Golden Arrow Resources Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

Introduction

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the condensed interim financial statements of Golden Arrow Resources Corporation ("the Company") for the six months ended June 30, 2017 and 2016 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 August 29, 2017.

Company Overview

Golden Arrow Resources Corporation (the "Company") was incorporated on September 22, 2015, under the Business Corporations Act in the province of British Columbia. The address of the Company's registered office is Suite 312 – 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6. The Company is listed on the TSX Venture Exchange.

The Company is a natural resource company engaged in the acquisition, exploration and development of resource properties in Argentina. The Company is 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. As of the date of this MD&A, the Company has not earned revenues and is considered to be in the exploration stage.

Principal Assets

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. Puna Operations Inc. Mining Joint Venture (25% Ownership)

1.1 Puna Operations Background

On October 1st, 2015, Golden Arrow announced that it had signed a business combination agreement with SSR Mining Inc. ("SSR"; TSX: SSRM; NASDAQ: SSRM) to combine SSR's Pirquitas Silver-Zinc mining operation ("Pirquitas") and Golden Arrow's Chinchillas silver-lead-zinc project ("Chinchillas") into a single new mining business in the Province of Jujuy, Argentina. The agreement gave Golden Arrow a 25% interest in the combined business, with SSR holding the remaining 75% and acting as operator.

The agreement included a preliminary period of up to 18 months (the "Preliminary Period") in which the two companies worked together complete pre-development studies to advance the knowledge of the Chinchillas deposit and evaluate the feasibility of mining Chinchillas, with ore processing and concentrate production using the mill and plant at Pirquitas. During the Preliminary Period SSR made payments totaling C$2 million to the Company on completion of certain milestones and for granting SSR the rights to conduct pre-development activities at Chinchillas.

At the end of the Preliminary Period on March 31th 2017, SSR exercised its option on the Chinchillas project and on May 31, 2017, the Company formed Puna Operations Inc. ("POI") for the development of the property. The jointly owned company, holding the Pirquitas and Chinchillas properties is owned 75% by SSR and 25% by the Company with SSR as the operator. Upon vesting by SSR, the Agreement specified that an amount 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 as based on a pre-defined formula (the "Pirquitas Payment"), was payable on closing of the Arrangement. On May 31, 2017, the Company closed the agreement as outlined above. Upon closing of the agreement, the Company received CDN$17.8 million for the Pirquitas Payment.

Golden Arrow management is confident that the business combination provides an opportunity to fast-track development of the Chinchillas property, in a capital efficient manner, through use of the existing production facilities at the Pirquitas Mine and establishment of common infrastructure, while benefitting from SSR's proven management team with extensive mine construction and operational expertise. Construction at Chinchillas could begin as early as the third quarter of 2017, subject to receiving the required permits and approvals, which would result in ore delivery to the mill in the second half of 2018.

1.2 Pirquitas Background

The Pirquitas silver operation is a 100% owned property, positioned at an elevation of 4,100 meters above sea level and is accessible by all-weather roads. The open-pit mine achieved commercial production on December 1, 2009 and produces silver and zinc concentrates for sale to third party smelters. On-site mine facilities include a 4,000 tpd mill and a processing plant with gravity pre-concentrator and a conventional mineral flotation circuit. The operation owns a fleet of 100-tonne trucks, loading units and other equipment for open-pit mining. Pirquitas produced 10.4 million ounces of silver during 2016[1]. In the first quarter of 2017 the mine stopped its open-pit mining activities and is now processing stockpile material, which is expected to result in 5.0 to 6.0 million ounces of silver produced in 2017[2].

1.3 Chinchillas Background

The Chinchillas silver-lead-zinc deposit is a 100% owned property located approximately 42 road kilometres from Pirquitas. Between 2012 and 2015 Golden Arrow advanced the property from a grassroots exploration project to a preliminary economic assessment level deposit. From October 2015 to March 2017 the pre-development program was conducted in conjunction with SSR, as part of the business combination agreement. The program included multiple drill programs to further define and upgrade resources, engineering and environmental studies, and the submission of the Environmental Impact report to the local mining authorities. The work culminated in the publishing of a pre-feasibility study ("PFS") for the project, as supported by a NI 43-101 Technical Report by filed on SEDAR dated May 15th, 2017. Details of the project geology, exploration history and the mine development and operation plan using the Pirquitas facilities are available in the report. The following summarizes the key highlights:
(All financial results are in U.S. dollars and all technical data are presented on a 100% project basis.)

