

**GOLDEN ARROW RESOURCES CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016**

**Introduction**

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the condensed consolidated interim financial statements of Golden Arrow Resources Corporation ("Golden Arrow" or "the Company") for the three months ended March 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 May 29, 2017.

**Company Overview**

Golden Arrow Resources Corporation was created on July 7<sup>th</sup>, 2004, as a result of a corporate restructuring plan (the "Reorganization") completed by Kobex Minerals Inc. ("Kobex") (formerly IMA Exploration Inc.). The address of the Company's registered office is Suite 312 – 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6. The Company is listed on the TSX Venture Exchange.

The Company is a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. The Company's material mineral property interests are located in South America. As of the date of this MD&A, the Company has not earned revenues and is considered to be in the exploration stage.

**Principal Properties**

The Company's properties are all located in Argentina and include approximately 222,000 ha in four provinces. The following summary discusses only the most active/material projects. Unless otherwise stated, the technical information provided below has been reviewed by Brian McEwen, P.Geol., VP Exploration and Development for the Company, and a Qualified Person as defined under National Instrument 43-101.

*1. Chinchillas Silver-Lead-Zinc Project, Jujuy*

*1.1 Background*

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

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

Chinchillas is a Tertiary aged diatreme volcanic complex that has erupted through the Paleozoic basement schists. The resulting depression or basin, filled with volcanic breccias and tuffs is approximately 1.5 kilometres in diameter. Mineralization occurs starting at surface within the basin, hosted in favorable volcanic tuff units, hydrothermal breccias and along faults and structural zones as well as within basement schists and across the schist volcanic contacts. The silver, lead and zinc mineralization occurs mostly as disseminations, veinlets and matrix filling in the volcanics, and within the basement in structures and breccias.

*1.2 Exploration History*

Historical drilling on the property includes 2,996 metres in 14 holes (seven RC and seven diamond holes) by two previous operators within a 1.0 kilometre by 0.4 kilometre area. This drilling tested five main mineralized targets, providing focus for the Company's first drill program on two main zones:

- The Socavon del Diablo Zone: host to silver-zinc-lead mineralization in volcanic tuffs and breccia in the eastern part of the basin, and;
- The Silver Mantos Zone: comprising the western part of the basin with several historic high grade silver intersections in flat-lying tuff and breccia zones.

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

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

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

Phase II drill results were reported in news releases dated January 16<sup>th</sup>, February 27<sup>th</sup>, March 14<sup>th</sup>, and April 11<sup>th</sup>, 2013. For full details the reader is referred to the original news releases posted to the Company's website.

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

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

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

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

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

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

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

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

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

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

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

On July 31, 2015 Golden Arrow released an updated mineral resource estimate for the Chinchillas project A NI 43-101 Technical Report authored by Davis et al., supporting the mineral resource estimate, and was filed on SEDAR dated September 14<sup>th</sup>, 2015. The authors recommended completing 10,000 metres of infill drilling, 5,000 metres of condemnation, metallurgical, geotechnical and hydrogeological drilling, additional metallurgical testing, advancing social and environmental programs, and initiating the mine permitting process in order to complete a new economic study. An amended technical report was filed on SEDAR dated November 2<sup>nd</sup>, 2015, in which the authors clarified that due to substantial changes in the Resource, the preliminary economic assessment reported in the Technical Report dated February 13<sup>th</sup>, 2015, which relied on an earlier mineral resource estimate, was no longer considered current and is not carried forward in the Amended Report.

### 1.3 Business Combination Agreement

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

The agreement included a preliminary period of up to 18 months (the “Preliminary Period”) that commenced October 1<sup>st</sup>, 2015, in which the two companies could work together to advance the understanding of the Chinchillas deposit and 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.

Under the terms of the agreement, Golden Arrow will be a 25% owner of the new joint arrangement. The Pirquitas silver mine is located approximately 42 road kilometres from Chinchillas, and the operation includes a 4,000 tpd mill and processing plant on site. Pirquitas produced 10.4 million ounces of silver in 2016<sup>1</sup>. In the first quarter of 2017 the mine has stopped its open-pit mining activities and is processing stockpile material, which is expected to result in 4.5 and 5.5 million ounces of silver produced in 2017<sup>1</sup>.

