

GOLDEN ARROW RESOURCES CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Introduction

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the consolidated financial statements of Golden Arrow Resources Corporation ("Golden Arrow" or "the Company") for the years ended December 31, 2012 and 2011 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures are in Canadian dollars unless otherwise noted. This MD&A has been prepared as of April 23, 2013.

Company Overview

Golden Arrow Resources Corporation was created on July 7, 2004, as a result of a corporate restructuring plan (the "Reorganization") completed by Kobex Minerals Inc. ("Kobex") (formerly IMA Exploration Inc.). Shareholders of Kobex were issued one share of the Company for every ten shares of Kobex held. The address of the Company's registered office is Suite 709 – 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6.

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. The Company's material mineral property interest is located in the South America. As of the date of this MD&A, the Company has not earned any production revenue, nor found any proven reserves on any of its properties.

Principal Properties

The Company's properties are all located in Argentina and include 29 properties covering approximately 320,000 ha. in five provinces. The following summary discusses only the most active/material of these projects. Unless otherwise stated, the technical information provided below has been prepared by Bruce Smith, AUSIMM, Golden Arrow's Exploration Manager, and has been reviewed by Brian McEwen, P.Geol. both Qualified Persons as defined under National Instrument 43-101.

Argentina

1. Net Smelter Royalty with Yamana, Gualcamayo Mine, San Juan

On May 29, 2009 the Company received its first quarterly payment from Yamana Gold Inc. ("Yamana") from the Company's 1% net smelter returns royalty ("NSR") from the production at Yamana's Gualcamayo gold mine, located in San Juan, Argentina.

For the year ended December 31, 2012, the Company earned \$1,944,806 (USD \$1,940,335) in royalty revenue from Yamana. As at December 31, 2012, \$Nil (December 31, 2011 –\$631,563 (USD \$621,006)) is included in royalty receivable. For the year ended December 31, 2011, the Company earned \$2,238,979 (USD \$2,263,653) in royalty revenue from Yamana.

On November 12, 2012, the Company announced the closing of the sale by Golden Arrow and purchase by Premier Gold Mines Limited (PG:TSX, "Premier Gold") through its wholly-owned subsidiary, Premier Royalty Corporation ("Premier Royalty"), of the 1% NSR on Yamana Gold Inc.'s Gualcamayo Gold mine (the "Royalty"). Premier Royalty purchased the Royalty for \$16,500,000 in cash plus 1 million warrants to purchase an aggregate of up to 1 million shares of Premier Royalty at an exercise price per share equal to 120% of the IPO or "go public" price for a period of two (2) years after the date of issue of the warrants (the "expiry date"). The Company will have the right (the "Put Right") on 30 days notice to require Premier Royalty to acquire all warrants outstanding at the time for cancellation for a purchase price of \$1.25 per warrant at any time prior to the expiry date for a total of \$1,250,000 if all warrants are put to Premier Royalty. Premier Gold has agreed to guarantee Premier Royalty's obligations under the Agreement, including the payment obligation upon the Company's exercise of the Put Right making the total transaction price a minimum of \$17,750,000.

2. Chinchillas, Jujuy

On August 3, 2011 the Company announced an option agreement ("Option Agreement") with a private group to acquire a 100% interest in the advanced stage 979 ha Chinchillas Silver Project located in Jujuy Province by making cash payments to the vendor totaling \$1.8 million over four years.

The Chinchillas project is located in the prolific Bolivian silver–zinc–tin belt which extends into northern Argentina, and is only 30 km from Silver Standard's Pirquitas silver mine, with 57.2 Moz Ag in proven reserves at 180.8 g/t Ag and 26.9 Moz Ag in probable reserves at a grade of 168.4 g/t Ag, from which 8.6 Moz silver was produced in 2012¹. The project is road accessible, and work can be completed year-round.

Chinchillas is a Tertiary aged maar diatreme volcanic complex that has erupted through the Paleozoic basement schists. The resulting depression or basin, filled with volcanic breccias and tuffs is approximately 1.5 km in diameter. Mineralization occurs within the basin, hosted in favorable volcanic tuff units, hydrothermal breccias and along faults and structural zones as well as with basement schists and across the schist volcanic contacts. The mineralization occurs mostly as disseminations, veinlets and matrix filling in the volcanics, and within the basement as "Pirquitas-style" silver, lead and zinc in structures and breccias.

¹ *Pirquitas Mine Reserves from Silver Standard Resources Inc.'s website.*

Historical drilling on the property includes of 2,996 m in 14 holes (7 RC and 7 diamond holes) by two previous operators within a 1.0 km by 0.4 km area. This drilling tested five main mineralized targets, providing focus for the Company's first drill program on two main zones:

- The Socavon del Diablo Zone; host to Ag-Zn-Pb mineralization in volcanic tuffs and breccia in the eastern part of the basin.
- The Silver Mantos Zone; a near surface area in the western part of the basin with several historic high grade silver intersections in flat-lying tuff and breccia zones.

Between April and June, 2012, the Company completed a 27 hole, 3,224 m drill program that focused on the Silver Mantos (12 holes) and Socavon del Diablo (9 holes) zones, with the remaining 6 holes testing outside targets. The program was successful in confirming and expanding the mineralized zones at Silver Mantos and Socavon del Diablo and in discovering new mineralized zones. Results were reported in news releases dated June 14, June 20, July 5, July 10 and July 24, 2012 and are summarized in the paragraphs below.

Silver Mantos: Following the first drill program, the Silver Mantos zone was defined by 16 drill holes (12 completed by Golden Arrow) that tested an area of approximately 6 ha (300m x 300m). Mineralization is disseminated in two or more flat lying layers, or mantos, composed of strongly clay altered volcanic tuffs and breccias, averaging 12 m in thickness. The silver is thought to occur mostly in the silver sulphosalts boulangerite and tetrahedrite, which occur disseminated with galena and sphalerite in the volcanic tuffs. Nearly all holes encountered significant grades of silver, with localized lead and zinc. Several holes with high grade silver define a core to the zone, including: CGA-35, with 29m grading 631 g/t Ag, 1.72% Pb and 0.93% Zn, CGA-38 with 22m grading 591g/t Ag, 1.9% Pb, and CGA-39 with 29m grading 515g/t Ag, 0.68% Pb and 1.18% Zn.

The first drill program defined mineralization at Silver Mantos from surface to 90 m depth and it remained open to expansion in all directions.

Results from Phase I drilling at Silver Mantos are summarized below in Table 1.

Table 1. Silver Mantos Target - Summary of Drill Highlights

Zone	HOLE	From (m)	To (m)	Length (m)	Ag (g/t)	Pb (%)	Zn (%)
SILVER MANTOS	CGA-17	3	34	31	132	-	-
	CGA-18	17	38	21	163	2.47	-
	CGA-19	5	22	17	49	-	1.90
	CGA-20	23	26	3	80	0.83	-
	CGA-34	16	39	23	217	0.64	0.48
	and	44	57	13	88	-	2.32
	CGA-35	6	35	29	631	1.72	0.93
	and	39	56	17	323	-	-
	and	61	67	6	148	2.02	1.93
	and	71	73	2	246	-	-
	CGA-36	33	39	6	99	-	-
	and	65	93	28	155	1.38	-
	CGA-37	12	23	11	122	-	-
	and	31	34	3	107	-	-
	CGA-38	37	59	22	591	1.9	0.00
	CGA-39	15	44	29	515	0.68	1.18
	CGA-40	14	28	14	236	1.29	0.98
	CGA-41	27	37	10	64	0.54	1.18

Socavon del Diablo: At Socavon del Diablo the Phase I program included nine new drill holes, which when combined with three historic holes, defined a mineralized area of approximately 3.5 hectares (250 m by 150 m). Mineralization at Socavon includes manto-style within favorable shallow dipping volcanic tuff horizons and crosscutting feeder structures and hydrothermal breccias. All nine new holes intersected significant near-surface mineralization, with thicknesses between 2 m and 77 m. Within the zone, typically between two and four mineralized layers were encountered, averaging approximately 12 m thick. Grades for the mineralized intercepts averaged approximately 52 g/t silver and 1.7% zinc. Lead was somewhat less persistent but locally contributed significant value. High grade intervals occurred, with individual one metre samples grading up to 485 g/t Ag, 11.1% Pb and 8.5% Zn.

