

# ValGold Resources Ltd. and Northern Gold Mining Inc. Close Garrison Property Sale

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VANCOUVER, BRITISH COLUMBIA -- (Marketwire - May 16, 2011) - ValGold Resources Ltd. (TSX VENTURE: VAL) and Northern Gold Mining Inc. (TSX VENTURE: NGM) are pleased to announce that the companies have closed the sales agreement of the Garrison Gold Property located in north eastern Ontario. Under the terms of the sales agreement announced on April 7th, 2011, Northern Gold has purchased ValGold's 100% interest in the Garrison property. TSX Venture approval of the transaction was granted on April 14, 2011.

In consideration for this sale, ValGold received at the closing on Friday May 13th, 2011:

- a cash payment of C\$325,000 and a promissory note for an additional C\$325,000 to be paid on or before August 13, 2011;
- 16 million common shares in Northern Gold ("Northern Gold Shares") giving ValGold aggregate ownership of approximately 14.8% of the issued and outstanding shares of Northern Gold on a non-diluted basis.
- a 2% net smelter return royalty of which (i) half (i.e. 1%) can be acquired by Northern Gold for C\$5 million paid to ValGold at any time upon the earlier of thirty-six months following the date of closing and the commencement of commercial production, and (ii) the remaining 1% can be acquired for a further payment of C\$10 million at any time upon the earlier of seventy-two months following the date of closing and the commencement of commercial production.

For a period ending on the earlier of twenty-four months after closing or a change of control Northern Gold has a right to vote the Northern Gold Shares. In addition, Northern Gold has a right of first refusal to provide a buyer for any sale by ValGold in excess of 160,000 Northern Gold Shares in any calendar month.

Under the terms of the original Garrison Option and Joint Venture Agreement, Northern Gold had the right to earn up to an undivided 80 percent interest in the Garrison Property. Northern Gold could acquire a 50 percent undivided interest in the property by making cash payments to ValGold of \$1,000,000 over four years, with all or part of the payments being made in Northern Gold stock at Northern Gold's option. To earn the 50 percent interest Northern Gold was also required to complete work on the property in the amount of \$4,000,000 over four years, with \$500,000 to be spent on the property in the first year of the agreement and not less than \$750,000 to be expended in each of the subsequent years. After earning the 50 percent interest, Northern Gold had the right to increase its interest to 80 percent by making additional cash payments of \$1,000,000 over four years (again with all or part of the payments being made in Northern Gold stock at Northern Gold's option) and completing additional work on the property in the amount of \$4,000,000 over four years. At the time of closing the buy-out of the Garrison Option and Joint Venture Agreement, Northern Gold was in the second year of the option agreement and had made \$400,000 in payments (\$200,000 in cash and the issuance of 2.2 million in shares in satisfaction of the other \$200,000 payment obligation) and had incurred over \$3,000,000 in exploration expenditures.

For the purposes of National Instrument 62-103 early warning reporting, the address of ValGold Resources Ltd. is 1400 - 570 Granville Street, Vancouver, British Columbia V6C 3P1. Prior to the closing the buy-out of the Garrison Option and Joint Venture Agreement, ValGold owned a total of 1,437,500 common shares of Northern Gold. As a result of the sale, ValGold was issued 16.0 million common shares of Northern Gold for an aggregate holding of 17,437,500 common shares of Northern Gold representing approximately 14.7% of the 118,758,415 common shares issued and outstanding on a post-closing basis. ValGold acquired the common shares of Northern Gold for investment purposes, and has no current intention to increase the beneficial ownership of, or control or direction over, securities of Northern Gold.

Martin Shefsky, President and CEO of Northern Gold commented, "This is an important step in Northern Gold's objective of developing the Garrison Property. As 100% owner of the Garrison Property, Northern Gold will have complete flexibility in completing exploration and development. ValGold has been a great partner and we look forward to our ongoing relationship with ValGold as a significant shareholder."

Stephen Wilkinson, President and Chief Executive Officer of ValGold also commented, "ValGold shareholders should be pleased with this transaction as it returns to our company an asset that represents a

significant monetary gain that should enable us to realize additional value in line with the growth of the project. With our anticipated increased cash flows we plan to re-invest in existing key properties and to pursue new investments to generate greater value for our shareholders. We have great confidence in the ability of Northern Gold to continue its successful development of the Garrison Property.”

### **About Northern Gold**

Northern Gold Mining Inc. is a TSX-V listed, publicly traded junior resource company based in Toronto, Ontario, dedicated to the discovery and development of high value mineral deposits in the proven mining camps of Kirkland Lake and Timmins in North Eastern Ontario. Northern Gold is focused on developing two advanced stage gold deposits on the Garrison Gold Property. The Property is located within the Abitibi greenstone belt along the Porcupine-Destor and the Munro Fault systems. The Property hosts several gold mineralized showings in addition to the two advanced stage exploration targets, the Jonpol and Garrcon Deposits, for each of which NI 43-101 compliant mineral resources have been calculated, and the less advanced 903 gold mineralized area. Historic diamond drilling by previous operators was completed in all three referenced areas. The Jonpol Technical Report was posted on SEDAR October 21, 2009 and the Garrcon Technical Report was posted on SEDAR November 5, 2010. The Garrison Gold Property has historic mining infrastructure at both the Jonpol and Garrcon Deposits and producing mines are located in close proximity to the property.

### **About ValGold**

ValGold Resources Ltd. is an international mineral development company based in Vancouver, Canada. The Company's objective is to generate wealth for its stakeholders by seeking out, acquiring and advancing properties with recognizable but under-explored mineral resources.

ValGold's commitment to realize world-class mineral deposits is based on a strategy that employs three key fundamental criteria:

- Mineral rights to extensive areas in prospective but non-traditional and under-explored regions.
- Mineral exploration projects with potential for substantial development.
- Experienced management with exploration, mining and financial expertise.

Incorporated in 1987, ValGold is listed on Tier 1 of the TSX Venture Exchange under the symbol VAL.

### **CAUTIONARY STATEMENT:**

*Neither 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 release.*

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