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

The Arrangement is subject to a number of customary conditions including court approval, the approval of the TSX Venture Exchange and the listing of the shares of New Golden Arrow on the TSX Venture Exchange.

For additional details please refer to the original news releases filed on SEDAR dated October 1<sup>st</sup>, 2015 and December 16<sup>th</sup>, 2015.

### 1.3.1 Pre-Development Program

In 2016, the focus of work at Chinchillas was the pre-development program that was part of the business combination agreement with Silver Standard. As announced on October 27<sup>th</sup>, 2015 the program was budgeted at US\$12.6 million and commenced with the Phase V Drill program.

The Phase V drill program was jointly developed by Golden Arrow and Silver Standard and was designed to provide data to bring Chinchillas to a pre-feasibility level. The program focused on infill drilling to upgrade the mineral resource classifications in the Silver Mantos area of the deposit. The drill program was completed in mid-February 2016 with a total of over 15,000 metres drilled in 114 holes, including five geotechnical holes to support slope angle recommendations for the potential future pits and six holes to characterize groundwater in the project area. The results of drilling were published in news releases dated and filed on SEDAR on December 2<sup>nd</sup>, December 16<sup>th</sup>, January 11<sup>th</sup>, January 20<sup>th</sup>, February 4<sup>th</sup> 2016, March 3<sup>rd</sup>, 2016 and March 30<sup>th</sup>, 2016. Results met or exceeded expectations, with selected highlights including:

- 66 metres @ 278 g/t silver and 2.4% lead in CGA-184 including 10 m @ 1,069 g/t silver and 10.2% lead
- 87 m @ 112 g/t silver and 0.9% lead in CGA-186 including 3 m @ 985 g/t silver and 2.7% lead
- 4 metres @ 3,748 g/t silver, 5.2% lead, 2.0% Zn in CGA-193
- 72 metres @ 162 g/t silver, 0.6% lead in CGA-203, including 5 metres @ 873 g/t silver, 1.3% lead
- 49 metres averaging 673 g/t silver, 4.0% lead and 0.8% zinc in CGA-210, including 13 metres averaging 1,589 g/t silver, 7.5% lead and 1% zinc
- 66 metres averaging 233 g/t silver, 0.7% lead in CGA-223, including 8 metres averaging 910 g/t silver
- 210 g/t silver and 0.9% lead over 52 metres in CGA-237, including 1,024 g/t silver & 3.1% lead over 3 metres, and including 1,324 g/t silver & 4.8% lead over 4 metres
- 151 g/t silver, 2.0% lead and 1.3% zinc over 61 metres in CGA-258
- 854 g/t silver over 14 metres in CGA-275, including 1,611 g/t silver over 5 metres

In addition to returning a multitude of high-grade intersections in the infill drilling at the Silver Mantos area, the program included hole CGA-272W, which was drilled more than a kilometre south of the main deposit to install a water-monitoring well. Over its 62 metre length, this hole returned eight well-mineralized intervals. This includes a best intercept of 165 g/t silver, 2.0% lead and 3.6% zinc over three metres, indicating continued exploration potential at the Chinchillas South area of the project. Two holes were subsequently drilled to test the continuation of this mineralization at depth, stepping out 60 and 100 metres respectively. Both holes CGA-289 and CGA-291 confirmed the continuation of the mineralization.

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<sup>1</sup> <http://www.silverstandard.com/operations/production/pirquitas/>

On April 12, 2016 Golden Arrow announced an updated resource estimate for Chinchillas, including results from Phase V drilling. A NI 43-101 Technical Report authored by Davis et al., supporting the mineral resource estimate, was filed on SEDAR dated May 27th, 2016 and is no longer considered current. The current resource estimate is detailed in the news release dated March 31, 2017.

On May 25<sup>th</sup>, 2016 Golden Arrow announced a 6,500 metre Phase VI drill program had commenced at the Chinchillas project. The program was completed in August with a total of 7,188 metres drilled over 34 holes including seven short reverse circulation holes and one hole redrilled for a water well. The drill program was designed to focus on condemnation drill holes beneath areas selected for major infrastructure, such as the waste rock facility, as the teams work towards a pre-feasibility level for the project.

