Management's Discussion and Analysis

Golden Valley Mines Ltd.

For the third quarter ended September 30, 2008

Dated: November 28, 2008

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 third quarter ended September 30, 2008. This discussion and analysis should be read in conjunction with the unaudited financial statements of the Company for the third quarter ended September 30, 2008 and the related notes thereto. All figures are in Canadian dollars unless otherwise specified. The technical content of this Management, Discussion & Analysis has been prepared under the supervision of Michael P. Rosatelli 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. 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, except as required by law. 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 include 141 exploration properties located in: (i) the Abitibi Greenstone Belt (101 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, and (v) the James Bay Lowlands of Ontario.

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, 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 its expenditures. This also allows the Company to continue 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 the receipt of exploration funding, these agreements usually provide for receipt by the Company of either cash or shares, or both from its partners. 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' 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, as well as uranium prospects; and (c) drill testing of priority anomalous targets during the early stage grassroots exploration, generally while the properties are 100%-owned.

OVERALL PERFORMANCE

Exploration Activity:

Abitibi Greenstone Belt, Québec and Ontario: The 101 Abitibi Greenstone Belt properties are comprised of gold (57) and/or base metals (34), and molybdenum (10) prospects located in Québec (78) and Ontario (23). 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 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 six prospective targets is being completed on another, with the pattern then consistently being repeated throughout the year.

During the third quarter, 2,090 metres of diamond drilling was completed on the Abitibi Greenstone Belt "grassroots" drill program testing 16 geophysical targets at three (3) separate properties. Drilling was completed at the 100%-owned **Pascalis West** (4-hole, 520-metre program), **Venus New** (6-hole, 725-metre program) and **Lock-Out** (6-hole, 845-metre program) prospects located in northwestern Québec. A series of gold and volcanogenic massive sulphide (VMS) targets were tested as outlined in its recent geophysical survey programs and property compilations.

No fieldwork was completed on the **Kalahari Joint Venture** where the Company is earning up to an 85% interest by funding $1,000,000 in exploration expenditures on a group of nine (9) properties located in the Abitibi Greenstone Belt (Québec and Ontario).

The highlight of the Abitibi Greenstone Belt "grassroots" drill program over the third quarter period was the intersection of anomalous gold and base-metal mineralization on two of the company's properties. At the 100%-owned **Bejopipa Prospect** located in the Chapais-Chibougamau mining camp, 1.65 g/t gold over 1.5 metres and 0.78% zinc over 1.5 metres was intersected in two separate drillholes. Drilling at the **Munro Prospect** (part of the Kalahari Joint Venture properties) located in Munro Township (Ontario) along strike to the east of the Potter Mine advanced-stage exploration project, intersected anomalous base-metal mineralization (best assay of 0.61% of Zn over 0.37 metre) while testing a airborne MegaTEM anomaly. Further plans for the property include downhole BHPEM (borehole pulse electromagnetic survey) to test for conductive bodies along strike and at depth along the prospective stratigraphy in this and other holes drilled by the company.

At the **Malartic CHL** property, option / joint venture partner Osisko Exploration Ltd. ("Osisko") reported that a total of forty-one diamond drillhole results have been received during and subsequent to the third quarter ending September 30th. Reconnaissance drilling tested for extensions of the ***"Jeffrey Zone"*** along strike and testing of other exploration targets along prospective porphyry-volcanic contacts on the property, in addition to definition drilling on the ***"Shaft Zone"***. The drill program has been suspended pending receipt of assay results, processing the backlog and completing the interpretation.

Osisko has the right to acquire a 70% interest in the Malartic CHL Property in consideration for \$150,000 in cash payments over a four year period (\$105,000 paid to date) and by completing a minimum \$2,000,000 in exploration work over a four year period. Upon earning its 70% interest, Golden Valley Mines will maintain a free-carried interest of 30% to production.

Uranium Joint Ventures: The Company acts as operator in two option joint ventures for uranium as a primary commodity located in the Athabasca Basin, Saskatchewan and Otish-Mistassini Basins, Québec.