- Average annual silver equivalent production of 8.4 million ounces over an eight-year mine life at a 4,000 tonne per day plant throughput.
- Robust operating margins based on cash costs of $7.40 per payable ounce of silver sold over the life of mine.
- Post-tax net present value of $178 million using a 5% discount rate and metal prices of $19.50 per ounce silver, $0.95 per pound lead and $1.00 per pound zinc.
- Attractive post-tax internal rate of return of 29%.
- Near-term production based on construction beginning in the third quarter of 2017, subject to permitting, followed by ore delivery to the Pirquitas mill in the second half of 2018.
- Low capital intensity based on initial capital expenditures, including owner's costs and contingency, estimated to be $81 million.
- Capital cost estimates assume utilizing certain property, plant and equipment from the Pirquitas mine. All costs incurred prior to the declaration of commercial production are considered capital costs.

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[1] SSR Mining (2017) *Pirquitas Mine Focused on Mine Life Extension*. Retrieved from http://www.ssrmining.com/operations/production/pirquitas/

[2] SSR Mining (2017) *SSR Mining Reports Second Quarter 2017* Results [Press Release]. Retrieved from http://ir.ssrmining.com/investors/news/press-release-details/2017/SSR-Mining-Reports-Second-Quarter-2017-Results/default.aspx

As part of the pre-feasibility study Golden Arrow worked with SSR to update the mineral resource estimate and define mineral reserves for Chinchillas, as summarized in the tables below.

Table 1: Chinchillas Mineral Resources Estimate (as at October 2, 2016)

Category	Tonnes (Mt)	AgEq (g/t)	Ag (g/t)	Pb %	Zn %	AgEq (Moz)	Ag (Moz)	Pb (Mlb)	Zn (Mlb)
Measured	3.1	160	128	0.60	0.41	16	13	41	28
Indicated	26.2	148	98	0.94	0.62	124	83	540	358
Total (M+I)	29.3	149	101	0.90	0.60	140	96	581	386
Inferred	20.9	94	50	0.54	0.81	63	34	250	374

Notes:

1. *Mineral Resources estimate was prepared in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum Counsel – Definitions adopted by the CIM Counsel on May 10, 2014 (the "CIM Standards") and reported in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") under the direction of Robert Sim, P.Geo, SIM Geological Inc., a qualified person.*
2. *Mineral Resources estimate has been generated from drill hole sample assay results and the interpretation of a geologic model relating to the spatial distribution of silver, lead and zinc. Interpolation characteristics were defined based on the geology, drill hole spacing, and geostatistical analysis of the data. Grade estimates using ordinary kriging are made into model blocks measuring 8 x 8 x 5 metres (LxWxH). Mineral Resources were classified according to their proximity to sample data locations.*
3. *Mineral Resources are contained within a pit shell generated using a silver equivalent grade derived from the following formula: AgEq = Ag g/t + (Pb% ∗ 30.49) + (Zn% * 33.54). Mineral Resources estimate is based on metal price assumptions of $22.50/oz silver, $1.00/lb lead and $1.10/lb zinc.*
4. *The base case cut-off grade, which reflects the transport and processing of ore at Pirquitas, is estimated to be 60 g/t AgEq based on projected operating costs and metal prices listed above.*
5. *Metallurgical recoveries, used in the generation of the pit shell, are assumed to be 85% silver, 93% lead and 80% for zinc.*
6. *Mineral Resources are reported inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.*
7. *The quantity and grade of reported Inferred Mineral Resources are uncertain in nature and there has been insufficient exploration to classify these Inferred Mineral Resources as Indicated or Measured Mineral Resources. We intend to conduct further exploration to upgrade the Inferred Mineral Resources; however, due to the uncertainty that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration.*
8. *Figures may not total exactly due to rounding. All ounces reported represent troy ounces, and "g/t" represents grams per tonne.*

Table 2: Chinchillas Mineral Reserves (as at December 31, 2016)

Category	Tonnes (Mt)	Ag (g/t)	Pb %	Zn %	Ag (Moz)	Pb (Mlb)	Zn (Mlb)
Proven	1.6	180	0.75	0.42	9	27	15
Probable	10.1	150	1.27	0.50	48	282	111
Total[10]	11.7	154	1.20	0.49	58	310	127

Notes:

1. *Mineral Reserves estimate was prepared in accordance with the CIM Standards and reported in accordance with NI 43-101 under the direction of Anoush Ebrahimi, P.Eng, Ph.D., SRK Consulting (Canada) Inc., a qualified person.*
2. *Mineral Reserves estimate is based on metal price assumptions of $18.00/oz silver, $0.90/lb lead and $1.00/lb zinc.*
3. *Mineral Reserves estimate is reported at a cut-off grade of $32.56 per tonne net smelter return.*
4. *All figures include dilution. The average mining dilution is calculated to be 11%.*
5. *Ore loss is estimated at 2%.*
6. *There is an estimated 54.89 Mt of waste in the ultimate pit. The strip ratio is 4.69 (waste:ore)*
7. *Processing recoveries vary based on the feed grade. The average recovery is estimated to be 85% for silver, 95% for lead and approximately 80% for zinc.*
8. *Metals shown in this table are the contained metals in ore mined and processed.*
9. *This Mineral Reserves estimate assumes that all required permits, as discussed under the heading "Environment, Communities and Permitting" will be obtained.*
10. *Figures may not total exactly due to rounding. All ounces reported represent troy ounces, and "g/t" represents grams per tonne.*

Exploration & Development

The development of the Chinchillas project was initiated on June 1, 2017 following the filing of the PFS and the formation of Puna Operations. The project scope consists of developing the open pit mine at Chinchillas for delivery of ore to the existing Pirquitas processing plant. Ore will be transported from the Chinchillas site via conventional 40 tonne trucks on an existing nationally operated road which will be upgraded to safely transport ore and to minimize environmental and community impacts. Work at the Chinchillas site will include construction of related mine infrastructure consisting of administration buildings, haul truck repair shop and ancillary works.

Mine design and planning commenced to refine the pre-feasibility study work and tender packages for the associated supporting infrastructure are expected to be released in the third quarter of 2017. Start of pre-stripping activities and infrastructure construction is dependent on the issuance of permits which are expected late in the third quarter of 2017. The project anticipates approximately six months of pre-stripping with associated stockpiling of mined ore.

Ongoing work at the Pirquitas property will include pumping and piping for tailings deposition in the exhausted open pit and a dome over the crushed ore stockpile. Minor process plant modifications are required to the existing flotation circuit to process the Chinchillas silver-zinc-lead ore.

Also, with the Chinchillas deposit as a base load ore source for the Pirquitas plant, the potential for a small tonnage Pirquitas underground operation to provide an additional, high grade ore stream to the plant was re-evaluated. The initial desktop study showed that this project is sufficiently attractive to justify more detailed studies in the second half of 2017. If these are positive, Puna Operations will look to undertake a preliminary economic assessment in 2018.

2. Exploration Projects

Golden Arrow's exploration properties are all located in Argentina and include approximately 222,000 ha in four provinces. The following summary discusses only the most active/material projects.

2.1. Antofalla Silver and Base Metals Project, Catamarca

On July 11, 2016, the Company announced that it entered into an option agreement to acquire a 100% interest in the Antofalla project, a silver and base metals project located in Catamarca Province, Argentina. Antofalla hosts similar styles of geology and mineralization to the Company's Chinchillas Silver Project. The terms of the option agreement include staged payments over five years totaling US$1,500,000 for a 100% interest in the property as shown below. The vendor retains a 1% net smelter royalty.

Option Payment USD $	Year
100,000 (paid)	2017
200,000	2018
350,000	2019
400,000	2020
450,000	2021
1,500,000	

On October 17th, 2016, Golden Arrow announced the initiation of a $2 million exploration program at the project. The program to date has included remote sensing, a 10,500 m IP/Resistivity geophysical survey, and geochemical sampling, to delineate drill targets. On May 2, and July 11, 2017, Golden Arrow announced results from the program, which identified several new high-potential targets and returned promising geochemical results, summarized as follows:

- A 500 metre by 500 metre soil anomaly including several areas of 40 to 91 ppm silver, that includes and expands the previously identified File del Volcan target, and the Colorada Breccia target where previous operators reported drill intercepts of 18 metres averaging 128 g/t silver, 0.23 g/t gold and 0.88 % lead. Channel sampling by Golden Arrow returned 3.65 metres averaging 103 g/t silver and 1.8% lead at the Colorada Breccia target area, with 281 g/t silver & 0.5% lead over 3.35 metres, and 168 g/t silver over 8 metres sampled from several new mineralized breccia "vents" located 380 metres to the southwest of the original target. Rock chip sampling returned 3.87 g/t gold, 146 g/t silver & 1% lead, and 0.14 g/t gold, 4,404 g/t silver & >30% lead from other similar breccia "vents" in the area.

- A 300 metre x 150 metre soil anomaly including areas >100 ppm silver at the Domos Norte target, where channel samples returned 5 metres averaging 77 g/t silver and 0.80 metres averaging 134 g/t silver. Domos Norte is located 900 metres northwest of the Colorada Breccia target, and hosts sheeted quartz veinlets with intense coverage of recent sediments.
- A new Copper Vein target with 568 ppm silver, 2.02 ppm gold and 0.41% copper in rock sample, and 3.8 metres of 150 ppm silver in channel sample.
- Confirmed similarities with the geologic model for the Chinchillas Silver Deposit. IP survey results delineate the contact between the Dome Zone target area and the underlying geological units, and correlated this contact with mineralized samples.