Following the Phase I program, the Socavon del Diablo target remained open to expansion. Results are summarized in Table 2.

New Target Areas: In the area of the historic Chinchillas mine workings, two drill holes (CGA28 and CGA29) targeted an east-west structural zone below the old workings, with a coincident chargeability geophysical anomaly. Both holes intersected large intervals of breccia with sulphide matrix and corresponding silver-lead-zinc mineralization. The two drill holes are spaced 150m apart and this area has potential to add to a future resource. Results are summarized in Table 2.

Table 2. Socavon del Diablo and Outside Targets - Summary of Drill Highlights

Zone	HOLE	From (m)	To (m)	Length (m)	Ag (g/t)	Pb (%)	Zn (%)
SOCAVON del DIABLO	CGA-21	2	79	77	64	1.36	3.09
	CGA-22	45	57	12	75	1.15	3.98
	CGA-23	18	29	11	47	0.86	1.10
	CGA-24	25	32	7	42	1.14	4.22
	CGA-25	0	36	36	64	0.60	0.97
	CGA-26	66	72	6	86	1.73	4.09
	CGA-27	23	38	15	34	0.83	2.18
	and	75	95	20	100	2.27	2.36
	CGA-42	4	6	2	65	1.6	1.80
Charge Sur	CGA-28	139	173	34	79	0.76	0.82
	CGA-29	69	72	3	113	-	1.89
Labor 4	CGA-32	10	25	15	218	-	-
Contacto Sur	CGA-33	4	30	26	46	0.73	2.73

On November 26, 2012, the Company announced the commencement of a Phase II drill program of approximately 6,500 metres. The drill plan included infill and expansion holes as well as the testing of new areas, with the overall program designed to define a NI 43-101 compliant silver-lead-zinc resource at Chinchillas in 2013.

2013 Work Program: At the time of writing, four sets of drill results from the Phase II program have been reported, in news releases dated January 16, February 27, March 14, and April 11, 2013. A summary of the program follows, and for additional details the reader is referred to the original news releases, as well as drill plan maps and summary tables of results posted to the website.

The Phase II drill program was concluded in early March 2013, and exceeded the planned 6,500 metres of drilling with a total of 7,286 metres completed over 49 holes. Results from the program will be combined with results from the previous 41 drill holes, for a total of over 13,500 metres of drill data. This data will be used to define a NI 43-101 compliant silver-lead-zinc resource and technical report in 2013.

The Phase II step-out drilling successfully expanded the Socavon del Diablo and Silver Mantos mineralized zones in most directions, which will positively impact the upcoming resource estimate. Step-out holes include CGA-90 at Silver Mantos, which intercepted 93 metres grading 182 g/t silver with 1.4% lead and 0.5% zinc from 72 to 165 metres depth. Included in the interval is a section of two metres grading 2614g/t silver, 5.3% lead and 1.6% zinc. (See April 11th, 2013 news release.) In addition to step-out drilling, exploration holes on the north side of the Chinchillas basin encountered significant mineralization which could expand the footprint of the zones by as much as 200 metres to the north.

Most important to the Phase II program was the identification of a second style of mineralization in, and at the contact with, the Ordovician basement pelites and sandstone schists. This "Pirquitas-style" mineralization is characterized by silver, lead and zinc in structures and breccias within the basement schists, occurring beneath the volcanic hosts. At Silver Standard's nearby Pirquitas deposit silver mineralization is hosted entirely within the basement schists. (www.silverstandard.com). The definition of these large Pirquitas-style feeder zones beneath the Silver Mantos and Socavon del Diablo zones suggest the potential to further expand the project. Hole CGA-77 is an example of a hole that targeted the feeder zone, and which intercepted 108 metres grading 125g/t silver and 1.3% lead from 75 to 183 metres depth. This included three higher grade intersections, including 3 metres of 712 g/t silver and 7.7% lead. (See April 11th, 2013 news release.)

Table 3. Phase II Drill Highlights (See news releases for full data tables)

HOLE	Goal	From (m)	To (m)	Length (m)	Ag (g/t)	Pb (%)	Zn (%)
Silver Mantos Zone Highlights							
CGA-44	Infill	49	58	9	258.0	1.1	0.74
CGA-45	South Step-Out	144	146	2	344	3.44	1.01
CGA-46	Infill	105	168	63	67.8	0.62	-
CGA-47	North Step-Out	67	70	3	444	2.26	-
CGA-48	North Step-Out	21	29	8	77.7	2.23	1.56
CGA-49	North Step-Out	3	17	14	54	-	-
CGA-50	West Step-Out	102	104	2	226.6	-	-
CGA-54	Infill	27.6	35	7.4	449	3.8	1.1
CGA-56	Infill	12	16	4	114	-	-
CGA-60	50 m W step-out	43	55	12	51	-	1.7
CGA-65	50 m S step-out	78	84	6	70	2.4	1.7
CGA-69	Twin of CH-5	40	66	26	274	0.7	-
CGA-70	Twin of CH-6	32	41	9	12	0.1	1.6
CGA-72	44 m N step-out	34	37	3	262	6.9	-
CGA-73	50 m W step-out	33	41	8	51	-	-
CGA-74	80 m NW step-out	75	80	5	90	-	-
CGA-76	100 m SW step-out	24	40	16	158	2.6	0.7
CGA-77	Feeder zone	75	183	108	125	1.3	-
CGA-78	275m SW drilled off target	No significant mineralization					
CGA-79	150m SW step-out	82	87	5	137	1.0	-
CGA-80	West edge	183	202	19	161	0.8	-
CGA-81	50m S step out	20	22	2	39	0.8	3.0
CGA-82	50m S step-out	10	18	8	69	-	0.6
CGA-83	190m NW step-out	No significant mineralization, hole incomplete.					
CGA-84	infill	146	184	38	76	0.5	0.6
CGA-86	80m SW step-out	167	171	4	437	0.5	-
CGA-87	210m SW step-out	6	25	19	101	-	-
CGA-88	65m SW step-out	45	105	60	104	1.1	-
CGA-89	75 m W step-out	72	92	20	379	2.1	-
CGA-90	65m W step-out	72	165	93	182	1.4	0.5
CGA-91	50m E step-out	71	90	19	119	0.6	1.4
Socavon Del Diablo Zone Highlights							
CGA-51	Step-out	54	63	9	49	1.0	3.3
CGA-52	Step-out	80	84	4	49	1.5	-
CGA-53	Infill	23	40.3	17.3	79	1.0	4.0
CGA-55	Step-out	94	98	4	62	-	-
CGA-66	50 m W step-out	85	99	14	53	1.1	0.9
CGA-67	55m W step-out	58	74	16	-	-	1.2
CGA-68	Twin CH-1	145	181	36	61	1.0	0.6
CGA-71	Feeder 175 m east	117	149	32	112	1.1	0.9
CGA-85	Feeder	44	49	5	62	1.4	0.7
CGA-92	re-drill of CGA-51	35	47	12	113	1.7	1.6
Additional Exploration Targets							
CGA-57	New target	No significant results. Did not reach target					
CGA-58	New target	112	114	2	27	0.8	-
CGA-59	New target	22	35	13	108	-	-
CGA-61	Between main zones	72	74	2	50	1.3	3.4
CGA-62	200 m N of Silver Mantos	63	65	2	368	3.2	-
CGA-63	Between zones	130	133	3	54	-	1.5
CGA-64	Between zones	25	30	5	-	-	1.7
CGA-75	160 m NW of Socavon	113	160	47	71	0.7	1.6

True widths have not yet been confirmed, pending completion of the geological model.

