GOLDEN ARROW RESOURCES CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2015 and 2014 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 28, 2016.

Company Overview

Golden Arrow Resources Corporation was created on July 7th, 2004, as a result of a corporate restructuring plan (the "Reorganization") completed by Kobex Minerals Inc. ("Kobex") (formerly IMA Exploration Inc.). The address of the Company's registered office is Suite 411 – 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6. The Company is listed on the TSX Venture Exchange.

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 interests are located in 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 over 214,000 ha in four provinces. The following summary discusses only the most active/material projects. Unless otherwise stated, the technical information provided below has been reviewed by Brian McEwen, P.Geol., VP Exploration and Development for the Company, and a Qualified Person as defined under National Instrument 43-101.

1. Chinchillas Silver-Lead-Zinc Project, Jujuy

1.1 Background

On August 3rd, 2011 the Company signed an option agreement ("Option Agreement") with a private group to acquire a 100% interest in the Chinchillas Project located in Jujuy Province. On July 21st, 2015, the Company acquired its 100% interest in the project by making cash payments over four years to the vendor totaling USD$1,866,000. The Chinchillas Project includes three contiguous exploitation concessions ("Minas") totalling 2,043 hectares.

The Chinchillas Project is located in the prolific Bolivian silver–zinc-tin belt which extends into northern Argentina. The project is road accessible, and work can be completed year-round.

Chinchillas is a Tertiary aged 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 kilometres in diameter. Mineralization occurs starting at surface within the basin, hosted in favorable volcanic tuff units, hydrothermal breccias and along faults and structural zones as well as within basement schists and across the schist volcanic contacts. The silver, lead and zinc mineralization occurs mostly as disseminations, veinlets and matrix filling in the volcanics, and within the basement in structures and breccias.

1.2 Exploration History

Historical drilling on the property includes of 2,996 metres in 14 holes (seven RC and seven diamond holes) by two previous operators within a 1.0 kilometre by 0.4 kilometre 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 silver-zinc-lead mineralization in volcanic tuffs and breccia in the eastern part of the basin, and;
- The Silver Mantos Zone: comprising 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 metre drill program that focused on the Silver Mantos (12 holes) and Socavon del Diablo (nine holes) zones, with the remaining six 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 14th, June 20th, July 5th, July 10th and July 24th, 2012. Following the Phase I program, both zones remained open to expansion in all directions.

On November 26th, 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.

The Phase II drill program concluded in early March 2013, and exceeded the planned drilling with a total of 7,286 metres completed over 49 holes. The step-out drilling successfully expanded the Socavon del Diablo and Silver Mantos mineralized zones in most directions. In addition, a second style of mineralization was identified in, and at the contact with, the Ordivician basement pelites and sandstone schists. This basement mineralization is characterized by silver, lead and zinc minerals in structures and breccias within the basement schists, occurring beneath the volcanic hosts.

Phase II drill results were reported in news releases dated January 16th, February 27th, March 14th, and April 11th, 2013. For full details the reader is referred to the original news releases, as well as drill plan maps and summary tables of results posted to the Company's website.

The results of all drilling were compiled and modeled, and on May 9th, 2013, the Company reported the first independent NI 43-101 compliant resource estimate for the Chinchillas Project. A technical report supporting the resource estimate is filed on SEDAR dated June 20th 2013 and is no longer considered current.

In the third quarter of 2013 a surface exploration program, including surface mapping, sampling and a ground magnetic geophysical survey, was undertaken to define new drill targets in preparation for a Phase III drill program.

Prior to starting more drilling, it was determined that the size of the resource, the favorable geometry of the deposit to open pit mining, the encouraging preliminary metallurgical test results, and the good infrastructure at the property offered the Company an opportunity to complete a Preliminary Economic Assessment (PEA) to provide investors and interested parties with a baseline for the potential economics of the Project. This study was undertaken in the fourth quarter of 2013 and the results were announced in a news release dated December 5th 2013. The NI 43-101 technical report was filed on SEDAR dated January 20th, 2014 and is no longer considered current.

Following the first PEA the deposit remained open to expansion in most directions and it was apparent from the exploration work that additional drilling could significantly increase the resources and result in improved economics. In addition, new targets were developed in portions of the Project area that were granted after the Phase II drill program (see news release dated July 24th, 2013). Therefore a US$2 million Phase III diamond drill program commenced in the first quarter of 2014 to expand the existing resources and test new target areas.

On April 24th, May 22nd, June 23rd, and July 24th, 2014, Golden Arrow released the results of drill holes targeting expansion of the resources at Chinchillas. Nearly all holes successfully intersected significant new silver, lead and zinc mineralization, particularly to the north, west, and at depth. The results were considered positive enough that the program was twice expanded to a final total of 8,985 metres of diamond drilling.

On May 29th, 2014 and July 22nd, 2014 Golden Arrow announced the results from eight exploration drill holes located between 300 metres and 1.5 kilometres south of the existing resource zones. These holes were located on the Chinchilla I property which was newly permitted for exploration and drilling. All holes returned significant intercepts of silver, lead and zinc, with several mineralized starting from near surface and continuing down the length of the hole, while remaining open at depth. Mineralization occurs in brecciated basement schists, and tuffs. Zinc was particularly prevalent in most holes, with grades as high as 3.2% in individual intercepts.

Seven of these eight holes, covering approximately 0.8 square kilometres in this “Chinchillas South” area, were used to calculate a target potential of between 100 and 160 million tonnes at grades ranging from 32 to 40 grams per tonne silver equivalent. (*Target potential grades and quantities are conceptual in nature. There has been insufficient exploration to define a mineral resource, nor is it certain that further exploration will result in the target being delineated as a resource.*) Management is pleased with the results from the exploration of these targets, many of which were blind at surface, and believes this southern area shows excellent potential for the delineation of new resources. Additional modeling, surface exploration and drilling is required to fully understand the entire area. Similar work will be planned for future exploration throughout the rest of property, of which nearly 70% remains underexplored.

On August 29th, 2014 Golden Arrow announced a new resource estimate for the Chinchillas project, incorporating all drill results up to and including the Phase III program. The total resources were increased by approximately 60% with a significant portion being upgraded to the Indicated category. The technical report by Davis et. al. with details supporting the resource estimate is filed on SEDAR dated October 10th, 2014 and is no longer considered current.

On October 30th, 2014 Golden Arrow announced an updated PEA based on the August 29th 2014 resource estimate. The NI 43-101 Technical Report by Kuchling et. al. supporting the updated PEA was filed on SEDAR dated December 3rd 2014. Following a general disclosure review by the British Columbia Securities Commission (see news release dated February 10th 2015), the Company filed an amended Technical Report on SEDAR dated February 13th, 2015. The amended PEA report clarified cautionary language in accordance with NI 43-101 and contains no material changes to the preliminary economic parameters. As a new Technical Report outlining a substantial change in resources has now been filed (See Section 1.4 below), the PEA report is no longer considered current.