At the Beartooth Island project located on Lake Athabasca along the northwest margin of the Athabasca Basin, final assay results from the 2,511.55 metre diamond drill program were received. The highlights included: 1) anomalous uranium values above background levels; 2) evidence of hydrothermal alteration; 3) elevated boron values and 4) off-hole electromagnetic (BHTEM) conductors. These four combined features indicate a possible nearby mineralized structure. The off-hole BHTEM conductors proximate to the unconformity contact represent high priority drill targets along with remaining untested geophysical features elsewhere within the property.

A **Phase III** work program of follow-up drilling is recommended for the 2008-2009 winter exploration season.

Ditem has now met its funding fulfillments and has earned a 60% interest in the Beartooth Island Prospect by incurring at least \$3 million in exploration expenditures and issuing a notice of vesting, and now has the right to earn an additional 6% (66% aggregate) by delivering a Bankable Feasibility Study (BFS) within 10-years of signing. Following the final vesting, the Company will retain an aggregate interest of 34%. The Company was the operator of the program through the option phase.

At the **Otish** Basin uranium project located in north-central Québec, the Phase I, helicopter-supported drill program was completed during the quarter. Initial assay results have confirmed and expanded the historical documented uranium mineralization at two separate zones ("Takwa" in the north and "Riviere Cheno Ouest" in the south) located approximately 2.4 kilometres apart along the same prospective geological trend in the Mistassini portion of the project. It is not presently clear if the two zones are linked or represent separate mineralized trends.

Drill results from the first two holes testing the "Riviere Cheno Ouest" zone, intersected near surface mineralization grading 0.093% U_3O_8 over 3.32 metres, including 0.171% U_3O_8 over 1.49 metres and 0.339% U_3O_8 over 0.56 metres from GRCO-08-01 and 0.041% U_3O_8 over 4.72 metres, including 0.103% U_3O_8 over 1.54 metres and 0.187% U_3O_8 0.59 metres in GRCO-08-02. Drilling at the "Takwa" zone intersected 0.141% U_3O_8 over 5.64 metres, including 0.331% U_3O_8 over 2.11 metres in GT-08-02 and 0.074% U_3O_8 over 3.61 metres, including 0.109% U_3O_8 over 1.38 metres.

Uranium mineralization at the "Riviere Cheno Ouest" and "Takwa" zones are hosted in a flat-lying Proterozoic sedimentary basinal sequence spatially associated with an angular unconformity with Archean basement rocks. The targeted uranium mineralization is shallow, occurring at depths of less than 30 metres.

A Phase II drill program was designed with two objectives: i) expand upon the assay results of the Phase I program at the "Takwa" and "Riviere Cheno Ouest" mineralized uranium zones, ii) test for their extensions along strike to the north and south. The total cost of the 2008 program is estimated to be approximately CDN$2 million. Lexam Explorations Inc. (“Lexam”) may earn a 50%-interest by funding $3,000,000 in exploration expenditures over a 3-year period.

James Bay, Québec: No fieldwork was completed during the quarter on any of the Company’s optioned or 100%-owned properties in this area of Québec’s “Mid-North”.

In December 2004, Golden Valley Mines acquired an interest in the **Cheechoo** (Cheechoo A, B & C and Sharks claim blocks) gold property, located in the vicinity of Virginia Gold Mines Éléonore gold discovery in James Bay, Québec, and in 2005 Golden Valley Mines increased its land position on the project to 533 square kilometers. The Company has completed field programs over the properties consequently from 2005 to 2007. Future exploration and/or joint venture plans will be announced in the upcoming quarters.

The Cheechoo "A", "B", and "C" Prospect as well as the Sharks Prospect are under option from Sirios Resources Inc. (“Sirios”) 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 Sirios then elect to allow the Company to provide the production financing, the Company would then acquire an additional 5% interest (aggregate 85% interest) in the property.

Golden Valley Mines now holds a 100%-interest, or is earning an interest pursuant to option joint venture agreements, in a total of 1,016 claims covering 53,324 ha (533- km^2) in the James Bay (Opinaca) region. The Company is earning an interest in contiguous claim blocks on both the west and east sides of Les Mines d'Or OPINACA's (Goldcorp) Eleonore property, which hosts the Roberto Zone gold discoveries.