As part of the Phase II program, the Company has initiated a first round of metallurgical testing on samples from Chinchillas. At the time of writing, results from this testing are pending.

3. Mogote, San Juan

On June 3, 2009, the Company announced that it had entered into a binding property transfer agreement to acquire from Iron South Mining Corp. four Peruvian property concessions and the remaining 51% interest in the 8,300 hectare Mogote copper-gold-silver property not already held by the Company. This transaction received shareholder approval on July 22, 2009 and regulatory approval on July 29, 2009. The Mogote project is strategically-located in the Vicuna District of northern San Juan Province which includes NGEx Resources Inc.'s Josemaria copper-gold deposit in Argentina and Goldcorp Inc./New Gold's El Morro gold-copper porphyry in Chile.

On September 9, 2010 the Company announced that it had entered into an option agreement with Vale Exploracion Argentina, S.A. ("VEASA"), a wholly-owned subsidiary of Vale S.A. ("Vale"), on its Mogote project and its Purulla copper-moly porphyry project in Catamarca Province, Argentina. On December 7, 2012, the Agreement was amended to extend the option period by one year. Under the terms of the option agreement, as amended, Vale can earn an initial 70% interest in the projects by completing USD \$6.8 million in exploration expenditures and making USD \$2.8 million in cash payments to Golden Arrow over 4 years.

In addition, the agreements stipulated that Vale would make underlying vendor payments of USD \$1.025 million related to the Purulla project. If Vale elects to drop one of the two properties during the option, the overall terms will remain the same with the exception that if Purulla is dropped Vale will no longer be responsible for making the underlying vendor payments. Vale has the option to increase its interest to 85% by funding and delivering a Feasibility Study within a further 3 year period. Subsequently Vale will have the option for a further 2 years to purchase Golden Arrow's remaining 15% interest in the project for fair market value. Golden Arrow will retain a 1.5% Net Smelter Royalty (NSR) of which Vale will have the option to purchase 0.5% for USD \$7.0 million. Vale will be the operator during the term of the option. The exploration programs will be decided upon by a management committee comprised of one representative from each company. The option agreement includes a firm commitment by Vale to complete USD \$800,000 in exploration expenditures and make USD \$125,000 in vendor payments during the first year. These commitments have been met in accordance with the option agreement.

On September 14, 2011 the Company announced it received from Vale the USD \$100,000 option payment required to be made by the first anniversary of the option agreement. Vale also informed the Company that during the first year program on Mogote it completed detailed lithological and alteration mapping on the Zona Colorida and Stockwork Hill zones, rock sampling, petrography and PIMA work as well as 40 lines of geophysics including 32 km of IP, 180 km of ground magnetics, 51 km of radiometrics and 170 km of digital GPS surveying. The geophysical surveys covered the central and a portion of the southern Mogote property.

On June 18, 2012, the Company announced the results of Vale's 7 hole, 3,695 m drill program that was completed during Q1 and Q2, 2012. Vale's drilling has confirmed the existence of a copper porphyry system below the large and prominent steam leached alteration zone at the Zona Colorida.

Zona Colorida: Five widely spaced drill holes were completed at Zona Colorida with an average depth of 575 m. All holes encountered a multi-phase porphyry system with long intervals of intense quartz-pyrite vein stockworks and classic porphyry alteration, containing low grade copper mineralization. The best drill intercept recorded was in hole MGT DH5, from 68 m to 118 m (50 m interval) that averaged 0.224% copper.

Filo Central: Only one hole (MGT DH06) reached target depth of 576 m at Filo Central. Two additional holes, MGT DH07 and DH07A, reached 59 m and 185 m meters respectively. MGT DH07A ended in anomalous mineralization. From 90 m to the end of hole at 185 m MGT DH07A graded 0.147% copper.

Also on June 18, 2012 Vale notified Golden Arrow of its intention to terminate its option on the Purulla project in Catamarca. Subsequently, Golden Arrow gave formal notice to the Purulla property vendor that it has terminated its option to earn an interest in the property. As a result of this, the Company wrote off the associated property costs of \$128,473.

On September 6, 2012, the Company announced that Vale had made the \$200,000 option payment that was due.

Future Work: On January 14, 2013, the Company announced that Vale commenced a 10-hole, 7,500 m drill program on the Mogote project. The drill program will target both porphyry copper-gold and precious metal epithermal mineralized zones identified during Vale's 2011-12 field program, specifically the 3 holes in Filo Este, 3 holes in Filo Central, 2 holes in Zona Colorida and 2 holes in Stockwork hill. Results from the program are expected in the second quarter of 2013.

4. Fronterra District, Potrerillos, San Juan

The Potrerillos property is located approximately 8 km due east of Barrick Gold's Veladero deposit, covering an area of 3,999 ha and shares many geologic similarities with both Veladero and nearby Pascua-Lama. Previous exploration campaigns were carried out on behalf of Golden Arrow's precursor company during 1999, 2000, and 2001. These resulted in the delineation of three significant target areas: Fabiana, Narelle and Panorama. Most work was focused on Fabiana and a short RC drill program was carried out on the Fabiana Zone in 2001 with no significant results. A data review and field visit to these properties was carried out in late 2008. No work was carried out during 2009.

In 2010, the Company commenced a comprehensive exploration program that continued through Q1 2011, focusing on the Panorama Zone where only limited prior sampling had been carried out. Three main styles of mineralization were defined:

- The Panorama Veins occur within an area approximately 1 km long by 50 m wide. Veta Juliet, one of several recently discovered veins, is 3.7 m wide where exposed, and has been traced on surface for over 100 m; a rock chip sample collected across the main outcrop grades 7.96 g/t Au and 665 g/t Ag over 2 m.
- Las Bandas are a series of very large gold-silver bearing calcite and quartz "bands" or veins that have been traced over a strike length of approximately 1 km. Outcrop exposures range from 12 to 20 m wide and contain significant gold-silver mineralization with select grab samples grading up to 3.07 g/t Au and 441 g/t Ag.
- Copper South is a series of discrete copper-silver occurrences located in a 2.5 km by 1.2 km area. Copper grades from selectively collected samples can be exceptionally high; for example a 1m chip returned 17.4% Cu and 38 g/t Ag. The zones are typically 2 to 10 m wide, by several hundred meters long.

In early 2011, the Company completed 508 m in 3 diamond drill holes of a planned 10 hole 3,000 m program. The program was cut short due to challenging weather and drilling conditions. The drilling targeted the Las Bandas-Panorama Veins target area, which together have a strike length of 2.6 km. The completed holes all stopped short of planned depth and many drill targets remain untested by drilling. Following are the highlights from the 3 holes:

- POT1 2011: The hole was drilled to 277 m total depth targeting Panorama Veins. Anomalous gold and silver values were intersected between 23 m and 40 m within silica veins and silicified breccias in andesite. The mineralized interval included 1 m at 1.14 g/t Au and 3.94 g/t Ag (32 m to 33 m) and 1 m at 1.57 g/t Au and 145.86 g/t Ag (39 m to 40 m).
- POT2 2011: This hole was drilled to 130 m total depth targeting Las Bandas. From 95 m to 103 m the hole cut 8 m averaging 0.25 g/t Au and 31.21 g/t Ag within an interval of drusy quartz-calcite stockwork veinlets hosted by silicified andesite.
- POT3 2011: This hole was drilled to 100.5 m total depth targeting Las Bandas. From 62 m to 65 m the hole cut 3 m averaging 0.01 g/t Au and 131.90 g/t Ag hosted by quartz calcite veinlets at the thrust contact between andesite volcanics and overlying rhyolites.

No work was carried out on the Potrerillos property in 2012. The property remains permitted, in good standing, and the Company is seeking an option or joint venture partner for the project.

5. Pescado Gold Project, San Juan

The Company holds nine mineral claims in the Gualcamayo area of San Juan. These 100% owned claims cover approximately 18,000 ha and form the Pescado Gold Project.

