Golden Arrow Resources Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

Introduction

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the consolidated financial statements of Golden Arrow Resources Corporation ("the Company") for the years ended December 31, 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 April 30, 2018.

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 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.

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 consolidated financial statements occurred. The plan of arrangement has been 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)

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.

The business combination provided Golden Arrow with 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.

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 tonne per day ("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. In the first quarter of 2017 the mine stopped its open-pit mining activities and began processing stockpiled ore material, which resulted in 6.2 million ounces of silver produced in 2017[1].

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 tpd 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 that began 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 costs 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.

As part of the pre-feasibility study ("PFS") 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)

[1] SSR Mining (Feb 22, 2018) *SSR Mining Reports Fourth Quarter and Year-End 2017 Results* [Press Release]. Retrieved from http://ir.ssrmining.com/investors/news/press-release-details/2018/SSR-Mining-Reports-Fourth-Quarter-and-Year-End-2017-Results/default.aspx

Category	Tonnes	AgEq	Ag	Pb	Zn	AgEq	Ag	Pb	Zn
	(Mt)	(g/t)	(g/t)	%	%	(Moz)	(Moz)	(Mlb)	(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	Ag	Pb	Zn	Ag	Pb	Zn
	(Mt)	(g/t)	%	%	(Moz)	(Mlb)	(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.*

1.4 Operations

The development of the Chinchillas project was initiated on June 1, 2017 following the filing of the PFS and the formation of Puna Operations Inc. 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 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 includes construction of related mine infrastructure consisting of administration buildings, haul truck repair shop and ancillary works.

Work at the Pirquitas property includes 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.

Project execution is well under way with purchase commitments made on critical long lead equipment including a geodesic stockpile cover, tailings and reclaim water pumps, piping, pre-fabricated electrical rooms and all mining and supporting mobile equipment. Construction contracts have been issued for tender and SSR anticipates awarding in the first quarter of 2018. These contracts include concrete and earthworks and general electromechanical installation at Pirquitas, and infrastructure buildings at Chinchillas, including administration buildings, truck shop, diesel and explosives storage and distribution systems. The mine pre-stripping has been advanced with further detailed planning on pioneering activities.

In December 2017 the Chinchillas mine Environmental Impact Assessment ("EIA") approval was received including final negotiations on land leases and community commitments. As such, pre-stripping and construction contractors are anticipated to mobilize in the first quarter of 2018 with delivery of ore to the Pirquitas mill in the second half of 2018.

Detailed production statistics and resource & reserve tables for POI are published by SSR in annual and quarterly news releases which are available on their website: http://ssrmining.com.

2. Exploration Projects

Golden Arrow's exploration properties are all located in Argentina and include approximately 215,000 ha in four provinces. The following summary discusses only the most active/material projects. In the third quarter the Company announced that its portfolio of exploration prospects in Argentina have been transferred to a newly incorporated, wholly-owned B.C. subsidiary, New Golden Explorations Inc. (formerly B.A. Exploration Corp.) ("New Golden"). All exploration is conducted through New Golden, with the intention that the operation will eventually raise capital by way of equity financings, commencing with an initial public offering in the near future.

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.

On March 22. 2018, Golden Arrow announced that it has commenced the first diamond drill program at the Antofalla project. The program is planned to include up to 3,000 metres of drilling on multiple targets that were delineated in the 2017 surface exploration and trenching programs.

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.

On November 6, 2017, the Company announced a US$1M exploration program at the Pescado project. The program is designed to include additional geophysics and surface work to refine drill targets, with up to 1,800 metres of drilling budgeted. Work commenced at the Yanso target area, and at the time of writing was on-going, with results outstanding.

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.

A summary of the project geology and exploration programs can be found on the Company's website. Additional details are available in the original news releases filed on SEDAR

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 year ended Decemer 31, 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 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 seven-month period ended December 31, 2017:

Balance, May 31, 2017	$	31,983,236
Funds advanced to POI		2,956,091
Company's share of comprehensive income of POI		1,112,180
Subtotal		36,051,507
Translation Adjustment		(2,349,492)
Balance, December 31, 2017	$	33,702,015

The following is the summarized financial information for POI as at December 31, 2017:

		December 31, 2017
Current assets	$	94,647,692
Non-current assets		142,445,529
Current liabilities		(28,942,036)
Non-current liabilities		(73,343,123)
Net assets	$	134,808,062
Comprehensive income for the year	$	4,448,720

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

	Years Ended December 31,		
	2017 $	2016 $	2015 $
Revenue	Nil	Nil	Nil
Net income (loss) for the year	39,723,320[(1)]	(5,882,244)[(3)]	(8,842,289)
Earnings (loss) per share – basic	0.41	(0.08)	(0.17)
Earnings (loss) per share – diluted	0.36	(0.08)	(0.17)
Total Assets	53,332,354[(2)]	11,524,725[(4)]	5,881,904

(1) The increase is primarily related to a one time gain on business combination of $49,068,036, income from POI of $1,112,180, and a decrease in exploration of $7,079,863, partially offset by a decrease in exploration cost recovery of $8,162,499, an increase in management fees and salaries and employee benefits of $1,205,048, and professional fees of $699,119.