The drill program also included additional holes in three zones with the potential for new resources outside of the main Chinchillas Deposit. The program confirmed that the area planned for surface infrastructure to support mining at Chinchillas is devoid of significant near-surface mineralization. The Chinchillas South was confirmed to be underlain by narrow high grade structures found over a 440 metre by 120 metre area that are similar in style to those found at Pirquitas. Drilling also tested the Breccia Dome target, south of and similar in mineralization to the Socavon Zone, and the Jesuita target, directly southeast of the Socavon zone. Both areas returned significant intervals of mineralization, and together with the Chinchillas South area provide future resource potential for the project. Results from Phase VI drilling were reported in news releases dated September 7<sup>th</sup> 2016 and October 3<sup>rd</sup> 2016.

Additional work was on-going through the year by the Silver Standard and Golden Arrow teams as part of the pre-development activities and pre-feasibility level studies. This includes environmental baseline studies, community engagement programs, geotechnical studies, hydrological testing and metallurgical work.

On September 21<sup>st</sup>, 2016 the Company announced that the Environmental Impact Assessment (Informe de Impacto Ambiental which is literally translated as the Environmental Impact Report ("ER")) for exploitation at the Chinchillas project has been submitted to the mining authority in the Province of Jujuy. This report initiates the formal permitting process in the Province of Jujuy for mine development. The report includes a description of the expected environmental impacts of the proposed mining operation, a management plan for those impacts and a plan of action on environmental contingencies. The ER is submitted for review by Jujuy's Provincial Environmental Management Unit, or UGAMP. The UGAMP is a multi-stakeholder group chaired by a technical appointee from the Mining Department who review and discuss the ER, and recommend approval or rejection to the provincial mining authorities. Approval of the ER provides the social license to proceed.

By the end of the fourth quarter 2016, the total expenditure by Silver Standard on pre-development activities was US\$12.1 million<sup>2</sup>.

### 1.3.2 Option Exercise

On March 31, 2017, Golden Arrow announced that it had received the required notice from Silver Standard to exercise its option on the Chinchillas project and form a joint venture for the development of Chinchillas per the Business Arrangement announced on October 1, 2015. The following is a summary of the key provisions and benefits of the transaction:

- The transaction creates a joint venture comprised of the Pirquitas operation and the Chinchillas property with Silver Standard and Golden Arrow holding 75%/25% interest, respectively, and Silver Standard being the operator.
- An option exercise payment by Silver Standard to Golden Arrow of 25% of Pirquitas mine earnings less certain expenditures incurred since October 1, 2015 until closing, currently estimated at approximately US\$15 million, payable on closing, which is expected on or before May 31, 2017.
- Subsequent to closing Golden Arrow will receive its share of net cash flow generated by the current stockpile processing at Pirquitas.
- Provides Golden Arrow 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.

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<sup>2</sup> <http://ir.silverstandard.com/releasedetail.cfm?ReleaseID=1014350>

- Near-term production from Chinchillas based on construction beginning in the third quarter of 2017, followed by ore delivery to the mill in the second half of 2018, subject to receiving the required permits and approvals.
- The combined operation will be managed and overseen by Silver Standard’s proven operational management team with extensive mine construction and operational expertise.

1.3.2.1 Pre-feasibility Study, Mineral Resources and Mineral Reserves

In conjunction with the exercise of the option, Golden Arrow announced the results of a pre-feasibility study (“PFS”) for the development of Chinchillas which was the result of the work completed during the pre-development period. The following are highlights of the PFS, as detailed in the news release dated March 31, 2017. (All financial results are in U.S. dollars and all technical data are presented on a 100% project basis.)

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

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

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

Category	Tonnes	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 <sup>10</sup>	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.*

The National Instrument 43-101 technical report supporting the PFS, mineral resources and mineral reserves was filed on SEDAR on May 15, 2017.