1.3 2015 Phase IV Drill Program

In November 2014 the Company commenced a fourth drilling program at Chinchillas. The program was planned to include up to 16,000 metres of diamond drilling to contribute to a feasibility study. The program goals include: testing the limits of the deposit in all directions, including at depth; in-filling drill hole spacing to facilitate the upgrade of the resource categories to Measured and Indicated, and; drilling for infrastructure and geotechnical studies.

On January 6th, January 19th, March 17th, April 1st, April 15th, June 25th and July 9th 2015, Golden Arrow released the results from the Phase IV drill program. The drill program was stopped with 11,162 metres drilled. The results obtained indicated that new mineralization was being encountered around and below the deposit, and the limits of the deposit were not reached in all areas despite the completion of over 11,000 metres of drilling. It was decided to postpone the remaining 5,000-metre condemnation metallurgical and geotechnical program until after the completion of a new resource estimate and a re-evaluation of program requirements. Results from the drilling resulted in a substantial increase in resources but not an upgrade of a significant portion to higher categories, as was originally planned.

1.4 Current Mineral Resource Estimate

On July 31, 2015 Golden Arrow released an updated mineral resource estimate for the Chinchillas project as shown in Table 1 below.

Table 1. Mineral Resource Statement for the Chinchillas Project, July 31, 2015. Robert Sim, P.Geo, Bruce Davis, FAusIMM, Bruce Smith, MAusIMM CP(Geo).

Zone	**Mtonnes**	**AgEq (g/t)**	**Ag (g/t)**	**Pb (%)**	**Zn (%)**	**AgEq (Moz)**	**Ag (Moz)**	**Pb (Mlbs)**	**Zn (Mlbs)**
Indicated									
Silver Mantos	12.9	122.3	79.7	0.56	0.62	51	33	158	177
Silver Mantos Basement	7.7	151.0	107.0	0.94	0.28	38	27	160	49
Socavon	5.3	93.6	27.3	0.52	1.32	16	5	60	154
Total	**25.9**	**125.0**	**77.2**	**0.66**	**0.66**	**104**	**64**	**379**	**379**
Inferred									
Silver Mantos	8.0	96.7	49.2	0.57	0.75	25	13	101	132
Silver Mantos Basement	9.8	132.1	92.7	0.87	0.22	41	29	187	48
Socavon	7.8	76.4	32.3	0.36	0.86	19	8	62	148
Socavon Basement	21.6	77.7	37.88	0.41	0.7	54	26	193	333
Total	**47.2**	**92.0**	**50.2**	**0.52**	**0.64**	**140**	**76**	**544**	**661**

Notes to Tables 1:

- Totals may not add correctly due to rounding
- Mineral resources are contained within a pit shell generated using a silver price of $25/oz.
- Silver equivalent grades, and the base case cut-off grade of 45g/t AgEq, are based on metal prices of $19/oz silver and $1/lb for Lead and Zinc.
- Mineral resources, which are not mineral reserves, do not have demonstrated economic viability.
- The quantity and grade of reported Inferred resources are uncertain in nature and there has been insufficient exploration to classify these inferred resources as Indicated or Measured, and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured category.

A NI 43-101 Technical Report authored by Davis et al., supporting the mineral resource estimate, was filed on SEDAR dated September 14th, 2015. The authors recommended advancing the Chinchillas project by updating the PEA based on the new mineral resource estimate, and initiating a Feasibility (or Pre-Feasibility) study. The latter study will require first completing 10,000 metres of infill drilling, 5,000 metres of condemnation, metallurgical, geotechnical and hydrogeological drilling, additional metallurgical testing, advancing social and environmental programs, and initiating the mine permitting process. An amended technical report was filed on SEDAR dated November 2nd, 2015, in which the authors clarified that due to substantial changes in the Resource, the preliminary economic assessment reported in the Technical Report dated February 13th, 2015, which relied on an earlier mineral resource estimate, is no longer considered current and is not carried forward in the Amended Report.

1.5 Business Combination Agreement

On October 1st, 2015, Golden Arrow announced that it had signed a business combination agreement with Silver Standard Resources Inc. (“Silver Standard”; TSX: SSO; NASDAQ: SSRI) to combine Silver Standard’s producing Pirquitas Mine and the Chinchillas project into a single new operation.

The formal enacting of the joint arrangement is at Silver Standard's option, following an 18 month preliminary period (the "Preliminary Period") that commenced October 1st, 2015, in which the two companies will work together to advance the understanding of the Chinchillas deposit and evaluate the feasibility of combining the two operations. Under the terms of the agreement, Golden Arrow will be a 25% owner of the new joint arrangement. The Pirquitas silver – zinc mine is located approximately 30 kilometres from Chinchillas, and the operation includes a 4,000 tpd mill and processing plant on site. Pirquitas produced 10.3 million ounces of silver and 9.5 million pounds of zinc in 2015[1].

The business combination will be effected by way of a court approved Plan of Arrangement (the "Arrangement"). The Arrangement received Golden Arrow shareholder approval on December 16, 2015 and court approval on December 18, 2015.

Golden Arrow considers the transaction to have several compelling aspects that will enable the jointly controlled mining entity to contribute to the development of Chinchillas while benefiting and protecting shareholders. These include:

1. **Short term non-dilutive financing and fully funded pre-development program**. During the maximum 18-month Preliminary Period, Silver Standard will pay Golden Arrow up to C$2M on completion of certain milestones. Furthermore Silver Standard will fund the estimated US$12.6M to complete the pre-development programs at Chinchillas during Preliminary Period, with a minimum expenditure commitment of US$4M. Golden Arrow shareholders would have incurred significant dilution had these funds been raised using equity financing.
2. **Accrued cash flow during Preliminary Period.** On formation of the joint arrangement, Silver Standard will make a cash payment to Golden Arrow equal to 25% of the Pirquitas mine's cash equivalent earnings, if any, during the Preliminary Period, less certain expenditures for exploration (including pre-development expenditures), capital investment and closure costs incurred during the Preliminary Period, based on a pre-defined formula.
3. **Capital efficient development of Chinchillas.** Once the joint business is formed, Golden Arrow will hold a 25% share of the remaining production from Pirquitas. This may reduce the equity (or debt) financing requirements to put Chinchillas into production. Furthermore, the use of the Pirquitas mill, processing plant and other existing infrastructure and equipment will greatly reduce the capital required to start production at Chinchillas.
4. **Experienced Operating Capabilities.** The combined operation would be managed by Pirquitas' proven operational management team with extensive mine construction and operational expertise.
5. **Enhanced Community Benefits.** Golden Arrow and Silver Standard will undertake extensive engagement with communities and stakeholders to guide the joint development of the Chinchillas project to ensure the combined operation provides employment opportunities and lasting community investment.
6. **Risk-free advancement of the Chinchillas Project.** The Preliminary Period work programs will include substantial drilling, metallurgical studies, environmental studies, permitting work and other evaluations to move Chinchillas to a pre-feasibility or feasibility stage, with an estimated value of US$12.6 million. Should Silver Standard not elect to move forward with the joint arrangement, this work will have been funded free to Golden Arrow and leave the Chinchillas project in a significantly advanced stage.

