

# Golden Arrow Resources Corporation

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

### **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 ("the Company") for the three months ended March 31, 2019 and 2018 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 May 29, 2019.

### **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, trading under the symbol "GRG", the OTCQX, trading under the symbol "GARWF", and the Frankfurt Stock Exchange, trading under the symbol "G6A".

The Company is a natural resource company engaged in the acquisition, exploration and development of resource properties in South America. 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.

### **Basis of presentation**

This MD&A has been prepared on a continuity of interest basis once the plan of arrangement referred to in Note 3 of the condensed consolidated interim financial statements had occurred. The plan of arrangement was determined to be a capital reorganization and is excluded from the scope of IFRS 3 – Business Combinations.

### **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)**

Golden Arrow holds a 25% share of Puna Operations Inc, a jointly owned company operated by SSR Mining (NASDAQ: SSRM) (TSX: SSRM) ("SSRM") an experienced precious metals miner. Puna Operations operates the Chinchillas silver mine in Jujuy Province, Argentina, with ore processing, concentrate production, and tailings storage occurring at the nearby past-producing Pirquitas property. Additional details on Puna Operations ("Puna", "POI") is available on the websites of both partners: [www.goldenarrowresources.com](http://www.goldenarrowresources.com) and [www.ssrmining.com](http://www.ssrmining.com).

##### **1.1 Background**

Between 2012 and 2015 the Chinchillas project was advanced by Golden Arrow from a grassroots discovery to a major new silver lead and zinc deposit. This was the third significant deposit discovered by a Grosso Group company. In late 2015, Golden Arrow entered into a Business Combination agreement with Silver Standard Resources Inc. (now SSR Mining Inc.) to merge the Chinchillas deposit with SSRM's nearby Pirquitas silver-zinc operation.

A pre-feasibility study ("PFS") was completed for the joint-venture development of Chinchillas, as detailed in Golden Arrow's new release dated March 31, 2017. The supporting National Instrument 43-101 technical report has been filed on SEDAR dated May 15, 2017.

The final mining permit ("EIA") for Chinchillas was received at the end of December 2017, and construction and development activities commenced. The joint-venture processed the remaining stockpiles from the Pirquitas silver deposit through the first half of 2018. Commercial production was declared at Chinchillas on December 1, 2018. SSRM is the operator of the joint venture and reports the detailed operational results in their quarterly and annual reporting as well as updated Mineral Resource and Reserve estimates in their annual reporting, which is available on their website and SEDAR profile.

### 1.2 Operations

Highlights of Puna's first quarter 2019 production and financial results as reported by SSRM included<sup>12</sup>:

- “Produced 2.4 million ounces of silver, double the silver production in the fourth quarter of 2018, with lead and zinc production of 6.8 million pounds and 1.6 million pounds, respectively.”
- “Processed ore in the first quarter of 2019 contained an average silver grade of 235 g/t.”
- Silver recoveries quoted at 91.7%
- “Ramp up at the Chinchillas mine was substantially completed during the quarter.”
- “Doubled silver production with lower costs at Puna Operations.”

Detailed production statistics for POI are published by SSRM in annual and quarterly news releases which are available on their website and SEDAR profile.

### 1.3 Reserves and Resources

SSR Mining publishes updated Mineral Resource and Reserve estimates on an annual basis, including those for the Chinchillas deposit, any remaining stockpiled ore at Pirquitas. These estimates are available on their website at: [http://www.ssrmining.com/resources/reserves\\_resources.pdf](http://www.ssrmining.com/resources/reserves_resources.pdf).

## 2. Exploration Projects

Golden Arrow's portfolio of exploration prospects are held by a wholly-owned B.C. subsidiary, New Golden Explorations Inc. (formerly B.A. Exploration Corp.) (“New Golden”).

### 2.1 Chile

In October 2018, Golden Arrow announced that it was expanding its exploration ventures into Chile. Chile is host to multiple “world class” copper and gold deposits and is viewed as a stable jurisdiction with a favourable mining code for foreign investment, ranking in the top 10 countries on the Fraser Institute's 2018 “Investment Attractiveness Index”.