2. 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)	2016
200,000	2017
350,000	2018
400,000	2019
450,000	2020
1,500,000	

On October 17th, 2016, Golden Arrow announced the initiation of a \$2 million exploration program at the project. The program includes remote sensing, IP/Resistivity geophysics, and geochemical sampling to delineate drill targets. On May 2, 2017, Golden Arrow announced the first results from the program, which identified several new high-potential targets and promising test results, including:

- 281 g/t silver & 0.5% lead over 3.35 metres, and 168 g/t silver over 8 metres in channel samples.
  - These samples were from several new mineralized breccia “vents” located 380 metres southwest of 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.
- 3.87 g/t gold, 146 g/t silver & 1% lead, and 0.14 g/t gold, 4,404 g/t silver & >30% lead in rock chip samples from other similar breccia “vents” in the area.
- 134 g/t silver over 0.80 metres in chip channel samples.
  - These results are from the newly discovered Domos Norte target, defined by a strong silver anomaly in soil samples of 300 by 150 metres. Domos Norte is located 900 metres NW of the Colorada Breccia target, and hosts sheeted quartz veinlets with intense coverage of recent sediments.
- Preliminary high resistivity + high chargeability targets from the 6.3 line-kilometres of IP/Resistivity completed to date. The remainder of the 15.2 line-kilometre survey is on-going.

The remainder of the program will include: a continuation of the district and detailed mapping and sampling of targets; detailed stream sediment sampling; completion of the IP/Resistivity geophysical study to define zones of high sulphides, structures and contacts; and further reconnaissance to identify new targets.

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

### 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 NGEEx 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.

### 4. Pescado Gold Project, San Juan

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

In 2008, the Company negotiated with Barrick Gold Exploration through its subsidiary Barrick Exploraciones Argentina S.A. ("BEASA") to provide a right of way to access water from Golden Arrow's Rio de las Taguas property. In exchange for providing access to water for BEASA's Pascua Lama gold project, Golden Arrow acquired from BEASA and maintains an exclusive right to the 1,592 ha Aspero 1 claim which is contiguous to the Pescado Gold Project.

The northern boundary of the Pescado Gold Project is 10 km south of the main gold zone on the Gualcamayo gold mine, in a similar geological and structural setting. It is between 1,500 m and 3,000 m elevation and is accessible for year-round exploration. To date the Pescado Gold Project properties have all had systematic silt sampling, follow-up soil grids and rock sampling surveys carried out, with the exception of Durazno which has had only preliminary silt and rock sampling completed. In total 806 rock samples, 383 stream sediment samples and 479 soil samples have been collected on the project. Highlights from rock chip sampling include: 1 m of 17.59 g/t Au; 1 m of 10.75 g/t Au and 1 m of 6.68 g/t Au (Pescado I and II); 2 m of 1.27 g/t Au; 2 m of 3.46 g/t Au and 2 m of 3.15 g/t Au (Yanso); 2 m of 0.13 g/t Au, 10.2 g/t Ag, >1% Cu, 3,535 ppm Pb and 2,719 ppm Zn (Durazno). A helicopter-borne aeromagnetic survey was conducted on the Pescado Gold Project in 2008. The survey was flown by New Sense Geophysics Limited and comprised 1,870 line kilometres covering the entire 18,000 ha property with 200 m spaced lines.

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

##### 5. 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.

## 6. 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.

## 7. Potrerillos Gold-Silver Project, San Juan

Golden Arrow holds the exclusive right to the 3,999 ha Potrerillos property, located approximately 8 km due east of Barrick Gold's Veladero deposit, and sharing many geologic similarities with both Veladero and nearby Pascua-Lama. Previous exploration campaigns were carried out on behalf of Golden Arrow's precursor company during 1999, 2000, and 2001.

These resulted in the delineation of three significant target areas: Fabiana, Narelle and Panorama. Most work was focused on Fabiana and a short RC drill program was carried out on the Fabiana Zone in 2001 with no significant results. A data review and field visit to these properties was carried out in late 2008. No work was carried out during 2009.

In 2010, the Company commenced a comprehensive exploration program that continued through Q1 2011, focusing on the Panorama Zone where only limited prior sampling had been carried out. Three main styles of mineralization were defined:

- The Panorama Veins occur within an area approximately 1 km long by 50 m wide. Veta Juliet, one of several recently discovered veins, is 3.7 m wide where exposed, and has been traced on surface for over 100 m; a rock chip sample collected across the main outcrop grades 7.96 g/t Au and 665 g/t Ag over 2 m.
- Las Bandas are a series of very large gold-silver bearing calcite and quartz "bands" or veins that have been traced over a strike length of approximately 1 km. Outcrop exposures range from 12 to 20 m wide and contain significant gold-silver mineralization with select grab samples grading up to 3.07 g/t Au and 441 g/t Ag.
- Copper South is a series of discrete copper-silver occurrences located in a 2.5 km by 1.2 km area. Copper grades from selectively collected samples can be exceptionally high; for example a 1m chip returned 17.4% Cu and 38 g/t Ag. The zones are typically 2 to 10 m wide, by several hundred meters long.