In 2008, the Company negotiated with Barrick Gold Exploration through its subsidiary Barrick Exploraciones Argentina S.A. ("BEASA") to provide a right of way to access water from Golden Arrow's Rio de las Taguas property. In exchange for providing access to water for BEASA's Pascua Lama gold project, Golden Arrow

acquired from BEASA 100% of the 1,592 ha Aspero 1 claim. This claim is strategically important for Golden Arrow because it is contiguous to the Company's 100% owned Pescado Gold Project, which now totals 19,194 ha.

The northern boundary of the Pescado Gold Project is 10 km south of the main gold zone on the Gualcamayo gold mine, in a similar geological and structural setting. It is between 1,500 m and 3,000 m elevation and is accessible for year-round exploration. To date the Pescado Gold Project properties have all had systematic silt sampling, follow-up soil grids and rock sampling surveys carried out, with the exception of Durazno which has had only preliminary silt and rock sampling completed. In total 806 rock samples, 383 stream sediment samples and 479 soil samples have been collected on the project. Highlights from rock chip sampling include: 1 m of 17.59 g/t Au; 1 m of 10.75 g/t Au and 1 m of 6.68 g/t Au (Pescado I and II); 2 m of 1.27 g/t Au; 2 m of 3.46 g/t Au and 2 m of 3.15 g/t Au (Yanso); 2 m of 0.13 g/t Au, 10.2 g/t Ag, >1% Cu, 3,535 ppm Pb and 2,719 ppm Zn (Durazno).

A helicopter-borne aeromagnetic survey was conducted on the Pescado Gold Project in 2008. The survey was flown by New Sense Geophysics Limited and comprised 1,870 line kilometres covering the entire 18,000 ha property with 200 m spaced lines.

On June 22, 2011 the Company announced it had entered into a letter agreement with Coronation Resources Limited ("Coronation") whereby Coronation may earn an initial 60% interest in the Pescado project by issuing 1.7 million shares to Golden Arrow and completing US\$2.5 million in exploration expenditures on the project over four years following the schedule laid out below. Coronation may earn an additional 15% interest in the project by subsequently sole-funding a feasibility study on the project. After a Joint Venture is formed if one party does not contribute funds to approved programs it will be diluted on a straight-line basis. Once a party is reduced to a 10% participating interest, its interest will convert to a 2.0% NSR. In Q2 2012, the option was terminated due to non-compliance by Coronation of the terms of the option agreement.

The Company is now seeking other potential optionors for the property.

6. Caballos, La Rioja

On September 8, 2011 Golden Arrow announced it had acquired the 22,900 ha. Caballos property through staking. The property is located in a prospective porphyry copper and epithermal gold-silver district along the Chilean border in western La Rioja Province. The Company has completed two initial prospecting and sampling campaigns on Caballos, identifying a new high-grade porphyry copper showing, the Caballos Copper Zone, and the Refugio de Plata Zone, a partially exposed vein/breccia silver target.

Highlights from limited initial sampling include:

- 12 m @ 2.4% Cu from a composite rock chip sample across a diorite porphyry outcrop at the Caballos Copper Zone.
- 1 m @ 303 g/t Ag and 0.11 g/t Au from a chip sample of mineralized breccia at the Refugio de Plata Zone.

On January 30, 2012 Golden Arrow announced it had staked a new license, Ritsuko (3,237 ha), bringing the Company's total land holdings in the prospective Caballos district to 25,195 ha. The company completed bulldozer road access in January along with trenching and sampling. Talus fine sampling has defined a 1.4 km anomalous zone with up to 1,667 ppm Cu and up to 150 ppb Au.

During Q1, 2012, the Company completed a program of detailed ground magnetic and IP/Resistivity surveys at Caballos to define drill targets. On March 1, 2012, the Company announced that the program had resulted in the discovery of a large copper-gold porphyry target. The magnetic core of the interpreted porphyry system, 300 m by 800 m in dimensions, is largely covered by talus. The IP/Resistivity survey, conducted by Quantec Geoscience, shows a large chargeability high that closely correlates with the interpreted magnetic porphyry core.

Talus fine sampling has been completed in the southern half of the porphyry target, defining an 1,100 m by 400 m area with elevated with copper geochemistry (+50 ppm Cu envelope with a high of 1667 ppm Cu) and, in an overlapping but slightly reduced area, a gold geochemical anomaly (+20 ppb Au envelope with a high of 149 ppb Au), both centered on the quartz--magnetite stockwork exposure.

The Company is seeking an option or joint venture partner for the property.

7. Don Bosco, La Rioja

On June 1, 2011 the Company announced it had acquired by staking a 100% interest in the 32,800 ha Don Bosco property in western La Rioja Province, Argentina. The property has since been reduced to a core 19,710 ha. The property is located in the Pre-Cordillera region and elevations range from 2,500 m to 3,500 m above sea level. Work can be conducted all year round and a paved highway allows easy access to the southern part of the property.

The Don Bosco Project includes historical copper and gold prospects and high-grade mineralized zones identified by the Company's reconnaissance team. Golden Arrow has completed several prospecting/sampling campaigns on Don Bosco. To date a total of 514 rock chip samples have been collected from three distinct target areas on Don Bosco; San Alberto - El Pircado Cu-Au skarn, Llantenes Copper zone and Las Minitas Silver zone.

Highlights for each zone include:

- San Alberto-El Pircado Zone
 - 2.4m averaging 2.04 g/t Au, 114 ppm Ag and 10.0% copper
- Llantenes Zone
 - 25% Cu, 0.64 g/t Au, 82 g/t Ag (grab sample)
 - 2m grading 3.3% Cu (chip sample)
- Las Minitas Silver Zone
 - 111 g/t Ag over 1m (chip sample)

The skarn-type mineralization identified in the north-central portion of the Don Bosco property in the San Alberto-El Pircado zones covers an area 1.3 km by 900 m. Skarn mineralization appears to be developed primarily within limestone protoliths bordering a large granite intrusive body to the east. It is exposed along east-west ridge lines and flanks at San Alberto (northern ridge) and El Pircado (southern ridge) which are separated by a deeply incised valley with little exposure. Limestone protolith skarn mineralization is both structurally controlled and disseminated. Classic skarn mineralogy includes magnetite hornfels, massive amphibole zones and disseminated garnet and wollastonite zones.

The Company is seeking an option or joint venture partner for the property.

Selected Annual Financial Information

The following selected consolidated financial information is derived from the audited consolidated financial statements and notes thereto.

	Years Ended December 31,		
	2012	2011	2010
	\$	\$	\$
Royalty income	1,944,806 ⁽³⁾	2,238,979 ⁽¹⁾	1,616,065
Net income (loss) for the year	12,693,358 ⁽⁴⁾	(2,655,934) ⁽²⁾	(1,661,273)
Earnings (Loss) per share – basic and diluted	0.23	(0.05)	(0.04)
Total Assets	14,763,742 ⁽⁵⁾	5,872,106	5,937,873

- (1) Increase in royalty income during 2011 due to higher gold prices and higher mine production compared to 2010.
- (2) Includes \$2,238,979 in royalty income, an increase over prior year, and increased exploration to \$3,166,390.
- (3) Decrease in royalty income during 2012 compared to 2011 due to a the sale of the royalty interest on Yamana Gold Inc.'s Gualcamayo gold mine on November 9, 2012 to Premier Royalty Corp.
- (4) Includes \$16,258,188 in gain on sale of royalty and \$1,944,806 in royalty income partially offset by \$5,542,666 in loss from operating activities which includes \$3,208,163 in exploration expenditures during 2012.
- (5) The increase is related to an increase in cash, short term investments and investments of \$9,613,398 partially offset by a decrease in deposit of \$50,000 and other receivables of \$234,532.