#### 2.1.1 Atlantida Copper-Gold Project

On October 11, 2018, Golden Arrow announced the signing of two definitive agreements to acquire the 3,450 hectare Atlantida copper-gold project in Chile's 3<sup>rd</sup> Region. The terms of the option agreements included staged payments totaling US\$6,000,000 for a 100% interest in the property as shown below:

Option Payment USD \$	Year
200,000 (paid)	2018
400,000	2019
650,000	2020
1,100,000	2021
1,650,000	2022
4,000,000	

The vendor retains a 2% Net Smelter Royalty.

<sup>1</sup> SSR Mining (Apr 10, 2019) SSR Mining Reports First Quarter 2019 Production Results [Press Release]. Retrieved from <http://ir.ssrmining.com/investors/news/press-release-details/2019/SSR-Mining-Reports-First-Quarter-2019-Production-Results/default.aspx>

<sup>2</sup> SSR Mining (May 9, 2019) SSR Mining Reports First Quarter 2019 Results [Press Release]. Retrieved from <http://ir.ssrmining.com/investors/news/press-release-details/2019/SSR-Mining-Reports-First-Quarter-2019-Results/default.aspx>

Option Payment USD \$	Year
250,000 (paid)	2018
100,000	2019
150,000	2020
1,500,000	2021
2,000,000	

The vendor retains a 1% Net Smelter Royalty.

Atlantida is an advanced project which combines mineral rights from two separate owners and includes an extensively drilled copper-gold deposit with an historic resource estimate. By consolidating the land package, Golden Arrow believes there is potential to identify new mineralization and define a significant copper-gold resource. The Project is road-accessible, workable year-round, and is located 60 kilometres northeast of Copiapó at an altitude of 1700 metres above sea level.

Golden Arrow has completed legal and technical due diligence on the Project. The Company is planning a program to delineate and drill test targets throughout the project area, which will include a program of trenching.

### 2.1.2 Indiana Gold-Copper Project

On October 31, 2018, the Company announced that it had entered into a definitive agreement to acquire up to 100% of the Indiana gold-copper project in Chile's 3<sup>rd</sup> Region. Indiana is located approximately 35 kilometres from the Atlantida project. The 2,300 hectare Indiana project features a near surface deposit of high-grade gold and copper vein-hosted mineralization, with an historic resource estimate. The deposit area is permitted for mining, and there are currently two ramps allowing underground access for exploration and development. The project is road accessible and workable year-round.

Terms for the Definitive Agreement included staged payments totaling US\$2,000,000 for a 100% interest in the property as shown below:

Option Payment USD \$	Year
100,000 (paid)	2018
70,000 (paid)	2019
1,000,000	2019
2,000,000	2020
5,000,000	2021
7,000,000*	2022
15,170,000	

\*Prior to Golden Arrow making the last payment of \$7M at the end year four, the vendor has the option of retaining 25% of the project, which will then move forward on a pro rata basis.

The Company is planning a program to complete a resource estimate at the Measured and Indicated level in the existing deposit area, as well as an economic assessment, and a program to delineate and drill test targets throughout the Project area to delineate other resources.

### 2.2 Argentina

Golden Arrow has built a portfolio of over 185,000 hectares of exploration properties in four provinces of Argentina. The following is a summary of the most prospective projects. The Company is seeking joint venture partners for these projects, while continuing to review new opportunities. A summary of the geology and exploration programs for each project can be found on the Company's website, and additional details are available in the original news releases filed on SEDAR.

### 2.2.1 Pescado Gold Project, San Juan

The Pescado Gold Project includes 9 mineral claims in the Gualcamayo area of San Juan covering approximately 16,000 hectares, to which the Company has an exclusive right. It is between 1,500 metres and 3,000 metres elevation and is accessible for year-round exploration.

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. The project has had large-scale, systematic surface exploration over much of the property area as well as an aeromagnetic survey covering over 18,000 hectares. Sampling returned high grades of gold, silver, copper and zinc.

During fiscal 2018, the Company determined that it would not be exploring the Pescado project further, and wrote-off \$50,209 in acquisition costs.

### 2.2.2 Mogote Property, San Juan

The Mogote project 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 NGEEx Resources Inc.'s Josemaria copper-gold deposit in Argentina and Goldcorp Inc./New Gold's El Morro gold-copper porphyry in Chile.

