 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. Ditem and Golden Valley Mines waived the requirement for delivery of a draft program for the period commencing March 1, 2011 and ending February 29, 2012.

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.

Exclusive Prospecting Licenses ("EPL's"):

Calone SL was informed by the Ministry of Mineral Resources of the Mines Division of Sierra Leone late in the fourth quarter of 2010 that two of the five licenses that it held in Sierra Leone, had been cancelled. The Company believes that all renewal fees have been duly paid and that all work performed to date has been executed in compliance with local mining regulations. As of this time, no official documentation from the Ministry of Mineral Resources of the Mines Division of Sierra Leone on its decision has been received.

Reconnaissance Licenses:

Subsequent to the quarter ended June 30, 2011, Renewal of the Calone SL's three reconnaissance licences was completed with the Mines Ministry of Mineral Resources of the Mines Division of Sierra Leone, following the submission of the partially completed 2,950 line-kilometre Geotech Versatile Time-Domain Electromagnetic (VTEM) and Magnetic airborne geophysical survey (due to extreme weather conditions, the survey had to be postponed until after the end of the rainy season and is expected to resume during the course of the fourth quarter of 2011).

Corporate Social Responsibility ("CSR") Initiatives:

As part of the Company's on-going CSR initiatives in Sierra Leone, Calone SL has undertaken the construction of a new school, and the reinforcement and repair of several bridges leading into the village of Masimburie (Tonkolili District, east of Makeni). Golden Valley Mines has assisted with this endeavour in accordance with the terms and conditions approved by the board of directors of the Company.

Sierra Leone is located in the central portion of the Archean, West African Craton, disrupted by the opening of the Atlantic Ocean, whose Western counterpart forms the Guyana Shield along the northern coastline of South America (extending from Columbia, and Venezuela to Brazil). Several Pre-Cambrian greenstone belts are well documented from previous work within Sierra Leone. Exploration dedicated to "lode" precious metals (Au-Ag) targets is modest by North American or Western European standards, although numerous indications have been located by the Sierra Leone Geological Survey and its successors. Additionally, Sierra Leonean public statistics report that alluvial mining has recovered more than 340,000 oz of gold from streams cross-cutting the prospective greenstone belts.

SELECTED QUARTERLY INFORMATION AS AT JUNE 30, 2011

	2011	**2010**	**2009**
	IFRS		Canadian GAAP
Total Revenue	2,278	107	45,000
Loss and total comprehensive loss for the period	(859,447)	(406,120)	(164,039)
Basic and diluted net loss per share	(0.0013)	(0.006)	(0.003)
Total Assets	18,772,265	18,001,328	18,583,416
Total Liabilities	1,893,463	4,117,116	3,758,261

DISCUSSION AND RESULTS OF OPERATIONS

In the six month period ended June 30, 2011, the Company reported a loss before income taxes of $1,391,020 compared to $818,605 in 2010, due to an increase in operating expenses particularly the legal and filing fees related to the completion of the Arrangement. For additional details, please see the *Post-Reporting Date Events* section herein.

Revenues

The Company's and the New Issuers' active joint venture properties for 2011 from which revenues will be generated are the following: the Cheechoo and Sharks properties in Québec, and the nine Abitibi Greenstone Belt joint venture properties. Accordingly, revenue generated from geological fees totaled $2,728 in the second quarter of 2011.

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, these sources of income are now grouped together and appear under the heading *Finance income and costs*. The details are found in Note 13 of the interim consolidated financial statements.

The Company held money market investment funds having a market value of $353,023 as at June 30, 2011 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 $259,137 as at June 30, 2011. Additionally, upon effecting the Arrangement, the Company holds an aggregate of 16,904,456 common shares in the capital of the New Issuers (the "**New Issuers Shares**") of which 15,215,810 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 August 26, 2011, $15,311,274. The Company's short-term investments can be liquidated on relatively short notice, if required. Additionally, finance income totaled $149 in 2011, compared to $10,306 in 2010.

The Company recorded a foreign exchange loss of $2,406 (Nil in 2010) during the second quarter of 2011.