Results of Operations – For the Year Ended December 31, 2012 Compared to the Year Ended December 31, 2011

Loss from operating activities

During the year ended December 31, 2012, loss from operating activities increased by \$601,284 to \$5,542,666 compared to \$4,941,382 for the year ended December 31, 2011. The increase in loss from operating activities is largely due to:

- An increase of \$196,502 in professional fees. Professional fees were \$333,617 for the year ended December 31, 2012 compared to \$137,115 for the year ended December 31, 2011. The increase is primarily due to higher professional fees resulting from increased legal and accounting fees relating to the sale of the Company's 1% NSR from Yamana's Gualcamayo gold mine to Premier Royalty Corporation ("Premier Royalty") during the year ended December 31, 2012 compared to lower professional fees as no related legal and accounting fees with respect to the sale of the Company's royalty were required during the year ended December 31, 2011.
- An increase of \$213,705 in salaries and employee benefits and management services. Salaries and employee benefits and management services were \$959,404 for the year ended December 31, 2012 compared to \$745,699 for the year ended December 31, 2011. The increase is due to increased staff levels and related executive compensation pursuant to an employment agreement, a one-time amount equal to \$104,039, due upon sale of the Company's 1% NSR on Yamana's Gualcamayo gold mine to Premier Royalty Corp. during the year ended December 31, 2012 compared to lower staff and no one-time executive compensation levels related to disposal of the Company's 1% NSR during the year ended December 31, 2011.
- An increase in foreign exchange loss of \$49,934. Foreign exchange loss was \$267,536 for the year ended December 31, 2012 compared to \$217,602 for the year ended December 31, 2011. The increase is due to the fluctuation of the Argentinean Peso and US dollar against the Canadian dollar during the year ended December 31, 2012 compared to the year ended December 31, 2011, as well as the holding of differing amounts of funds in these respective currencies during these periods.
- An increase of \$95,047 in share-based compensation. Share-based compensation was \$104,777 for the year ended December 31, 2012 compared to \$9,730 for the year ended December 31, 2011. The increase is due to 600,000 fully vested stock options granted during the year ended December 31, 2012 compared to incremental vesting of 75,000 consultant options during the year ended December 31, 2011.

These increases were partially offset by:

- A decrease of \$46,022 in travel and accommodation. Travel and accommodation was \$90,589 for the year ended December 31, 2012 compared to \$136,611 for the year ended December 31, 2011. Less travel was required due to lower business development activity during the year ended December 31, 2012 compared to increased travel requirements due to increased business development activity during the year ended December 31, 2011.

Other items

During the year ended December 31, 2012, other items increased by \$15,950,576 to \$18,236,024 compared to \$2,285,448 for the year ended December 31, 2011. The increase in other items is largely due to:

- The gain on sale of royalty of \$16,258,188 for the year ended December 31, 2012 compared to \$Nil for the year ended December 31, 2011. The Company completed the sale of its 1% NSR on Yamana Gold Inc.'s Gualcamayo gold mine to Premier Royalty receiving consideration of \$17,750,000 in cash and cash equivalents, offset by royalty income paid to Premier Royalty of \$1,136,812 and transaction costs of \$355,000 during the year ended December 31, 2012 compared to no such transactions taking place during the year ended December 31, 2011.
- Income from option agreement of \$114,419 during the year ended December 31, 2012 compared to \$Nil in the year ended December 31, 2011. The Company received an additional option payment of \$200,000 USD

pertaining to the Company's Mogote project in San Juan Province, Argentina from Vale Exploracion Argentina S.A. in the year ended December 31, 2012 compared to \$100,000 USD in the year ended December 31, 2011. Option payments received are offset against capitalized costs with the excess amount taken into income. All capitalized costs relating to the Mogote property had been completely offset in the year ended December 31, 2012.

These increases were partially offset by:

- A decrease in royalty income of \$294,173 to \$1,944,806 for the year ended December 31, 2012 compared to \$2,238,979 for the year ended December 31, 2011. The decrease is due to the sale of the Company's 1% NSR from Yamana's Gualcamayo gold mine on November 9, 2012 reflecting less than a full year of royalty income during the year ended December 31, 2012 compared to full retention of the Company's 1% NSR during the year ended December 31, 2011.
- Write-off of mineral properties of \$128,473 for the year ended December 31, 2012 compared to \$Nil for the year ended December 31, 2011. The Company terminated its Purulla property option agreement during the year ended December 31, 2012 compared to no terminations during the year ended December 31, 2011.

The net income for the year ended December 31, 2012 was \$12,693,358 or \$0.23 per basic and diluted share compared to a net loss of \$2,655,934 or \$0.05 per basic and diluted share for the year ended December 31, 2011.

Cash Flow

Operating Activities

Cash outflow from operating activities was \$2,317,169 for the year ended December 31, 2012 compared to \$2,970,864 for the year ended December 31, 2011. The decrease results primarily from changes in non-cash working capital balances due to timing of receipt and payment of cash offset by lower royalty income and higher corporate and administrative cash costs during the year ended December 31, 2012 compared to the prior period.

Investing Activities

Cash inflow from investing activities was \$6,481,784 for the year ended December 31, 2012 compared to an outflow of \$1,034,630 for the year ended December 31, 2011. The Company redeemed short-term investments of \$10,114,968 and purchased short-term investments of \$18,399,318 during the year ended December 31, 2012 compared to redemptions of \$3,508,915 and purchases of \$5,011,732 during the year ended December 31, 2011. Mineral property expenditures were \$399,365 mainly due to the option payments made on the Chinchillas property during the year ended December 31, 2012 compared to \$55,457 for the year ended December 31, 2011. Property and equipment expenditures were \$51,211 during the year ended December 31, 2012 compared to \$77,181 for the year ended December 31, 2011. The Company did not purchase or sell marketable securities during the year ended December 31, 2012 compared to \$490,903 in sales of marketable securities during the year ended December 31, 2011. Option payment proceeds were \$208,522 relating to the Mogote option agreement with Vale during the year ended December 31, 2012 compared to \$109,922 for the same option agreement during the year ended December 31, 2011. Proceeds from sale of royalty less transaction costs paid were \$16,145,000 and cash paid to Premier Royalty Corp. was \$1,136,812 relating to the sale of the Company's 1% NSR on Yamana Gold's Gualcamayo gold mine during the year ended December 31, 2012 compared to no such transactions during the year ended December 31, 2011.

Financing Activities

Cash outflow from financing activities was \$4,052,074 for the year ended December 31, 2012 compared to an inflow of \$2,615,950 for the year ended December 31, 2011. Proceeds from the exercise of warrants were \$Nil for the year ended December 31, 2012 compared to \$2,556,450 for the year ended December 31, 2011 due to the imminent expiry of a large block of in-the-money warrants in January 2011. Proceeds from the exercise of options were \$Nil for the year ended December 31, 2012 compared to \$59,500 for the year ended December 31, 2011. Repurchases of common shares were \$4,032,000 and share repurchase costs were \$20,074 relating to the Company's share repurchase program for the year ended December 31, 2012 compared to \$Nil for the year ended December 31, 2011.

Results of Operations – For the Three Months Ended December 31, 2012 Compared to the Three Months Ended December 31, 2011

Loss from operating activities

During the three months ended December 31, 2012, loss from operating activities increased by \$524,436, to \$1,789,645 compared to \$1,265,209 for the three months ended December 31, 2011. The increase in loss from operating activities is largely due to:

- An increase of \$212,668 in exploration. Exploration expense was \$918,476 for the three months ended December 31, 2012 compared to \$705,808 for the three months ended December 31, 2011. The Company began its Phase II drill program at its Chinchillas project in Jujuy, Argentina, and initiated a first round of metallurgical testing on samples from Chinchillas during the three months ended December 31, 2012 compared to community relations work, permitting and preliminary planning for the initial Phase I drill program on the Chinchillas project and prospecting/sampling campaigns on the Caballos project during the three months ended December 31, 2011.
- An increase in foreign exchange loss of \$108,846. Foreign exchange loss was \$223,740 for the three months ended December 31, 2012 compared to \$114,894 for the three months ended December 31, 2011. The increase is due to the fluctuation of the Argentinean Peso and US dollar against the Canadian dollar during the three months ended December 31, 2012 compared to the three months ended December 31, 2011, as well as the holding of differing amounts of funds in these respective currencies during these periods.
- An increase of \$91,196 in share-based compensation. Share-based compensation was \$93,509 for the three months ended December 31, 2012 compared to \$2,313 for the three months ended December 31, 2011. The increase is due to 550,000 fully vested stock options granted during the three months ended December 31, 2012 compared to revaluation of 75,000 consultant options during the three months ended December 31, 2011.

