Management's Discussion and Analysis

Golden Valley Mines Ltd.

For the second quarter ended June 30, 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 second quarter ended June 30, 2007. This discussion and analysis should be read in conjunction with the unaudited financial statements for the second quarter ended June 30, 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 124 exploration properties located in: (i) the Abitibi Greenstone Belt (90 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; 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 90 Abitibi Greenstone Belt properties are comprised of gold (56) and/or base metals (33), and molybdenum (1) prospects located in Québec (69) and Ontario (21). 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.

Cheechoo Gold Project, 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 kilometres. 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 along the Cheechoo "B" and Sharks property boundaries.. 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. The Phase I, ground follow-up program commenced field operations during the quarter to consist of ground geophysics, humus soil sampling, mapping, selective channel sampling and prospecting at the Cheechoo "A" and "B" Prospects and Sharks Prospect. As announced in January 2007, the exploration budget for the joint venture properties is currently estimated at a minimum of $1,000,000. A 2007 Phase II, diamond drilling is expected to commence in the 4th quarter. A minimum of 30 drillholes are currently planned contingent on the number of individual targets that are identified.

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 15 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 on both the west and east sides of Les Mines d'Or OPINACA's (Goldcorp) *Éléonore* property, which hosts the Roberto Zone gold discoveries.

Top-Corner Gold Prospect, James Bay Québec: Reconnaissance mapping and prospecting is planned over fifteen (15) 100%-owned property blocks (440 claims for 23,187 ha), based on encouraging lake sediment sample results obtained in 2005 and 2006. The objective of the exploration program is to define priority areas for detailed ground follow-up.

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. A Quantec Titan-Logger Tensor Magnetotelluric Survey (MT) ground geophysical follow-up program of resistivity and chargeability mapping was completed over three priority target areas defined by 2006,MEGATEM® II airborne geophysical survey. The priority target areas appeared to be related to 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). Final interpretations and drillhole recommendations are currently in progress.

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. The Phase I, property-scale, high-resolution airborne radiometric-magnetic geophysical surveys announced in the second quarter have been initiated The objective of the surveys will be to prioritize areas for rapid ground follow-up during the 2007 Phase II program utilizing traditional "boot and hammer" prospecting, ground geophysics, geochemical sampling, and geological mapping teams for the identification of ground-based targets for diamond drill testing. 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 completed to date consists of property compilations, additional ground (claim) acquisitions and the aforementioned airborne geophysical surveys.

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 5 new 100%-owned project at end of quarter June, 2007 within the Abitibi Greenstone Belt in both Québec and Ontario. The targets included both volcanogenic massive sulphide zinc-copper-silver deposits and either shear or lode gold deposits

Joint Venture Activities: At the Malartic CHL Prospects, Osisko reported results from the first seven drillholes of a 3,600 metre diamond drill hole program, located immediately to the northeast of their 100%-owned Canadian Malartic gold property. The new drilling was focused on the CHL porphyry, a 260 metre X 450 metre porphyry intrusion located within the Cadillac fault. Diamond drilling commenced near the end of the 2nd quarter. Two holes tested the "Shaft Zone" located at the northern margin of the intrusion where drilling intercepted **8.4 m averaging 8.8 g/t gold** in CM07-2006**.** The other drillholes were collared in the CHL porphyry, all of which intersected mineralization, including narrow vein-type mineralization in holes CM07-2001, -2003 and -2005. Drill hole CM07-2002, intersected **21.1 metres averaging 2.93 g/t Au** in a newly-discovered breccia zone located at depth near the eastern margin of the porphyry.

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.

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..

Selected Quarterly Information as at June 30

	June 30, 2007	June 30, 2006	June 30, 2005
Total Revenue	261,300	39,000	16,000
Net income (loss)	(51,726)	(75,462)	(228,422)
Basic and diluted net gain (loss) per share	(0.001)	(0.002)	(0.008)

Results of Operations

As at June 30, 2007, the Company reported a net loss of $14,965 compared to a net loss of $213,750 as at June 30, 2006. This change is due mostly to property options received as revenue and an increase in interest and other revenue earned on the Company's cash balance as well a favourable return on its short-term investments during the quarter-ended June 30, 2007.