James Bay Lowlands, Ontario: During the quarter, the company announced the signing of a definitive agreement among WSR Gold Inc. and Noront Resources Ltd. to acquire, from Golden Valley Mines, an aggregate 70% legal and beneficial interest for an option/joint venture on two **(Luc Bourdon Prospects)** of Company's five (100% owned) properties in the area located in the **McFauld's Lake** "Ring of Fire" area in northern Ontario, Canada.

In order for WSR to acquire its 35% interest in the Property, WSR will be required to make payments to Golden Valley Mines totaling $175,000 (or $350,000 in the aggregate with the payments from Noront), to be satisfied by the payment by each of WSR and Noront of $25,000 in cash, and by the issuance of 340,909 common shares of WSR, and 56,174 common shares of Noront. In addition to these payments, WSR and Noront will also be required to incur aggregate exploration expenditures on the Property of at least $5,000,000 over a three year period (of which $1,000,000 must be expended in the first year).

Subsequent to the quarter ending September 30th, an airborne survey was flown over the Luc Bourdon Prospects by WSR Gold and Noront Resources. Final results from the airborne survey are pending.

The Company has staked a total of 85 claims (1,231 claim units) covering 19,632 hectares or approximately 196 km^2, in the area of Noront Resources Double Eagle nickel-copper-platinum group elements (Ni-Cu-PGE) discoveries. The target selection process utilized by the company was based on the identification of similar geophysical responses within extensions of the favourable geological terrain associated with the Double Eagle discovery area, along strike to the northwest. The 100%-owned **"Henley Prospect"** claim block is located along the same favourable geological and geophysical trend to the west-northwest of the "Luc Bourdon Prospect". A detailed airborne electromagnetic-magnetic survey (AEM) that was flown over the property outlined four (4) main electromagnetic conductor trends for immediate ground follow-up, including an association with positive magnetic features at places.

Two separate, 100%-owned claim blocks **("OTB#1" and "OTB#2")** were also acquired over strong positive magnetic anomalies similar in character and along a sub-parallel geophysical trend located approximately 24 and 34 kilometres northeast of the main McFauld's Lake "Ring of Fire" corridor.

Future exploration and/or joint venture plans will be announced in the upcoming quarters with regard to the Company’s 100%-owned "Henley Prospect" and "OTB#1" and "OTB#2" prospects.

Selected Quarterly Information as at September 30

	2008	**2007**	**2006**
Total Revenue	$414,549	$336,851	$80,000
Net profit (loss)	($561,744)	($160,999)	($269,331)
Basic and diluted net profit (loss) per share	($0.009)	($0.003)	($0.007)

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.

	Sep 08	Jun 08	Mar 08	Dec 07	Sept 07	June 07	March 07	Dec 06
Total revenues	134,334	116,581	163,654	21,141	52,786	261,300	22,765	107,749
Net gain (loss)	(241,174)	(180,050)	(140,521)	(38,762)	(188,078)	(51,726)	36,760	471,066
Basic and diluted net gain (loss) per share	(0.004)	(0.003)	(0.002)	(0.004)	(0.003)	(0.001)	0.001	0.017

RESULTS OF OPERATIONS

In the third quarter ended September 30, 2008, the Company reported a net loss of $241,174 compared to a net loss of $188,078 in the same period in 2007. Although revenue received from geological fees and property options increased considerably, the increase in the net loss is due mostly to an increase in administrative expenses due to heightened exploration activity.

Revenues

The Company continued to work on a number of exploration option agreements that were completed in prior years. Accordingly, revenue generated from geological fees increased from $43,036 in 2007 to $87,679 in 2008. As for revenue generated from property options, it also increased from $9,750 to $46,655. Interest and dividend revenue income totaled $35,403 in 2008, compared to $66,268 in 2007. As at September 30, 2008, the Company held publicly traded securities and guaranteed investment certificates having a market value of $2,190,790, comprised of common shares of third party optionees issued to the Company in accordance with the terms of certain property option agreements.

Non-Exploration Expenditures

Administrative expenses increased from $181,313 in the third quarter of 2007 to $284,793 for the same period in 2008 as a result of the Company hiring additional staff for the corporate Montreal office.