For additional details please refer to the original news release filed on SEDAR dated October 1st, 2015.

The transaction will be effected by way of a court approved Plan of Arrangement (the "Arrangement"). Blake, Cassels & Graydon LLP is acting as legal counsel to Golden Arrow for the Arrangement. The Board of Golden Arrow received an opinion from its financial advisor, Salman Partners Inc., that the consideration offered under the Arrangement is fair, from a financial point of view, to the shareholders of Golden Arrow, other than Silver Standard. The Board of Directors of Golden Arrow unanimously concluded that the Arrangement is in the best interests of Golden Arrow and recommended that its shareholders vote in favor of the transaction. The Arrangement was approved by shareholders at a special meeting held December 16th, 2015.

[1] http://ir.silverstandard.com/releasedetail.cfm?ReleaseID=957394

The Arrangement is subject to a number of customary conditions including court approval, the approval of the TSX Venture Exchange and the listing of the shares of New Golden Arrow on the TSX Venture Exchange. There can be no certainty that the Arrangement will be completed.

1.5.1 Pre-Development Program

On October 27th, 2015, Golden Arrow announced that it had commenced a Phase V Drill Program at Chinchillas as part of the US$12.6 million pre-development activities of the business combination agreement with Silver Standard. The program was jointly developed by Golden Arrow and Silver Standard. and was designed to bring Chinchillas to a pre-feasibility level. To the end of 2015, 10,393 metres of drilling in 80 core holes was completed, comprised mainly of infill holes in the Silver Mantos and Mantos Basement zones to upgrade the Mineral Resource categories, plus five geotechnical holes to support slope angle recommendations for the potential future pits. Prior to the end of the year, results from 21 holes totaling 3,984 metres of drilling were reported in news releases dated and filed on SEDAR on December 2nd and December 16th. Results met or exceeded expectations, with selected highlights including:

- 66 metres @ 278 g/t silver and 2.4% lead in CGA-184 including 10 m @ 1,069 g/t silver and 10.2% lead
- 87 m @ 112 g/t silver and 0.9% lead in CGA-186 including 3 m @ 985 g/t silver and 2.7% lead
- 4 metres @ 3,748 g/t silver, 5.2% lead, 2.0% Zn in CGA-193
- 72 metres @ 162 g/t silver, 0.6% lead in CGA-203, including 5 metres @ 873 g/t silver, 1.3% lead

As part of the pre-development activities, environmental baseline studies and community engagement programs were expanded, and continued to be carried out by Golden Arrow. Geotechnical, hydrological and metallurgical studies were also initiated by Silver Standard in 2015, as was the formal Environmental Impact Assessment report to support mine permitting. Approximately US$3.5 million was spent by Silver Standard on the pre-development program in 2015.

1.6 Subsequent Events

The pre-development program continues in 2016. The Phase V drill program was completed in mid-February with a total of over 15,000 metres drilled in 114 holes, including six holes to characterize groundwater in the project area. In 2016, results from the program were announced in news releases filed on SEDAR dated January 11th, January 20th, February 4th 2016, March 3rd, 2016 and March 30th, 2016. The infill program returned excellent intercepts, including examples such as:

- 49 metres averaging 673 g/t silver, 4.0% lead and 0.8% zinc in CGA-210, including 13 metres averaging 1,589 g/t silver, 7.5% lead and 1% zinc
- 66 metres averaging 233 g/t silver, 0.7% lead in CGA-223, including 8 metres averaging 910 g/t silver
- 210 g/t silver and 0.9% lead over 52 metres in CGA-237, including 1,024 g/t silver & 3.1% lead over 3 metres, and including 1,324 g/t silver & 4.8% lead over 4 metres
- 151 g/t silver, 2.0% lead and 1.3% zinc over 61 metres in CGA-258
- 854 g/t silver over 14 metres in CGA-275, including 1,611 g/t silver over 5 metres

In addition to returning a multitude of high-grade intersections in the infill drilling at the Silver Mantos area, the program included hole CGA-272W, which was drilled more than a kilometre south of the main deposit to install a water-monitoring well. Over its 62 metre length, this hole returned eight well-mineralized intervals which showed similarities in style to areas of high-grade veins and breccias at Silver Standard's Pirquitas mine. This includes a best intercept of 165 g/t silver, 2.0% lead and 3.6% zinc over three metres, highlighting the continued exploration potential of the Chinchillas South area of the project. Two holes were subsequently drilled to test the continuation of this mineralization at depth, stepping out 60 and 100 metres respectively. Both holes CGA-289 and CGA-291 successfully confirmed a continuation of this zone.

At the time of writing, the Company is using the results from the Phase V program to update the resource model for the deposit, and expects to update the Mineral Resource Estimate early in the second quarter of 2016. Additional drilling will follow, and engineering, permitting and environmental studies are on-going as the teams work towards a pre-feasibility level for the project. The Golden Arrow exploration team has also begun additional work at Chinchillas South and the surrounding properties as part of the longer-term vision of defining new resources for the project.

2. Mogote Property, 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 now includes approximately 8,800 hectares 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

During the first year program on Mogote Vale 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.

In 2012, Vale completed a 7 hole, 3,695 m drill program at Mogote. Vale's drilling confirmed the existence of a copper porphyry system below the large and prominent steam leached alteration zone at the Zona Colorida. (see News Release dated June 18, 2012.) On January 14, 2013, the Company announced that Vale commenced a 10-hole, 7,500 m drill program at Mogote. The drill program targeted both porphyry copper-gold and precious metal epithermal mineralized zones identified during the 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.

On July 24, 2013, the Company announced that Vale provided notice of its decision to terminate the option agreement on the Mogote project. The Company is currently seeking new joint venture partners for the project.

3. Pescado Gold Project, San Juan

The Company holds 11 mineral claims in the Gualcamayo area of San Juan. These 100% owned claims cover nearly 22,000 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 which is contiguous to the Pescado Gold Project.

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.

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

4. Caballos, La Rioja

On September 8, 2011 Golden Arrow announced it had acquired the approximately 22,900 ha. Caballos Project 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) as part of the Caballos project.

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.

In 2016, two small licenses within the property were terminated. As a result, the Company's total land holdings in the prospective Caballos district stands at approximately 20,884 ha.

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

5. 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 Project in western La Rioja Province, Argentina. The project has since been reduced to a core set of properties of approximately 9,300 ha. The project 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 Project 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.

6. Potrerillos Gold-Silver Project, 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 during 2015. During the year ended December 31, 2015, the Company determined that it would not be exploring the Fronterra District further, and wrote-off $656,124 in acquisition costs. The property remains permitted, in good standing, and the Company is seeking an option or joint venture partner for the project.

