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Young-Shannon Signs Letter of Intent to Option 46.25% of Chester Gold Property to Private Company

January 11, 2007 Toronto, Ontario-**Young-Shannon Gold Mines, Limited (GYS-TSX.V)** (“Young-Shannon”) is pleased to announce that the Company has signed a Letter of Intent with a private Canadian company, whereby the private company can earn a 46.25% interest in Young-Shannon’s gold property in Chester Township, Ontario. Coincident with the signing of the Letter of Intent, the private company has paid Young-Shannon a non-refundable deposit of \$CDN 5,000.

Both the private company and Young-Shannon confirm that the terms of the Letter of Intent are non-binding and that the full terms of a binding agreement will be set out in a definitive option and joint venture agreement (the “Agreement”). Upon execution of the Agreement the private company shall pay Young-Shannon an additional \$CDN 10,000.

The private company will be required to spend a total of \$CDN 2,250,000 in exploration costs to earn its 46.25% interest including \$CDN 250,000 by July 31, 2007 and \$CDN 500,000 in each twelve month period ending on July 31, until July 31, 2011. Also, cash payments of \$CDN 15,000 will be made by the private company to Young-Shannon on each of the first four anniversaries of the effective date of the Agreement.

The private company will undertake a strategy to go public and become listed on the TSX Venture Exchange, or other equivalent stock exchange, by merger or other transaction within nine months following the execution date of the Agreement. Upon completing a public transaction, the private company will cause the resulting issuer, subject to regulatory approval, to issue the following shares to Young-Shannon or its shareholders:

- (i) shares of the resulting issuer on closing of the public transaction having a value of \$100,000; and
- (ii) 50% of the number of shares issued under (i) above on each anniversary of the closing of the public transaction for each year that the Agreement is in force.

Upon satisfying these obligations the private company will then have the option to acquire an additional 28.75% interest in the property by paying Young-Shannon \$CDN 300,000 cash and issuing Young-Shannon five times the number of shares in the resulting issuer which were issued per (i), above.

Completion of the transactions described herein shall be subject to a comprehensive due

diligence period. Also, the private company will require delivery of an updated National Instrument 43-101 report for the Chester property, which will be paid for by the private company. These conditions must be satisfied on or before March 1, 2007, otherwise this agreement shall be at an end and the parties shall be released of all of their obligations. The parties may, however, extend this deadline by mutual consent.

Both the private company and Young-Shannon agree that the transactions contemplated by the Letter of Intent and option and joint venture agreement shall be subject to the approval of the TSX Venture Exchange.

The Chester gold property, situated some 120 km. south-southwest of Timmins, and 160 km. north-northwest of Sudbury, is comprised of eleven patented, contiguous mining claims, and eighteen contiguous unpatented mining claims. Considerable exploration work has occurred on the property to date, consisting of mapping, geophysics, drilling, trenching, shaft sinking and assaying, which has yielded significant gold results, but still requires further exploration efforts.

A National Instrument 43-101 compliant qualifying report was written for the property in June, 2002 by D. McBride (filed on Sedar), which identified an indicated mineral resource of 222,000 tons grading 0.354 oz/t gold and an inferred mineral resource of 725,000 tons grading 0.16 oz/ton gold on the C-Prime gold deposit. Two additional drilling campaigns on the property, one in 2004 and one in 2005, continued to deepen and expand the C-Prime gold deposit, however, these recent results have not been included in any update of either proven or indicated mineral resources.

Greg Lipton, P. Geo. is the qualified person for the Company as required under National Instrument 43-101. He is a member of the Association of Professional Geoscientists of Ontario (APGO).

Young-Shannon Gold Mines, Limited is a precious metals exploration company which holds a group of 11 patented and 18 unpatented claims within Chester Township located west of Highway 144 midway between Sudbury and Timmins, Ontario. It also has an option to earn a 60 % interest in the McMillan Gold Mine property, located 75 kilometres southwest of the Greater City of Sudbury. The Company has 31,170,078 common shares outstanding and is listed on the TSX Venture Exchange under the symbol GYS.

Further details may be obtained from our website: www.youngshannon.com

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This press release contains certain forward-looking statements. While these forward-looking statements represent our best current judgment, they are subject to a variety of risks and uncertainties that are beyond the company's ability to control or predict and which could cause

actual events or results to differ materially from those anticipated in such forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements.

No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.