In early 2011, the Company completed 508 m in 3 diamond drill holes of a planned 10 hole 3,000 m program. The program was cut short due to challenging weather and drilling conditions. The drilling targeted the Las Bandas-Panorama Veins target area, which together have a strike length of 2.6 km. The completed holes all stopped short of planned depth and many drill targets remain untested by drilling. Following are the highlights from the 3 holes:

- POT1 2011: The hole was drilled to 277 m total depth targeting Panorama Veins. Anomalous gold and silver values were intersected between 23 m and 40 m within silica veins and silicified breccias in andesite. The mineralized interval included 1 m at 1.14 g/t Au and 3.94 g/t Ag (32 m to 33 m) and 1 m at 1.57 g/t Au and 145.86 g/t Ag (39 m to 40 m).
- POT2 2011: This hole was drilled to 130 m total depth targeting Las Bandas. From 95 m to 103 m the hole cut 8 m averaging 0.25 g/t Au and 31.21 g/t Ag within an interval of drusy quartz-calcite stockwork veinlets hosted by silicified andesite.
- POT3 2011: This hole was drilled to 100.5 m total depth targeting Las Bandas. From 62 m to 65 m the hole cut 3 m averaging 0.01 g/t Au and 131.90 g/t Ag hosted by quartz calcite veinlets at the thrust contact between andesite volcanics and overlying rhyolites.

No work was carried out on the Potrerillos property during 2015. During fiscal 2015, the Company determined that it would not be exploring the Fronterra District further, and wrote-off \$656,124 in acquisition costs.

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

### **Results of Operations – For the three months ended March 31, 2017 compared to the three months ended March 31, 2016**

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

During the three months ended March 31, 2017, loss from operating activities increased by \$371,752 to \$1,768,092 compared to \$1,396,340 for the three months ended March 31, 2016. The decrease in loss from operating activities is largely due to:

- A decrease of \$2,297,528 in exploration and other costs recovery. Exploration and other costs recovery was \$58,897 for the three months ended March 31, 2017 compared to \$2,356,425 for the three months ended March 31, 2016. Cost recoveries were lower due to Silver Standard Resources Inc. exercising its option on the Chinchillas project to form a joint venture to combine the Chinchillas project with the producing Pirquitas Mine into a single new operation during the three months ended March 31, 2017. The Company received exploration funding in accordance with the terms of an exploration agreement that commenced October 1<sup>st</sup>, 2015, in which the Company and Silver Standard will work together to advance the understanding of the Chinchillas deposit and evaluate the feasibility of combining the two operations following the Preliminary Period.
- An increase of \$421,427 in corporate development and investor relations. Corporate development and investor relations were \$527,852 for the three months ended March 31, 2017 compared to \$106,425 for the three months ended March 31, 2016. The Company employed more investor relations consultants and undertook a greater number of activities relating to promotion of the Company's projects during the three months ended March 31, 2017 compared to fewer investor relations consultants employed and a lesser number of investor relations activities relating to promotion of the Company's projects during the three months ended March 31, 2016.
- An increase of \$48,265 in stock-based compensation. Stock-based compensation was \$49,801 for the three months ended March 31, 2017 compared to \$1,536 for the three months ended March 31, 2016. The increase is primarily due to stock options granted in March 2017, as well as the vesting of stock-options granted in April 2016 during the three months ended March 31, 2017.
- An increase of \$42,911 in professional fees. Professional fees were \$79,891 for the three months ended March 31, 2017 compared to \$36,980 for the three months ended March 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 arrangement with Silver Standard for the advancement of the Chinchillas project during the three months ended March 31, 2017.

The increase was partially offset by:

- A decrease of \$2,411,514 in exploration. Exploration expense was \$744,191 for the three months ended March 31, 2017 compared to \$3,155,705 for the three months ended March 31, 2016. The Company did not complete a drilling program during the three months ended March 31, 2017, compared to the Company completing its Phase V diamond drilling program, at its Chinchillas project in Juyjuy, Argentina during the three months ended March 31, 2016.