The project includes advanced porphyry copper-gold and precious metal epithermal mineralized zones identified through several years of detailed exploration, including over 10,000 metres of drilling.

During fiscal 2018, the Company determined that it would not be exploring the Mogote project further, and wrote-off \$32,973 in acquisition costs.

### 2.2.3 Caballos, La Rioja

Golden Arrow has an exclusive right to licenses totaling approximately 20,884 ha in the prospective Caballos district. The project is located in the Andean Cordillera with elevations ranging from 4,000m to 4,500m above sea level. A paved highway and good gravel roads allow easy access to the eastern part of the property and work can be conducted for 7 to 8 months of the year. The nearest small community is 100km away.

The property is located in a developing porphyry district at the intersection between the south end of the Maricunga Copper-Gold Belt and the northern extent of the El Indio Gold-Silver Belt, along the Chilean border in western La Rioja Province. Golden Arrow's initial work identified a large copper-gold porphyry target and a partially exposed vein/breccia silver target.

During fiscal 2018, the Company determined that it would not be exploring the Caballos project further and wrote-off \$74,841 in acquisition costs.

### 2.2.4 Don Bosco, La Rioja

The Company has the exclusive right to approximately 9,300 hectares properties of in western La Rioja Province, called the Don Bosco project. 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. The project potential is bolstered by shared geological and structural settings with large mineral deposits in the region, including Gualcamayo and Cerro Casale.

During fiscal 2018, the Company determined that it would not be exploring the Don Bosco project further and wrote-off \$43,809 in acquisition costs.

### 2.2.5 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.

Exploration campaigns were carried out by Golden Arrow's precursor company during 1999, 2000, and 2001. The project hosts several under-explored epithermal gold-silver targets.

During fiscal 2018, the Company determined that it would not be exploring the Potrerillos project further, and wrote-off \$670,586 in acquisition costs.

### **2.3 Option Agreement**

During the year ended December 31, 2018, the Company entered into an option agreement (the "Option Agreement") for rights to explore 100% of a proposed property (the "Property") in South America. The terms of the option agreement include staged payments over six years totaling US\$2,000,000 and an additional payment of US\$2,000,000 thirty (30) working days following the date of commencement of commercial production on the Property, for a 100% interest in the Property. Under the Option Agreement, the Company filed its own mining permit application in respect of the Property with applicable governmental regulatory authorities. The final mining permit is subject to South American regulatory approvals which are still pending, and until granted, the Property does not exist under the laws of the South American country.

### **Selected POI Financial Information for the three months ended March 31, 2019 and twelve months ended December 31, 2018**

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. had 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 transaction 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 received	\$ 49,793,992
Assets	
Cash	56,328
Accounts receivable	67,660
Prepaid expenses	3,951
Mineral property interest	655,236
Total Assets	\$ 783,175
Liabilities	
Accounts payable and accrued liabilities	57,219
Total Liabilities	\$ 57,219
Carrying value of net assets	725,956
Gain on business combination	\$ 49,068,036

The following is the summarized financial information for POI 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 three months ended March 31, 2019 and twelve months ended December 31, 2018:

Balance, December 31, 2017	\$	33,702,015
Equity contributions to POI		19,793,348
Company's share of comprehensive loss of POI, net of tax		(8,089,968)
Subtotal		45,405,395
Translation adjustment		3,428,452
Balance, December 31, 2018	\$	48,833,847
Equity contributions to POI		4,950,999
Company's share of comprehensive loss of POI, net of tax		(1,230,165)
Subtotal	\$	52,554,681
Translation adjustment		(970,865)
Balance, March 31, 2019	\$	51,583,816

The following is the summarized financial information for POI as at March 31, 2019 and December 31, 2018:

	Three months ended March 31, 2019	Year ended December 31, 2018
Current assets	\$ 86,062,115	\$ 86,231,487
Non-current assets	209,379,414	203,416,803
Current liabilities	(40,189,308)	(40,907,398)
Non-current liabilities	(48,916,961)	(53,405,504)
Net assets	\$ 206,335,260	\$ 195,335,388
Revenue	22,396,784	67,777,943
Operating income (loss)	2,590,911	(11,524,126)
Comprehensive loss	\$ (4,920,660)	\$ (32,359,869)