The largest increases for administrative expense items were recorded for: (i) expenses related to new salaries, rent, and office expenses resulting from the Company moving its corporate office in Montreal to a new location (from $23,501 to $96,369); ii) professional and legal fees (from $39,163 to $63,478); and iii) amortization of property and equipment (from $1,816 to $8,768).

Other administrative expenses such as stock-based compensation to employees and directors ($46,434), management fees ($2,250), part XII.6 and other taxes ($295), traveling ($12,058) and advertising and exhibitions ($55,142) remained relatively the same in the third quarter ended September 30, 2008.

Exploration Activities and Expenditures

At the end of the third quarter ended September 30, 2008, total investments in mineral properties increased to an aggregate $12,874,409. The total amount is net of the exploration rebate ($74,947) received from the Québec government. The Company has drilled a total of 150 targets (18,788 metres) on 39 properties in the Abitibi Greenstone Belt Grassroots Exploration Project since the program was originally initiated in 2003. The Company's 141 property interests in Québec, Ontario and Saskatchewan including new land acquisitions in the James Bay area of Ontario are considered prospective for nickel-copper-platinum group elements (Ni-Cu-PGE), following in-house project generative work.

Over the course of the first half of 2008, exploration expenditures were allocated to three main activities: (1) project generation; (2) grid establishment and geophysical surveys; and (3) diamond drill programs and related field costs, but excluding technical / staffing, assaying and travel / transportation.

The primary focus for the company's **project generation** activities during the third quarter was in the Abitibi Greenstone Belt region of Québec. Four new properties were acquired and additional claims added to three existing properties based on promising initial exploration work results, considered prospective for zinc-copper-silver, gold and nickel-copper-PGE deposits. In total, 61 claims were staked for an aggregate of 3,380 hectares at cost of $2,950

Preliminary fieldwork consisting of **grid establishment and geophysical surveying** was completed on a number of properties during the third quarter of 2008 adding to the pipe-line of drill ready prospects for the Company's Abitibi Greenstone Belt "Grassroots Exploration Project". This work included the "Lock-Out Prospect" ($29,011), "Hunter Mine East" Prospect ($14,918), "Lac Barry" Prospect ($15,660), "Ducros Sill; East and West" Prospects ($180,750) at "Lac Ducros".

Diamond drilling was conducted on three (3) properties during the course of the Company's Abitibi Greenstone Belt "Grassroots Exploration Project" during the third quarter of 2008. These included the "Pascalis West" Prospect ($68,507), "Venus New" Prospect ($60,193), and "Lock-Out Prospect ($81,645).

On June 22, 2006 the Corporation granted to Quinsam an option to acquire up to a 51% interest in the Corporation's Arbade Richore Prospect provided that Quinsam make a $10,000 cash payment, issue 400,000 common shares, and incur aggregate exploration expenditures of $1,000,000 over three years. On August 1, 2007, the parties amended the agreement so that a portion of the aggregate exploration expenditures ($300,000) must be completed before the second anniversary of the closing date of the agreement. As consideration for the amendment Quinsam made an additional $5,000 cash payment and issued an additional 50,000 common shares to the Corporation. The Corporation retains a 2% NSR in the property of which Quinsam may buy-back 1% for $1,000,000 within 12 months from the commencement of commercial production. The option was terminated effective August 6, 2008 and the properties remain 100% owned by the Corporation.

FINANCIAL CONDITION

Liquidity and Capital Resources

Working capital as at September 30, 2008 was $5,683,754 compared to $7,189,068 as of December 31, 2007. No shares were issued in the third quarter of 2008 and therefore there were no changes in the capital structure of the Company.

The Company has sufficient liquidity to cover its exploration commitments for 2008, given that major projects are being carried out through the use of partner funds (required exploration expenditures under mining option agreement, in addition to capitalizing on operator's fees. The working capital will cover the Company's general and administrative expenses in 2008, provided that no extraordinary circumstances arise. As at the end of the third quarter, there is no balance in the flow through funds.

CORPORATE DEVELOPMENT

Given Dr. Pierre Corbeil's new contract appointment to a Québec governmental entity, Dr. Corbeil has resigned as a director of the Company. The Company takes this opportunity to thank Dr. Corbeil for his dedication and contributions as both a member of the board as well as a member of the Company's Audit and E3 (Environmental Excellence in Exploration) committees, since his appointment in June 2007. The Company wished him continued success in his future endeavours.