#### **Other items**

During the three months ended March 31, 2017, other expenses decreased by \$236,795 to \$24,027 compared to other income of \$260,822 for the three months ended March 31, 2016. The increase in other items is largely due to:

- An increase of \$403,873 in foreign exchange loss. Foreign exchange loss was \$128,446 for three months ended March 31, 2017 compared to a foreign exchange gain of \$275,427 for the three months ended March 31, 2016. The increase is due to fewer purchases and sales of Argentinean government bonds, for the purpose of funding the Company's Argentinean subsidiary, exchanged at more favorable foreign exchange rates resulting from the fluctuation of the Argentinean Peso and US dollar against the Canadian dollar during the March 31, 2017 compared to greater number of purchases and sales of Argentinean government bonds exchanged at favorable foreign exchange rates during the three months ended March 31, 2016.

The net loss for the three months ended March 31, 2017 was \$1,744,065 or \$0.02 per basic and diluted share compared to \$1,135,518 or \$0.02 per basic and diluted share for the three months ended March 31, 2016.

#### **Cash Flows**

##### **Operating Activities**

Cash outflow from operating activities was \$1,557,324 for the three months ended March 31, 2017 compared to \$901,332 for the three months ended March 31, 2017. The decrease in cash outflow results primarily from higher corporate and administrative cash costs, higher exploration and other costs recovery partially offset by higher exploration costs, and changes in non-cash working capital balances due to timing of receipt and payment of cash compared to the prior period.

##### **Investing Activities**

Cash inflow from investing activities was \$271,892 for the three months ended March 31, 2017 compared to an inflow of \$443,970 for the three months ended March 31, 2016. Mineral property expenditures were \$55,450 during the three months ended March 31, 2017 compared to \$27,246 during the three months ended March 31, 2016. Property and equipment expenditures were \$53,954 during the three months ended March 31, 2017 compared to \$Nil during the three months ended March 31, 2016. The Company purchased \$Nil in marketable securities and disposed of marketable securities of \$381,296 during the three months ended March 31, 2017 compared to purchases of marketable securities of \$570,989 and disposal of marketable securities of \$1,042,205 during the three months ended March 31, 2016.

##### **Financing Activities**

Cash inflow from financing activities was \$1,183,004 for the three months ended March 31, 2017 compared to an outflow of \$58,040 for the three months ended March 31, 2016. Proceeds from the issuance of common shares and warrants were \$Nil for the three months ended March 31, 2017 compared to proceeds from the issuance of common shares and warrants of \$117,200, offset by share issue costs of \$10,500 for the three months ended March 31, 2016. Loan repayment was \$Nil for the three months ended March 31, 2017 compared to \$171,040 in loans repayment for the three months ended March 31, 2016. Proceeds from the exercise of warrants were \$1,104,005 for the three months ended March 31, 2017 compared to proceeds from the exercise of warrants of \$6,300 for the three months ended March 31, 2016. Proceeds from the exercise of stock options were \$78,999 for the three months ended March 31, 2017 compared to no stock option exercises for the three months ended March 31, 2016.

## **Balance Sheet**

At March 31, 2017, the Company had total assets of \$10,388,190 compared with \$11,524,725 in total assets at December 31, 2016. The decrease primarily results from a decrease in exploration funding receivable of \$944,525, a decrease of cash of \$102,428, and a decrease of marketable securities of \$219,202, slightly offset by an increase in property and equipment of \$52,769, and an increase in mineral property interests of \$55,449.

## **Selected Quarterly Financial Information**

	2017	2016				2015		
	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	(1,744,065) <sup>(1)</sup>	(1,010,375) <sup>(2)</sup>	(2,363,561)	(1,372,790)	(1,135,518) <sup>(3)</sup>	(2,340,355) <sup>(4)</sup>	(1,186,324) <sup>(5)</sup>	(2,152,558) <sup>(6)</sup>
Net (Loss) Income per Common Share Basic and Diluted	(0.02)	(0.01)	(0.03)	(0.01)	(0.02)	(0.04)	(0.03)	(0.04)