### **Results of Operations – For the three months ended March 31, 2019 compared to the three months ended March 31, 2018**

#### **Loss from operating activities**

During the three months ended March 31, 2019, loss from operating activities decreased by \$1,152,545 to \$1,429,044 compared to \$2,581,589 for the three months ended March 31, 2018. The decrease in loss from operating activities is largely due to:

- A decrease of \$760,760 in share-based compensation. Share-based compensation was \$Nil for the three months ended March 31, 2019 compared to \$760,760 for the three months ended March 31, 2018. The decrease is due to no granting and vesting of stock options during the three months ended March 31, 2019 compared to the granting and vesting of 2,045,000 stock options during the three months ended March 31, 2018.
- A decrease of \$449,672 in exploration. Exploration expense was \$510,334 for the three months ended March 31, 2019 compared to \$960,006 for the three months ended March 31, 2018. The Company undertook less exploration work during the three months ended March 31, 2019 compared to commencement of the drill program at the Antofalla project in Catamarca, Argentina during the three months ended March 31, 2018.

#### **Other items**

During the three months ended March 31, 2019, other items decreased by \$117,493 to other loss of \$1,350,594 compared to other loss of \$1,468,087 for the three months ended March 31, 2018.

Net loss for the three months ended March 31, 2019 was \$2,779,638 or \$0.03 per basic and diluted loss per share compared to net loss of \$4,049,676 or \$0.04 per basic and diluted earnings per share for the three months ended March 31, 2018.

## Cash Flows

### **Operating Activities**

Cash outflow from operating activities was \$1,108,042 for the three months ended March 31, 2019 compared to \$1,846,233 for the three months ended March 31, 2018. The decrease in cash outflow results primarily from lower corporate and administrative cash costs, partially offset by higher exploration expenditures 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 outflow from investing activities was \$5,119,760 for the three months ended March 31, 2019 compared to a cash outflow of \$1,833,270 for the three months ended March 31, 2018. Equity contributions made to POI were \$4,950,999 for the three months ended March 31, 2019, compared to \$1,831,294 for the three months ended March 31, 2018, due to greater activity performed at POI during the three months ended March 31, 2019. Expenditures on mineral property interests were \$168,761 during the three months ended March 31, 2019 compared to \$Nil during the three months ended March 31, 2018, due to the acquisition of the Indiana and other acquisitions in South America. Expenditures on equipment were \$Nil during the three months ended March 31, 2019 compared to \$1,976 during the three months ended March 31, 2018, due to fewer requirements incurred by the Company during the three months ended March 31, 2019.

### **Financing Activities**

Cash inflows from financing activities was \$6,385,400 for the three months ended March 31, 2019 compared to \$68,631 for the three months ended March 31, 2018. Proceeds from the issuance of common shares and warrants net of share issue costs were \$4,431,113 for the three months ended March 31, 2019, compared to \$Nil for the three months ended March 31, 2018. Proceeds from drawdown of the SSRM Credit Facility were \$2,404,287 during the three months ended March 31, 2019, compared to \$Nil for the three months ended March 31, 2018. Repayment of loans were \$560,000 for the three months ended March 31, 2019, compared to \$Nil for the three months ended March 31, 2018. Proceeds from loans payable were \$110,000 for the three months ended March 31, 2019, compared to \$Nil for the three months ended March 31, 2018. Proceeds from the exercise of warrants were \$Nil for the three months ended March 31, 2019 compared to \$68,631 for the three months ended March 31, 2018.

## Balance Sheet

At March 31, 2019, the Company had total assets of \$53,311,223 compared with \$50,286,831 in total assets at December 31, 2018. The increase primarily results from an increase in cash of \$157,598, investment in POI of \$2,749,969 and mineral property interests of \$168,761 partially offset by a decrease in prepaid expenses of \$69,023.

