

Exploration Update: New Opportunities Via New Option Agreement and Four Properties Acquired - Cheechoo Gold Project Update

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[Golden Valley Mines Ltd.](#) ("Golden Valley" or the "Company") (TSX VENTURE:GZZ) is pleased to announce the appointment of Mr. Jimmy S.H. Lee to the Company's Board of Directors, the signing of a new option agreement and acquisition of four (4) new grassroots properties located in the Abitibi Greenstone Belt northeast of Val-d'Or, Québec.

Corporate Update:

Jimmy S.H. Lee was appointed as a director of Golden Valley on March 15, 2016. Mr. Lee has served as Executive Chairman of the Board of Mercer International Inc. since July 2015, having served as a director since May 1985 and having served as President and Chief Executive Officer from 1992 until his appointment as Executive Chair in July 2015. Mr. Lee possesses particular knowledge and experience in finance and banking, credit markets, derivative risk management, and international pulp markets. He holds a Bachelor of Science Degree in Chemical Engineering from the University of British Columbia.

Golden Valley is also pleased to announce that, further to its news releases of January 12 and January 25, 2016 and upon receipt of confirmation from the TSX Venture Exchange (the "Exchange") that it has completed satisfactory background searches on Jimmy Lee, the lender under the previously issued \$415,000 debenture, the debenture has automatically converted into 4,150,000 Units of Golden Valley at a price of \$0.10 per Unit. Each Unit is comprised of one common share in the capital of Golden Valley and one non-transferable share purchase warrant, each warrant entitling the holder to purchase one common share of Golden Valley at a per share price of \$0.14 until March 18, 2018. The warrants are subject to the condition that the warrants cannot be exercised until such time as Golden Valley obtains disinterested shareholder approval for the potential creation of Mr. Lee as a new control person. Golden Valley intends to hold its next annual shareholder meeting no later than June 30, 2016 and will seek shareholder approval at that meeting. Mr. Lee has signed an undertaking that he will not exercise any warrants such that he would become a shareholder holding 20% or more of Golden Valley's issued and outstanding shares until such time as Golden Valley has obtained disinterested shareholder approval, satisfactory to the Exchange, of the potential for Mr. Lee to become a control person.

All common shares issued on conversion of the debenture and shares which may be acquired upon the exercise of the warrants issued on conversion of the debenture are subject to a hold period until May 26, 2016, in accordance with applicable securities legislation and Exchange policy.

New Opportunities

Option Agreement: As announced in the Company's news release dated March 11, 2016, Golden Valley entered into an option agreement with [BonTerra Resources Inc.](#) ("BonTerra") on the Lac Barry Prospect located in the Abitibi Greenstone Belt, northeast of Val-D'Or, Québec. In accordance with the option agreement, (i) BonTerra must issue to Golden Valley such number of common shares in the capital of BonTerra having an aggregate value of \$200,000 based on the closing price of BonTerra's shares on the Exchange on the day prior to the date that the Exchange issues its written acceptance of the option agreement and the transaction contemplated thereby, and (ii) BonTerra must incur expenditures in an aggregate amount of \$2,000,000 over a three (3) year period.

Upon exercising the option, Golden Valley shall retain a 15% free carried interest in the Lac Barry Prospect and a 3% net smelter royalty ("NSR"), with 1% of the NSR being subject to a buyback in favour of BonTerra for \$1 million payable by BonTerra to Golden Valley.

The option agreement is subject to TSX Venture Exchange approval.

BonTerra has agreed to a \$250,000 work commitment in the first year, which will consist of a detailed evaluation of all existing technical data on the property with the objective of implementing a follow-up drill program to Golden Valley's initial results which confirmed three target categories.

Property Acquisitions: Golden Valley has staked an additional nine (9) claims (four (4) separate properties) covering some 489 hectares in the area of the Chapais-Chibougamau Mining Camp, northeast of Val-D'Or, Québec in the Abitibi Greenstone Belt. The target selection process was based on the results from the *Ministère de l'Énergie et des Ressources naturelles* (MERN) publication PRO 2015-05: "*Nouvelles Cibles Pour L'Exploration Minérale Travaux Géoscientifiques 2015.*"

Presently, the Company is completing property data compilations and will conduct prospecting and sampling programs during the upcoming field season, with the objective of defining surface mineralization for follow-up geological, geophysical and if warranted, drill testing. The properties are prospective for Copper-Zinc-Silver (Cu-Zn-Ag) volcanogenic massive sulphide mineralization (VMS).

Cheechoo Gold Project - James Bay Québec: Exploration activities conducted on the property by project operator [Sirios Resources Inc.](#) ("Sirios") are currently ongoing. The latest news release dated March 7, 2016 confirmed gold grades hosted in a new lithological unit with the presence of visible gold via partial results from drillhole #40.

Golden Valley currently owns a 55% interest in the Cheechoo gold project, with Sirios owning the remaining 45% interest. Under the terms of a revised joint venture agreement, Sirios may acquire Golden Valley's remaining 55% interest subject to the following general conditions:

- Sirios must spend \$4,200,000 in exploration expenditures prior to June 13, 2016 (of which \$3,200,000 has been indicated as spent as of September 30, 2015, leaving approximately \$1,000,000 remaining);
- Sirios issued 9.9% of its share capital to Golden Valley as of December 31, 2013 (2,898,374 shares, currently representing approximately 3.5% of Sirios); and
- Sirios must make a payment to Golden Valley of \$500,000 (cash or equivalent in Sirios shares) prior to June 13, 2016 (notwithstanding the foregoing, Sirios shall have the obligation to pay in cash that portion of the \$500,000 which would result in Golden Valley becoming an insider of Sirios).

As additional consideration for the grant of the option, and in order for Sirios to acquire Golden Valley's remaining 55% interest in the Cheechoo gold project, Sirios has granted to Golden Valley a royalty (the "Royalty") equal to 4% of the net returns from all mineral products mined or removed from the Cheechoo gold project. Notwithstanding the foregoing, the royalty relevant to gold mineral products mined or removed from the Cheechoo gold prospect (the "Gold Portion") may be reduced as follows, depending on the market price of gold at the time of the payment of the Gold Portion:

1. If the price of gold is less than \$3,000 per ounce and higher than \$2,400 per ounce, a 3.5% royalty on the Gold Portion shall be payable to Golden Valley;
2. If the price of gold is less than \$2,400 per ounce and higher than \$1,200 per ounce, a 3% royalty on the Gold Portion shall be payable to Golden Valley; and
3. If the price of gold is less than \$1,200 per ounce, a 2.5% royalty on the Gold Portion shall be payable to Golden Valley.

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).

Forward Looking Statements:

This news release contains certain statements that may be deemed "forward-looking statements. Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or realities may differ materially from those in forward looking statements. Forward looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. Except as required by law, the Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

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