- (1) Increase primarily driven by an increase in corporate development and investor relations of \$280,844, foreign exchange loss of \$227,418, a decrease in exploration and other cost recovery of \$1,725,589, partially offset by a decrease in exploration of \$1,394,648, gain on sale of marketable securities of \$133,256.
- (2) 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.
- (3) Decrease primarily driven by a decrease in exploration expenditures of \$1,749,126, professional fees of \$626,348 and write-off of mineral property interests of \$656,124.
- (4) Increase primarily driven by an increase in exploration expenditures of \$4,111,671, professional fees of \$267,773 and write-off of mineral property interests of \$556,074 partially offset by an increase in exploration and other costs recovery of \$4,122,012.
- (5) Decrease primarily driven by a decrease in share-based compensation of \$430,140, corporate development and investor relations of \$63,859 partially offset by an increase in professional fees of \$210,895 and an increase in foreign exchange gain of \$518,345.
- (6) Decrease primarily driven by a decrease foreign exchange gain of \$148,847 and exploration expenditures of \$1,609,360 partially offset by an increase in share-based compensation of \$430,616.

## **Liquidity and Capital Resources**

The Company has experienced recurring operating losses and has an accumulated deficit of \$40,278,646 at March 31, 2017. In addition, the Company has a working capital of \$8,819,665 at March 31, 2017 and negative cash flow from operating activities of \$1,557,324 for the three months ended March 31, 2017. Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year. These matters create material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The Company's continued operations, as intended, are dependent upon its ability to raise additional funding to meet its obligations and commitments (as disclosed in Note 1 of the Company's condensed consolidated interim financial statements for the three months ended March 31, 2017) and to attain profitable operations. Management's plan in this regard is to raise equity financing as required. There are no assurances that the Company will be successful in achieving these goals.

The Company's condensed consolidated interim financial statements for the three months ended March 31, 2017 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 condensed consolidated interim financial statements for the three months ended March 31, 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

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

## COMMITMENTS

	1 Year	2 Years	3 Years	4-5 Years	More than 5 Years
	\$	\$	\$	\$	\$
Management Services Agreement (i)	504,000	672,000	-	-	-
Office Leases (ii)	104,706	66,234	61,200	-	-

### *(i) Management Services Agreement*

Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group's costs including its staff and overhead costs among the member companies. The current monthly fee is \$56,000 per month. This fee is reviewed and adjusted quarterly based on the level of services required.

### *(ii) Office Leases*

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

### *Commitment to Issue Shares for Drilling Services*

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

For the three months ended March 31, 2017, the Company issued Nil (three months ended March 31, 2016 – Nil) common shares in respect of drilling services received prior to December 31, 2016 and had recognized \$Nil (three months ended March 31, 2016 - \$1,879,471) for drilling services to be paid for by issuing common shares of the Company subject to TSX Venture Exchange approval in accordance with the terms of the Agreement.

At March 31, 2017, the Company has cumulatively issued 2,378,403 common shares and has recognized \$4,536,137 for a total of 14,680 meters of drilling services received since the commencement of the Agreement.

## **Capital Stock**

### *Authorized Share Capital*

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

### *Details of Issues of Common Shares in 2017*

During the three months ended March 31, 2017, 3,680,020 warrants were exercised for gross proceeds of \$1,104,006.

During the three months ended March 31, 2017, 230,000 stock options were exercised for gross proceeds of \$78,999.

### *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 21<sup>st</sup> date. Finders' fees were \$403,589 in cash, 86,320 common shares at a price of \$0.75 per share, and 478,179 warrants exercisable into common shares at a price of \$1.00 per share for eighteen months. Fair value was calculated using the following Black-Scholes pricing model variables: risk-free interest rate – 0.54%; expected stock price volatility – 97.89%; dividend yield of 0%; and expected warrant life of 1.32 years.

