

GOLDEN ARROW RESOURCES CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

Introduction

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the condensed consolidated interim financial statements of Golden Arrow Resources Corporation ("Golden Arrow" or "the Company") for the three and nine months ended September 30, 2013 and 2012 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 November 21, 2013.

Company Overview

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

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

Principal Properties

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

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

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

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

During the quarter ended September 30, 2013, all the issued and outstanding common shares of Premier were acquired by Sandstorm Gold Ltd. ("Sandstorm") and as a result of the acquisition, the Company is entitled to exercise its 1,000,000 warrants of Premier to purchase 145,000 common shares of Sandstorm. Sandstorm has also acquired the Put Right obligation in favor of the Company as a result of its acquisition of Premier.

For the three months ended September 30, 2013, the Company earned \$Nil (2012 - \$597,187 (USD \$599,683)) in royalty revenue from Yamana. For the nine months ended September 30, 2013, the Company earned \$Nil (2012 - \$1,743,333 (USD \$1,739,333)) in royalty revenue from Yamana.

2. Chinchillas Silver-Lead-Zinc Project, Jujuy

On August 3, 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 by making cash payments to the vendor totaling US \$1.8 million over four years. The Chinchillas Project includes two exploitation concessions ("Minas") totalling 1160 hectares, both of which are permitted for drilling.

The Chinchillas Project is located in the prolific Bolivian silver-zinc-tin belt which extends into northern Argentina. Just 30 kilometres to the southwest is Silver Standard's Pirquitas silver mine, with 48.1 Moz Ag in proven reserves at 180.8 g/t Ag and 25.9 Moz Ag in probable reserves at a grade of 169.1 g/t Ag, from which 8.6 Moz silver was produced in 2012¹. The project is road accessible, and work can be completed year-round.

Chinchillas is a Tertiary aged 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 within the basin, hosted in favorable volcanic tuff units, hydrothermal breccias and along faults and structural zones as well as with basement schists and across the schist volcanic contacts. The mineralization occurs mostly as disseminations, veinlets and matrix filling in the volcanics, and within the basement as "Pirquitas-style" silver, lead and zinc in structures and breccias.

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

Historical drilling on the property includes of 2,996 m in 14 holes (7 RC and 7 diamond holes) by two previous operators within a 1.0 km by 0.4 km area. This drilling tested five main mineralized targets, providing focus for the Company's first drill program on two main zones: The Socavon del Diablo Zone: host to Ag-Zn-Pb mineralization in volcanic tuffs and breccia in the eastern part of the basin, and; The Silver Mantos Zone; a near surface area in the western part of the basin with several historic high grade silver intersections in flat-lying tuff and breccia zones.

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

The Phase II drill program was concluded in early March 2013, and exceeded the planned 6,500 metres of drilling with a total of 7,286 metres completed over 49 holes. The step-out drilling successfully expanded the Socavon del Diablo and Silver Mantos mineralized zones in most directions.

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

In addition, a second style of mineralization was identified in, and at the contact with, the Ordovician basement pelites and sandstone schists. This "Pirquitas-style" mineralization is characterized by silver, lead and zinc in structures and breccias within the basement schists, occurring beneath the volcanic hosts. At Silver Standard's nearby Pirquitas deposit silver mineralization is hosted entirely within the basement schists. (www.silverstandard.com). The definition of these large Pirquitas-style feeder zones beneath the Silver Mantos and Socavon del Diablo zones suggests the potential to further expand the project.

Phase II drill results were reported in news releases dated January 16, February 27, March 14, and April 11, 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 NI 43-101 compliant resource estimate for the Chinchillas Project:

Table 1. Mineral Resource Statement for the Chinchillas Project, May 9th 2013

Resource Class/Zone	Tonnage (Mt)	Ag Grade (g/t)	Pb Grade (%)	Zn Grade (%)	Ag Eq Grade (g/t)	Ag (Moz)	Pb		Zn		Total Ag Eq (MOz)
							(Mlbs)	Ag Eq (MOz)	(Mlbs)	Ag Eq (MOz)	
Indicated Resources											
Silver Mantos	7.2	118.6	0.57	0.48	141.2	27.4	90.2	2.8	76.0	2.4	32.6
Total Indicated Resources	7.2	118.6	0.57	0.48	141.2	27.4	90.2	2.8	76.0	2.4	32.6
Inferred Resources											
Silver Mantos	3.3	90.7	0.51	0.43	111.0	9.7	37.5	1.2	31.6	1.0	11.9
Mantos Contact	2.5	78.7	0.71	0.88	113.1	6.3	39.0	1.2	48.4	1.5	9.1
Mantos Basement	8.4	99.5	0.85	0.24	123.0	26.8	157.3	5.0	44.4	1.4	33.2
Socavon del Diablo	6.8	46.6	0.58	1.1	82.8	10.2	86.7	2.7	164.5	5.2	18.1
Total Inferred Resources	21.0	78.5	0.69	0.62	107.0	53.0	320.5	10.1	288.9	9.1	72.2