Other items

During the three months ended December 31, 2012, other items increased by \$15,840,115 to \$16,484,676 compared to \$644,561 for the three months ended December 31, 2011. The increase in other items is largely due to:

- The gain on sale of royalty of \$16,258,188 for the three months ended December 31, 2012 compared to \$Nil for the three months ended December 31, 2011. The Company completed the sale of its 1% NSR on Yamana Gold Inc.'s Gualcamayo gold mine to Premier Royalty receiving consideration of \$17,750,000 in cash and cash equivalents offset by royalty income paid to Premier Royalty of \$1,136,812 and transaction costs of \$355,000 during the three months ended December 31, 2012 compared to no such transactions taking place during the three months ended December 31, 2011.

The increase was partially offset by:

- A decrease in royalty income of \$430,832 to \$201,473 for the three months ended December 31, 2012 compared to \$632,305 for the three months ended December 31, 2011. The decrease is due to the sale of the Company's 1% NSR from Yamana's Gualcamayo gold mine on November 9 during the three months ended December 31, 2012 compared to a full quarter of the Company's 1% NSR during the three months ended December 31, 2011.

The net income for the three months ended December 31, 2012 was \$14,695,031 or \$0.28 per basic and diluted share compared to a net loss of \$620,648 or \$0.01 per basic and diluted share for the three months ended December 31, 2011.

Cash Flow

Operating Activities

Cash outflow from operating activities was \$331,281 for the three months ended December 31, 2012 compared to \$537,405 for the three months ended December 31, 2011. The decrease in cash outflow is due to changes in non-

cash working capital balances due to timing of receipt and payment of cash offset by higher exploration expense, corporate and administrative cash costs, and lower royalty income during the three months ended December 31, 2012 compared to the prior period.

Investing Activities

Cash inflow from investing activities was \$3,511,561 for the three months ended December 31, 2012 compared to \$433,705 for the three months ended December 31, 2011. The Company redeemed short term investments of \$4,200,000 and purchased short term investments of \$15,750,000 during the three months ended December 31, 2012 compared to redemptions of \$755,713 and purchases of \$261,426 during the three months ended December 31, 2011. Mineral property expenditures were \$5,994 during the three months ended December 31, 2012 compared to \$25,490 during the three months ended December 31, 2011. Property and equipment expenditures were \$45,633 during the three months ended December 31, 2012 compared to \$35,092 for the three months ended December 31, 2011. Proceeds from sale of royalty less transaction costs paid were \$16,145,000, deferred selling costs of \$105,000 and cash paid to Premier Royalty Corp. was \$1,136,812 relating to the sale of the Company's 1% NSR on Yamana Gold's Gualcamayo gold mine during the three months ended December 31, 2012 compared to no such transactions during the three months ended December 31, 2011.

Financing Activities

Cash outflow from financing activities was \$4,052,074 for the three months ended December 31, 2012 compared to \$Nil for the three months ended December 31, 2011. Repurchases of common shares were \$4,032,000 and share repurchase costs were \$20,074 relating to the Company's share repurchase program for the three months ended December 31, 2012 compared to \$Nil for the three months ended December 31, 2011.

Balance Sheet

At December 31, 2012, the Company had total assets of \$14,763,742 compared with \$5,872,106 in total assets at December 31, 2011. The increase is primarily due to an increase in cash, short-term investments and investments of \$9,613,398 offset by decreases in royalty income receivable and other receivable resulting from the Company's sale of its 1% NSR to Premier Royalty.

Selected Quarterly Financial Information

	2012				2011			
	Dec. 31 \$	Sep. 30 \$ (Restated) ⁽⁸⁾	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$	Sep. 30 \$	Jun. 30 \$	Mar. 31 \$
Revenue	201,473 ⁽⁶⁾	597,187 ⁽⁸⁾	544,327	601,819	632,305	560,307	607,750	438,617
Net Earnings Income (Loss)	14,695,031 ⁽⁷⁾	(499,874) ⁽⁸⁾	(1,303,667) ⁽⁵⁾	(198,132) ⁽⁴⁾	(620,648) ⁽³⁾	(297,090) ⁽²⁾	(646,307) ⁽¹⁾	(1,091,889)
Net Income Loss per Common Share Basic and Diluted	0.28	(0.02)	(0.03)	(0.00)	(0.01)	(0.01)	(0.01)	(0.02)

- (1) Decrease primarily driven by decreases in exploration and corporate development and investor relations expenses of \$190,653 and \$66,695, respectively, and an increase in royalty income of \$169,133.
- (2) Decrease primarily driven by a decrease in exploration expenditure of \$356,069.
- (3) Increase primarily driven by increases in exploration expense and foreign exchange loss of \$186,611 and \$152,706, respectively.
- (4) Decrease primarily driven by a decrease in exploration expenditures of \$201,488, salaries and employee benefits and management services of \$29,187, professional fees of \$62,952 offset by an increase in foreign exchange gain of \$147,791.
- (5) Increase primarily driven by an increase in exploration expenditures of \$696,953, professional fees of \$159,232, write-off of mineral property interests of \$128,473 and foreign exchange loss of \$39,927 offset by a decrease in royalty income of \$57,492.
- (6) Decrease resulting from the sale of the Company's 1% NSR from Yamana's Gualcamayo gold mine to Premier Royalty.
- (7) Increase driven by gain on sale of royalty of \$16,258,188 offset by increases in exploration of \$334,382, foreign exchange loss of \$154,077, and a decrease in royalty income of \$395,714.
- (8) The Company has restated amounts previously reported in the consolidated financial statements and management discussion and analysis for the three and nine months ended September 30, 2012 as follows:

	Sep. 30, 2012 Previously Reported \$	Adjustment \$	Sep. 30, 2012 Restated \$
Accounts payable & accrued liabilities	(468,360)	250,000	(218,360)
Amount due to Premier Royalty Corporation	(247,192)	247,192	-
Royalty income receivable	-	589,608	589,608
Deferred selling costs	-	105,000	105,000
Professional fees	581,967	(355,000)	226,967
Foreign exchange loss	1,494	42,302	43,796
Royalty income	(864,231)	(879,102)	(1,743,333)
Loss for the period	3,193,473	(1,191,800)	2,001,673
Basic and diluted loss per common share (\$)	(0.06)	0.02	(0.04)

Liquidity and Capital Resources

The Company has experienced recurring operating losses and has accumulated an operating deficit of \$8,534,481 at December 31, 2012 (December 31, 2011 - \$21,227,839) and shareholders' equity of \$14,346,496 at December 31, 2012 (December 31, 2011 -\$5,633,928). In addition, the Company had working capital of \$13,060,095 at December 31, 2012 (December 31, 2011 - \$4,249,219).

As the Company is an exploration stage company, revenues have been limited to interest earned on cash held with the Company's financial institutions and royalty revenue from Yamana. For the year ended December 31, 2012, the Company recorded interest income of \$47,084 compared to \$47,260 for the year ended December 31, 2011. The Company earned royalty revenue from its NSR on Yamana's Gualcamayo Gold Project totaling \$1,944,806 for the year ended December 31, 2012 compared to \$2,238,979 for the year ended December 31, 2011.

During the year ended December 31, 2012, 13,440,000 common shares were repurchased for an aggregate purchase price of \$4,032,000 and common share repurchase costs of \$20,074.

The Company does not know of any trends, demand, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, its liquidity either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in liquidity are substantially determined by the success or failure of the exploration programs. The Company does not have any loans or bank debt and there are no restrictions on the use of its cash resources.