## Selected Quarterly Financial Information

	2019		2018				2017		
	Mar. 31 \$	Dec. 31 \$	Sep. 30 \$	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$	Sep. 30 \$	Jun. 30 \$	
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
Net (Loss) income	(2,779,638) <sup>(1)</sup>	(2,477,834) <sup>(2)</sup>	(3,778,217) <sup>(3)</sup>	(7,495,248) <sup>(4)</sup>	(4,049,676) <sup>(5)</sup>	(1,056,433) <sup>(6)</sup>	160,236 <sup>(7)</sup>	42,363,562	
Net (Loss) income per Common Share Basic	(0.03)	(0.02)	(0.04)	(0.08)	(0.04)	(0.01)	(0.00)	0.42	
Net (Loss) income per Common Share Diluted	(0.03)	(0.02)	(0.04)	(0.08)	(0.04)	(0.01)	(0.00)	0.38	

- (1) Variance from prior quarter primarily driven by decrease in impairment of exploration and evaluation assets of \$862,938, and professional fees of \$97,343, partially offset by an increase in loss from POI of \$1,751,632, exploration expenditures of \$337,788, foreign exchange loss of \$856,483, and corporate development and investor relations of \$101,247.
- (2) Decrease from prior quarter primarily driven by an increase in income from POI of \$3,686,048, partially offset by an increase in impairment of exploration and evaluation assets of \$862,938, foreign exchange loss of \$297,097, SSRM credit facility interest expense of \$376,334, professional fees of \$126,915, exploration expenditures of \$140,875,
- (3) Decrease from prior quarter primarily driven by a decrease in exploration expenditures of \$2,447,947, finance recovery for warrants extended of \$473,280, foreign exchange loss of \$423,818, professional fees of \$220,064, partially offset by an increase in loss from POI of \$1,008,926.
- (4) Increase from prior quarter primarily driven by an increase in loss from POI of \$2,900,160, exploration expenditures of \$1,519,612, professional fees of \$220,883, partially offset by a decrease in share-based compensation of \$760,760.

- (5) Increase from prior quarter primarily driven by an increase in loss from POI of \$1,452,332, share-based compensation of \$760,760, exploration expenditures of \$510,844, and finance expense of \$473,280.
- (6) Decrease from prior quarter primarily driven by a decrease of income from POI of \$967,940 and exploration expenditures of \$144,547.
- (7) Decrease from prior quarter primarily driven by no gain on business combination upon closing of plan of arrangement of \$49,068,036 occurring, partially offset by a decrease in share-based compensation of \$1,303,326, management fees and salaries and employee benefits of \$1,188,759, and exploration expenditures of \$737,868, and an increase of income from POI of \$1,360,655.
- (8) Increase from prior quarter primarily driven by a \$49,068,036 gain on business combination upon closing of the plan of arrangement, partially offset by an increase in share-based compensation of \$1,276,561, management fees and salaries and employee benefits of \$1,234,768, and Argentina tax expense of \$764,501.

### **Liquidity and Capital Resources**

The Company has experienced recurring operating losses and has an accumulated deficit of \$19,391,874 (Retained earnings of \$16,612,236 as at December 31, 2018) and shareholders' equity of \$39,010,097 (As at December 31, 2018 – \$38,329,391) as at March 31, 2019. In addition, the Company has positive working capital of \$497,701 as at March 31, 2019 (Negative working capital of \$7,987 as at December 31, 2018) and negative cash flow from operating activities of \$1,108,042 (March 31, 2018 – \$1,846,233). Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year. These factors create material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The Company's continued operations, as intended, are dependent upon its ability to raise additional funding to meet its obligations and commitments and to attain profitable operations. Management's plan in this regard is to raise equity financing as required to further fund its share of planned capital expenditures for its investment in POI and working capital. 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. These condensed consolidated interim financial statements do not include adjustments to the amounts and classifications of assets and liabilities and reported expenses that might be necessary should the Company be unable to continue as a going concern, which could be material.

The 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.

### **Credit Facility**

On July 6, 2018, the Company entered into a credit facility agreement with SSRM for a non-revolving term loan in an aggregate principal amount equal to US\$10,000,000. The loan matures on July 22, 2020, the date which is 24 months from the first deliver of ore from Puna Operations' Chinchillas property to the Pirquitas mill.