Non-Exploration Expenditures

Operating expenses increased from $387,892 in 2010 to $799,046 in 2011. There was an increase in the amount expensed for salaries, employee benefits and office expenses ($202,636 in 2011 compared to $103,079 in 2010) as the Company increased its administrative staff, both in accounting and legal services in April 2010. This expense now includes stock-based payments. For additional details, please refer to the table in Note 12.1 of the interim consolidated financial statements. Advertising and exhibitions increased from $65,134 in 2010 to $187,376 as a result of the Company's contributions to Calone SL's CSR activities (Please see section *Corporate Social Responsibility Initiatives* herein for additional details). Travelling fees ($55,873 compared to $32,921 in 2010) increased as a direct result of management's multiple trips to Sierra Leone, West Africa, as well as to Hong Kong, and the routine yearly trips made for the Company's trade shows. Management fees ($8,792 compared to $11,250 in 2010) decreased as a result of work being primarily conducted by independent consultants as opposed by management consultants in the corresponding quarter of 2010.

Calone SL pays three of its directors a collective $30,000 annual fee, tabulated as directors' fees.

As a result of the Arrangement, professional and legal fees increased during the quarter ended June 30, 2011 to $293,947 from $161,386 in 2010.

Other operating expenses such as amortization of property and equipment decreased from $12,840 in 2010 to $9,296 in 2011.

Exploration Activities and Expenditures

For the second quarter ended June 30, 2011, total investments in exploration and evaluation assets increased to an aggregate $14,996,156 from $14,173,766 as at the year ended December 31, 2010. In accordance with its accounting policies, the Company reviewed certain of its exploration expenses and determined to record an amount of $8,941 as impairment of exploration and evaluation assets.

The primary focus for the Company's project generation activities during the second quarter ending June 30, 2011 was in the Abitibi Greenstone Belt Region of Québec. A total of four additional mining claims were added to three existing properties. Claim acquisition and maintenance fees for the second quarter of 2011 on the Company's "AGB" properties amounted to $8,654. Additional claim acquisition and maintenance fees for the second quarter of 2011 were incurred at the Marymac Prospect in the amount of $7,313. The Marymac prospect was assigned to Nunavik Nickel by the Company In contemplation of the Arrangement.

Preliminary fieldwork consisting of grid establishment and/or geophysical surveying and reporting was completed on five AGB properties and Claw Lake Prospect (Integra JV) during the second quarter adding to the group of drill ready prospects for the Company's AGB Grassroots Exploration Project. This work included expenditures during the six month period ended June 30, 2011 of $21,673 for line cutting and $58,645 for geophysical surveying.

Technical and field staff expenditures amounted to $88,155 for the six month period ending June 30, 2011 for the Company’s self-funded AGB Grassroots Exploration Project, project generation activities, the Cheechoo B Prospect (JV with Sirios) and the Integra JV exploration program, and other miscellaneous joint venture project work, including work undertaken prior to the completion of the Arrangement on properties assigned by the Company to Uranium Valley.

Airborne geophysical expenditures of $49,936 were incurred at the Marymac prospect by Nunavik Nickel during the second quarter of 2011.

Diamond drilling activities continued throughout the last quarter on the Company’s Abitibi Greenstone Belt “Grassroots Exploration Project”, for a total of $25,609. The Company has drilled a total of 183 targets (23,855m) on 49 properties in the Abitibi Greenstone Belt (AGB) “Grassroots Exploration Project” since the program was originally initiated in 2003.

Related exploration program expenditures included $30,020 for sampling and testing, and $9,813 for travel and transport.

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.