Notes:

1. Resources in Table 1 are reported at 50g/t silver equivalent cut-off, at \$27/ ounce Silver, \$0.85/ pound Zinc and \$0.85/pound Pb at 100% recovery.
2. Silver equivalent calculations were used because of the contribution to value that Pb and Zn add to the deposit, especially in the zinc-rich Socavon del Diablo Zone
3. Golden Arrow has not completed an economic evaluation to calculate the cut-off grade. A cut-off grade of 50 g/t silver equivalent is used for reporting purposes as 50 g/t Ag is utilized by Silver Standard at their Pirquitas Mining operation located 30kms from Chinchillas.
4. Totals may not add correctly due to rounding
5. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability.
6. 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.
7. The resource estimate and associated information was prepared by independent consultants to the Company, Mr. Bruce Davis, Ph.D. FAUSIMM, of BD Resource Consulting Inc., and Mr. Kyle Howie, B.Sc., MAIG.

Silver-lead-zinc mineralization included within the resource model occurs in two main areas at Chinchillas: the Silver Mantos and Socavon del Diablo Zones. The Silver Mantos zone is further sub-divided into three units based on host rock and geometry; Silver Mantos, Mantos Contact, and Mantos Basement zones.

Silver Mantos: Located in the western area of the deposit, the Silver Mantos zone comprises an area of approximately 20 hectares (550 metres by 450 metres) and is currently defined by 46 drill holes, with drill hole spacing between 50 and 100 metres. In the Silver Mantos subzone, mineralization is disseminated in two or more shallow dipping layers hosted within clay altered pyroclastic tuffs and breccias, between surface and approximately 100 metres depth and is open to expansion in most directions (north, east, west, south west and south east). Mineralization is mainly silver, with lesser lead and zinc. The silver is thought to occur mostly in silver sulphosalts, such as boulangerite and tetrahedrite, which occurs as black fine-grained and disseminated crystals with galena and sphalerite in the volcanic tuffs. Sulphide mineralization is also occasionally noted as matrix infill of breccia structures and open spaces in coarser tuffs which could also interpreted as hydrothermal breccias.

The Mantos Contact subzone occurs on the contact between volcanics and basement and is more steeply dipping toward the center of the basin. The contact zone is open to expansion at depth and to the east and west and on the northern side of the basin. The Mantos Basement subzone is hosted entirely within the basement pelites and sandstones and is comprised predominantly of breccias, and minor small veinlets, fracture filling and mineralized structures.

Socavon del Diablo: The Socavon del Diablo zone is located in the eastern area of the deposit where 25 drill holes have defined a mineralized area of approximately four hectares (280 metres by 175 metres). Mineralization is dominated by manto-style disseminated sulphides within favorable shallow dipping volcanic tuff horizons but also includes crosscutting structures, hydrothermal breccias, and some mineralized structures and breccias within basement sediments. Socavon del Diablo mineralization is in general lower silver and higher zinc content.

For additional details, please refer to the original news release posted to SEDAR dated May 9th 2013, as well as the NI 43-101 Technical Report with full disclosure of the mineral resource estimate posted to SEDAR dated June 20th, 2013.

As part of the Phase II program, the Company initiated a first round of metallurgical testing on samples from Chinchillas. Preliminary results of this testing were released May 6th, 2013 and the associated news release is filed on SEDAR. The test work was completed by Inspectorate Exploration & Mining Services Ltd. ("Inspectorate") of Richmond, B.C Canada under the direction of the Company's consulting metallurgist and Qualified Person, Mr. John Fox, B.Sc., P.Eng. of Laurion Consulting Inc.

