

# **GOLDEN ARROW RESOURCES CORPORATION**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND SIX MONTHS ENDED JUNE 30, 2009**

### **Introduction**

The following discussion of the operating results and the financial position of Golden Arrow Resources Corp. (the "Company") which have been prepared on the basis of available information up to August 3, 2010, should be read in conjunction with the annual audited consolidated financial statement and notes thereto of the Company for the years ended December 31, 2009 and 2008 and the unaudited consolidated financial statements and the notes thereto of the Company for the interim periods ended June 30, 2010 and 2009. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"). The discussion also provides an indication of future developments along with issues and risks that can be expected to impact future operations. There is no guarantee of future performance as actual results could change based on factors beyond management's control. Except as otherwise disclosed all dollar figures in this report are stated in Canadian dollars. Additional information relevant to the Company can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### **Forward Looking Statements**

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the Ontario Securities Act. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to foreign currency fluctuations; risks inherent in mining including environmental hazards, industrial accidents, unusual or unexpected geological formations, risks associated with the estimation of mineral resources and reserves and the geology, grade and continuity of mineral deposits; the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour; the inherent uncertainty of future production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations; uncertain political and economic environments; changes in laws or policies, foreign taxation, delays or the inability to obtain necessary governmental permits; and other risks and uncertainties, including those described under Risk Factors Relating to the Company's business in each management discussion and analysis. Forward-looking information is in addition based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of gold; that the Company can access financing, appropriate equipment and sufficient labour and that the political environment within Argentina will continue to support the development and operation of mining projects. 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 forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

### **Company Overview**

Golden Arrow Resources Corporation (the "Company") was created on July 7, 2004, as a result of a corporate restructuring plan (the "Reorganization") completed by Kobex Minerals Inc. ("Kobex") (formerly IMA Exploration Inc.). Shareholders of Kobex were issued one share of the Company for every ten shares of Kobex held.

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

## Principal Properties

### Argentina

#### Net Smelter Royalty with Yamana

On May 29, 2009 the Company received its first quarterly payment from Yamana Gold Inc. (“Yamana”) from the Company’s 1% net smelter returns royalty (“NSR”) from the initial production at Yamana’s Gualcamayo gold mine, located in San Juan, Argentina. Regular quarterly payments are scheduled to be made on January 1<sup>st</sup>, April 30<sup>th</sup>, July 31<sup>st</sup> and October 31<sup>st</sup> of each year of the mine life.

The schedule below summarizes quarterly payments received from Yamana for the six months ended June 30, 2010:

<b>NSR Payment for the Quarter Ended</b>	<b>Payment Date</b>	<b>Amount (CDN\$)</b>	<b>Amount (US\$)</b>
March 31, 2010	May 13, 2010	373,659	358,979
June 30, 2010	July 31, 2010	<u>317,573</u>	<u>314,423</u>
		<u>691,232</u>	<u>673,402</u>

As of August 3, 2010, the Company has received a total \$2,026,946 (US \$1,878,700) since inception from Yamana for the Company’s NSR.

#### Fronterra District, San Juan

Golden Arrow has five 100% owned exploration properties in the Fronterra mining district of San Juan Province where Barrick Gold Corporation’s Veladero and Pascua Lama deposits are located. The Company’s two most advanced properties are Potrerillos and Rio de las Taguas. A data review and field visit to these properties was carried out in late 2008. No work was carried out during 2009. A surface sampling program was carried out on the Potrerillos 4,000ha property in Q2 2010. Further work is planned for the properties once the exploration season recommences in late 2010.