	Jun 11	**Mar 11**	**Dec 10**	**Sep 10**	**Jun 10**	**Mar 10**	**Dec 09**	**Sep 09**
	(IFRS)		(IFRS)				(Canadian GAAP)	
Total revenues	2,728	18,321	11,249	4,660	107	1,069	4,597	13,006
Net gain (loss)	(859,447)	(580,562)	512,336	(367,062)	(402,579)	(440,761)	(500,838)	(224,579)
Basic and diluted net gain (loss) per share.........	(0.013)	(0.008)	0.0075	(0.004)	(0.0063)	(0.007)	(0.01)	(0.004)

FINANCIAL CONDITION

Liquidity and Capital Resources

Working capital as at June 30, 2011 was $3,280,033 compared to $5,206,858 as of December 31, 2010 as a result of the sale by the Company of certain short-term investments. The proceeds of the sale were used for normal course of business activities as well as for filing and legal fees resulting from the completion of the Arrangement.

The Company's liquidity is adequate to cover its commitments for 2011 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. The parties have waived the requirement for delivery of a draft program for the period commencing March 1, 2011 and ending February 29, 2012. Notwithstanding the foregoing, the parties have agreed to complete a program on the property of $50,000.

Provided that no extraordinary circumstances arise, management expects that the Company's current working capital is expected to cover the Company's general and administrative expenses for the balance of 2011 and the cash held for exploration expenses reserve of $215,042 will cover the Company's exploration programs for the remainder of 2011.

Contractual Obligations

		Payments due by period	
Obligation	Total	1 year or less	2 years or more
Office Lease	$263,035	$ 52,607	$210,428
Mobile Equipment	$ 19,730	$ 9,865	$ 9,865
Total	$282,765	$ 62,472	$220,293

CORPORATE DEVELOPMENTS

At its Annual General and Special Meeting of Shareholders (the "**Meeting**") held on June 30th, 2011 shareholders approved all resolutions put before them by management, including the election of all director nominees, the re-appointment of the incumbent auditor, approval of the Company's Arrangement by special resolution, and the ratification of the shareholders rights plans and stock option incentive plans adopted by each of the New Issuers. For additional details please see *Post-Reporting Date Events* section herein).

Following the Meeting, Golden Valley Mines' Board of Directors (the "**Board**") consists of the following individuals: Joseph Groia, Blair F. Morton, Glenn J. Mullan, Hon. Dr. Arthur T. Porter, Chad Williams, and Dr. C. Jens.

Additionally, the Board reappointed the following individuals as officers:

Glenn J. Mullan: Chairman of the Board, President, and Chief Executive Officer;

Annie J. Karahissarian: Chief Financial Officer;

Michael P. Rosatelli: Vice-President, Exploration; and

Luciana Zannella: Vice-President, Corporate and Legal Affairs, and Corporate Secretary

Finally, the Board crystallized its standing board committees, which include the Audit Committee (Blair F. Morton, the Hon. Dr. Arthur T. Porter and Robert Smith/Chair), the Compensation and Corporate Governance Committee (Joseph Groia/Chair, the Hon. Dr. Arthur T. Porter and Chad Williams), and the Environmental Excellence in Exploration/Corporate Social Responsibility ("**E3CSR**") Committee (Glenn J. Mullan/Chair, the Hon. Dr. Arthur T. Porter and Dr. Jens Zinke). With the exception of the E3/CSR Committee, all of the committees are comprised of independent directors. Additionally, given that the positions of the Chair of the Board and President/CEO are held by the same individual, the Board has re-appointed Mr. Joseph Groia as lead director.

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 August 29, 2011:

Common shares: 73,249,805

Preferred Shares: Nil

Escrowed Shares: Nil

Share Purchase Warrants: 3,333,329

Incentive Stock Options:

Expiry Date	Outstanding	Exercise Price
September 27, 2011	350,000	$0.30
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
TOTAL:	4,320,000	

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off balance-sheet arrangements.

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:

	Quarter ended June 30	
	2011	2010
	CAN$	CAN$
Short-term employee benefits		
Salaries including bonuses and benefits	96,321	40,335
Social security costs	13,420	5,074
Total short-term employee benefits	109,741(1)	45,409
Other transaction with consultants		
Rent	3,000(2)	3,000
Management Fees	8,792(3)	11,250
Professional fees	11,395(4)	6,000
Expenses capitalized in exploration and evaluation assets	34,305(5)	36,050
Director's Fees (paid to Calone Mining (S.L.) Ltd.'s directors)	30,000(6)	30,000
Total transactions with consultants	87,492	86,300
Total remuneration	197,233	131,709

(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 and J. David Allen, the managing director of Calone SL.