(2) The increase is primarily related to an increase in investments of $35,872,522 and cash and cash equivalents of $7,458,440 partially offset by a decrease in exploration funding receivable of $1,022,853.

(3) The decrease is primarily related to an increase in exploration and other costs recovery of $4,133,560.

(4) The increase is primarily related to an increase in cash and cash equivalents of $7,719,436 partially offset by a decrease in exploration funding receivable of $1,400,981 and mineral property interests of $856,407.

<u>Results of Operations – For the year ended December 31, 2017 compared to the year ended December 31, 2016</u>

Loss from operating activities

During the year ended December 31, 2017, loss from operating activities increased by $3,449,781 to $9,337,452 compared to $5,887,671 for the year ended December 31, 2016. The increase in loss from operating activities is largely due to:

- An increase of $1,205,048 management fees and salaries and employee benefits. Management fees and salaries and employee benefits were $2,441,192 for the year ended December 31, 2017 compared to $1,236,144 for the year ended December 31, 2016. The increase is due to performance bonuses and executive compensation paid in connection with the closing of the plan of arrangement during the year ended December 31, 2017 compared to lower management fees and salaries and employee benefits as a result of no similar performance bonuses and executive compensation paid during the year ended December 31, 2016.

- An increase of $699,119 in professional fees. Professional fees were $1,022,082 for the year ended December 31, 2017 compared to $322,963 for the year ended December 31, 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 year ended December 31, 2017.

- A decrease of $8,162,499 in exploration and other costs recovery. Exploration and other costs recovery was $93,073 for the year ended December 31, 2017 compared to $8,255,572 for the year ended December 31, 2016. The decrease is due the Company completing the exploration agreement with SSR Mining during March 2017, and was no longer entitled to cost recoveries for expenditures incurred at the Chinchillas project in Jujuy, Argentina during the year ended December 31, 2017 compared to higher exploration expenditures and exploration funding during the year ended December 31, 2016.

The increases were partially offset by the following:

- A decrease of $7,079,863 in exploration. Exploration expense was $2,540,451 for the year ended December 31, 2017 compared to $9,620,314 for the year ended December 31, 2016. The Company undertook less exploration work at its Chinchillas project in Jujuy, Argentina during the year ended December 31, 2017 compared to completion of the Company's Phase V diamond drilling program at its Chinchillas project during the year ended December 31, 2016.

Other items

During the year ended December 31, 2017, other income increased by $49,055,345 to $49,060,772 compared to $5,427 for the year ended December 31, 2016. The increase in other items is largely due to:

- An increase of $49,068,036 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 $49,069,036for the year ended December 31, 2017.

- An increase of $1,112,180 in income from POI. Income from POI was $1,112,180 for year ended December 31, 2017 compared to $Nil for the year ended December 31, 2016. The increase is due to the Company's share of comprehensive income for the seven-month period from June 1, 2017 until December 31, 2017 as 25% equity owner in POI.

The increases were partially offset by the following:

- An increase of $683,360 in foreign exchange loss. Foreign exchange loss was $645,189 for the year ended December 31, 2017 compared to a foreign exchange gain of $38,441 for the year ended December 31, 2016. The increase is due to the fluctuation in foreign exchange rates and differing amounts of foreign currencies held during the year ended December 31, 2017, compared to the year ended December 31, 2016.

- An increase in Argentina tax expense of $764,501 for the year ended December 31, 2017 compared to $Nil for the year ended December 31, 2016.

Net income after tax for the year ended December 31, 2017 was $39,723,320 or $0.41 per basic earnings per share and $0.36 per diluted earnings per share compared to net loss of $5,882,244 for the year ended December 31, 2016 or $0.08 per basic and diluted loss per share for the year ended December 31, 2016.

Cash Flows

Operating Activities

Cash outflow from operating activities was $8,959,543 for the year ended December 31, 2017 compared to $5,388,644 for the year ended December 31, 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 $14,855,458 for the year ended December 31, 2017 compared to $768,382 for the year ended December 31, 2016. The increase in cash outflows is due to the receipt of the Pirquitas Payment of $17,810,756 and higher expenditures for mineral property interests and equipment during the year ended December 31, 2017 compared to lower expenditures for mineral property interests and equipment during the year ended December 31, 2016. The Company did not receive any option payments in the form of marketable securities and disposed of fewer marketable securities during the year ended December 31, 2017 compared to option payment proceeds in the form of marketable securities received and a greater amount of marketable securities disposed during the year ended December 31, 2016.