The Company announced on June 6, 2010 the results of its recent exploration programs on Potrerillos that were focused on the central Panorama Zone where only limited prior sampling had been carried out. A total of 103 rock chip samples were collected, of which 14 had values over 1 g/t gold, or 100g/t silver or 1% copper. Grades ranged up to 8.4 g/t gold, 1000 g/t silver and 6.2 % copper. Mineralization is associated with elevated As-Ba-Mn-Mo-Pb-Zn. Results to date suggest the Panorama Zone may represent the upper level of a Veladero-type mineralized system. Golden Arrow is now planning an intensive exploration program for Potrerillos to comprehensively evaluate the large target area with geological mapping, expanded geochemical sampling, extensive mechanized trenching, and ground geophysical surveys to delineate targets for drill-testing. Work will commence when the Andean exploration season begins in the fall.

Analyses of the samples referred to above were performed by Alex Stewart Assayers, in Mendoza, Argentina, an internationally recognized assay service provider. The technical information for Potrerillos has been prepared by Bruce Smith, AUSIMM, Golden Arrows Exploration Manager and a Qualified Person, and has been reviewed by Dr. David A. Terry, P.Geol., director and Vice President Exploration for Golden Arrow, and a Qualified Person as defined in National Instrument 43-101.

#### Mogote, San Juan

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

Recent re-interpretation of prior exploration results has in Management's view enhanced the potential of the Zona Colorida target located to the south of the Filo Este and Filo Central targets where prior drilling intersected wide intervals of copper-gold-silver mineralization. In order to adequately cover the target, the Company recently applied for additional claims totaling 3,150 hectares on the Chilean side of the international border adjacent to Mogote. The Company is currently planning an exploration program comprised of surface geological mapping, geochemistry and geophysics for early in the next Andean exploration season to delineate drill targets in addition to considering the interest of potential joint venture partners to fund advancement of the project.

Purulla Project, Catamarca

On November 6, 2009, the Company announced it entered into an option agreement with a private Argentinean claim owner to earn an undivided 100% interest in the Purulla Porphyry Copper-Molybdenum (Cu-Mo) Project in Catamarca Province, Argentina. The Purulla Project includes two licenses totaling 5,000ha.

The agreement requires the Company to make payment of USD \$100,000 on signing (paid) and further payments totaling USD \$1,025,000 over the next three years to acquire 100% of the properties as follows:

Option Payment US \$	Date
125,000	October 20, 2010
200,000	October 20, 2011
700,000	October 20, 2012
1,025,000	

The Purulla Cu-Mo porphyry property is located within a prominent NW-SE trending structural corridor along which several large Miocene-aged copper porphyries occur in NW Argentina and Chile. The project covers a 1,000m by 300m zone of leached quartz-iron oxide stockwork with intense argillic alteration and anomalous Mo-Cu within a broader zone of alteration. This alteration zonation, along with IP chargeability anomalies identified at depth, are consistent with the presence of a porphyry Cu-Mo system with potential for a significant supergene-enriched Cu zone at depth. The property is drill-ready with permits and targets for a 2010 drill program.

Pescado Gold Project, San Juan

The Company holds four mineral claims in the Gualcamayo area of San Juan: Sierra Pescado I, Sierra Pescado II, Durazno and Yanso. These 100% owned claims cover approximately 18,000ha and form the Pescado Gold Project.

In 2008, the Company negotiated with Barrick Gold Exploration through its subsidiary Barrick Exploraciones Argentina S.A. ("BEASA") to provide a right of way to access water from Golden Arrow's Rio de las Taguas property. In exchange for providing access to water for BEASA's Pascua Lama gold project, Golden Arrow acquired from BEASA 100% of the 1,592ha Aspero 1 claim. This claim is strategically important for Golden Arrow because it is contiguous to the Company's 100% owned Pescado Gold Project which now totals 19,194ha.

The northern boundary of the Pescado Gold Project is 10km south of the main gold zone on the Gualcamayo deposit in a similar geological and structural setting. It is between 1,500m and 3,000m 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: 1m of 17.59 g/t gold; 1m of 10.75 g/t gold and 1m of 6.68 g/t Au (Pescado I and II); 2m of 1.27 g/t gold; 2m of 3.46 g/t gold and 2m of 3.15 g/t gold (Yanso); 2m of 0.13 g/t gold, 10.2 g/t silver, >1% copper, 3,535 ppm lead and 2,719 ppm zinc (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 18,000ha property with 200m spaced lines.