(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.

(6) Aggregate Amount paid to the following Calone SL directors: J. David Allen, Arthur Porter Sr., and Vincent Kanu;

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

New Opportunities - Property Acquisitions:

The Company has acquired mineral exploration rights outside of its traditional exploration areas located in the mining jurisdictions of Québec, Ontario, Saskatchewan, Canada, and in the West African country of Sierra Leone through Calone SL, a subsidiary of Calone Canada. 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 2010 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

Corporate Developments

On July 19, 2011, Golden Valley Mines effected the Arrangement pursuant to the *Canada Business Corporations Act*, as a result of which each of the New Issuers became reporting issuers in Alberta, British Columbia, Ontario and Québec; each is a "venture issuer" as such term is defined by applicable securities legislation.

As a result of the Arrangement, each Golden Valley Mines shareholder received one common share in the capital of each of the New Issuers for every 25 shares of Golden Valley Mines held by that shareholder on July 19, 2011 and a capital taxable dividend was deemed to be paid to each of the Company's shareholders having received such New Issuers' shares equal to the value of the New Issuers' shares distributed to such Golden Valley Mines shareholders, being $0.16 per common share of Abitibi Royalties, $0.30 per common share of Nunavik Nickel, and $0.235 per common share of Uranium Valley.

Certificates, or a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, representing shares of each of the New Issuers to be issued to the Company's shareholders pursuant to the Arrangement were issued on or about July 22, 2011. No fractional shares of the New Issuers were distributed to Golden Valley Mines shareholders. The residual New Issuers' shares not distributed to Golden Valley Mines registered shareholders as a result of the treatment of fractional interests were surrendered by Golden Valley Mines for cancellation and returned to the treasury of the respective New Issuer.

The shares of the New Issuers issued to shareholders of Golden Valley Mines who are non-residents of Canada were generally subjected to Canadian withholding tax at the rate of 25% of the gross amount of such shares, subject to reduction under the provisions of an applicable income tax treaty or convention between Canada and the country in which the non-resident shareholder is resident. Registered shareholders of Golden Valley Mines who are non-residents of Canada did not receive their entire allocation of shares of the New Issuers. To provide for the non-resident registered shareholders' obligation to pay tax on the dividend, a percentage of the shares of each of the New Issuers that each non-resident registered shareholder is otherwise entitled to receive was purchased by Golden Valley Mines and Golden Valley Mines, on behalf of the non-resident registered shareholder has remitted to the Canada Revenue Agency to the account of the non-resident registered shareholder's Canadian tax obligation.

The Company holds an approximate 66.3% interest in Abitibi Royalties, an approximate 70.4% interest in Nunavik Nickel, and an approximate 37.6% interest in Uranium Valley. The New Issuers' property interests are detailed below:

(i) Abitibi Royalties holds title to interests in the Luc Bourdon and Bourdon West Prospects (also known as the McFaulds Lake Property) and the Malartic CHL Property, plus a 2% net smelter royalty interest in one claim held by Osisko Mining Corporation, which were previously held by Golden Valley Mines. Abitibi Royalties may acquire and generate other royalty interests;

(ii) Nunavik Nickel Mines Ltd. holds title to the Fortin Property, the Marymac Prospect, the Shoot Out Prospect (East and West combined) and the Donnybrook and Overtime Claims, which were previously held by Golden Valley Mines. Nunavik Nickel may acquire and generate other nickel ventures in Canada and elsewhere; and

(iii) Uranium Valley holds title to interests previously held by Golden Valley Mines in uranium properties, being a 100% interest in the Mistassini-Otish Property (previously under joint venture with Lexam VG Gold Inc.) and a joint venture uranium property in Saskatchewan (the Beartooth Island Property). Uranium Valley may acquire and generate other uranium ventures in Canada and elsewhere.