Financing Activities

Cash inflows from financing activities was $1,562,525 for the year ended December 31, 2017 compared to $12,339,698 for the year ended December 31, 2016. Proceeds from the exercise of warrants were $1,241,476 for the year ended December 31, 2017 compared to $2,969,872 for the year ended December 31, 2016. Proceeds from the exercise of agent warrants were $Nil for the year ended December 31, 2017 compared to $117,417 for the year ended December 31, 2016. Proceeds from the exercise of stock options were $281,049 for the year ended December 31, 2017 compared to $1,392,150 for the year ended December 31, 2016. Proceeds from the issuance of common shares and warrants were $Nil for the year ended December 31, 2017 compared to $9,190,700 offset by share issuance costs of $462,401 in connection with a private placement financing that was completed during the year ended December 31, 2016. Loan repayment was $Nil for the year ended December 31, 2017 compared to $868,040 for the year ended December 31, 2016.

Results of Operations – For the three months ended December 31, 2017 compared to the three months ended December 31, 2016

Loss from operating activities

During the three months ended December 31, 2017, loss from operating activities decreased by $268,113 to $1,396,033 compared to $1,127,920 for the three months ended December 31, 2016. The decrease in loss from operating activities is largely due to:

- A decrease of $1,689,677 in exploration. Exploration expense was $449,162 for the three months ended December 31, 2017 compared to $2,138,839 for the three months ended December 31, 2016. The Company undertook less exploration work at its Chinchillas project in Jujuy, Argentina during the three months ended December 31, 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 December 31, 2016.

- A decrease of $1,784,486 exploration and other costs recovery. Exploration and other costs recovery was $Nil for the three months ended December 31, 2017 compared to $1,784,486 for the three months ended December 31, 2016. The decrease is due the Company completing the exploration agreement with SSR Mining during the three months ended March 31, 2017, and was no longer entitled to cost recoveries for expenditures incurred at the Chinchillas project in Jujuy, Argentina during the three months ended December 31, 2017.

The decreases were partially offset by the following:

- An increase of $124,652 in professional fees. Professional fees were $235,311 for the three months ended December 31, 2017 compared to $110,659 for the three months ended December 31, 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 December 31, 2017.

Other items

During the three months ended December 31, 2017, other income increased by $222,056 to $339,600 compared to $117,545 for the three months ended December 31, 2016. The increase in other items is largely due to:

- An increase of $178,985 in income from POI. Income from POI was $178,985 for the three months ended December 31, 2017 compared to $Nil for the three months ended December 31, 2016. The increase is due to the Company's share of comprehensive income for the three months ended December 31, 2017 as 25% equity owner in POI.

Net loss after tax for the three months ended December 31, 2017 was $1,056,433 or $0.01 per basic and diluted loss per share compared to a net loss of $1,010,375 for the three months ended December 31, 2016 or $0.01 per basic and diluted loss per share for the three months ended December 31, 2016.

Balance Sheet

At December 31, 2017, the Company had total assets of $50,982,862 compared with $11,524,725 in total assets at December 31, 2016. The increase primarily results from an increase of cash of $9,600,889 and investment in POI of $36,051,507 partially offset by a decrease in exploration funding receivable of $1,022,853.

Selected Quarterly Financial Information

	2017				2016			
	Dec. 31 $	Sep. 30 $	Jun. 30 $	Mar. 31 $	Dec. 31 $	Sep. 30 $	Jun. 30 $	Mar. 31 $
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Income (loss)	(1,056,433)(1)	160,236(2)	42,363,562(3)	(1,744,065)(4)	(1,010,375)(5)	(2,363,561)	(1,372,790)	(1,135,518)
Net Income per Common Share Basic	(0.01)	(0.00)	0.42	(0.00)	(0.01)	(0.03)	(0.01)	(0.02)
Net Income per Common Share Diluted	(0.01)	(0.00)	0.38	(0.00)	(0.01)	(0.03)	(0.01)	(0.02)

(1) Decrease primarily driven by a decrease of income from POI of $967,940 and exploration expenditures of $144.547.

(2) Decrease 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 stock-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.

(3) Increase primarily driven by a $49,068,036 gain on business combination upon closing of the plan of arrangement, partially offset by an increase in stock-based compensation of $1,276,561, management fees and salaries and employee benefits of $1,234,768, and Argentina tax expense of $764,501.

(4) 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 expenditures of $1,394,648, gain on sale of marketable securities of $133,256.

(5) 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.

Liquidity and Capital Resources

At December 31, 2017, the Company had working capital of $16,352,161 consisting primarily of cash and cash equivalents and has retained earnings of $1,118,739. 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)	372,000	372,000	-	-	-
Office Leases (ii)	157,544	160,258	-	-	-

(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 $31,000 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 December 31, 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 December 31, 2017, 98,393,134 shares were issued and outstanding.