The proceeds borrowed under the credit facility are required to be used by the Company to fund its contributions under the shareholders' agreement the Company entered into with SSRM on May 31, 2017, as the sole shareholders of POI. The loan is secured by the Company's ownership and equity interests in POI.

The credit facility bears interest (computed on the basis of the actual number of days elapsed over a year of 365 days and compounded monthly) at a rate per annum equal to 10% plus the US Base Rate, defined as, the greatest of: (i) the rate of interest per annum calculated on the basis of 365 day year, established by Canadian banks from time to time as a reference rate for the determination of interest rates that such Canadian banks charge to customers of varying degrees of creditworthiness for US dollar loans made by them in Canada; (ii) the Federal Funds Rate for such day or, if such day is not a Business Day, on the immediately preceding Business Day, plus 1.00% per annum; and (iii) LIBOR rate for a period of 1 month on such day (or, in respect of any day that is not a Business Day, such Libor in effect on the immediately preceding Banking Day) plus 1.00% per annum. Interest on the loan shall accrue from and including the date of each borrowing under the credit facility, compounded monthly, and shall be capitalized and payable on the maturity date.

As at March 31, 2019, the Company has drawn USD \$10,000,000 (CAD \$13,363,000) of the credit facility, and accrued USD \$434,155 (CAD \$585,206) interest due on maturity. Interest has been calculated using the US base rate of 5.75%, established by Canadian banks for US dollar loans made by the banks in Canada, plus 10%.

March 31, 2019				
Balance – January 1, 2019	CAD	\$11,205,396	USD	\$8,213,896
Drawdowns		2,404,287		1,966,931
Interest accrued in period		338,522		253,328
Interest paid in period		-		-
Balance – March 31, 2019	CAD	\$13,948,206	USD	\$10,434,155

December 31, 2018				
Balance – January 1, 2018	CAD	\$ -	USD	\$ -
Drawdowns		10,958,712		8,033,069
Interest accrued in period		246,684		180,827
Interest paid in period		-		-
Balance – December 31, 2018	CAD	\$ 11,205,396	USD	\$ 8,213,896

### **Commitments**

	Year 1	Year 2	Year 3	Year 4-5
	\$	\$	\$	\$
Management Services Agreement (i)	388,485	-	-	-
Office Leases (ii)	127,041	105,128	105,128	8,761

#### *(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 \$43,195 per month. This fee is reviewed and adjusted quarterly based on the level of services required. The agreement expires on December 31, 2020 and is automatically renewed for additional terms of two years unless otherwise terminated pursuant to the terms of the agreement.

#### *(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 March 31, 2019, 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 March 31, 2019, there were 117,778,529 shares were issued and outstanding.

As at the date of this report, there are 117,778,529 shares were issued and outstanding.

### *Details of Issues of Common Shares in 2019*

On March 21, 2019, the Company closed a non-brokered private placement financing through three tranches and raised a total of \$15,804,012 units at a price of \$0.30 per unit for gross proceeds of \$4,741,204. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at \$0.40 per share for two years from the date of issue. Finders' fees were paid of \$60,091 cash and 196,302 non-transferable warrants exercisable into common shares at \$0.40 for two years from the date of issue. Included in the first tranche were \$250,000 of subscription proceeds that were received prior to December 31, 2018. Fair value was calculated using the Black-Scholes pricing model and the following variables for tranche 1: risk-free interest rate – 1.78%, expected stock price volatility – 70.01%, dividend yield – 0%, and expected warrant life – 1.417 years; the following variables for tranche 2: risk-free interest rate – 1.74%, expected stock price volatility – 70.4%, dividend yield – 0%, and expected warrant life – 1.411 years; and the following variables for tranche 3: risk-free interest rate – 1.61%, expected stock price volatility – 70.29%, dividend yield – 0%, and expected warrant life – 1.394 years.

### *Details of Issues of Common Shares in 2018*

3,581,383 warrants were exercised during the year ended December 31, 2018.

4,509,996 warrants that were set to expire on January 28, 2018 were extended to January 28, 2019, and expired on January 28, 2019. These warrants were originally issued on July 26, 2016 as part of the units issued under a private placement completed by the Company on July 2016 and are also subject to an accelerator. The exercise price of the warrants remains at \$1.00.