No work was carried out on the Pescado Gold Project during the twelve month period ending December 31, 2009. The Company is currently seeking joint venture partners to fund continued exploration of the project.

Analyses for the samples collected at the Pescado Gold Project were performed by Alex Stewart Assayers. The technical information above has been reviewed by Dr. David A. Terry, P.Geo., director and Vice President Exploration, and a Qualified Person.

#### Neuquen Province

In 2007, the Company staked 3 catego totaling 29,877 hectares in Neuquen Province. Only preliminary work has been carried out on these properties.

The Company's Argentine-based exploration team is currently conducting focused exploration programs to assess a number of the properties currently in its portfolio and initiating generative programs to identify targets in high-potential mineral districts in Argentina. In addition the team is evaluating a number of advanced-stage projects in Argentina, as well as other Latin American countries. The Company will continue to lever its exploration expenditures through joint-venturing projects with high quality partners.

#### Peru and Colombia

On January 27, 2010, the Company completed the spinout of its Peruvian and Colombian properties by way of a statutory plan of arrangement (the "Arrangement"), originally announced in the Company's news release dated November 25, 2009. The Company, in exchange for 3,564,665 common shares and 1,921,800 warrants of Golden Alliance Resources Corporation, paid \$930,000 and spun-out its Peruvian and Colombian mineral property interests with a carrying value of \$1,380,483. The shares and warrants were distributed to the Company's shareholders and warrant holders.

#### Selected Annual Financial Information

The following selected consolidated financial information is derived from the audited consolidated financial statements and notes thereto. The information has been prepared in accordance with Canadian GAAP.

	Years Ended December 31,		
	2009 \$	2008 \$	2007 \$
Royalty income	1,335,714 <sup>(1)</sup>	-	-
Net loss for the year	(2,501,406) <sup>(2)</sup>	(4,824,149) <sup>(3)</sup>	(3,459,799)
Loss per share – basic and diluted	(0.09)	(0.31)	(0.28)
Total Assets	5,348,977 <sup>(4)</sup>	3,626,344 <sup>(5)</sup>	7,981,444

- (1) the Company received its first quarterly payment from Yamana Gold Inc. ("Yamana") from the Company's 1% net smelter returns royalty ("NSR") from the initial production at Yamana's Gualcamayo gold mine, located in San Juan, Argentina
- (2) includes \$1,335,714 in royalty income not present in prior year and decreased exploration of \$1,855,223.
- (3) includes write-down of marketable securities of \$866,692 not present in prior year.
- (4) increase over prior year is primarily a result of cash acquired to from issuance of capital stock to maintain and further advance exploration on projects in South America and for general working capital.
- (5) decrease in total assets due to decreased short term investments and fewer equity financings performed when compared to prior year.

#### Results Of Operations – For The Six Months Ended June 30, 2010 Compared To The Six Months Ended June 30, 2009

The Company's consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada.

## **Other income (expense)**

During the six months ended June 30, 2010, other income increased by \$357,315, to \$711,897 compared to \$354,582 for the six months ended June 30, 2009. The increase in other income is largely due to:

- Royalty income increased \$298,517 to \$691,232 for the six months ended June 30, 2010 compared to \$392,715 for the six months ended June 30, 2009. The Company's 1% net smelter returns royalty had began during the six months ended June 30, 2009 as Yamana had commenced commissioning of its mill. The six months ended June 30, 2010 reflect six full months of production to earn royalty income compared to a six month period of commissioning of the mill.
- A decrease in foreign exchange loss of \$90,543. Foreign exchange gain was \$18,574 for the six months ended June 30, 2010 compared to a foreign exchange loss of \$71,969 for the six months ended June 30, 2009. The decrease is due to the strengthening of the Canadian dollar against the US dollar in the six months ended June 30, 2010 compared to the six months ended June 30, 2009.