The US$2 million budget also includes 3000 metres of drilling, which is planned for the second half of the year.

2.2. Pescado Gold Project, San Juan

The Pescado Gold Project includes 11 mineral claims in the Gualcamayo area of San Juan covering nearly 22,000 hectares, to which the Company has an exclusive right.

The northern boundary of the Pescado Gold Project is 10 kilometres south of the main gold zone on the Gualcamayo gold mine, in a similar geological and structural setting. It is between 1,500 metres and 3,000 metres elevation and is accessible for year-round exploration. The project has had large-scale, systematic silt sampling, follow-up soil grids and rock sampling surveys carried out over much of the property area. 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 ; 16 m of 0.602 g/t gold, including 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 ; 2 m of 0.13 g/t Au, 10.2 g/t Ag, >1% Cu, 3,535 ppm Pb and 2,719 ppm Zn (see news release dated February 19, 2008 for further details). A helicopter-borne aeromagnetic survey was conducted over 18,000 hectares of the Project in 2008, comprised of 1,870 line kilometres in 200 metre spaced lines.

The Company has prioritized Pescado for new exploration work and a program is now being planned for the second half of 2018.

2.3. 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. The Mogote project now includes approximately 8,800 hectares to which Golden Arrow has an exclusive right. It 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.

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.

2.4. 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 now has an exclusive right to licenses totaling approximately 20,884 ha in the prospective Caballos district.

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

2.5. 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, leaving the Company with the exclusive right 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.

2.6. Potrerillos Gold-Silver Project, San Juan

Golden Arrow holds the exclusive right to the 3,999 ha Potrerillos property, located approximately 8 km due east of Barrick Gold's Veladero deposit, and sharing 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 fiscal 2015, the Company determined that it would not be exploring the Fronterra District further, and wrote-off $656,124 in acquisition costs.

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

Selected Financial Information for the Six Months Ended June 30, 2017

The selected financial information below has been prepared on a continuity of interest basis once the plan of arrangement with, among others, SSR Mining Inc. occurred. The total purchase price was allocated to the carrying value of the net assets disposed of pursuant to the plan of arrangement. The Company recognized a gain upon business combination of its investment in POI as follows:

		May 31, 2017
Pirquitas payment	$	17,810,756
Fair value of investment in POI		31,983,236
Total Consideration	$	49,793,991
Assets		
Cash		306,873
Accounts receivable		67,660
Prepaid expenses		3,951
Mineral property interest		655,236
Total Assets	$	1,033,721
Liabilities		
Accounts payable and accrued liabilities		57,221
Total Liabilities	$	57,221
Carrying value of net assets		976,502
Gain on business combination	$	48,817,491

The following is summarized financial information for POI based on its unaudited financial statements as at May 31, 2017:

		May 31, 2017
Current assets	$	97,728,114
Non-current assets		155,285,282
Current liabilities		39,895,147
Non-current liabilities		85,185,303
Net assets	$	127,932,946

The Company accounts for its interest in POI using the equity method. At May 31, 2017, the Company recognized an investment in POI of $31,983,236 representing the fair value of the Company's 25% interest.

The following table summarizes the change in investment in POI for the one-month period ended June 30, 2017:

Balance, May 31, 2017	$	31,983,236
Company's share of comprehensive loss of POI		213,730
Balance, June 30, 2017	$	31,769,506

The following is summarized financial information for POI, based on its unaudited financial statements as at June 30, 2017:

		June 30, 2016
Current assets	$	93,010,986
Non-current assets		146,050,449
Current liabilities		37,270,633
Non-current liabilities		76,692,098
Net assets	$	122,098,703
Comprehensive loss for the period	$	854,919

		June 30, 2016
Company's interest in net assets of POI	$	30,524,676
Foreign exchange translation loss		1,031,100
Company's share of comprehensive loss of POI		213,730
Carrying amount of interest in POI at June 30, 2017	$	31,769,506

<u>Results of Operations – For the six months ended June 30, 2017 compared to the six months ended June 30, 2016</u>

Loss from operating activities

During the six months ended June 30, 2017, loss from operating activities increased by $3,381,409 to $6,666,260 compared to $3,284,851 for the six months ended June 30, 2016. The increase in loss from operating activities is largely due to:

- An increase of $1,169,048 in management fees and salaries and employee benefits. Management fees and salaries and employee benefits were $1,805,314 for the six months ended June 30, 2017 compared to $636,266 for the six months ended June 30, 2016. The increase is due to one-time performance bonuses and executive compensation paid in connection with the closing of the plan of arrangement during the six months ended June 30, 2017 compared to lower management fees and salaries and employee benefits as a result of no similar one-time performance bonuses and executive compensation paid during the six months ended June 30, 2016.