As at December 31, 2018, there were \$250,000 (2017 - \$Nil) in share subscriptions received, but the shares had not yet been issued.

### *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, amended January 9, 2018, totaling a maximum of 9,740,920 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
11,208,242	\$0.40	February 25, 2021
1,307,869	\$0.40	March 5, 2021
3,484,203	\$0.40	March 21, 2021
16,000,314		

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 (CAD\$)	Expiry Date
Outstanding	Exercisable		
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, 2021
3,490,000	3,490,000	\$0.62	June 22, 2022
2,045,000	2,045,000	\$0.70	January 9, 2023
8,220,000	8,220,000		

### **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.

	Three months ended March 31,	
	2019	2018
<b>Transactions</b>	\$	\$
Services rendered:		
Grosso Group Management Ltd.		
Administration and management services	92,400	93,000
Office & sundry	46,300	40,800
Total for services rendered	138,700	133,800

### **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.

<b>Transactions</b>	<b>Position</b>	Three months ended March 31,	
		2019 \$	2018 \$
Consulting, salaries, and professional fees:			
Joseph Grosso	Chairman/President/CEO	68,750	68,750
Darren Urquhart	CFO	15,000	15,000
Nikolaos Cacos	Director/VP – Corp. Development	30,000	30,000
Connie Norman	Corporate Secretary	18,000	18,000
Louis Salley	Director	7,223	5,000
David Terry	Director	22,195	5,600
John Gammon	Director	3,000	3,000
Alfred Hills	Director	2,950	5,175
<b>Total for services rendered</b>		<b>167,118</b>	<b>150,525</b>

<b>Transactions</b>	<b>Position</b>	Three months ended March 31,	
		2019 \$	2018 \$
Share-based compensation:			
Joseph Grosso	Chairman/President/CEO	-	111,603
Darren Urquhart	CFO	-	18,600
Nikolaos Cacos	Director/VP – Corp. Development	-	37,201
Louis Salley	Director	-	55,801
David Terry	Director	-	27,901
John Gammon	Director	-	27,901
Alfred Hills	Director	-	93,002
<b>Total share-based compensation</b>		<b>-</b>	<b>372,009</b>

As at March 31, 2019, there were \$53,355 (2018 – \$32,493) of costs owed from related corporations for shared services paid by the Company.

### **Events After the Reporting Period**

#### *Loan Payable*

- A subsidiary of the Company, New Golden Explorations, borrowed \$137,000 from a non-arm's length lender, that is to be used for working capital and exploration activities. The principal balance of the loan is due and payable in full on demand.

### **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 months ended March 31, 2019. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

#### *Changes in Accounting Standards*

The Company has adopted these accounting standards effective January 1, 2019. The adoption of these accounting standards had no significant impact on the consolidated financial statements. These standards are:

IFRS 16 – *Leases*

## **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 March 31, 2019, the Company has \$352,920 in accounts payable and accrued liabilities that are due within one year of the date of the statement of financial position.

### ***Financial Covenants***

All debts, liabilities and obligations under the Credit Facility are guaranteed by our material subsidiaries and secured by certain of our assets, certain of our material subsidiaries, and pledges of the securities of our material subsidiaries. In connection with the Credit Facility, the Company is restricted from making investments in exploration projects in excess of USD\$1,000,000. As at March 31, 2019, the Company was in compliance with these covenants. The Company will monitor these expenditures on an ongoing basis and make necessary operational adjustments to comply with this Credit Facility covenant.

### ***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 March 31, 2019 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 \$1,086,000.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by \$1,700.

#### ***(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 except for credit facility which is impacted by variable market rate interest. 1% change in annualised interest rate would impact net loss by approximately \$38,000.

## **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 condensed consolidated interim financial statements for the three months ended March 31, 2019 and 2018. The Company has financed its operations principally through the sale of its equity securities and through debt. 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.

*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 debt 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. The Company has a loan agreement with SSR Mining. Interest from the loan agreement is variable based on the greater interest rate of three separate benchmark indices. Refer to Note 7 of the financial statements for further information.

*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 and Internal Controls over Financial Reporting as at March 31, 2019.

### **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](http://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](http://www.goldenarrowresources.com)) on a continuous basis.