## **Expenses**

During the six months ended June 30, 2010, expenses decreased by \$1,103,901, to \$1,169,007 compared to \$2,272,908 for the six months ended June 30, 2009. The decrease in expenses is largely due to:

- A decrease of \$955,843 in exploration. Exploration totaled \$458,156 for the six months ended June 30, 2010 compared to \$1,413,999 for the six months ended June 30, 2009. The Company had fewer properties with active exploration projects during the six months ended June 30, 2010 compared to the six months ended June 30, 2009. During the six months ended June 30, 2009, drilling occurred on the Poncha Argentinean project. This project was subsequently written off for the year ended December 31, 2009, with no exploration activities occurring for the six months ended June 30, 2010. Also, Peruvian and Colombia mineral property interests were spun out on January 27, 2009 compared to being available for exploration for the entire six months ended June 30, 2009.
- A decrease of \$210,848 in stock-based compensation. Stock-based compensation was \$54,450 for the six months ended June 30, 2010 compared to \$265,298 for the six months ended June 30, 2009. Fewer stock options were granted during the six months ended June 30, 2010 compared to the six months ended June 30, 2009.

The decrease was offset by the following:

- A total increase of \$89,284 in salaries and employee benefits and administration and management services. Salaries and employee benefits and administration and management services totaled \$319,438 for the six months ended June 30, 2010 compared to \$230,154 for the six months ended June 30, 2009. A higher allocation of costs was used for salaries and employee benefits and administration and management services. See discussion below in "Related Party Transactions".

The net loss for the six months ended June 30, 2010 was \$457,110 or \$0.02 per basic and diluted share compared to net loss of \$1,918,326 or \$0.08 per basic and diluted share for the six months ended June 30, 2009.

## **Cash Flow**

### **Operating Activities**

Cash inflow from operating activities was \$119,171 for the six months ended June 30, 2010 compared cash outflow of \$1,980,038 for the six months ended June 30, 2009. Receipt of a higher royalty income amount, lower exploration costs, changes in non-cash working capital balances and change in long term deposit in the six months ended June 30, 2010 compared to the six months ended June 30, 2009 contributed to a higher cash inflow.

## **Investing Activities**

Cash outflow from investing activities was \$278,578 for the six months ended June 30, 2010 compared to a cash outflow of \$267,524 for the six months ended June 30, 2009. The Company transferred \$930,000 to Golden Alliance Resources Corp. as a result of the spinout of Peruvian and Colombian mineral property interests during the six months ended June 30, 2010 compared to \$nil for the six months ended June 30, 2009. The Company incurred \$28,405 for expenditures on mineral property interests for the six months ended June 30, 2010 compared to \$99,626 for expenditures on mineral property interests for the six months ended June 30, 2009. Less staking and acquisition costs were incurred during the six months ended June 30, 2010 compared to the six months ended June 30, 2009.

## **Financing Activities**

Proceeds from the issuance of common shares were \$224,400 for the six months ended June 30, 2010 compared to \$3,054,350 for the six months ended June 30, 2009. Proceeds from the exercise of warrants were \$35,750 for the six months ended June 30, 2010 compared to \$Nil for the six months ended June 30, 2009. This was offset by share and warrant issue costs of \$nil in the six months ended June 30, 2010 compared to \$205,916 for the six months ended June 30, 2009.