Revenues

Revenue generated from property options during the six month period ended June 30, 2007 was in the amount of $245,000 ($35,000 for the same period in 2006). Interest and other revenue income totaled $94,985 in 2007, a significant increase from $14,129 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 $16,300 such amount representing geological fees charged as operator under the Beartooth Island joint-venture agreement.

As at June 30, 2007, the Company held publicly traded securities and other short-term investments having a market value of $2,435,863 ($748,518 in 2006), comprised of guaranteed investment certificates and common shares of third party optionees issued to the Company in accordance with the terms of certain property option agreements. During the second quarter ended June 30, 2007, the Company realized investment gains on these securities of $15,379, compared to $12,708 for the same period in 2006. The Company also recorded an unrealized loss of $73,740, compared to $1,500 for the same period in 2006.

Non-Exploration Expenditures

The Company's total amount of administrative expenses for this quarter increased compared to the same period in 2006 ($310,706 compared to $233,611). Salaries, rent and office expenses ($25,346 compared to $13,565 in 2006), stock-based compensation ($43,990 compared to $9,021) and advertising and exhibitions expenses ($110,017 compared to $62,957) 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 $22,440 in 2006) and professional fees ($78,081 in 2007 compared to $90,776 in 2006), decreased compared to the same period in 2006. Management Fees ($9,750) remained unchanged. Traveling expenses increased ($30,846 in 2007 compared to $24,881 in 2006).

Exploration Activities and Expenditures

At the end of the first quarter ended June 30, 2007, total investments in mineral properties increased to an aggregate $8,078,848. As at the end of June 2007, Golden Valley Mines had drilled a total of 85 targets on 27 properties in the Abitibi Greenstone Belt Project since the program was originally initiated in 2003. The Company's 124 property interests in Québec, Ontario and Saskatchewan include 5 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 and subsequent to the second quarter ending June 30, 2007, included diamond drilling programs at the **Bench Depth Prospect**, located near Matachewan, Ontario (four-hole, 447-metre program), **Sea Serpent Prospect**, located near Duparquet, Québec (three-hole, 345-metre program), and Lac Lemoyne Prospect located near Val-d'Or, Québec (.(four-hole, 693-metre program), Final assay results were received from the Plumber and Bench Depth prospects during the quarter. Assay highlights included 1.213g/t gold intersected over 8.3 metres (from 31.7 to 40.0 m), including 7.680g/t gold over 1.0 metre in GP-07-01 and 1.216g/t gold intersected over 3.0 metres (from 52.0 to 55.0 m), including 1.905g/t gold over 1.0 metre in GP-07-02 from the Plumber Prospect. Additional fieldwork is planned within this area where no previous historical exploration results have been reported. A minimum of 2,400 metres of drilling is planned for year-end 2007 over five (5) different properties. Grid establishment and geophysical surveying has also been completed or is planned on a number of properties as part of the Abitibi grassroots exploration program.

At the Lexam Mistassini Basin Prospect option/joint venture in central Québec, an estimated 3,090 line kilometres helicopter-borne radiometric and magnetic survey was flown by Geo Data Solutions Inc. over the entire property claim block.

	June 07	March 07	Dec 06	Sept 06	June 06	March 06	Dec 05	Sept 05
Total revenues	261,300	22,765	107,749	26,000	39,000	15,000	4,000	Nil
Net gain (loss)	(51,726)	36,760	471,066	(55,580)	(75,462)	(138,289)	27,839	(184,761)
Basic and diluted net gain (loss) per share	(0.001)	0.001	0.017	(0.001)	(0.002)	(0.004)	0.001	(0.007)

Financial Condition

Liquidity and Capital Resources

Working capital increased from $2,000,484 as at December 31, 2006 to $6,884,699 as at June 30, 2007. As of June 30, 2007, the Company has an unspent balance of $1,884,108 in flow-through exploration funds. During the period ended June 30, 2007, $99,308 was raised through the convertible securities namely warrants and options. The Company 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 on 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. Proceeds raised from both offerings will be used by Golden Valley to accelerate exploration and for general corporate purposes.