Commitments

	1 Year \$	2 Years \$	3 Years \$	4-5 Years \$	More than 5 Years \$
Management Services Agreement	586,200	586,200	-	-	-

On April 1, 2010, the Company entered into an Agreement with Grosso Group to provide services and facilities to the Company. Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group's costs including its staff and overhead costs among the member companies. The current monthly fee is \$48,850 per month. This fee is reviewed and adjusted quarterly based on the level of services required. The Agreement expired on December 31, 2012 and was automatically renewed for a period of two years pursuant to the terms of the Agreement.

Capital Stock

At December 31, 2012, the Company had unlimited authorized common shares without par value. As at December 31, 2012, an aggregate of 41,823,655 common shares were issued and outstanding. As at April 23, 2013, 41,823,655 common shares were issued and outstanding.

Common Share Repurchases

On September 11, 2012, the Company received shareholder approval for the sale of the Company's 1% NSR on Yamana's Gualcamayo gold mine to Premier Royalty Corporation ("Premier Royalty") for gross proceeds of \$17,750,000. The Company received valid dissent notices representing 13,440,000 common shares. In accordance with dissent law, the Company acquired these shares in December 2012 at their fair market value as at September

10, 2012 of \$0.30, completing the share repurchase program for an aggregate purchase price of \$4,032,000 and common share repurchase costs of \$20,074.

The Company has no warrants outstanding as at April 23, 2013.

The following summarizes information about the Company's share options outstanding and exercisable as at April 23, 2013:

Number of Shares		Exercise Price (CAD\$)	Expiry Date
Outstanding	Exercisable		
75,000	75,000	\$0.31	August 4, 2013
1,395,000	1,395,000	\$0.35	May 7, 2014
100,000	100,000	\$0.36	March 31, 2015
150,000	150,000	\$0.36	April 22, 2015
885,000	885,000	\$0.35	October 1, 2015
75,000	75,000	\$0.38	October 29, 2015
820,000	820,000	\$0.40	November 4, 2015
150,000	150,000	\$0.32	November 25, 2015
50,000	50,000	\$0.30	June 24, 2017
200,000	200,000	\$0.32	November 25, 2017
200,000	200,000	\$0.31	November 29, 2017
4,100,000	4,100,000		

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Related Party Balances and Transactions

On April 1, 2010, the Company entered into a Management Services Agreement ("Agreement") with Grosso Group to provide services and facilities to the Company. Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group's costs including its staff and overhead costs among the member companies. The initial fee based on expected usage is \$50,000 per month. This fee is reviewed and adjusted quarterly based on the level of services required. The Agreement expired on December 31, 2012 and was automatically renewed for a period of two years pursuant to the terms of the Agreement. The Agreement contains termination and early termination fees in the event the services are terminated by the Company.

The termination fee includes three months of compensation and any contractual obligations that Grosso Group undertook for the Company, up to a maximum of \$750,000. The early termination fees are the aggregate of the termination fee in addition to the lesser of the monthly fees calculated to the end of the term and the monthly fees calculated for eighteen months, up to a maximum of \$1,000,000.

	Year ended December 31,	
	2012	2011
	\$	\$
Transactions		
Services rendered:		
Grosso Group Management Ltd.		
Administration and management services ¹	336,300	357,300
Rent, parking and storage ¹	114,053	81,450
Office & sundry ¹	84,300	82,200
Total for services rendered	534,653	520,950

(1) Included in the Consolidated Statements of Loss and Comprehensive Loss for the years ended December 31, 2012 and 2011.

Cacos Consulting Ltd. (“Cacos Consulting”) is a private company controlled by Mr. Nikolaos Cacos, a director of the Company. For the year ended December 31, 2012, Cacos Consulting was paid \$60,000 (year ended December 31, 2011 - \$48,000) for management consulting services. Amounts paid to Cacos Consulting are classified as administration and management services in the consolidated statements of loss and comprehensive loss.

At December 31, 2012 the Company had \$12,000 (December 31, 2011 - \$Nil) included in accounts payable and accrued liabilities to Cacos Consulting.

Vinland Holdings Ltd. (“Vinland”) is a private company controlled by Dr. David Terry, a director and former officer to the Company. For the year ended December 31, 2012, Vinland was paid \$16,125 (year ended December 31, 2011 – \$114,600) for geological services. Amounts paid to Vinland are classified as administration and management services in the consolidated statements of loss and comprehensive loss.

Oxbow International Marketing Corp. (“Oxbow”) is a private company controlled by Mr. Joseph Grosso, a director and an officer to the Company. For the year ended December 31, 2012, Oxbow was paid \$125,000 (year ended December 31, 2011 – \$125,000) for management consulting services. Amounts paid to Oxbow are classified as salaries and employee benefits in the consolidated statements of loss and comprehensive loss.

Key management personnel compensation

Compensation	Salaries \$	Other \$	Year ended	Salaries \$	Year ended
			December 31, 2012 \$		December 31, 2011 \$
Chief Executive Officer	125,000	-	125,000	110,028	110,028
Chief Financial Officer	57,721	104,039 ¹	161,760	53,430	53,430
Total	182,721	104,039	286,760	163,458	163,458

(1) Pursuant to an employment agreement, an amount equal to 24 months’ salary was paid as the Company had sold its 1% NSR on Yamana’s Gualcamayo gold mine to Premier Royalty Corp on November 9, 2012.

Subsequent Events

On April 16, 2013, the Company announced that the Company will loan to Mr. Carlos Fernandez Mazzi, President and CEO, sufficient funds for Mr. Fernandez to purchase 750,000 Units of Golden Arrow, pursuant to a private placement, at the price of \$0.30 per Unit. Each Unit will consist of one common share of Golden Arrow and one non-transferable share purchase warrant. Each whole warrant will entitle Mr. Fernandez to purchase one additional common share of Golden Arrow for a period of 24 months at the price of \$0.37 per common share. The loan will be non-interest bearing unless there is a default in repayment, and will be secured by a first priority charge and security interest over the Units acquired

Critical Accounting Estimates and Recent Accounting Pronouncements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from these estimates.

Reference should be made to the Company’s significant accounting policies contained in Note 2 of the Company’s consolidated financial statements for the three and year ended December 31, 2012. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

Royalty Revenue

Royalty revenue is based upon amounts contractually due pursuant to the underlying royalty agreement. Revenue is measured at fair value of the consideration received or receivable when management can reliably estimate the amount pursuant to the terms of the royalty agreement.

Share-based Payment Transactions

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Exploration, Evaluation and Development Expenditures

Exploration and evaluation expenditures are expensed as incurred, until the property reaches the development stage. The development stage is considered to begin once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable. All direct costs related to the acquisition of resource property interests are capitalized. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves. Proceeds received for farm-out arrangements or recoveries of costs are credited against the cost of the related claims. The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

Mineral property acquisition costs include cash costs and the fair market value of common shares issued, based on the trading price of the shares issued for mineral property interests, pursuant to the terms of the related property agreements. Payments related to a property acquired under an option or joint venture agreement are made at the sole discretion of the Company, and are recorded as mineral property acquisition costs upon payment.

Restoration, Rehabilitation, and Environmental Obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Impairment

At the end of each reporting period the carrying amounts of the Company's long lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

New Accounting Standards and Interpretations

The International Accounting Standards Board has issued new and amended standards and interpretations which have not yet been adopted by the Company. The Company has not yet begun the process of assessing the impact that the new and amended standards and interpretations will have on its financial statements or whether to early adopt

any of the new requirements. The following is a brief summary of the new and amended standards and interpretations:

IFRS 9 – Financial Instruments

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after January 1, 2015.

IFRS 10 – Consolidation

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements. The standard is applicable for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Company is yet to assess IFRS 10's full impact, however based on the current facts and circumstances; the Company does not expect to be materially affected by the application of this standard.

IFRS 11 - Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers. The standard is applicable for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Company is yet to assess IFRS 11's full impact, however based on the current facts and circumstances; the Company does not expect to be materially affected by the application of this standard.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The standard is applicable for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Company is yet to assess IFRS 12's full impact, however based on the current facts and circumstances; the Company does not expect to be materially affected by the application of this standard.