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,		
	2015 $	2014 $	2013 $
Revenue	Nil	Nil	Nil
Net (loss) income for the year	(8,842,289)	(8,531,848)[1]	(6,743,719)
(Loss) earnings per share – basic and diluted	(0.17)	(0.21)	(0.16)
Total Assets	5,881,904[3]	3,208,679[2]	8,009,791

(1) The increase is primarily related to an increase in loss from operating activities of $2,319,019 partially offset by foreign exchange gains of $747,110.

(2) The decrease is primarily related to decreases in cash and investments of $5,048,766 partially offset by an increase in mineral property interests of $293,915.

(3) The increase is primarily related to an increase in exploration funding receivable of $2,423,834, investments of $445,718 and amounts receivable of $131,206 partially offset by a decrease in cash and cash equivalents of $239,746.

Results of Operations – For the year ended December 31, 2015 compared to the year ended December 31, 2014

Loss from operating activities

During the year ended December 31, 2015, loss from operating activities increased by $28,449 to $9,161,449 compared to $9,133,000 for the year ended December 31, 2014. The increase in loss from operating activities is largely due to:

- An increase of $2,667,311 in exploration. Exploration expense was $8,931,139 for the year ended December 31, 2015 compared to $6,263,828 for the year ended December 31, 2014. The Company completed its Phase IV diamond drilling program and initiated a Phase V drilling program for a total of 17,253m of diamond drilling completed in 2015 at its Chinchillas project in Jujuy, Argentina compared to the Company completing its Phase III and initiating its Phase IV diamond drilling program, consisting of 12,317m of diamond drilling completed at its Chinchillas project in Jujuy, Argentina during the year ended December 31, 2014.

- An increase of $116,826 in salaries and employee benefits plus administration and management services. Salaries and employee benefits plus administration and management services were $1,278,377 for the year ended December 31, 2015 compared to $1,161,551 for the year ended December 31, 2014. The Company was charged a higher amount for its usage relating to Grosso Group's costs due to increased administration and management of the Company's activities during the year ended December 31, 2015 compared to a lower amount for its usage relating to Grosso Group's costs due to less administration and management of the Company's activities during the year ended December 31, 2014.

- An increase of $1,228,199 in professional fees. Professional fees were $1,465,090 for the year ended December 31, 2015 compared to $236,891 for the year ended December 31, 2014. The increase is primarily due to a greater amount of legal, financial advisory, consulting and professional services required as the Company evaluated strategic opportunities with emphasis on a joint arrangement with Silver Standard for the advancement of the Chinchillas project during the year ended December 31, 2015 compared to a lesser amount of legal, financial advisory, consulting and professional services required as a result of no such agreement being contemplated during the year ended December 31, 2014.

- An increase of $121,467 in share-based compensation. Share-based compensation was $441,369 for the year ended December 31, 2015 compared to $319,902 for the year ended December 31, 2014. The increase is due to 2,520,000 fully vested stock options granted and the incremental vesting of 375,000 stock options granted during the year ended December 31, 2015 compared to 2,605,000 fully vested stock options granted and the incremental vesting of 300,000 stock options granted during the year ended December 31, 2014.

The increase was partially offset by:

- An increase of $4,122,012 in exploration and other costs recovery. Exploration and other costs recovery was $4,122,012 for the year ended December 31, 2015 compared to $Nil for the year ended December 31, 2014. The Company received exploration funding in accordance with the terms of an exploration agreement that commenced October 1st, 2015, in which the Company and Silver Standard will work together to advance the understanding of the Chinchillas deposit and evaluate the feasibility of combining the two operations following the Preliminary Period compared to no exploration funding received as a result of no such similar agreement in place for the year ended December 31, 2014.

- A decrease of $74,250 in travel and accommodation. Travel and accommodation was $77,168 for the year ended December 31, 2015 compared to $151,418 for the year ended December 31, 2014. Less travel was required due to decreased business development activity during the year ended December 31, 2015 compared to a greater amount of travel required due to increased business development activity during the year ended December 31, 2014.

Other items

During the year ended December 31, 2015, other items decreased by $281,992 to $319,160 compared to $601,152 for the year ended December 31, 2014. The decrease in other items is largely due to:

- An increase of $404,883 in foreign exchange gain. Foreign exchange gain was $1,151,993 for the year ended December 31, 2015 compared to $747,110 for the year ended December 31, 2014. The increase is due to more purchases and sales of Argentinean government bonds, for the purpose of funding the Company's Argentinean subsidiary, exchanged at more favorable foreign exchange rates resulting from the fluctuation of the Argentinean Peso and US dollar against the Canadian dollar during the year ended December 31, 2015 compared to fewer purchases and sales of Argentinean government bonds exchanged at favorable foreign exchange rates during the year ended December 31, 2014.

- An increase of $86,470 in loss on sale of marketable securities. Loss on sale of marketable securities was $152,555 for the year ended December 31, 2015 compared to $66,085 for the year ended December 31, 2014. The increase is due to the purchase and sale of Argentinean government bonds, for the purpose of funding the Company's Argentinean subsidiary, and the sale of marketable securities that were received as part of a private placement in June 2015 and as a milestone payment received in December 2015 at less favorable prices due to market fluctuation during the year ended December 31, 2015.

- An increase of $556,074 in write-off of mineral property interests. Write-off of mineral property interests was $656,124 for the year ended December 31, 2015 compared to $100,050 for the year ended December 31, 2015. The Company determined that it would not be exploring its Potrerillos project in the Fronterra District further and wrote-off $656,124 in acquisition costs during the year ended December 31, 2015 compared to the Company terminating its mineral property interest on the Darmar project during the year ended December 31, 2014.

The net loss for the year ended December 31, 2015 was $8,842,289 or $0.17 per basic and diluted share compared to $8,531,848 or $0.21 per basic and diluted share for the year ended December 31, 2014.

Cash Flow

Operating Activities

Cash outflow from operating activities was $4,958,213 for the year ended December 31, 2015 compared to $6,931,688 for the year ended December 31, 2014. The decrease in cash outflow results primarily from higher corporate and administrative cash costs and changes in non-cash working capital balances due to timing of receipt and payment of cash compared to the prior period.

Investing Activities

Cash inflow from investing activities was $1,317,074 for the year ended December 31, 2015 compared to $1,672,902 for the year ended December 31, 2014. Mineral property expenditures were $1,624,392 during the year ended December 31, 2015 compared to $293,915 during the year ended December 31, 2014 primarily due to the timing of the option payments on the Chinchillas property during these respective periods. The Company purchased marketable securities of $3,043,624 and disposed of marketable securities of $5,485,090 during the year ended December 31, 2015 compared to purchases of marketable securities of $3,048,225 and disposal of marketable securities of $3,765,042 during the year ended December 31, 2014. Option payment proceeds for the completion of certain milestones was $500,000 during the year ended December 31, 2015 compared to $Nil during the year ended December 31, 2014. Proceeds from the exercise of warrant put right was $Nil during the year ended December 31, 2015 compared to $1,250,000 during the year ended December 31, 2014.