- An increase of $725,144 in share-based compensation. Share-based compensation was $1,264,579 for the six months ended June 30, 2017 compared to $539,435 for the six months ended June 30, 2016. The increase is due to a higher black-scholes valuation in connection with the granting of 3,820,000 stock options during the six months ended June 30, 2017 compared to a lower black-scholes valuation and fewer stock options granted during the six months ended June 30, 2016.

- An increase of $499,763 in professional fees. Professional fees were $631,217 for the six months ended June 30, 2017 compared to $131,454 for the six months ended June 30, 2016. The increase is primarily due to a larger amount of legal, financial advisory, consulting and professional services required, as the Company closed the joint venture agreement with SSR for the advancement of the Chinchillas project during the six months ended June 30, 2017.

- An increase of $325,519 in corporate development and investor relations. Corporate development and investor relations were $941,814 for the six months ended June 30, 2017 compared to $616,295 for the six months ended June 30, 2016. The Company employed more investor relations consultants and undertook a greater number of activities relating to promotion of the Company's projects during the six months ended June 30, 2017 compared to fewer investor relations consultants employed and a lesser number of investor relations activities relating to promotion of the Company's projects during the six months ended June 30, 2016.

The increases were partially offset by the following:

- A decrease of $4,318,151 in exploration. Exploration expense was $1,786,674 for the six months ended June 30, 2017 compared to $6,140,825 for the six months ended June 30, 2016. The Company undertook less exploration work at its Chinchillas project in Jujuy, Argentina during the six months ended June 30, 2017 compared to completion of the Company's Phase V diamond drilling program at its Chinchillas project during the six months ended June 30, 2016.

- A decrease of $4,890,056 in exploration and other costs recovery. Exploration and other costs recovery was $93,073 for the six months ended June 30, 2017 compared to $4,983,129 for the six months ended June 30, 2016. The decrease is due to lower exploration expenditures at the Company's Chinchillas project in Juyjuy, Argentina requiring less exploration funding in accordance with the terms of the joint exploration agreement with SSR Mining Inc. during the six months ended June 30, 2017 compared to higher exploration expenditures and exploration funding during the six months ended June 30, 2016.

Other items

During the six months ended June 30, 2017, other income increased by $46,617,663 to $47,911,298 compared to $1,293,635 for the six months ended June 30, 2016. The increase in other items is largely due to:

- An increase of $48,817,491 in gain on business combination. The Company closed the agreement with, among others, SSR and upon acquiring its equity interest in POI recognized a gain of $48,817,491 for the six months ended June 30, 2017.

- An increase of $1,795,561 in foreign exchange loss. Foreign exchange loss was $878,322 for the six months ended June 30, 2017 compared to a foreign exchange gain of $1,321,112 for the six months ended June 30, 2016. The increase is due to the fluctuation in foreign exchange rates and differing amounts of foreign currencies held during the six months ended June 30, 2017, compared to the six months ended June 30, 2016.

- An increase of $213,730 in loss from POI. Loss from POI was $213,730 for the six months ended June 30, 2017 compared to $Nil for the six months ended June 30, 2016. The increase is due to the Company's share of comprehensive loss for the one-month period from June 1, 2017 until June 30, 2017 as 25% equity owner in POI.

Net income for the six months ended June 30, 2017 was $41,245,038 or $0.43 per basic earnings per share and $0.38 per diluted earnings per share compared to net loss of $1,991,216 for the six months ended June 30, 2016 or $0.03 per basic and diluted loss per share for the six months ended June 30, 2016.

Cash Flows

Operating Activities

Cash outflow from operating activities was $6,434,814 for the six months ended June, 2017 compared to $1,443,193 for the six months ended June 30, 2016. The increase in cash flow results primarily from higher corporate and administrative cash costs partially offset by lower exploration expenditures, less exploration and other costs recovery 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 inflows from investing activities was $17,533,811 for the six months ended June 30, 2017 compared to $615,087 for the six months ended June 30, 2016. The increase in cash outflows is due to the receipt of the Pirquitas Payment of $17,490,348 and higher expenditures for mineral property interests and equipment during the six months ended June 30, 2017 compared to lower expenditures for mineral property interests and equipment during the six months ended June 30, 2016. The Company did not receive any option payments in the form of marketable securities and disposed of fewer marketable securities during the six months ended June 30, 2017 compared to option payment proceeds in the form of marketable securities received and a greater amount of marketable securities disposed during the six months ended June 30, 2016.