Property Deals – Centremaque Prospect

Subsequent to quarter end, the Company entered into an option agreement with Monarch Energy Limited ("**Monarch Energy**"), in respect of its Centremaque Prospect (the "**Property**") located in Bourlamaque Township, Québec.

Pursuant to the terms of the agreement, Monarch Energy can earn up to a 70% interest in the Centremaque Prospect by incurring aggregate exploration expenditures of $2,250,000 over three years In addition, Monarch Energy has to complete a definitive feasibility study for the Property at its sole cost within 10 years of signing, leaving Golden Valley Mines with a free carried interest of 30% in the Property. Monarch must also issue to Golden Valley such number of shares in the capital of Monarch Energy as is equal to 9.9% of its issued capital on the later of TSX Venture Exchange approval and August 31, 2011, together with a $35,000 cash payment and reimbursement of its legal expenses due within six months of signing. Golden Valley Mines is the operator during the option phase.

The first year's proposed work program is to include compilation of pre-existing exploration data and completion of a 3-D drill hole 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.

RISKS AND UNCERTAINTIES

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.

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 26, 2011 and which is available upon request from the Company or on its issuer profile at www.sedar.com.

CONVERSION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

In February 2008, the Accounting Standards Board announced that the accounting framework under which the financial statements are prepared for all publicly accountable companies will be replaced by International Financial Reporting Standards starting January 2011. The first set of yearly financial statements under IFRS will be for the year ending December 31, 2011, including comparative information for the year ending December 31, 2010.

The Company prepared its opening balance sheet in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards, as at January 1, 2010, and made the required adjustments to the results for the six months ended June 30, 2010 and the year ended December 31, 2010. The interim consolidated financial statements for the six months ended June, 30, 2011 are incorporated by reference in this MD&A and present information relating to the impact of the transition to IFRS, including a complete set of its significant accounting policies. Disclosure requirements under IFRS are significantly greater than those that were required under former Canadian GAAP. As a result, management decided to include its full accounting policies in its first IFRS interim consolidated financial statements to ensure a clear understanding by the readers of the detailed policies.

IFRS 1, First Time Adoption of IFRS, offers the possibility to utilize certain exemptions from full retrospective application of IFRS. The exceptions and exemptions adopted by the Corporation are as follows: the estimates established by the Corporation in accordance with IFRS at the date of transition to IFRS are consistent with estimates made for the same date in accordance with Canadian GAAP, after adjustments to reflect any difference in accounting principles, if applicable. Financial assets and liabilities that were derecognized before January 1, 2010 pursuant to Canadian GAAP were not recognized under IFRS. The Corporation has early applied the change in IFRS1 in this respect regarding the application date of the exception, i.e. January 1, 2010. The Corporation has chosen not to apply IFRS 2, Share-based Payment, retrospectively to options granted on or before November 7, 2002 or granted after November 7, 2002 and vested before the date of transition to IFRS. The Corporation has elected not to apply IFRS 3, Business Combinations, retrospectively to business combinations that occurred before the date of transition (January 1, 2010). See Note 17.5 for an explanation of the effect of the exemption.

Under IFRS, issuance of flow-through shares is accounted for similarly to the issuance of a compound financial instrument. The liability component represents the obligation to revert the tax benefit to the investors. Proceeds from the issuance of shares by flow-through private placements are allocated between shares issued and a liability using the residual method.

Under IFRS 2, each tranche in an award of incentive stock options with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis. Also, an estimate of the number of share-based payments expected to be forfeited is required, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate.

Some of the adjustments on the balance sheet as at January 1, 2010 and December 31, 2010 were the result of differences in the accounting treatment of the flow-through shares from the 2009 and 2010 flow-through private placements and the difference in accounting treatment of the incentive stock options vested in 2010. These adjustments also had an impact on the statement of income, but did not have a significant impact on the financial performance of the Corporation.

The transition from Canadian GAAP to IFRS had no significant impact on the statement of cash flows, except that, under IFRS, cash flows related to interest are classified in a consistent manner as operating, investing or financing activities each period. Under Canadian GAAP, cash flows related to interest received or paid were classified as operating activities. The Company’s interest received is all related to its investing activities.