Financing Activities

Cash inflow from financing activities was $3,401,393 for the year ended December 31, 2015 compared to $1,458,865 for the year ended December 31, 2014. Proceeds from the issuance of common shares and warrants were $1,458,833 offset by share issue costs of $2,480 for the year ended December 31, 2015 compared to proceeds of $1,016,000 offset by share issue costs of $26,640 for the year ended December 31, 2014. Subscription receipts in advance of a private placement were $1,050,000 for the year ended December 31, 2015 compared to $643,648 for the year ended December 31, 2014. Proceeds from the issuance of loans were $939,140 for the year ended December 31, 2015 compared to no such similar transaction for the year ended December 31, 2014. Loan repayment was $71,100 for the year ended December 31, 2015 For the year ended December 31, 2015, the Company did not repurchase common shares relating to the Company's share repurchase program completed in the prior year compared to repurchases of common shares of $172,234 and share repurchase costs of $1,909 for the year ended December 31, 2014. Proceeds from the exercise of warrants were $27,500 for the year ended December 31, 2015 compared to no warrant exercises for the year ended December 31, 2014.

Results of Operations – For the three months ended December 31, 2015 compared to the three months ended December 31, 2014

Loss from operating activities

During the three months ended December 31, 2015, loss from operating activities decreased by $249,204 to $2,014,149 compared to $2,263,353 for the three months ended December 31, 2014. The decrease in loss from operating activities is largely due to:

- An increase of $4,122,012 in exploration and other costs recovery. Exploration and other costs recovery was $4,122,012 for the three months ended December 31, 2015 compared to $Nil for the three months ended December 31, 2014. The Company received exploration funding in accordance with the terms of an exploration agreement that commenced October 1st, 2015, in which the Company and Silver Standard Resources Inc. will work together to advance the understanding of the Chinchillas deposit and evaluate the feasibility of combining the two operations following a preliminary period of pre-development activities compared to no exploration funding received as a result of no such similar agreement in place during the three months ended December 31, 2014.

The decrease was partially offset by:

- An increase of $3,349,936 in exploration. Exploration expense was $4,904,831 for the three months ended December 31, 2015 compared to $1,554,895 for the three months ended December 31, 2014. The Company initiated a Phase V drilling program for a total of 10,393m of diamond drilling completed at its Chinchillas project in Jujuy, Argentina during the three months ended December 31, 2015 compared to beginning the Company's Phase IV diamond drill program consisting of 3,332m of a planned 16,000m drilled at its Chinchillas project in Jujuy, Argentina during the three months ended December 31, 2014.

- An increase of $564,715 in professional fees. Professional fees were $663,328 for the three months ended December 31, 2015 compared to $98,613 for the three months ended December 31, 2014. The increase is primarily due to a greater amount of legal, financial advisory, consulting and professional services required in connection with the joint arrangement with Silver Standard Resources Inc. for the advancement of the Chinchillas project during the three months ended December 31, 2015 compared to a lesser amount of legal, financial advisory, consulting and professional services required as a result of no such agreement being contemplated during the three months ended December 31, 2014.

Other items

During the three months ended December 31, 2015, other items increased by $249,125 to $326,206 compared to $77,081 for the three months ended December 31, 2014. The increase in other items is largely due to:

- An increase of $326,655 in foreign exchange gain. Foreign exchange gain was $347,509 for the three months ended December 31, 2015 compared to $20,854 for the three months ended December 31, 2014. The increase is due to more purchases and sales of Argentinean government bonds, for the purpose of funding the Company's Argentinean subsidiary, exchanged at more favorable foreign exchange rates resulting from the fluctuation of the Argentinean Peso and US dollar against the Canadian dollar during the three months ended December 31, 2015 compared to fewer purchases and sales of Argentinean government bonds exchanged at less favorable foreign exchange rates during the three months ended December 31, 2014.

- An increase of $556,074 in write-off of mineral property interests. Write-off of mineral property interests was $656,124 for the three months ended December 31, 2015 compared to $100,050 for the three months ended December 31, 2015. The Company determined that it would not be exploring its Potrerillos project in the Fronterra District further and wrote-off $656,124 in acquisition costs during the three months ended December 31, 2015 compared to the Company terminating its mineral property interest on the Darmar project during the three months ended December 31, 2014.

The net loss for the three months ended December 31, 2015 was $2,340,355 or $0.04 per basic and diluted share compared to $2,340,434 or $0.06 per basic and diluted share for the three months ended December 31, 2014.

<u>Balance Sheet</u>

At December 31, 2015, the Company had total assets of $5,881,904 compared with $3,208,679 in total assets at December 31, 2014. The increase primarily results from an increase in exploration funding receivable of $2,423,834, amounts receivable of $131,206 and investments of $445,718 partially offset by a decrease in cash and cash equivalents of $239,746 due to exploration expenditures and on-going corporate and administrative cash costs.

<u>Selected Quarterly Financial Information</u>

	2015				2014			
	Dec. 31 $	Sep. 30 $	Jun. 30 $	Mar. 31 $	Dec. 31 $	Sep. 30 $	Jun. 30 $	Mar. 31 $
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net (Loss) Income	(2,340,355)(7)	(1,186,324)(6)	(2,152,558)(5)	(3,163,052)(4)	(2,340,434)(3)	(1,195,201)(2)	(2,998,812)(1)	(1,997,401)
Net (Loss) Income per Common Share Basic and Diluted	(0.04)	(0.03)	(0.04)	(0.06)	(0.06)	(0.03)	(0.07)	(0.05)

(1) Increase primarily driven by an increase in exploration expenditures of $1,140,353.

(2) Decrease primarily driven by a decrease in exploration expenditures of $1,821,132.

(3) Increase primarily driven by an increase in exploration expenditures of $819,221, write-off of mineral property interests of $100,050 partially offset by a decrease in foreign exchange gain of $232,079.

(4) Increase primarily driven by an increase in exploration expenditures of $866,359.

(5) Decrease primarily driven by a decrease foreign exchange gain of $148,847 and exploration expenditures of $1,609,360 partially offset by an increase in share-based compensation of $430,616.

(6) Decrease primarily driven by a decrease in share-based compensation of $430,140, corporate development and investor relations of $63,859 partially offset by an increase in professional fees of $210,895 and an increase in foreign exchange gain of $518,345.

(7) Increase primarily driven by an increase in exploration expenditures of $4,111,671, professional fees of $267,773 and write-off of mineral property interests of $556,074 partially offset by an increase in exploration and other costs recovery of $4,122,012.