As at the date of this report, 98,676,154 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 of the consolidated financial statements for the year ended December 31, 2017, 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.

4,261,220 warrants and 807,500 stock options were exercised during the year ended December 31, 2017.

Details of Issues of Common Shares in 2016

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.

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. 7,635,780 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. 914,220 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 $48,311 in cash, 162,264 common shares at a price of $0.30 per share, and 341,566 warrants exercisable into common shares at a price of $0.30 per share for two years. Fair value was calculated using the following Black-Scholes pricing model variables: risk-free interest rate – 0.56%; expected stock price volatility – 93.45%; dividend yield of 0%; and expected warrant life of 1.45 years.

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, 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
4,509,996	$1.00	January 28, 2018(1)
3,130,843	$0.30	May 15, 2018
493,020	$0.33	May 15, 2018
8,133,859		

(1) Refer to 'Subsequent Events' for further information.

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
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
3,490,000	3,490,000	$0.62	June 22, 2022
2,045,000	2,045,000	$0.70	January 9, 2023
9,185,000	9,185,000		

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.

Transactions	Year ended December 31, 2017 $	2016 $
Services rendered:		
Grosso Group Management Ltd.		
Administration and management services	636,000	579,000
Office & sundry	116,600	120,600
Rent, parking & storage	-	9,000
Total for services rendered	752,600	708,600

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.

Transactions		Year ended December 31, 2017 $	2016 $
Interest and finance expense		-	58,594
Consulting, salaries, and professional fees:			
Joseph Grosso	Chairman/President/CEO	575,000	125,000
Darren Urquhart	CFO	130,000	60,000
Nikolaos Cacos	Director/VP – Corp.	410,000	120,000
Louis Salley	Director	12,000	52,900
David Terry	Director	19,200	17,050
John Gammon	Director	12,000	16,000
Taylor Thoen	Director	21,300	4,000
Alfred Hills	Director	25,550	-
Total for services rendered		1,205,050	453,544

Transactions		Year ended December 31, 2017 $	2016 $
Share-based compensation:			
Joseph Grosso	Chairman/President/CEO	290,945	88,018
Darren Urquhart	CFO	27,276	19,385
Nikolaos Cacos	Director/VP – Corp.	145,473	41,776
Louis Salley	Director	72,736	5,222
David Terry	Director	36,368	37,598
John Gammon	Director	36,368	41,776
Taylor Thoen	Director	18,184	-
Total share based compensation to key management		627,350	233,775

As at December 31, 2017, there were $36,610 (2016 – $Nil) of costs owed to related corporations for shared services paid by the Company.

<u>Subsequent Events</u>

POI Equity Contributions

- $2,528,253 USD was paid to POI for the Company’s amount owing related to operations.

Stock Options Granted

- 2,045,000 stock options with an exercise price of $0.70 per stock option were granted.

Warrants Exercised

- 175,520 warrants with an exercise price of $0.30 per warrant were exercised.
- 107,500 warrants with an exercise price of $0.33 per warrant were exercised.

Warrants Extension

- 4,509,996 warrants that set to expire on January 28, 2018 to be extended to January 28, 2019. These warrants were originally issued on July 29, 2016 as part of the units issued under a private placement completed by the Company in July 2016 and are also subject to an accelerator. The exercise price of the warrants remains at $1.00.

Warrants Expiry

- 478,179 finders' warrants with an exercise price of $1.00 per warrant expired.

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 audited consolidated financial statements for the year ended December 31, 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, Financial Instruments, addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39, Financial Instruments: Recognition and Measurement that relate to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change for liabilities is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income (loss) rather than in net earnings. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

We have concluded that this standard will not have a material effect on our financial statements.

We have made the irrevocable classification choice to record fair value changes on our available-for-sale investments in other comprehensive income. This election will not result in an impact to the financial statements. The Company has adopted IFRS 9 as of January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts with Customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. IFRS 15 also requires enhanced disclosures about revenue to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. The standard replaces IAS 18, Revenue and IAS 11, Construction contracts and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 15 is not expected to have a material impact on amounts recorded in the financial statements of the Company.

IFRS 16 – Leases

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

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 December 31, 2017, the Company has $312,089 in accounts payable and accrued liabilities that are due within one year of the date of the statement of financial position.

Market risk

(i) Currency risk

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include: US dollars and Argentine Pesos, all denominated in cash, amounts receivable, exploration funding receivable, accounts payable, loan payable and interest payable. The sensitivity of the Company's net earnings and other comprehensive income to changes in the exchange rate between the Canadian dollar and the United States dollar and between the Canadian dollar and the Argentine Peso at December 31, 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 $1,086,081.

- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by $19,761.

(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, 2017 and 2016. 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 December 31, 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.