The following table shows the total effect of the transition on the consolidated statement of financial position

Pre-change accounting standards description	Note 17.5	June 30, 2010 Previous GAAP	Effect of transition to IFRS	IFRS
		CAN$	CAN$	CAN$
ASSETS				
Current assets				
Cash		931,115		931,115
Fees and other accounts receivable		17,037		17,037
Short-term investments		1,831,131		1,831,131
Sales taxes recoverable		202,085		202,085
Tax credits receivable		335,529		335,529
Prepaid expenses		46,352		46,352
		3,363,249		3,363,249
Exploration funds		738,768		738,768
Property and equipment		139,695		139,695
Mining properties		13,759,616		13,759,616
		14,638,079		14,638,079
		18,001,328		18,001,328
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities				
Related companies		24,268		24,268
Others		205,364		205,364
Future incomes taxes		3,562,737	324,747	3,887,484
		3,792,369	324,747	4,117,116
SHAREHOLDERS' EQUITY				
Capital stock	a	16,675,877	(296,470)	16,379,407
Contributed surplus	c	1,461,103	6,661	1,467,764
Deficit	c	(3,928,021)	(34,938)	(3,962,959)
		14,208,959	(324,747)	13,884,212
		18,001,328	(0)	18,001,328

The following table shows the total effect of the transition on the consolidated statement of comprehensive loss

Canadian GAAP description	Note 17.5	Three months ended June 30, 2010 Previous GAAP	Three months ended June 30, 2010 Effect of transition to IFRS	Three months ended June 30, 2010 IFRS	Six month ended June 30, 2010 Previous GAAP	Six month ended June 30, 2010 Effect of transition to IFRS	Six month ended June 30, 2010 IFRS	IFRS description
		CAN$	CAN$	CAN$	CAN$	CAN$	CAN$	
Revenue								Revenue
Geological Fees		107		107	1,176		1,176	Geological Fees
Options on properties								
		107		107	1,176		1,176	
Operating expenses								Operating expenses
Salaries, rent and office expenses Stock-based compensation Stock-based payments for services	c	99,536	3,543	103,079	191,802	6,662	198,464	Salaries, employee benefits and office expense
Management fees		11,250		11,250	19,500		19,500	Management fees
Director's fees (Note 15)					30,000		30,000	Director's fees
Professional and legal fees		161,386		161,386	238,086		238,086	Professional and legal fees
Advertising and exhibitions		65,134		65,134	214,292		214,292	Advertising and exhibitions
Travelling		32,921		32,921	60,662		60,662	Travelling
Part XII.6 and other taxes		1,389		1,389	3,585		3,585	Income taxes
Write-down of mineral properties								Impairment exploration and evaluation assets
Amortization of property and equipment		12,840		12,840	26,164		26,164	Amortization of property and equipment
		384,456		387,999	784,091		790,753	
Operating loss		(384,349)		(387,892)	(782,915)		(789,577)	Operating loss
Other revenue (expenses)								
Interest Dividend Bank charges		10,306		10,306	15,743		15,743	Finance income and costs
Loss on exchange								Foreign exchange loss
Gain on investments disposal								
Changes in fair value of held-for-trading financial assets		(28,534)		(28,534)	(44,772)		(44,772)	Changes in fair value of held-for-trading financial assets
Loss before income taxes		(402,577)		(406,120)	(811,944)		(818,606)	Loss before income taxes
Future income taxes	a					28,276	28,276	Deferred income taxes
Net loss and comprehensive loss		(402,577)		(406,120)	(811,944)		(846,882)	Loss and total comprehensive loss for the period

ADDITIONAL INFORMATION

The disclosure required pursuant to National Instrument 58-101 – *Disclosure of Corporate Governance Practices* has been made by the Company in its Management Information Circular dated May 26, 2011, and which has been filed with regulators and is accessible via the Internet for public viewing on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com or at the Corporation's website at www.goldenvalleymines.com.

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.