Liquidity and Capital Resources

The Company has experienced recurring operating losses and has an accumulated deficit of $32,652,337 at December 31, 2015 (December 31, 2014 - $23,810,048) and equity of $2,139,777 at December 31, 2015 (December 31, 2014 - $2,787,289). In addition, the Company has working capital of $395,503 at December 31, 2015 (December 31, 2014 - $1,011,867) and negative cash flow from operating activities of $4,958,213 for the year ended December 31, 2015 (December 31, 2014 - $6,931,688). Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year. These matters create material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The Company's continued operations, as intended, are dependent upon its ability to raise additional funding to meet its obligations and commitments (as disclosed in Note 1 of the Company's consolidated financial statements for the year ended December 31, 2015) and to attain profitable operations. Management's plan in this regard is to raise equity financing as required. There are no assurances that the Company will be successful in achieving these goals.

The Company's consolidated financial statements for the year ended December 31, 2015 do not include adjustments to the amounts and classifications of assets and liabilities and reported expenses that might be necessary should the Company be unable to continue as a going concern, which could be material.

The consolidated financial statements for the year ended December 31, 2015 have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

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.

Loan Payable

At December 31, 2015, the Company held the following loan payable:

	December 31, 2015	
	Currency	Amount
Unsecured, 28.08% annual interest rate	Canadian Dollar	$171,040

On November 5, 2015, the Company entered into a loan facility with an arm's length private Argentinean Company to borrow up to 3,000,000 Argentinean Pesos for working capital purposes. The principal amount of the loan bears interest at the rate of 28.08% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full upon 10 days' notice from the lender 3 months from the date that funds are withdrawn. The Company may repay the loan in whole or in part at any time, without notice or penalty.

As at December 31, 2015, the Company had utilized 1,600,000 Argentinean Pesos of the loan facility. See Subsequent Events for further information.

At December 31, 2014, the Company did not have any loans outstanding.

Commitments

Management Services Agreement

	1 Year $	2 Years $	3 Years $	4-5 Years $	More than 5 Years $
Management Services Agreement	708,000	-	-	-	-

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 $59,000 per month. This fee is reviewed and adjusted quarterly based on the level of services required.

Commitment to Issue Shares

	1 Year $	2 Years $	3 Years $	4-5 Years $	More than 5 Years $
Drilling Services *(i)*	1,879,471	-	-	-	-
Subscription receipts *(ii)*	1,050,000	-	-	-	-
Commitment to issue shares	2,929,471	-	-	-	-

(i) Drilling Services

Under the terms of a shares for services agreement (the "Agreement") signed March 10, 2014 and as amended on November 1, 2014, up to 16,000 meters of drilling shall be paid for by issuing up to a total of 2,378,404 common shares of the Company subject to TSX Venture exchange approval.

For the year ended December 31, 2015, the Company issued 924,369 (2014 – 336,134) common shares in respect of drilling services received and has recognized $1,879,471 (2014 - $1,060,392) for 3,680 meters drilled up to December 31, 2015 (2014 – 4,678 meters) to be paid for by issuing common shares of the Company subject to TSX Venture exchange approval in accordance with the terms of the Agreement.

At December 31, 2015, the Company has cumulatively issued 1,260,503 common shares and has recognized $4,536,137 for a total of 14,680 meters of drilling services received since the commencement of the Agreement.

(ii) Subscription Receipts

As at December 31, 2015, the Company was advanced $1,050,000 representing 2,625,000 common shares of the Company to be issued at a price of $0.40 per share subject to TSX Venture exchange approval (see Note 14 for further information).

Argentina Value Added Taxes

As at December 31, 2015, the Company has approximately $146,249 (US$105,671) in non-recovered value added taxes incurred during the Preliminary Period which, pursuant to the terms of an initial exploration program agreement with, among others, Silver Standard (see Note 3a for further information), will become payable to Silver Standard in cash or common shares of the Company if the election to not proceed with the Arrangement is made. These costs currently form part of the exploration expenditures of the Company.

Capital Stock

The Company`s authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

As at December 31, 2015, an aggregate of 55,836,767 common shares were issued and outstanding. As at the date of this report, 62,693,967 common shares were issued and outstanding.

Details of Issues and Repurchases of Common Shares in 2015

On January 16, 2015, the Company completed the second tranche of a non-brokered private placement consisting of 2,739,000 units at a price of $0.20 per unit for gross proceeds of $547,800. Each unit consisted of one common share and one warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at a price of $0.25 per share for two years from the date of issue of the warrant. The Company is entitled to accelerate the expiry date of the warrants if the 15-day volume weighted average stock price of the Company trades $0.35 or higher, then, on notice from the Company, the warrant holders will have 20 days to exercise their warrants; otherwise, the warrants will expire on the 21st day after receiving the notice. Finders' fees were $2,480 in cash and 12,400 in warrants exercisable into common shares at $0.25 per share for two years having a fair value of $1,404. Fair value was calculated using the following Black-Scholes pricing model variables: risk-free interest rate – 0.89%; expected stock price volatility – 95.86%; dividend yield of 0%; and expected warrant life of 1.44 years.

On January 27, 2015, the Company completed a non-brokered private placement consisting of 442,056 common shares at a price of US$1.214777 (CDN$1.456033) per share for gross proceeds of US$537,000 (CDN$643,648).

On February 17, 2015, pursuant to the terms of a shares for services agreement (the "Agreement"), the Company obtained TSX Venture Exchange approval to issue 420,168 common shares of the Company as payment for completion for certain drilling services.

On February 23, 2015, the Company completed a private placement consisting of 100,000 units at a price of $0.20 per unit for gross proceeds of $20,000. Each unit consisted of one common share and one warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at a price of $0.26 per share for two years from the date of issue of the warrant. The Company is entitled to accelerate the expiry date of the warrants if the 15-day volume weighted average stock price of the Company trades $0.35 or higher, then, on notice from the Company, the warrant holders will have 20 days to exercise their warrants; otherwise, the warrants will expire on the 21st day. Fair value was calculated using the following Black-Scholes pricing model variables: risk-free interest rate – 0.38%; expected stock price volatility – 97.03%; dividend yield of 0%; and expected warrant life of 1.45 years.

On June 4, 2015, the Company completed a private placement consisting of 4,285,714 common shares at a price of $0.35 per share. Upon closing, the Company received non-cash consideration of 214,592 common shares of Pretium Resources Inc. (TSX: PVG) at a price of $7.66 per share for gross proceeds of $1,643,775.

On July 9, 2015, the Company completed a non-brokered private placement consisting of 442,056 common shares at a price of US$1.214777 (CDN$1.50) per share for gross proceeds of US$537,000 (CDN$663,033).

On July 9, 2015, pursuant to the terms of a shares for services agreement (the "Agreement"), the Company obtained TSX Venture Exchange approval to issue 504,201 common shares of the Company as payment for completion for certain drilling services.

On July 9, 2015, pursuant to the terms of a shares for heavy equipment services agreement (the "Contract"), the Company obtained TSX Venture Exchange approval to issue 98,783 common shares of the Company as payment for completion of US$120,000 of drilling and heavy equipment services.