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 November 28, 2008:

Common shares: 61,112,612

Preferred Shares: Nil

Escrowed Shares: Nil

Share Purchase Warrants:

Expiry Date	Exercise Price	Number
January 10 , 2009	$0.50	3,977,271
April 5, 2009	$0.70	1,999,800
	TOTAL:	**5,977,071**

Incentive Stock Options:

Expiry Date	Outstanding	Exercisable	Exercise Price
February 4, 2009	2,000	2,000	$0.35
July 7, 2009	890,000	890,000	$0.20
March 21, 2010	200,000	200,000	$0.35
July 14, 2010	425,500	425,500	$0.30
July 20, 2010	4,500	4,500	$0.30
June 16, 2011	300,000	300,000	$0.31
September 27, 2011	1,721,100	1,721,100	$0.30
February 7, 2013	1,035,000	517,500	$0.35
June 27, 2013	450,000	75,000	$0.36
TOTAL:	**5,028,100**	**4,135,600**	$0.30

On June 27, 2008, the Company granted an aggregate 450,000 incentive stock options under its 2007 Stock Option Incentive Plan to directors at an exercise price of $0.36 per share. The options expire five years from the date of grant, vest quarterly over an 18-month period, and are subject to the required four month hold period and other applicable regulatory approvals.

TRANSACTIONS WITH RELATED PARTIES

Transactions concluded during the year with directors, officers, and companies controlled by them include agreements for management consulting services, geological consulting, or for such other services required by the Corporation. Expenses incurred following the preceding agreements were incurred in the normal course of operations and were paid at fair market value.

In February 2008, the Company took possession of a new exploration office location in Val-d'Or, Québec. The office building belongs to a private corporation controlled by a Director of the Company. The aggregate amount paid for office rent to a related party for the third quarter ended September 30, 2008 is $6,750.

OUTLOOK

Grassroots Exploration Programs: The Company's exploration plans for 2008 were described in detail in its Annual Report and the third quarter results summarized above. The Company's principal self-funded programs focus on the Abitibi Greenstone Belt "Grassroots" exploration project, which is conducted primarily on properties owned 100% by the Company, and include plans to continue exploration work at the rate of 1-2 drill programs per month. The 2008 budget for the Abitibi grassroots programs was increased to $1.5 million, up significantly from the approximate $1 million originally committed in 2007. Based on historical work in the areas, geophysical signatures, and general geological conditions, the properties included in the exploration programs include both precious and base metals as primary targets.

Asset Conservation Plan ("ACP"): Due to the financial crisis currently affecting public markets, and together with the weakening of commodity prices in general over the past quarter (zinc, copper, nickel, uranium, silver and gold) the Company has curtailed the majority of its field expenditures on self-funded exploration activity as of early October, 2008. The Company will monitor general financial conditions, including market related activity, and will recommence field based exploration activity when it deems financial conditions have stabilized. There is no way at this time to estimate when that may be.

Advanced Exploration Programs: Separately, the Company has four primary option/joint venture opportunities that are being conducted in conjunction with Abitibi Greenstone Belt programs. Of these programs, two are on uranium projects, while the other two projects include a gold venture and a nickel-copper-PGE group of properties. Subject to all four options being exercised (vested) over their respective terms, it is anticipated that the aggregate approximate total funding available for exploration purposes is $13 million over the term of the agreements. Accordingly, this funding allows the Company to conduct programs during the option term, which are generally more advanced than the grassroots programs described above, without depleting its own treasury. Additionally, it also affords the Company exposure to other commodities, such as uranium, for which it might not otherwise be exploring independently. Given that these programs are funded by partners, it is difficult to anticipate the probability of continuance beyond that several are close to vesting at this time.