## **Results Of Operations – For The Three Months Ended June 30, 2010 Compared To The Three Months Ended June 30, 2009**

### **Other income (expense)**

During the three months ended June 30, 2010, other income increased by \$196,590, to \$354,582 compared to \$159,615 for the three months ended June 30, 2009. The increase in other income is largely due to:

- Royalty income increased by \$94,233 to \$317,573 for the three months ended June 30, 2010 compared to \$223,340 for the three months ended June 30, 2009. The Company's 1% net smelter returns royalty had began during the three months ended June 30, 2009 as Yamana had commenced commissioning of its mill. The three months ended June 30, 2010 reflect three full months of production to earn royalty income compared to a three month period of commissioning of the mill.
- A decrease in foreign exchange loss of \$104,240. Foreign exchange gain was \$38,632 for the three months ended June 30, 2010 compared to a foreign exchange loss of \$65,608 for the three months ended June 30, 2009. The increase is due to the strengthening of the Canadian dollar against the US dollar in the three months ended June 30, 2010 compared to the three months ended June 30, 2009.

### **Expenses**

During the three months ended June 30, 2010, expenses decreased by \$968,803, to \$635,491 compared to \$1,604,294 for the three months ended June 30, 2009. The decrease in expenses is largely due to:

- A decrease of \$799,883 in exploration. Exploration totaled \$241,551 for the three months ended June 30, 2010 compared to \$1,041,434 for the three months ended June 30, 2009. The Company had fewer properties with active exploration projects during the three months ended June 30, 2010 compared to the three months ended June 30, 2009. During the three months ended June 30, 2009, drilling occurred on the Poncha Argentinean project. This project was subsequently written off for the year ended December 31, 2009, with no exploration activities occurring for the three months ended June 30, 2010. Peruvian and Colombian mineral property interests were spun out on January 27, 2009 compared to being available for exploration for the entire three months ended June 30, 2009.
- A decrease of \$232,743 in stock-based compensation. Stock-based compensation was \$32,555 for the three months ended June 30, 2010 compared to \$265,298 for the three months ended June 30, 2009. Fewer stock options were granted during the six months ended June 30, 2010 compared to the six months ended June 30, 2009.

The decrease was offset by the following:

- A total increase of \$77,835 in salaries and employee benefits and administration and management services.

Salaries and employee benefits and administration and management services totaled \$189,999 for the three months ended June 30, 2010 compared to \$112,164 for the three months ended June 30, 2009. A higher allocation of costs was used for salaries and employee benefits and administration and management services. See discussion below in "Related Party Transactions".

The net loss for the three months ended June 30, 2010 was \$279,286 or \$0.01 per basic and diluted share compared to net loss of \$1,444,679 or \$0.05 per basic and diluted share for the three months ended June 30, 2009.

## **Cash Flow**

### **Operating Activities**

Cash inflow from operating activities was \$127,940 for the three months ended June 30, 2010 compared cash outflow of \$1,154,951 for the three months ended June 30, 2009. Receipt of a higher royalty income amount, lower exploration costs and changes in non-cash working capital balances in the three months ended June 30, 2010 compared to the three months ended June 30, 2009 contributed to a higher cash inflow.

### **Investing Activities**

Cash outflow from investing activities was \$14,869 for the three months ended June 30, 2010 compared to a cash outflow of \$850,000 for the three months ended June 30, 2009. The Company incurred \$14,869 for expenditures on mineral property interests for the three months ended June 30, 2010 compared to \$Nil for expenditures on mineral property interests for the three months ended June 30, 2009. Less staking and acquisition costs were incurred during the three months ended June 30, 2010 compared to the three months ended June 30, 2009. The Company had a \$Nil increase in short term investments for the three months ended June 30, 2010 compared to an increase of \$700,000 in short term investments for the three months ended June 30, 2010. A loan to Panthera Exploration Inc of \$Nil in the three months ended June 30, 2010 compared to \$150,000 during three months ended June 30, 2009 also contributed to the cash outflow.

### **Financing Activities**

Proceeds from the issuance of common shares were \$Nil for the three months ended June 30, 2010 compared to \$2,276,000 for the three months ended June 30, 2009. Proceeds from the exercise of warrants were \$1,125 for the three months ended June 30, 2010 compared to \$Nil for the three months ended June 30, 2009. This was offset by share and warrant issue costs of \$nil in the three months ended June 30, 2010 compared to \$168,669 for the three months ended June 30, 2009.