Financing Activities

Cash inflows from financing activities was $1,506,778 for the six months ended June 30, 2017 compared to $3,867,257 for the six months ended June 30, 2016. Proceeds from the exercise of warrants were $1,241,727 for the six months ended June 30, 2017 compared to $1,988,550 for the six months ended June 30, 2016. Proceeds from the exercise of stock options were $265,051 for the six months ended June 30, 2017 compared to $584,250 for the six months ended June 30, 2016. Proceeds from the issuance of common shares and warrants were $Nil for the six months ended June 30, 2017 compared to $2,425,700 offset by share issuance costs of $219,894 in connection with a private placement financing that was completed during the six months ended June 30, 2016. Loan repayment was $Nil for the six months ended June 30, 2017 compared to $911,349 for the six months ended June 30, 2016.

<u>Results of Operations – For the three months ended June 30, 2017 compared to the three months ended June 30, 2016</u>

Loss from operating activities

During the three months ended June 30, 2017, loss from operating activities increased by $3,009,657 to $4,898,168 compared to $1,888,511 for the three months ended June 30, 2016. The increase in loss from operating activities is largely due to:

- An increase of $1,200,314 in management fees and salaries and employee benefits. Management fees and salaries and employee benefits were $1,520,041 for the three months ended June 30, 2017 compared to $319,727 for the three months ended June 30, 2016. The increase is due to one-time performance bonuses and executive compensation paid in connection with the closing of the plan of arrangement during the three months ended June 30, 2017 compared to lower management fees and salaries and employee benefits as a result of no similar one-time performance bonuses and executive compensation paid during the three months ended June 30, 2016.

- An increase of $676,879 in share-based compensation. Share-based compensation was $1,214,778 for the three months ended June 30, 2017 compared to $537,899 for the three months ended June 30, 2016. The increase is due to a higher black-scholes valuation in connection with the granting of 3,570,000 stock options during the three months ended June 30, 2017 compared to a lower black-scholes valuation and fewer stock options granted during the three months ended June 30, 2016.

- An increase of $456,852 in professional fees. Professional fees were $551,326 for the three months ended June 30, 2017 compared to $94,474 for the three months ended June 30, 2016. The increase is primarily due to a larger amount of legal, financial advisory, consulting and professional services required, as the Company closed the joint venture agreement with SSR for the advancement of the Chinchillas project during the three months ended June 30, 2017.

The increases were partially offset by the following:

- A decrease of $1,906,637 in exploration. Exploration expense was $1,042,483 for the three months ended June 30, 2017 compared to $2,949,120 for the six months ended June 30, 2016. The Company undertook less exploration work at its Chinchillas project in Jujuy, Argentina during the three months ended June 30, 2017 compared to continuation of pre-development activities in connection with the exploration agreement with SSR Mining Inc. at the Company's Chinchillas project during the three months ended June 30, 2016.

- A decrease of $2,592,528 in exploration and other costs recovery. Exploration and other costs recovery was $34,176 for the three months ended June 30, 2017 compared to $2,624,704 for the three months ended June 30, 2016. The decrease is due to lower exploration expenditures at the Company's Chinchillas project in Juyjuy, Argentina requiring less exploration funding in accordance with the terms of the joint exploration agreement with SSR Mining Inc. during the three months ended June 30, 2017 compared to higher exploration expenditures and exploration funding during the three months ended June 30, 2016.

Other items

During the three months ended June 30, 2017, other income increased by $46,854,458 to $47,887,271 compared to $1,032,813 for the three months ended June 30, 2016. The increase in other items is largely due to:

- An increase of $48,817,491 in gain on business combination. The Company closed the agreement with, among others, SSR and upon acquiring its equity interest in POI recognized a gain of $48,817,491 for the three months ended June 30, 2017.

- An increase of $1,795,561 in foreign exchange loss. Foreign exchange loss was $749,876 for the three months ended June 30, 2017 compared to a foreign exchange gain of $1,045,685 for the three months ended June 30, 2016. The increase is due to the fluctuation in foreign exchange rates and differing amounts of foreign currencies held during the three months ended June 30, 2017, compared to the three months ended June 30, 2016.

- An increase of $213,730 in loss from POI. Loss from POI was $213,730 for the three months ended June 30, 2017 compared to $Nil for the three months ended June 30, 2016. The increase is due to the Company's share of comprehensive loss for the one-month period from June 1, 2017 until June 30, 2017 as 25% equity owner in POI.