Three samples of approximately 50kg each were shipped to Inspectorate. The samples included representative composite samples of drill core from the Silver Mantos and Socavon del Diablo zones, as well as the mineralized basement, described in previous news releases as "Pirquitas-style". Initially, a rougher flotation test was done at three different grind levels and sampled in four stages. The Chinchillas samples responded very well to flotation and were found not to be sensitive to grind size. Maximum rougher silver recoveries were 99.8, 97.0 and 99.3% in the Basement, Socavon and Silver Mantos composites, respectively. The lead recoveries were also very high, at between 96.5 and 98.1% for all rougher tests, while zinc recoveries were generally lower, between 66.0% and 96.1%. Following the rougher tests, cleaner flotation testing returned silver grades from 554 g/t in the zinc-rich Socavon composite to 11,268 g/t in the Silver Mantos composite, with silver recoveries for all three in the range of 89-92%.

Metallurgical test work continues, in particular to optimize the flowsheet to produce a separate high-grade silver-bearing lead concentrate and a zinc concentrate.

The Company is very pleased with the maiden resource estimate and overall rapid progress to date on the Chinchillas Project. The favorable geometry of the deposit for open pit mining, combined with the recently completed metallurgical test program and good infrastructure indicate the project can advance toward a preliminary economic evaluation quickly while the resource is expanded and upgraded. As the deposit appears to be open in all directions, the next drilling program will include drilling to upgrade the existing resource categories and expand the size of the resource, plus drilling throughout the property to identify new resources.

In the third quarter of 2013, the Company completed a surface exploration program to define new drill targets, including surface mapping, sampling and a ground magnetic geophysical survey.

In addition, Golden Arrow has undertaken an internal economic analysis of the Chinchillas Project to determine whether to complete a NI 43-101 preliminary economic assessment report prior to, or after, completing a Phase III drill program. The internal review was coordinated by independent consultant Ken Kuchling, a mining engineer specializing in economic reviews.

The Company also engaged the services of Knight Piesold Ltd. of Vancouver to commence engineering studies for the Chinchillas Project. The work will include a preliminary mine development plan as well as the commencement of environmental and social baseline studies.

3. Mogote, San Juan

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

On September 9, 2010 the Company announced that it had entered into an option agreement with Vale Exploracion Argentina, S.A. ("VEASA"), a wholly-owned subsidiary of Vale S.A. ("Vale"), on its Mogote project and its Purulla copper-moly porphyry project in Catamarca Province, Argentina. On December 7, 2012, the Agreement was amended to extend the option period by one year.

On September 14, 2011 the Company announced it received from Vale the USD \$100,000 option payment required to be made by the first anniversary of the option agreement. Vale also informed the Company that during the first year program on Mogote it completed detailed lithological and alteration mapping on the Zona Colorida and Stockwork Hill zones, rock sampling, petrography and PIMA work as well as 40 lines of geophysics including 32

km of IP, 180 km of ground magnetics, 51 km of radiometrics and 170 km of digital GPS surveying. The geophysical surveys covered the central and a portion of the southern Mogote property.

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

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

On September 6, 2012, the Company announced that Vale had made the \$200,000 option payment that was due to be made by the second anniversary of the option agreement.

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

On July 24, 2013, the Company announced that Vale provided notice of its decision to terminate the option agreement effective thirty (30) consecutive days from the notice date of July 5, 2013. The Company is currently seeking new joint venture partners for the project.

4. 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 the first nine months of 2013. The property remains permitted, in good standing, and the Company is seeking an option or joint venture partner for the project.

5. Pescado Gold Project, San Juan

The Company holds 11 mineral claims in the Gualcamayo area of San Juan. These 100% owned claims cover approximately 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. This claim is strategically important for Golden Arrow because it is contiguous to the Company's 100% owned 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.

6. Caballos, La Rioja

On September 8, 2011 Golden Arrow announced it had acquired the 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), bringing the Company's total land holdings in the prospective Caballos district to 25,195 ha. The Company completed bulldozer road access in January along with trenching and sampling. Talus fine sampling has defined a 1.4 km anomalous zone with up to 1,667 ppm Cu and up to 150 ppb Au.

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

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

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

7. Don Bosco, La Rioja

On June 1, 2011 the Company announced it had acquired by staking a 100% interest in the 32,800 ha Don Bosco Project in western La Rioja Province, Argentina. The project has since been reduced to a core set of properties of approximately 15,000 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.

