



GOLDEN VALLEY MINES LTD.

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Golden Valley Mines Announces Brokered Private Placement

Val-d'Or, Québec – August 31, 2012 – Golden Valley Mines Ltd. (“Golden Valley” or the “Company”) (TSX-V symbol: **GZZ**) is pleased to announce that it has entered into a letter of engagement with Industrial Alliance Securities Inc. (“IAS”) for a private placement financing for gross proceeds of up to \$1,225,000.

Golden Valley will issue up to 4,027,777 flow through units (each a “Flow Through Unit”) at a per unit price of \$0.18 for gross proceeds of up to \$725,000. Each Flow Through Unit will consist of one common share issued on a flow-through basis and one-half of one non-transferable share purchase warrant. Each whole warrant shall entitle the holder to purchase one additional common share (non-flow through) of Golden Valley at a per share price of \$0.20 for a period of 18 months from closing of the offering.

Additionally, Golden Valley will issue up to 3,333,333 non-flow through units (each a “Non-Flow Through Unit) at a per unit price of \$0.15 for gross proceeds of up to \$500,000. Each Non-Flow Through Unit will consist of one common share (non-flow through) and one non-transferable share purchase warrant, each warrant entitling the purchase of one common share (non-flow through) of Golden Valley at a per share price of \$0.20 for a period of 18 months from closing of the offering.

Pursuant to the terms of the letter of engagement, Golden Valley has also granted to IAS an option, exercisable at the respective issue price, for a period of 30 days following closing of the offering to solicit and accept subscriptions for such number of additional Flow-Through Units and Non-Flow Through Units as is equal to 15% of the aggregate number of units sold under the offering to cover over-allotments, if any.

The gross proceeds raised from issuance of the Flow Through Units will be used by Golden Valley to incur exploration expenditures on its properties, such expenditures to constitute “Canadian exploration expenses” and “flow through mining expenditures” as defined in the *Income Tax Act* (Canada), which will be renounced to purchasers for the 2012 taxation year under Canadian federal, and Québec and Ontario provincial, tax legislation. Net proceeds raised from issuance of the Non-Flow Through Units will be used by Golden Valley for general corporate purposes. All securities issued will be subject to a hold period of four months and one day from the date of closing of the offering in accordance with applicable securities legislation.

IAS, with offices in Montréal, Québec, will act as exclusive lead manager of the proposed offering, and may appoint a selling group subject to the prior approval of Golden Valley. In consideration for the services of IAS and its selling group, IAS will receive: (i) a cash commission equal to 7% of the gross proceeds raised; (ii) compensation options entitling the purchase of that number of common shares (non-flow through) of Golden Valley as is equal to 7% of the number of Flow Through Units and Non-Flow Through Units sold, whereby one agent’s option shall entitle IAS to acquire one common share of Golden Valley at a per share price of \$0.15 for a period of 18 months from closing of the offering; and (iii) reimbursement, whether or not the offering closes, for actual and reasonably

expenses incurred by IAS in connection with the offering, including the reasonable fees and disbursements of counsel for IAS, subject to a maximum of \$17,500 (plus applicable taxes).

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 property interests in projects in Canada (Saskatchewan, Ontario and Québec).

For additional information please contact:

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Forward Looking Statements:

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