Net income for the three months ended June 30, 2017 was $42,989,103 or $0.43 per basic earnings per share and $0.39 per diluted earnings per share compared to net loss of $855,698 for the three months ended June 30, 2016 or $0.01 per basic and diluted loss per share for the six months ended June 30, 2016.

Balance Sheet

At June 30, 2017, the Company had total assets of $54,705,978 compared with $11,524,725 in total assets at December 31, 2016. The increase primarily results from an increase of cash of $12,605,775 and investment in POI of $31,769,506.

Selected Quarterly Financial Information

	2017		2016				2015	
	Jun. 30 $	Mar. 31 $	Dec. 31 $	Sep. 30 $	Jun. 30 $	Mar. 31 $	Dec. 31 $	Sep. 30 $
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Income (loss)	42,989,103(1)	(1,744,065)(2)	(1,010,375)(3)	(2,363,561)	(1,372,790)	(1,135,518)(4)	(2,340,355)(5)	(1,186,324)(6)
Net Income per Common Share Basic	0.43	(0.02)	(0.01)	(0.03)	(0.01)	(0.02)	(0.04)	(0.03)
Net Income per Common Share Diluted	0.39	(0.02)	(0.01)	(0.03)	(0.01)	(0.02)	(0.04)	(0.03)

(1) Increase primarily driven by a $48,817,491 gain on business combination upon closing of the plan of arrangement.

(2) Increase primarily driven by an increase in corporate development and investor relations of $280,844, foreign exchange loss of $227,418, a decrease in exploration and other cost recovery of $1,725,589, partially offset by a decrease in exploration of $1,394,648, gain on sale of marketable securities of $133,256.

(3) Decrease primarily driven by a decrease in share-based compensation of $226,315, corporate development and investor relations of $572,110 and foreign exchange loss of $673,244.

(4) Decrease primarily driven by a decrease in exploration expenditures of $1,749,126, professional fees of $626,348 and write-off of mineral property interests of $656,124.

(5) 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.

(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.

Liquidity and Capital Resources

At June 30, 2017, the Company had working capital of $21,953,449 consisting primarily of cash and cash equivalents and has an accumulated deficit of $28,285,100. Although the Company presently has sufficient financial resources to meet its minimum obligations, including general corporate activities and planned development expenditures, for at least the next twelve months, the Company expects to require further funding in the longer term to fund its share of planned capital expenditures for its investment in POI to bring the Chinchillas project to the production stage. Management's plan in this regard is to raise additional funding as required. There are no assurances that the Company will be successful in achieving these goals.

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 (i)	336,000	672,000	-	-	-
Office Leases (ii)	88,856	148,256	97,256	-	-

(i) Management Services Agreement

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 $56,000 per month. This fee is reviewed and adjusted quarterly based on the level of services required.

(ii) Office Leases

The Company entered into office lease agreements for terms of two and three years. The Company has the option to renew the leases at the time of expiry for additional terms of three and four years.

Capital Stock

Authorized Share Capital

At June 30, 2017, the 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 June 30, 2017 and at the date of this report, 98,210,634 shares were issued and outstanding.

Details of Issues of Common Shares in 2017

On May 31, 2017, the Company issued 98,106,935 common shares in accordance with the terms of the plan of arrangement referred to in note 3, whereby each shareholder of GAR received one common share in the capital of the Company (a "New GAR Share") in exchange for each common share of GAR (the "GAR Shares") held.

4,128,720 warrants and 757,500 stock options were exercised during the six months ended June 30, 2017.

Details of Issues of Common Shares in 2016

On May 19, 2016 the Company completed a non-brokered private placement financing of 8,550,000 units at a price of $0.27 per unit for gross proceeds of $2,308,500. Each unit consists of one common share and one transferable warrant. 7,750,000 warrants entitle the holders 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. 800,000 warrants entitle the holders 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. Finders' fees were $46,421 in cash, 162,264 common shares at a price of $0.27 per share, and 334,196 warrants exercisable into common shares at a price of $0.30 per share for two years.

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. Fair value was calculated using the following Black-Scholes pricing model variables: risk-free interest rate – 0.48%; expected stock price volatility – 93.86%; dividend yield of 0%; and expected warrant life of 1.00 years.

7,950,200 warrants and 1,695,000 stock options were exercised during the six months ended June 30, 2016.