On October 22, 2015, the Company completed a non-brokered private placement financing of 455,000 common shares of the Company at a price of $0.50 per common share for gross proceeds of $227,500.

The Company had the following warrants outstanding as at the date of this report:

Number of Warrants Outstanding	Exercise Price (CAD$)	Expiry Date
3,013,000	$0.25	December 18, 2016
941,400	$0.25	January 15, 2017
2,918,000	$0.30	February 17, 2017
100,000	$0.26	February 22, 2017
6,972,400		

The following summarizes information about the Company's share options outstanding and exercisable as at the date of this report:

Number of Shares		Exercise Price	
Outstanding	Exercisable	(CAD$)	Expiry Date
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
350,000	87,500	$0.32	April 19, 2018
200,000	200,000	$0.35	May 28, 2018
2,505,000	2,505,000	$0.35	March 25, 2019
380,000	380,000	$0.35	April 16, 2019
20,000	20,000	$0.35	April 30, 2019
2,595,000	2,595,000	$0.35	June 11, 2020
1,200,000	1,200,000	$0.32	April 19, 2021
660,000	660,000	$0.42	April 27, 2021
8,360,000	8,097,500		

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 is a private company that is owned by an officer and director of the Company and also has another common director with 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. This fee is reviewed and adjusted quarterly based on the level of services required. The Agreement expired on December 31, 2014 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,	
	2015	2014
Transactions	$	$
Services rendered:		
Grosso Group Management Ltd.		
Administration and management services	603,400	464,700
Rent, parking and storage	256,600	242,400
Office & sundry	133,360	130,200
Total for services rendered	993,360	837,300

At December 31, 2015, the Company had $1,006 (2014 - $Nil) included in accounts payable and accrued liabilities to Grosso Group.

Mr. Joseph Grosso

Mr. Joseph Grosso, a director and chief executive officer of the Company, and his spouse, received share-based benefits of $144,723 for the year ended December 31, 2015 (2014 - $55,298).

Oxbow International Marketing Corp. ("Oxbow") is a private company controlled by Mr. Joseph Grosso. For the year ended December 31, 2015, Oxbow was paid $125,000 (2014 - $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.

At December 31, 2015, the Company had $48,686 (2014 - $Nil) included in accounts payable and accrued liabilities to Oxbow.

At December 31, 2015, the Company had the following related party loans payable:

	December 31, 2015		
	Maturity	Currency	Fair value
Unsecured, non-interest bearing	On demand	Canadian dollar	$200,000
Unsecured, 12% annual interest rate	On demand	Canadian dollar	$300,000
Unsecured, 12% annual interest rate	On demand	Canadian dollar	$50,000
Unsecured, 12% annual interest rate	On demand	Canadian dollar	$147,000
			$697,000

During the year ended December 31, 2015, the Company entered into loan agreements with the spouse of the Chief Executive Officer of the Company. The principal amount of the loans was used for working capital purposes. The principal balance of the loans, together with all accrued and unpaid interest thereon shall become due and payable in full on the maturity date. The Company may repay the loans in whole or in part at any time, without notice or penalty.

At December 31, 2015, the Company had $25,002 (2014 - $Nil) included in interest payable to a related party.

At December 31, 2014, the Company did not have any related party loans outstanding.

Mr. Nikolaos Cacos

Mr. Nikolaos Cacos, a director of the Company, received share-based benefits of $68,105 for the year ended December 31, 2015 (2014 - $22,120).

Cacos Consulting Ltd. ("Cacos Consulting") is a private company controlled by Mr. Nikolaos Cacos. For the year ended December 31, 2015, Cacos Consulting was paid $195,000 (2014 - $152,500) 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, 2015, the Company had $Nil (2014 - $840) included in accounts payable and accrued liabilities to Cacos Consulting.

Dr. David Terry

Dr. David Terry, a director and former officer to the Company, was paid director and audit committee chair fees of $16,000 for the year ended December 31, 2015 (2014 - $16,000) and received share-based benefits of $34,053 for the year ended December 31, 2015 (2014 - $11,060).

Vinland Holdings Ltd. ("Vinland") is a private company controlled by Dr. David Terry. For the year ended December 31, 2015, Vinland was paid $10,800 (2014 - $14,925) for geological services. Amounts paid to Vinland are classified as administration and management services in the consolidated statements of loss and comprehensive loss.

At December 31, 2015, the Company had $2,518 (2014 - $2,113) included in accounts payable and accrued liabilities to Vinland.

Mr. Louis Salley

Mr. Louis Salley, a director of the Company, was paid director fees of $12,000 for the year ended December 31, 2015 (2014 - $12,000) and received share-based benefits of $34,053 for the year ended December 31, 2015 (2014 - $16,589). Amounts paid to Mr. Louis Salley are classified as salaries and employee benefits in the consolidated statements of loss and comprehensive loss.

At December 31, 2015, the Company had $4,000 (2014 - $Nil) included in accounts payable and accrued liabilities to Mr. Louis Salley.

Salley Bowes Harwardt Law Corp. ("Salley Bowes Harwardt") is a private company of which Mr. Louis Salley is an owner. For the year ended December 31, 2015, Salley Bowes Harwardt was paid $24,312 (2014 - $49,910) for legal services. Amounts paid to Salley Bowes Harwardt are classified as professional fees in the consolidated statements of loss and comprehensive loss.

At December 31, 2015, the Company had $14,674 (2014 - $8,490) included in accounts payable and accrued liabilities to Salley Bowes Harwardt.

Mr. John Gammon

Mr. John Gammon, a director of the Company, was paid director and corporate governance committee chair fees of $16,000 for the year ended December 31, 2015 (2014 - $16,000) and received share-based benefits of $17,026 for the year ended December 31, 2015 (2014 - $8,295).

At December 31, 2015, the Company had $8,000 (2014 - $Nil) included in accounts payable and accrued liabilities to Mr. John Gammon.

Key management personnel compensation

	Year ended December 31, 2015			Year ended December 31, 2014		
Compensation[(1)]	Salaries $	Share-based benefits $	Total $	Salaries $	Share-based benefits $	Total $
Chief Executive Officer	125,000	119,184	244,184	125,000	55,298	180,298
Chief Financial Officer	60,000	8,513	68,513	56,000	9,717	65,717
Total	185,000	127,697	312,697	181,000	65,015	246,015

[(1)]The table does not include amounts paid to non-executive directors.

<u>Subsequent Events</u>

Repayment of Loan Payable

On January 14, 2016, the Company repaid the principal balance of its loan payable, together with all accrued and unpaid interest totalling $178,000.

Lease Agreement

On January 29, 2016, the Company entered into an office lease agreement for a term of two years. The Company is committed to pay monthly rent of $6,834. The Company has the option to renew the lease at the time of expiry for an additional four year term.