As at June 30, 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 $1,884,108 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.

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.

Contractual Obligations

		Payments due by period	
Obligation	Total	1 year or less	2 years or more
Flow-through exploration expenditures	$1,844,108	$1,844,108	-
Property Options/Purchase(1)	$2,600,000	$500,000	$2,100,000
Vehicle rental 2)	$12,907	$7,040	$5,867

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 $12,907 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 June 30, 2007:

Common shares: 52,062,562

Share Purchase Warrants:

Expiry Date	Exercise Price	Number
November 4, 2007	$0.40	1,185,058
November 4, 2007	$0.35	96,940
November 7, 2007	$0.40	333,333
December 15, 2007	$0.40	500,000
January 10, 2009	$0.50	3,977,271
April 5, 2009	$0.55	363,600
April 5, 2009	$0.70	1,999,800
	TOTAL:	8,456,002

Incentive Stock Options:

Expiring Date	Outstanding	Exercisable	Exercise Price
September 27, 2007	141,000	141,000	0.25
April 7, 2008	17,000	17,000	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	570,500	570,500	0.30
July 20, 2010	84,500	84,500	0.30
June 16, 2011	300,000	200,000	0.31
September 27, 2011	1,786,100	897,500	0.30
TOTAL:	**5,066,000**	**4,077,400**	

Transactions with Related Parties

Other than as detailed in the Company's audited financial statements for the quarter March 31, 2007 (see Note 9, *Related Party Transactions* therein), there were no significant transactions with related parties during the fiscal period ended June 30, 2007 save for routine payments for management and exploration services in the aggregate amount of $7,500.

Annual General Meeting of Shareholders

On June 21st, 2007, the Company held its annual general meeting of shareholders (the "Meeting") at the Cité de l'Or in Val-d'Or, Québec. At the Meeting, the shareholders of the Company approved all resolutions put before them by management, including the elections of directors, the appointment and remuneration of the auditor, and the adoption of the Company's 2007 Stock Option Incentive Plan. Returning board members re-elected include Dr. Jens Zinke and Messrs. George B. Cross, Blair F. Morton, Robert D. Smith and Glenn J. Mullan each to serve as directors of the Company until the close of the Company's next annual meeting of shareholders. Other results of the meeting include the re-appointment of Raymond Chabot Grant Thornton of Val-d'Or, Québec as the Company's auditors.

The 2007 Stock Option Plan was approved by the Corporations disinterested Shareholders. The adoption of the 2007 Plan provides the Company with greater flexibility with respect to compensation arrangements in the context of recruiting and retention of key personnel, and increases the total number of common shares that may be issued under the 2007 Plan (including those options already outstanding under the 2006 Amended and Restated Stock Option Incentive Plan) to 11,175,595. The details in respect of the 2007 Plan are summarized in the Company's Management Information Circular pertaining to the Meeting which is available for public viewing via the internet at www.sedar.com. The 2007 Plan is also subject to receipt of all required regulatory approvals.

Officers appointed by the newly constituted Board of Directors, are set out as follows:

Glenn J. Mullan:	Chairman of the Board, President and Chief Executive Officer
Annie J. Karahissarian	Chief Financial Officer
Luciana Zannella	Vice-President, Corporate and Legal Affairs and Corporate Secretary
Michael P. Rosatelli	Vice-President, Exploration

The Corporation also advised that it has appointed Mr. Pierre Corbeil, former Minister of Natural Resources and Fauna (MRNF: 2005-2007) and former Minister responsible for Forests, Fauna and Parks (MRNFP: 2003-2005), as an additional director of the Corporation. Mr. Corbeil has also been appointed to the Company's Audit Committee where he will work in conjunction with the other two independent members, namely Messrs. Blair F. Morton and Robert D. Smith (Chair).

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 six month period ended June 30, 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)
August 29, 2007

(s)

(Signed) Annie J. Karahissarian
Chief Financial Officer
Val-d'Or, Québec (Canada)
August 29, 2007