On July 29, 2016 the Company completed a non-brokered private placement financing of 9,020,000 units at a price of \$0.75 per unit for gross proceeds of \$6,765,000. Each unit consists of one common share and one-half transferable warrant. 4,509,996 warrants entitle the holders thereof to purchase one additional common share in the capital of the Company at a price of \$1.00 per share for eighteen months from the date of issue. The Company is entitled to accelerate the expiry date of the warrants if the 10-day volume weighted average stock price of the Company trades \$1.40 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 date. Finders' fees were \$403,589 in cash, 86,320 common shares at a price of \$0.75 per share, and 478,179 warrants, subject to the same accelerated expiry conditions, exercisable into common shares at a price of \$1.00 per share for eighteen months. Fair value was calculated using the following Black-Scholes pricing model variables: risk-free interest rate – 0.54%; expected stock price volatility – 97.89%; dividend yield of 0%; and expected warrant life of 1.32 years.

On September 27, 2016, pursuant to the terms of a shares for services agreement (the "Agreement"), the Company obtained TSX Venture Exchange approval to issue 1,117,900 common shares of the Company as payment for completion for certain drilling services. See Note 10 for further information.

Share Purchase Option Compensation Plan

The Company has a share purchase option plan (the "Plan") approved by the Company's shareholders that allows it to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, employees and service providers. The Plan is based on a fixed number of eligible shares equaling 20% of the Company's outstanding common shares calculated at June 25, 2013, totaling a maximum of 8,364,371 share purchase options.

The exercise price of each share purchase option is set by the Board of Directors at the time of grant but cannot be less than the market price less allowable discounts in accordance with the policies of the TSX Venture Exchange. Share purchase options granted generally vest immediately, are subject to a four-month hold period and are generally exercisable for a period of five years.

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

Number of Warrants Outstanding	Exercise Price (CAD$)	Expiry Date
4,988,175	\$1.00	January 28, 2018
3,438,863	\$0.30	May 15, 2018
600,520	\$0.33	May 15, 2018
9,027,558		

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	\$0.31	November 29, 2017
35,000	35,000	\$0.51	May 9, 2018
150,000	150,000	\$0.68	May 12, 2018
725,000	725,000	\$0.35	March 25, 2019
55,000	55,000	\$0.35	April 16, 2019
1,270,000	1,270,000	\$0.35	June 11, 2020
1,005,000	1,005,000	\$0.32	April 19, 2021
395,000	395,000	\$0.42	April 27, 2021
15,000	15,000	\$0.62	May 29, 2012
3,570,000	3,570,000	\$0.62	June 22, 2022
7,270,000	7,270,000		

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Related Party Balances and Transactions

On June 1, 2017, 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 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.

	Six months ended June 30,	
	2017	2016
Transactions	$	$
Services rendered:		
Grosso Group Management Ltd.		
Administration and management services	371,000	312,000
Rent, parking & storage	-	18,000
Office & sundry	66,800	108,000
Total for services rendered	437,800	438,000

Key management personnel compensation

Key management personnel of the company are members of the Board of Directors, as well as the Executive Chairman, President and CEO, CFO and Corporate Secretary and Vice President of Corporate Development.

		Six months ended June 30,	
		2017	2016
Transactions		$	$
Consulting, salaries, and professional fees to key management or their consulting corporations:			
Joseph Grosso	Chairman/President/CEO	512,500	62,496
Darren Urquhart	CFO/Corporate Secretary	100,000	30,000
Nikolaos Cacos	Director/VP – Corp.	350,000	60,000
Louis Salley	Director	6,000	8,490
David Terry	Director	8,900	8,600
John Gammon	Director	6,000	6,000
Taylor Thoen	Director	41,800	-
Total for services rendered		1,025,200	175,586

		Six months ended June 30,	
		2017	2016
Transactions		$	$
Share-based and other compensation to key management or their consulting corporations:			
Joseph Grosso	Chairman/President/CEO	265,940	73,107
Darren Urquhart	CFO/Corporate Secretary	24,932	19,385
Nikolaos Cacos	Director/VP – Corp.	132,970	41,776
Louis Salley	Director	66,485	5,222
David Terry	Director	33,243	37,598
John Gammon	Director	33,243	41,776
Taylor Thoen	Director	16,621	-
Total share based compensation to key management		573,434	218,864

Subsequent Events

Stock Options

- 250,000 stock options with an exercise price for $0.66 per stock option were cancelled.

Pirquitas Payment

- Subsequent to June 30, 2017, the Company collected its receivable referred to in Note 3, representing final Pirquitas Payment for the period May 1, 2017 until May 31, 2017.

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 six months ended June 30, 2017. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

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.

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.

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 June 30, 2017, the Company has $391,841 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 June 30, 2017 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 $661,871.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by $18,841.

(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.

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, 2016 and 2015. 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.

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

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 June 30, 2017.

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.