## **Balance Sheet**

At June 30, 2010, the Company had total assets of \$2,813,402 compared with \$5,348,977 in total assets at December 31, 2009. The decrease is due to the transfer of \$930,000 cash and \$1,352,078 in mineral property interests spun out to Golden Alliance and a reduction of royalty income receivable of \$205,749. Working capital at June 30, 2010 was \$1,671,155 compared to working capital of \$2,696,309 at December 31, 2009, due to the \$930,000 cash transfer to Golden Alliance and the \$205,749 reduction in royalty income receivable.

## **Selected Quarterly Financial Information**

	2010		2009				2008	
	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$	Sep. 30 \$	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$	Sep. 30 \$
Revenues	317,573	373,659	566,317	376,682	223,340	169,375	Nil	Nil
Net Earnings Income (Loss)	(279,286)	(177,824)	(310,340)	(272,740)	(1,444,679)	(473,647)	(1,711,363)	(658,856)
Net Loss per Common Share Basic and Diluted	(0.01)	(0.01)	(0.01)	(0.01)	(0.05)	(0.02)	(0.11)	(0.04)

## **Liquidity and Capital Resources**

The Company has experienced recurring operating losses and has accumulated an operating deficit of \$18,406,435 at June 30, 2010 (December 31, 2009 - \$21,500,482) and a shareholders' equity of \$2,710,728 at June 30, 2010

(December 31, 2009 –\$5,172,960). In addition, the Company had working capital of \$1,671,155 at June 30, 2010 (December 31, 2009 – \$2,696,309). 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.

As the Company is an exploration stage company, revenues have been limited to interest earned on cash held with the Company's financial institutions and royalty revenue from Yamana. For the six months ended June 30, 2010, the Company recorded interest income of \$2,091 compared to \$13,126 for the six months ended June 30, 2009. The Company earned royalty revenue from its NSR on Yamana's Gualcamayo Gold Project totaling \$691,232 for the six months ended June 30, 2010 compared to \$392,715 for the six months ended June 30, 2009.

The Company presently does not have adequate resources to maintain its core activities for the next fiscal year or sufficient working capital to fund all its planned activities. The Company will continue to rely on successfully completing additional equity financing to maintain its core activities and further exploration of its existing and new properties in the Americas. There can be no assurance that the Company will be successful in obtaining the required financing. The failure to obtain such financing could result in the loss of the Company's interest in one or more of its mineral claims.

The Company's cash position at June 30, 2010 was \$730,738 which is an increase of \$100,743 from the December 31, 2009 balance of \$629,995. Total assets decreased to \$2,813,402 at June 30, 2010 from \$5,348,977 at December 31, 2009. The decrease is due to the transfer of \$930,000 cash and \$1,352,078 in mineral property interests spun out to Golden Alliance Resources Corp and also a reduction in royalty receivable of 205,749.

The Company has financed its operations through the sale of its equity securities. During the year ended December 31, 2009, the Company:

- On January 9, 2009 closed a non-brokered private placement financing of 5,189,000 units at a price of \$0.15 per unit, for gross proceeds of \$778,350. Each unit consisted of one common share and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share, exercisable at a price of \$0.25 expiring January 9, 2011. Aggregate finders' fee of \$38,682 was paid in cash to an arm's length party to the Company on a portion of the financing.
- On April 29, 2009 closed a non-brokered private placement financing of 9,054,000 units at a price of \$0.25 per unit, for gross proceeds of \$2,263,500. Each unit consisted of one common share and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share, exercisable at a price of \$0.40 expiring October 17, 2010. Aggregate finders' fee of \$167,234 was paid in cash to an arm's length party to the Company on a portion of the financing.
- On July 30, 2009 closed a non-brokered private placement financing of 5,115,000 units at a price of \$0.25 per unit for gross proceeds of \$1,278,750. Each unit consisted of one common share and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share, exercisable at a price of \$0.40 expiring January 30, 2011. Aggregate finders' fee of \$79,300 was paid in cash to an arm's length party to the Company on a portion of the financing.