Private Placements

- On February 17, 2016, the Company completed a non-brokered private placement financing of 2,918,000 units at a price of $0.40 per unit for gross proceeds of $1,167,200. Each unit consists of one common share and one warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at a price of $0.30 per share for one year from the date of issue of the warrant. Finders' fees were $10,500 in cash and 39,000 in common shares at a price of $0.25 per share.

- On April 20, 2016, the Company announced a non-brokered private placement financing of 7,750,000 units at a price of $0.27 per unit for gross proceeds of $2,092,500. Each unit consists of one common share and one transferable warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at a price of $0.30 per share for two years from the date of issue. On April 26, 2016, the Company announced that the private placement financing had been increased by an additional 800,000 units at a price of $0.27 per unit for gross proceeds of an additional $216,000. Each additional unit consist of one common share and one warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at a price of $0.33 per share for two years from the date of issue. The Company may pay finder's fees on a portion of the offering in accordance with applicable securities laws and the policies of the TSX Venture Exchange.

Stock Options Granted

- On April 20, 2016, the Company announced it has granted stock options to consultants, management company employees, officers and directors of the Company to purchase up to 1,200,000 common shares at a price of $0.32 per share exercisable for a period of five years and subject to a four month hold period.

- On April 20, 2016, the Company announced it has granted stock options to an investor relations consultant to purchase up to 350,000 common shares at a price of $0.32 per share exercisable for period of two years, subject to a four month hold period and shall vest in accordance with the provisions of the Company's stock option plan and the policies of the TSX Venture Exchange.

- On April 28, 2016, the Company announced it has granted stock options to consultants, management company employees, officers and directors of the Company to purchase up to 660,000 common shares at a price of $0.42 per share exercisable for a period of five years and subject to a four month hold period.

Warrants Exercised

Subsequent to December 31, 2015, 3,900,200 warrants were exercised at a price of $0.25 per warrant for gross proceeds of $975,050.

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 year ended December 31, 2015. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

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.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash or share consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company. 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.

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.

Fair value is determined as the amount that would be obtained by the sale of the asset in any arm's length transaction between knowledgeable and willing parties. Fair value of mineral assets is generally determined as the present value of the estimated cash flows expected to arise from the continued use of the asset, including an expansion projects. Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and from its ultimate disposal. Impairment is normally assessed at the level of (cash-generating units or "CGUs"), which are identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets.

Non-financial assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. When a reversal of a previous impairment is recorded, the reversal amount is adjusted for depreciation that would have been recorded had the impairment not taken place.

New Accounting Standards and Interpretations

The International Accounting Standards Board ("IASB") has issued new and amended standards and interpretations which have not yet been adopted by the Company. 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. In July 2014 IFRS 9, Financial Instruments ("IFRS 9") was issued. The completed standard provides revised guidance on the classification and measurement of financial assets. It also introduces a new expected credit loss model for calculating impairment for financial assets. This final version of IFRS 9 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 9 is not expected to have a material impact on amounts recorded in the financial statements of the Company.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. The new standard will apply to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 is not expected to have a material impact on amounts recorded in the financial statements of the Company.

IFRS 16 – Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019.

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 and cash equivalents, amounts receivable and investments. For investments classified as available for sale, fair value is determined using closing prices at the balance sheet date with any temporary unrealized gains or losses recognized in other comprehensive income. For investments classified as fair value through profit or loss, fair value is determined using closing prices at the balance sheet date with any unrealized gain or loss recognized in profit or loss.

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, 2015 the Company's financial instruments measured at fair value are as follows:

		Level 1 $	Level 2 $	Level 3 $
	Carrying amount December 31, 2015	Fair value December 31, 2015		
Recurring measurements				
Financial Assets				
Investments	453,803	453,803	-	-

At December 31, 2014 the Company's financial instruments measured at fair value are as follows:

		Level 1 $	Level 2 $	Level 3 $
	Carrying amount December 31, 2014	Fair value December 31, 2014		
Recurring measurements				
Financial Assets				
Investments	8,085	8,085	-	-

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, amounts receivable and exploration funding receivable. The majority of the Company's receivables result from exploration funding for expenses incurred and are with a reputable mining company in good standing.

Overall the Company's credit risk has not changed significantly from the prior year. The Company places its cash and cash equivalents and short-term investments with financial institutions with high credit ratings, the credit risk is minimal.

Liquidity risk (See Liquidity and Capital Resources)

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.

As at December 31, 2015, the Company has $2,842,125 in accounts payable and accrued liabilities that are due within one year of the date of the statement of financial position.

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, exploration funding receivable, accounts payable, loan payable and interest 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 between the Canadian dollar and the Argentine Peso at December 31, 2015 is summarized as follows:

- A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by $337,071.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by $97,552.

(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 are redeemable at any time without penalty, with interest paid from the date of purchase. 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 or have prescribed interest rates.

(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, 2015 and 2014. 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 many 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.

Forward Looking Statements

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian securities laws that may not be based on historical fact, including, without limitation, statements containing the words "believe", "may", "plan", "will", "estimate", "continue", "anticipate", "intend", "expect" and similar expressions. Forward-looking statements are necessarily based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as the factors we believe are appropriate. Forward-looking statements in this MD&A include, but are not limited to, statements relating to: the completion of and benefits to be derived from the Arrangement; the exercise of the option by Silver Standard; the completion of development programs on the Chinchillas project without the need for any dilutive financing by Golden Arrow; Golden Arrow's receipt of a cash payment from Silver Standard upon completion of the Arrangement; the reduction in equity (or debt) financing requirements to put Chinchillas into production; the reduced capital cost for the Chinchillas project following the Arrangement; the management of the combined operation of the Chinchillas project and Pirquitas mine following the Arrangement; the enhancement of community benefits through a joint arrangement with Silver Standard; financial returns to Golden Arrow shareholders; benefits of the Arrangement; and the Chinchillas project being at a more advanced stage following the Preliminary Period.

These forward-looking statements are based on the beliefs of Golden Arrow's management, as well as on assumptions, which such management believes to be reasonable based on information currently available at the time such statements were made. However, there can be no assurance that the forward-looking statements will prove to be accurate. Such assumptions and factors include, among other things, completion of the Arrangement; Silver Standard not terminating the Arrangement prior to the end of the Preliminary Period; that the joint arrangement will result in capital efficiencies that would not otherwise be available to the Company; that there will be accrued cash flow owing to Golden Arrow from Silver Standard on closing of the Arrangement after deducting certain expenses and other prescribed amounts; Silver Standard expending greater than the minimum expenditure requirements on the Chinchillas project during the Preliminary Period; synergies from the combination of the Chinchillas project and Pirquitas mine following completion of the Arrangement; and that community relations will be improved by the joint arrangement with Silver Standard.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, but not limited to, the risks associated with the Arrangement as well as the risks described in this MD&A under the heading "Risk Factors and Uncertainties". Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements. These forward-looking statements are made as of the date of this MD&A and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

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, 2015.

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.