Selected Annual Financial Information

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

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

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

Results of Operations – For the Nine Months Ended September 30, 2013 Compared to the Nine Months Ended September 30, 2012

Loss from operating activities

During the nine months ended September 30, 2013, loss from operating activities increased by \$1,679,056 to \$5,432,077 compared to \$3,753,021 for the nine months ended September 30, 2012. The increase in loss from operating activities is largely due to:

- An increase of \$930,511 in exploration. Exploration expense was \$3,220,198 for the nine months ended September 30, 2013 compared to \$2,289,687 for the nine months ended September 30, 2012. The Company completed its Phase II drill program consisting of 7,286 metres drilled over 49 holes, as well as additional exploration drilling, surface mapping, ground magnetic geophysical surveys, metallurgical testing, geological modeling, an independent NI 43-101 Technical Report, and commenced preliminary engineering studies for its Chinchillas project in Jujuy, Argentina during the nine months ended September 30, 2013 compared to an extensive Phase I drill program on the Chinchillas project and surface exploration program consisting of an IP/Resistivity geophysical survey, ground magnetic survey and geological mapping on the Caballos project in western La Rioja Province, Argentina during the nine months ended September 30, 2012.
- An increase of \$251,089 in salaries and employee benefits and management services. Salaries and employee benefits and management services were \$982,895 for the nine months ended September 30, 2013 compared to \$731,806 for the nine months ended September 30, 2012. The increase is primarily due to the hiring of a new Vice President Exploration and Development, increased staff levels and related compensation, and a one-time performance bonus of \$50,000 and severance of \$110,378 paid to the former Chief Financial Officer, and severance of \$62,500 paid to the former Chief Executive Officer during the nine months ended September 30, 2013 compared to fewer executives, lower staff levels and related compensation, an amount equal to 24 months' salary due upon sale of substantially all of the assets of the Company and no similar one-time performance bonus or severance payments made during the nine months ended September 30, 2012.
- An increase of \$267,742 in corporate development and investor relations. Corporate development and investor relations was \$456,885 for the nine months ended September 30, 2013 compared to \$189,143 for the nine months ended September 30, 2012. The Company undertook a greater number of activities relating to promotion of the Company's projects, with primary emphasis on its drill program and resource estimate on the Chinchillas property during the nine months ended September 30, 2013 compared to a lesser number of activities relating to promotion of the Company's projects during the nine months ended September 30, 2012.
- An increase of \$157,841 in travel and accommodation. Travel and accommodation was \$210,808 for the nine months ended September 30, 2013 compared to \$52,967 for the nine months ended September 30, 2012. A greater amount of travel was required due to increased business development and property exploration activity during the nine months ended September 30, 2013 compared to fewer travel requirements due to decreased business development activity during the nine months ended September 30, 2012.
- An increase of \$87,365 in rent, parking and storage. Rent, parking and storage was \$169,459 for the nine months ended September 30, 2013 compared to \$82,094 for the nine months ended September 30, 2012. The Company was charged a higher amount for its usage relating to Grosso Group's costs due to increased activity during the nine months ended September 30, 2013 compared to a lower amount for its usage relating to Grosso Group's costs due to reduced activity during the nine months ended September 30, 2012.

The increases were partially offset by

- A decrease of \$61,440 in professional fees. Professional fees were \$165,527 for the nine months ended September 30, 2013 compared to \$226,967 for the nine months ended September 30, 2012. The decrease is due to lower legal and accounting fees incurred during the nine months ended September 30, 2013 compared to higher legal and accounting fees relating to the sale of the Company's 1% NSR from Yamana's Gaulcamayo gold mine to Premier Royalty Corporation during the nine months ended September 30, 2012.

Other items

During the nine months ended September 30, 2013, other items decreased by \$1,662,560 to \$88,788 compared to \$1,751,348 for the nine months ended September 30, 2012. The decrease in other items is largely due to:

- A decrease in royalty revenue of \$1,743,333 to \$Nil for the nine months ended September 30, 2013 compared to \$1,743,333 for the nine months ended September 30, 2012. The decrease is due to the sale of the Company's 1% NSR from Yamana's Gualcamayo gold mine completed on November 9, 2012 resulting in no royalty revenue earned during the nine months ended September 30, 2013.
- A decrease in write-off of mineral property interests of \$128,473 to \$Nil for the nine months ended September 30, 2013 compared to \$128,473 for the nine months ended September 30, 2012. The decrease is due to the Company terminating its Purulla property option agreement in the prior period.
- A decrease in income from option agreement of \$114,419 to \$Nil for the nine months ended September 30, 2013 compared to \$114,419 for the nine months ended September 30, 2012. The decrease is due to Vale terminating its option agreement on the Mogote project on July 24, 2013 resulting in no income earned from farm out arrangements during the nine months ended September 30, 2013.
- An increase in interest income of \$55,800 to \$77,869 for the nine months ended September 30, 2013 compared to \$22,069 for the nine months ended September 30, 2012. The Company maintained larger interest bearing cash balances in 2013 due to the sale its royalty interest on November 9, 2012.