IFRS 13 - Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The standard is applicable for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Company is yet to assess IFRS 13's full impact, however

based on the current facts and circumstances; the Company does not expect to be materially affected by the application of this standard.

Financial Instruments

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

(a) Fair Values

The Company's financial instruments consist of cash, short-term investments, share purchase warrants, amounts receivable and marketable securities. The Company's marketable securities are classified as available for sale and fair value is determined using closing prices at the balance sheet date with any temporary unrealized gains or losses recognized in other comprehensive income.

The following table outlines the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy described below. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

At December 31, 2012 the Company's financial instruments measured at fair value are as follows:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Warrant derivative assets	-	-	1,250,000	1,250,000
Marketable securities	11,550	-	-	11,550

At December 31, 2011 the Company's financial instruments measured at fair value are as follows:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Marketable securities	45,043	-	-	45,043

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

(b) Financial Instrument Risk Exposure

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash, short term investments, share purchase warrants and amounts receivable. The majority of the Company's receivables are with the government of Canada in the form of sales tax, the credit risk is minimal. Overall the Company's credit risk has not changed significantly from the prior year. The Company places its short-term investments with financial institutions with high credit ratings, the credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares and warrants to fund exploration programs and may require doing so again in the future.

Market risk

(i) Currency risk

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include: US dollars and Argentine Pesos, all denominated in cash, amounts receivable and accounts payable. The sensitivity of the Company's net earnings and other comprehensive income to changes in the exchange rate between the Canadian dollar and the United States dollar and Argentine Pesos is summarized as follows:

- A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net income by \$346.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net income by \$2,187.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash bears no interest and short-term investments mature one year from the date of purchase and are redeemable at any time without penalty, with interest paid after thirty days. The fair value of cash and short-term investments approximate their carrying values due to the immediate or short-term maturity of these financial instruments.

Other current financial assets and liabilities are not exposed to interest rate risk because they are non-interest bearing.

(c) Capital Management

The Company's objectives of capital management are intended to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, reserves and deficit. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets.

To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares to develop its mineral projects and may require doing so again in the future.

Risk Factors and Uncertainties

The Company's operations and results are subject to a number of different risks at any given time. These factors, include but are not limited to disclosure regarding exploration, additional financing, project delay, titles to properties, price fluctuations and share price volatility, operating hazards, insurable risks and limitations of insurance, management, foreign country and regulatory requirements, currency fluctuations and environmental regulations risks. Exploration for mineral resources involves a high degree of risk. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. A number of the risks and uncertainties are discussed below:

History of losses: The Company has historically incurred losses as evidenced by its audited consolidated financial statements for the years ended December 31, 2012 and 2011. The Company has financed its operations principally through the sale of its equity securities. The Company does not anticipate that it will earn any revenue from its operations until its properties are placed into production, if ever. If the Company is unable to place its properties

into production, the Company may never realize revenues from operations, will continue to incur losses and you may lose the value of your investment.

Joint ventures and other partnerships: The Company may seek joint venture partners to provide funding for further work on any or all of its other properties. Joint ventures may involve significant risks and the Company may lose any investment it makes in a joint venture. Any investments, strategic alliances or related efforts are accompanied by risks such as:

1. the difficulty of identifying appropriate joint venture partners or opportunities;
2. the time the Company's senior management must spend negotiating agreements, and monitoring joint venture activities;
3. the possibility that the Company may not be able to reach agreement on definitive agreements, with potential joint venture partners;
4. potential regulatory issues applicable to the mineral exploration business;
5. the investment of the Company's capital or properties and the loss of control over the return of the Company's capital or assets;
6. the inability of management to capitalize on the growth opportunities presented by joint ventures; and
7. the insolvency of any joint venture partner.

There are no assurances that the Company would be successful in overcoming these risks or any other problems encountered with joint ventures, strategic alliances or related efforts.

Unexpected delays: The Company's minerals business will be subject to the risk of unanticipated delays including permitting its contemplated projects. Such delays may be caused by fluctuations in commodity prices, mining risks, difficulty in arranging needed financing, unanticipated permitting requirements or legal obstruction in the permitting process by project opponents. In addition to adding to project capital costs (and possibly operating costs), such delays, if protracted, could result in a write-off of all or a portion of the carrying value of the delayed project.

Potential conflicts of interest: Several of the Company's directors are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. Such a conflict poses the risk that the Company may enter into a transaction on terms which could place the Company in a worse position than if no conflict existed. The directors of the Company are required by law to act honestly and in good faith with a view to the best interest of the Company and to disclose any interest which they may have in any project or opportunity of the Company. However, each director has a similar obligation to other companies for which such director serves as an officer or director. The Company has no specific internal policy governing conflicts of interest.

Competition with larger, better capitalized competitors: The mining industry is competitive in all of its phases. The Company faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, base and precious metals. Many of these companies have greater financial resources, operational experience and technical capabilities than the Company. As a result of this competition, the Company may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all. Consequently, the Company's revenues, operations and financial condition could be materially adversely affected.

The Company does not intend to pay dividends: The Company has not paid out any cash dividends to date and has no plans to do so in the immediate future. As a result, an investor's return on investment will be solely determined by his or her ability to sell common shares in the secondary market.

Title risk: Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Price risk: The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company's property has exposure to predominantly gold. The prices of these metals, especially gold, greatly affect the value of the Company and the potential value of its property and investments.

Financial Markets: The Company is dependent on the equity markets as its sole source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

Political risk: Exploration is presently carried out in the Argentina and Chile and is currently being reviewed worldwide. This exposes the Company to risks that may not otherwise be experienced if all operations were domestic. Political risks may adversely affect the Company's potential projects and operations. Real and perceived political risk in some countries may also affect the Company's ability to finance exploration programs and attract joint venture partners, and future mine development opportunities.

Credit risk: Credit risk is the risk of an unexpected loss of a third party to a financial instrument fails to meet its contractual obligations. The Company is subject to credit risk on cash, short-term investments, share purchase warrants and amounts receivable. The Company limits its exposure to credit loss by placing its cash and short-term investments with major financial institutions.

Liquidity risk: Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company raises capital through equity issues and its ability to do so is dependent on a number of factors including market acceptance, stock price and exploration results. The Company's cash is invested in bank accounts.

Interest risk: The Company's bank accounts do not earn interest income. Cash bears no interest and short-term investments mature one year from the date of purchase and are redeemable at any time without penalty, with interest paid after thirty days. The fair value of cash and short-term investments approximates their carrying values due to the immediate or short-term maturity of these financial instruments.

Currency risk: Business is transacted by the Company in a number of currencies. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. Future changes in exchange rates could materially affect the Company's results in either a positive or negative direction.

Community risk: The Company has negotiated with the local communities on its mineral property concessions for access to facilitate the completion of geological studies and exploration work programs. The Company's operations could be significantly disrupted or suspended by activities such as protests or blockades that may be undertaken by such certain groups or individuals within the community.

Environmental risk: The Company seeks to operate within environmental protection standards that meet or exceed existing requirements in the countries in which the Company operates. Present or future laws and regulations, however, may affect the Company's operations. Future environmental costs may increase due to changing requirements or costs associated with exploration and the developing, operating and closing of mines. Programs may also be delayed or prohibited in some areas. Although minimal at this time, site restoration costs are a component of exploration expenses.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

On November 23, 2007, the British Columbia Securities Commission exempted Venture Issuers from the requirement to certify disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. The Company is a Venture Issuer; therefore it files the venture issuer basic certificates. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at December 31, 2012.

Additional Information

Additional information relating to the Company, including news releases, financial statements and prior MD&A filings, is available on SEDAR at www.sedar.com.

The Company provides information packages to investors. These packages include materials filed with regulatory authorities. Additionally the Company attends investment/trade conferences and updates its website (www.goldenarrowresources.com) on a continuous basis.