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

#### *Share Purchase Option Compensation Plan*

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

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

The continuity of share purchase options for the three months ended March 31, 2017 is as follows:

Number of Warrants Outstanding	Exercise Price (CAD\$)	Expiry Date
4,988,175	\$1.00	January 28, 2018
3,783,863	\$0.30	May 15, 2018
704,220	\$0.33	May 15, 2018
9,476,258		

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		
50,000	50,000	\$0.30	June 24, 2017
50,000	50,000	\$0.31	November 29, 2017
87,500	87,500	\$0.32	April 19, 2018
35,000	35,000	\$0.51	May 9, 2018
150,000	150,000	\$0.68	May 12, 2018
925,000	925,000	\$0.35	March 25, 2019
250,000	62,500	\$0.66	March 9, 2020
55,000	55,000	\$0.35	April 16, 2019
1,395,000	1,395,000	\$0.35	June 11, 2020
1,045,000	1,045,000	\$0.32	April 19, 2021
470,000	470,000	\$0.42	April 27, 2021
15,000	15,000	\$0.62	May 29, 2012
4,527,500	4,340,000		

### **Off-Balance Sheet Arrangements**

The Company does not utilize off-balance sheet arrangements.

### **Related Party Balances and Transactions**

On April 1, 2010, the Company entered into a Management Services Agreement (“Agreement”) with Grosso Group to provide services and facilities to the Company. Grosso Group is a private company that is owned by an officer and director of the Company and also has another common director with the Company. Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group's costs including its staff and overhead costs among the member companies. This fee is reviewed and adjusted quarterly based on the level of services required. The Agreement expired on December 31, 2016 and was automatically renewed for a period of two years pursuant to the terms of the Agreement.

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

<b>Transactions</b>	Three months ended March 31,	
	2017	2016
	\$	\$
Services rendered:		
Grosso Group Management Ltd.		
Administration and management services	120,000	156,000
Office & sundry	18,000	54,000
Rent, parking and storage	-	9,000
Total for services rendered	128,000	219,000

## Key management personnel compensation

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

<b>Transactions</b>	Three months ended March 31,		
	2017	2016	
	\$	\$	
Consulting, salaries and professional fees to key management or their consulting corporations:			
Joseph Grosso	Chairman/President/CEO	31,250	31,250
Darren Urquhart	CFO/Corporate Secretary	15,000	15,000
Nikolaos Cacos	Director/VP – Corp. Development	30,000	48,750
Louis Salley	Director	3,000	3,000
David Terry	Director	4,600	4,000
John Gammon	Director	3,000	3,000
Taylor Thoen	Director	3,000	-
Total for services rendered		89,850	105,000

### Subsequent Events

#### *Stock Options Exercised*

Subsequent to March 31, 2017, 287,500 stock options were exercised for gross proceeds of \$98,000.

#### *Warrants Exercised*

Subsequent to March 31, 2017, 345,000 warrants were exercised for gross proceeds of \$103,500.

#### *Working Capital Loan*

Subsequent to March 31, 2017, the Company received and repaid an advance of \$521,520 (USD\$384,375) from an arm's length private Argentinean Company for the payment of corporate taxes in Argentina.

### 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, 2017. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

#### *New Accounting Standards and Interpretations*

The International Accounting Standards Board ("IASB") has issued new and amended standards and interpretations which have not yet been adopted by the Company. The following is a brief summary of the new and amended standards and interpretations:

##### IFRS 9 – Financial Instruments

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

## IFRS 15 – Revenue from Contracts with Customers

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

### **Financial Instruments**

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

#### ***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash, amounts receivable and exploration funding receivable. The majority of the Company's receivables result from exploration funding for expenses incurred and are with a reputable mining company in good standing.

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

#### ***Liquidity risk (See Liquidity and Capital Resources)***

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

As at March 31, 2017, the Company has \$548,335 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 March 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 \$49,508.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by \$4,071.

##### ***(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, 2015 and 2014. The Company has financed its operations principally through the sale of its equity securities. The Company does not anticipate that it will earn any revenue from its operations until its properties are placed into production, if ever. If the Company is unable to place its properties into production, the Company may never realize revenues from operations, will continue to incur losses and you may lose the value of your investment.

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

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

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

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

*Potential conflicts of interest:* Several of the Company's directors are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. Such a conflict poses the risk that the Company may enter into a transaction on terms which could place the Company in a worse position than if no conflict existed. The directors of the Company are required by law to act honestly and in good faith with a view to the best interest of the Company and to disclose any interest which they 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 its ability to do so is dependent on a number of factors including market acceptance, stock price and exploration results. The Company's cash is invested in bank accounts.

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

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

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

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

## **Forward Looking Statements**

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

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

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

## **Disclosure Controls and Procedures and Internal Control over Financial Reporting**

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