The net loss for the nine months ended September 30, 2013 was \$5,343,289 or \$0.13 per basic and diluted share compared to a net loss of \$2,001,673 or \$0.04 per basic and diluted share for the nine months ended September 30, 2012.

Cash Flow

Operating Activities

Cash outflow from operating activities was \$5,536,709 for the nine months ended September 30, 2013 compared to \$1,985,888 for the nine months ended September 30, 2012. The increase in cash outflow results primarily from an increase in exploration expenditures, higher corporate and administrative cash costs, reduced royalty revenue 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 \$5,683,426 for the nine months ended September 30, 2013 compared to \$2,970,223 for the nine months ended September 30, 2012. The Company redeemed short-term investments of \$14,550,000 and purchased short-term investments of \$8,500,000 during the nine months ended September 30, 2013 compared to redemptions of short-term investments of \$5,914,968 and purchases of short-term investments of \$2,649,318 during the nine months ended September 30, 2012. Mineral property expenditures were \$347,493 during the nine months ended September 30, 2013 compared to \$393,371 for the nine months ended September 30, 2012 primarily due to the option payments on the Chinchillas property during these respective periods. Property and equipment expenditures were \$30,000 during the nine months ended September 30, 2013 compared to \$5,578 during the nine months ended September 30, 2012. Proceeds from sale of property and equipment were \$10,919 during the nine months ended September 30, 2013 compared to no such transactions during the nine months ended September 30, 2012. Option payment proceeds were \$Nil during the nine months ended September 30, 2013 compared to \$208,522 relating to the Mogote option agreement with Vale during the nine months ended September 30, 2012. Deferred selling costs were \$Nil during the nine months ended September 30, 2013 compared to \$105,000 for a fairness opinion relating to the sale of the Company's 1% NSR from Yamana's Gualcamayo gold mine during the nine months ended September 30, 2012.

Results of Operations – For the Three months ended September 30, 2013 Compared to the Three months ended September 30, 2012

Loss from operating activities

During the three months ended September 30, 2013, loss from operating activities decreased by \$122,994 to \$1,092,061 compared to \$1,215,055 for the three months ended September 30, 2012. The decrease in loss from operating activities is largely due to:

- A decrease of \$111,401 in salaries and employee benefits and management services. Salaries and employee benefits and management services were \$237,004 for the three months ended September 30, 2013 compared to \$348,405 for the three months ended September 30, 2012. The decrease is primarily due to no bonus payment recorded during the three months ended September 30, 2013 compared to an amount of \$104,039 recorded pursuant to an employment agreement, equal to 24 months' salary, due upon the sale of substantially all of the assets of the Company during the three months ended September 30, 2012.
- A decrease of \$52,040 in foreign exchange loss. Foreign exchange loss was \$17,623 for the three months ended September 30, 2013 compared to \$69,663 for the three months ended September 30, 2012. The decrease is due to the fluctuation of the Argentinean Peso and US dollar against the Canadian dollar during the three months ended September 30, 2013 compared to the three months ended September 30, 2012 as differing amounts of funds were held in these respective currencies during these periods.

Other items

During the three months ended September 30, 2013, other items decreased by \$696,037 to \$19,144 compared to \$715,181 for the three months ended September 30, 2012. The decrease in other items is largely due to:

- A decrease in royalty revenue of \$597,187 to \$Nil for the three months ended September 30, 2013 compared to \$597,187 for the three months ended September 30, 2012. The decrease is due to the sale of the Company's 1% NSR from Yamana's Gualcamayo gold mine completed on November 9, 2012 resulting in no royalty revenue earned during the three months ended September 30, 2013.
- A decrease in income from option agreement of \$114,419 to \$Nil for the three months ended September 30, 2013 compared to \$114,419 for the three months ended September 30, 2012. The decrease is due to Vale terminating its option agreement on the Mogote project on July 24, 2013 resulting in no income earned from farm out arrangements during the three months ended September 30, 2013.

The net loss for the three months ended September 30, 2013 was \$1,072,917 or \$0.03 per basic and diluted share compared to a net loss of \$499,874 or \$0.01 per basic and diluted share for the three months ended September 30, 2012.

Cash Flow

Operating Activities

Cash outflow from operating activities was \$1,168,307 for the three months ended September 30, 2013 which is consistent with \$1,163,574 in cash outflow for the three months ended September 30, 2012.