Uranium Exploration Ventures: Subject to the options vesting, the Company is conducting uranium exploration at two option/joint ventures with anticipated total exploration funding exposure during the option phase amounting to $6,000,000 ($3,000,000 on each uranium project). The first of the two uranium programs is located in Northern Saskatchewan ("**Beartooth Island Prospect**") and allows the Company's partner, **Ditem Explorations Inc.** ("Ditem"), to earn up to an aggregate interest of 60% through funding a minimum of $3,000,000 in exploration expenditures. To date three programs have been conducted: (i) airborne geophysical surveys in 2006; (ii) detailed geophysical surveys conducted on the ice of Lake Athabasca in 2007; and (iii) follow-up ground geophysical surveying and a first-phase drill program of approximately 2,500-metres in the first Quarter of 2008. On June 16 2008, Ditem issued a notice of vesting as to earning its 60% interest in the property, after having incurred the required expenditures under the option agreement. As of the date hereof, a joint venture has been formed on the Property and the Company retains a 40% interest therein; Ditem is now the operator. The Company is negotiating certain outstanding payments with Ditem.

Similarly, the Company has continued uranium exploration at the Otish and Mistassini Basin Prospects in central Québec, a program funded by joint venture partner **Lexam Explorations Inc**. ("**Lexam**"). Airborne geophysical surveys conducted over the project areas, traditional prospecting and geological mapping, and historical work compilations delineated several prospective target areas which became the focus of a first-Phase drill program commencing during the 2nd Quarter of 2008 and which was concluded during the fourth quarter. Lexam may earn up to a 50% interest through funding total exploration expenditures of $3,000,000 over a three-year period. Golden Valley Mines was the operator on both joint ventures during the option phase.

Gold Exploration: The Company has also benefited from an exploration option/joint venture on its Malartic CHL Prospect which is under option to **Osisko Explorations Inc.** ("**Osisko**").The property is contiguous and immediately adjacent to Osisko's 100% owned Canadian Malartic Gold Project near Val-d'Or, Québec. Osisko may earn up to a 70% interest through funding exploration expenditures of $2,000,000, leaving Golden Valley Mines with a 30% carried interest in the property. Osisko has been drilling with multiple rigs over much of the past year and is expected to complete vesting imminently based on work conducted to date.

Nickel-Copper-Platinum Group Elements: The Company has recently acquired five 100%-owned properties in the McFaulds Lake area, James Bay Lowlands, Northern Ontario. The area is considered promising for base metals potential (both Ni-Cu-PGE and/or Cu-Zn-Ag VMS) following recent 2007 announcements of a promising, early-stage nickel discovery by Noront Resources Ltd. In consideration for cash/share payments totaling $350,000 and exploration funding of $5,000,000 during the course of the option phase, two of the properties have recently (June, 2008) been option/joint ventured to Noront Resources Ltd. and WSR Gold Inc. who may each earn a 35% interest, leaving Golden Valley Mines with a 30% carried interest. Turbulence in financial markets over the 3rd Quarter has severely impaired the value of the consideration received, or to be received, from each of Noront and WSR Gold.

Outlook Summary: The capital markets for exploration companies have shown great volatility over the past several months, reflecting the "sub-prime" or credit crisis in the United States and its broadening influence on public capital markets and a generally negative sentiment in investor valuations. Weakening of commodity prices (zinc, copper, nickel, uranium, silver, gold) has similarly added to the general market malaise. The public stock markets are expected to remain volatile, and subject to further weakening, as seen throughout 2008 to date, for the short term or beyond. The Company's ability to option exploration properties for third party exploration, and fund its own exploration projects is correlated to the strength of the commodities markets and the exploration and mining sectors, and accordingly, is not insulated from general market conditions. As a consequence, The Company implemented an "Asset Conservation Plan" (ACP) in early October, 2008 in order to diminish expenditures and protect its financial resources. To execute on the ACP, the Company has reduced staffing, diminished its field operations and exploration activities and is now focused primarily on its partner funded exploration activity.

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 has 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 properties will require additional financing. There is no assurance that additional funding will be available to the Company when needed or that, if available, the terms of such financing will be 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.

FINANCIAL REPORTING CONTROLS AND PROCEDURES

The Corporation maintains internal accounting and administrative control systems designed to ensure the relevance and reliability of the financial information and the protection of assets. Management acknowledges its responsibility in managing the Corporation's business according to the requirements of the relevant laws and accepted standards and financial principles, in addition to maintaining well-ordered and efficient standards of conduct in its activities.

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 20, 2008, 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.

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.