Investing Activities

Cash inflow from investing activities was \$1,201,369 for the three months ended September 30, 2013 compared to \$2,063,907 for the three months ended September 30, 2012. The Company redeemed short-term investments of \$1,500,000 and during the three months ended September 30, 2013 compared to similar redemptions of short-term investments of \$2,149,318 during the three months ended September 30, 2012. Mineral property expenditures were \$298,631 during the three months ended September 30, 2013 compared to \$183,355 during the three months ended September 30, 2012 primarily due to the option payments on the Chinchillas property during these respective periods. Property and equipment expenditures were \$Nil during the three months ended September 30, 2013 compared to \$5,578 during the three months ended September 30, 2012. Option payment proceeds were \$Nil during the three months ended September 30, 2013 compared to \$208,522 relating to the Mogote option agreement with Vale during the three months ended September 30, 2012. Deferred selling costs were \$Nil during the three months

ended September 30, 2013 compared to \$105,000 for a fairness opinion relating to the sale of the Company's 1% NSR from Yamana's Gaulcamayo gold mine during the three months ended September 30, 2012.

Balance Sheet

At September 30, 2013, the Company had total assets of \$9,170,202 compared with \$14,763,742 in total assets at December 31, 2012. The decrease primarily results from a decrease in cash and short-term investments of \$5,903,283 due to higher exploration expenditures, reduced royalty revenue and on-going corporate and administrative cash costs, partially offset by an increase in mineral property interests of \$347,493.

Selected Quarterly Financial Information

	2013			2012			2011	
	Sep. 30 \$	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$	Sep. 30 \$ (Restated) ⁽⁸⁾	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$
Revenue	Nil	Nil	Nil	201,473 ⁽³⁾	597,187 ⁽⁸⁾	544,327	601,819	632,305
Net Earnings Income (Loss)	(1,072,917) ⁽⁷⁾	(1,761,366) ⁽⁶⁾	(2,509,006) ⁽⁵⁾	14,695,031 ⁽⁴⁾	(499,874) ⁽⁸⁾	(1,303,667) ⁽²⁾	(198,132) ⁽¹⁾	(620,648)
Net Income Loss per Common Share Basic and Diluted	(0.03)	(0.04)	(0.06)	0.28	(0.01)	(0.03)	(0.00)	(0.01)

- (1) Decrease primarily driven by a decrease in exploration expenditures of \$201,488, salaries and employee benefits and management services of \$29,187, professional fees of \$62,952 offset by an increase in foreign exchange gain of \$147,791.
- (2) Increase primarily driven by an increase in exploration expenditures of \$696,953, professional fees of \$159,232, write-off of mineral property interests of \$128,473 and foreign exchange loss of \$39,927 offset by a decrease in royalty income of \$57,492.
- (3) Decrease resulting from the sale of the Company's 1% NSR from Yamana's Gualcamayo gold mine to Premier Royalty.
- (4) Increase driven by gain on sale of royalty of \$16,258,188 offset by increases in exploration of \$334,382, foreign exchange loss of \$154,077, and a decrease in royalty income of \$395,714.
- (5) Decrease primarily driven by a decrease in gain on sale of royalty of \$16,258,188 and increase in exploration expenditures of \$793,626.
- (6) Decrease primarily driven by a decrease in exploration expenditures of \$753,022, and salaries and employee benefits and management services of \$132,813 partially offset by an increase in corporate development and investor relations of \$80,560 and foreign exchange loss of 36,823.
- (7) Decrease primarily driven by a decrease in exploration expenditures of \$410,064, salaries and employee benefits and management services of \$69,535 and corporate development and investor relations of \$120,836.
- (8) The Company has restated amounts previously reported in the condensed consolidated interim financial statements and management discussion and analysis for the three and nine months ended September 30, 2012 as follows:

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

	Three months ended Sep. 30, 2012 Previously Reported \$	Adjustment \$	Three months ended Sep. 30, 2012 Restated \$
Professional fees	404,235	(355,000)	49,235
Foreign exchange loss	27,361	42,302	69,663
Royalty revenue	281,915	(879,102)	(597,187)
Loss for the period	1,691,674	(1,191,800)	499,874
Basic and diluted loss per common share (\$)	(0.03)	0.02	(0.01)

Liquidity and Capital Resources

The Company has experienced recurring operating losses and has accumulated an operating deficit of \$13,877,770 at September 30, 2013 (December 31, 2012 - \$8,534,481) and shareholders' equity of \$9,025,535 at September 30, 2013 (December 31, 2012 -\$14,346,496). In addition, the Company had working capital of \$7,400,370 at September 30, 2013 (December 31, 2012 - \$13,060,095).

As the Company is an exploration stage company, revenues have been limited to interest earned on cash held with the Company's financial institutions. For the nine months ended September 30, 2013, the Company recorded interest income of \$77,869 compared to \$22,069 for the nine months ended September 30, 2012.

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

Commitments

	1 Year	2 Years	3 Years	4-5 Years	More than 5 Years
	\$	\$	\$	\$	\$
Management Services Agreement	549,600	137,400	-	-	-

On April 1, 2010, the Company entered into an 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. The current monthly fee is \$45,800 per month. This fee is reviewed and adjusted quarterly based on the level of services required. The fee for 2013 is consistent with the amount charged for the year ended December 31, 2012.

Capital Stock

At September 30, 2013, the Company had unlimited authorized common shares without par value. As at September 30, 2013, an aggregate of 41,823,655 common shares were issued and outstanding. As at November 21, 2013, 41,823,655 common shares were issued and outstanding.

Common Share Repurchases

On September 11, 2012, the Company received shareholder approval for the sale of the Company's 1% NSR on Yamana's Gualcamayo gold mine to Premier Royalty Inc. ("Premier Royalty") for gross proceeds of \$17,750,000. The Company received valid dissent notices representing 13,440,000 common shares. In accordance with dissent law, the Company acquired these shares in December 2012 at their fair market value as at September 10, 2012 of \$0.30, completing the share repurchase program for an aggregate purchase price of \$4,032,000 and common share repurchase costs of \$20,074.

The Company has no warrants outstanding as at November 21, 2013.

The following summarizes information about the Company's share options outstanding and exercisable as at November 21, 2013:

Number of Shares		Exercise Price (CAD\$)	Expiry Date
Outstanding	Exercisable		
1,295,000	1,295,000	\$0.35	May 7, 2014
100,000	100,000	\$0.36	March 31, 2015
150,000	150,000	\$0.36	April 22, 2015
835,000	835,000	\$0.35	October 1, 2015
75,000	75,000	\$0.38	October 29, 2015
820,000	820,000	\$0.40	November 4, 2015
150,000	150,000	\$0.32	November 25, 2015
50,000	50,000	\$0.30	June 24, 2017
200,000	200,000	\$0.32	November 25, 2017
200,000	200,000	\$0.31	November 29, 2017
200,000	200,000	\$0.35	May 28, 2018
4,075,000	4,075,000		

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Related Party Balances and Transactions

On April 1, 2010, the Company entered into a Management Services Agreement ("Agreement") with Grosso Group to provide services and facilities to the Company. Grosso Group 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. The initial fee based on expected usage is \$50,000 per month. This fee is reviewed and adjusted quarterly based on the level of services required. The Agreement expired on December 31, 2012 and was automatically renewed for a period of two years pursuant to the terms of the Agreement. The Agreement contains termination and early termination fees in the event the services are terminated by the Company.

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

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Transactions	\$	\$	\$	\$
Services rendered:				
Grosso Group Management Ltd.				
Administration and management services ⁽¹⁾	61,500	88,800	198,600	263,400
Rent, parking and storage ⁽¹⁾	54,600	36,000	159,600	74,400
Office & sundry ⁽¹⁾	19,500	25,200	70,500	59,700
Total for services rendered	135,600	150,000	428,700	397,500

(1) Included in the Condensed Consolidated Interim Statements of Loss and Comprehensive Loss for the three and nine months ended September 30, 2013 and 2012.

Cacos Consulting Ltd. ("Cacos Consulting") is a private company controlled by Mr. Nikolaos Cacos, a director of the Company. For the three months ended September 30, 2013, Cacos Consulting was paid \$30,000 (three months ended September 30, 2012 - \$12,000) for management consulting services. For the nine months ended September 30, 2013, Cacos Consulting was paid \$90,000 (nine months ended September 30, 2012 - \$36,000) for management

consulting services. Amounts paid to Cacos Consulting are classified as administration and management services in the condensed consolidated interim statements of loss and comprehensive loss.

Vinland Holdings Ltd. (“Vinland”) is a private company controlled by Dr. David Terry, a director and former officer to the Company. For the three months ended September 30, 2013, Vinland was paid \$3,675 (three months ended September 30, 2012 – \$6,825) for geological services. For the nine months ended September 30, 2013, Vinland was paid \$14,625 (nine months ended September 30, 2012 - \$13,125) for geological services. Amounts paid to Vinland are classified as administration and management services in the condensed consolidated interim statements of loss and comprehensive loss.

At September 30, 2013, the Company had \$1,450 (September 30, 2012 - \$1,000) included in accounts payable and accrued liabilities to Vinland.

Oxbow International Marketing Corp. (“Oxbow”) is a private company controlled by Mr. Joseph Grosso, a director and officer of the Company. For the three months ended September 30, 2013, Oxbow was paid \$31,250 (three months ended September 30, 2012 – \$31,250) for management consulting services. For the nine months ended September 30, 2013, Oxbow was paid \$93,750 (nine months ended September 30, 2012 - \$93,750). Amounts paid to Oxbow are classified as salaries and employee benefits in the condensed consolidated interim statements of loss and comprehensive loss.

Key management personnel compensation

Compensation	Three months ended September 30, 2013			Three months ended September 30, 2012		
	Salaries \$	Share-based benefits \$	Other \$	Salaries \$	Share-based benefits \$	Other \$
Chief Executive Officer	31,250	-	-	31,250	-	-
Chief Financial Officer	12,000	-	-	12,000	-	104,039 ⁽³⁾
Total	43,250	-	-	43,250	-	104,039

Compensation	Nine months ended September 30, 2013			Nine months ended September 30, 2012		
	Salaries \$	Share-based benefits \$	Other \$	Salaries \$	Share-based benefits \$	Other \$
Chief Executive Officer	125,000	-	62,500 ⁽¹⁾	93,750	-	-
Chief Financial Officer	39,495	14,629	160,378 ⁽²⁾	40,983	-	104,039 ⁽³⁾
Total	164,495	14,629	222,878	134,733	-	104,039

- (1) Includes a severance payment of \$62,500 to the former Chief Executive Officer during the nine months ended September 30, 2013.
- (2) Includes a one-time performance bonus of \$50,000 and a severance payment of \$110,378 paid to the former Chief Financial Officer during the nine months ended September 30, 2013.
- (3) Pursuant to an employment agreement, an amount equal to 24 months' salary is due upon sale of substantially all of the assets of the Company

Subsequent Event

On November 19, 2013, the TSX Venture Exchange (the “Exchange”) accepted a notice of intention whereby the Company will make a Normal Course Issuer Bid (“NCIB”) to purchase its own common shares for cancellation through the facilities of the Exchange at the prevailing market price. The number of common shares purchased by the Company will in no event be in excess of 5% of the issued and outstanding common shares at the date the NCIB commences, such amount not to exceed 1,000,000 common shares of the 41,823,655 currently issued and outstanding common shares.

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 condensed consolidated interim financial statements for the three and nine months ended September 30, 2013. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

Royalty Revenue

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

Share-based Payment Transactions

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

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

Exploration, Evaluation and Development Expenditures

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

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

Restoration, Rehabilitation, and Environmental Obligations

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

Impairment

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

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

New Accounting Standards and Interpretations

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

IFRS 9 – Financial Instruments

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

IFRS 10 – Consolidation

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

IFRS 11 - Joint Arrangements

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

IFRS 12 – Disclosure of Interests in Other Entities

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

IFRS 13 - Fair Value Measurement

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

Financial Instruments

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

(a) Fair Values

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

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

At September 30, 2013 the Company's financial instruments measured at fair value are as follows:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Warrant derivative assets	-	-	1,250,000	1,250,000
Marketable securities	4,620	-	-	4,620

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

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

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

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

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

(b) Financial Instrument Risk Exposure

Credit risk

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

Liquidity risk

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

Market risk

(i) Currency risk

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

- A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net earnings by \$1,312.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net earnings by \$2,754.

(ii) Interest rate risk

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

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

(c) Capital Management

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

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

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

Risk Factors and Uncertainties

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

History of losses: The Company has historically incurred losses as evidenced by its audited consolidated financial statements for the years ended December 31, 2012 and 2011. The Company has financed its operations principally through the sale of its equity securities. The Company does not anticipate that it will earn any revenue from its operations until its properties are placed into production, if ever. If the Company is unable to place its properties into production, the Company may never realize revenues from operations, will continue to incur losses and you may lose the value of your investment.

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

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

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

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

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

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

all. Consequently, the Company's revenues, operations and financial condition could be materially adversely affected.

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

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

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

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

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

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

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

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

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

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

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

Disclosure Controls and Procedures and Internal Control over Financial Reporting

On November 23, 2007, the British Columbia Securities Commission exempted Venture Issuers from the requirement to certify disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. The Company is a Venture Issuer; therefore it files the venture issuer basic certificates. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at September 30, 2013.

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.