During the six months ended June 30, 2010, the Company:

- On January 7, 2010 closed a non-brokered private placement financing of 680,000 common shares at a price of \$0.33 per share, for gross proceeds to the Company of \$224,400.
- 125,000 warrants were exercised for gross proceeds of \$35,750.

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.

## Contractual Commitments

As of June 30, 2010, the Company had no commitments, other than the commitment with the Grosso Group discussed below in “Related Party Transactions”.

## Capital Stock

At June 30, 2010, the Company had unlimited authorized common shares without par value. As at June 30, 2010, an aggregate of 35,706,655 common shares were issued and outstanding. As at August 3, 2010, 35,706,655 common shares were issued and outstanding.

	Number of Common Shares	Amount of Common Shares	Contributed Surplus	Warrants	Accumulated Other Comprehensive Income	Retained Earnings (Accumulated Deficit)
Balance as at December 31, 2008	15,468,655	9,144,655	12,510,396	795,128	-	(18,999,076)
Private placement	19,358,000	3,201,816	-	1,118,784	-	-
Share issue costs	-	(212,918)	-	-	-	-
Warrant issue costs	-	-	-	(72,297)	-	-
Warrants exercised	75,000	22,055	-	(3,305)	-	-
Expiration of warrants	-	-	795,128	(795,128)	-	-
Stock-based compensation	-	-	265,298	-	-	-
Capital tax on expired warrants	-	-	(119,269)	-	-	-
Net unrealized gain (loss) on available-for-sale marketable securities	-	-	-	-	23,099	-
Net loss	-	-	-	-	-	(2,501,406)
Balance as at December 31, 2009	34,901,655	12,155,608	13,451,553	1,043,182	23,099	(21,500,482)
Private placement	680,000	224,400	-	-	-	-
Warrants exercised	125,000	44,372	-	(8,622)	-	-
Stock-based compensation	-	-	54,449	-	-	-
Spinout of Peruvian and Colombian properties into Golden Alliance	-	(5,757,734)	-	(103,906)	-	3,551,157
Unrealized gain (loss) on available- for-sale marketable securities	-	-	-	-	(9,239)	-
Net loss	-	-	-	-	-	(457,110)
Balance as at June 30, 2010	35,706,655	6,666,646	13,506,003	930,654	13,860	(18,406,435)

The Company had the following warrants outstanding as at August 3, 2010:

Number	Exercise Price \$	Expiry Date
5,029,000	0.23	January 9 , 2011
9,014,000	0.36	October 17 , 2010
5,115,000	0.36	January 30 , 2011
19,158,000		

The following summarizes information about the stock options outstanding as at August 3, 2010:

Number	Exercise Price \$	Expiry Date
610,900	0.75	September 23, 2010
75,000	0.80	March 15, 2012
588,000	1.00	September 12, 2012
1,650,000	0.35	October 17, 2015
100,000	0.36	June 30, 2015
150,000	0.36	April 22, 2015
3,173,900		

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

The Company does not utilize off-balance sheet arrangements.

### **Related Party Transactions**

- (a) On March 31, 2010, the Company and Blue Sky Uranium Corp. (“Blue Sky”) collectively entered into a sale agreement with an officer and director of the Company to sell their shares held in Grosso Group Management Ltd., (“Grosso Group”) for proceeds of \$1. 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 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 each member company. The initial fee based on expected usage is \$50,000 per month. This fee is reviewed and adjusted quarterly based on level of services required. The Agreement expires on December 31, 2012. 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 is the aggregate of the termination fee in addition to the lesser of 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.

During the six months ended June 30, 2010, the Company incurred fees of \$276,672 (2009 - \$299,946). A total of \$Nil (2009 - \$293,039) was paid in monthly payments and \$3,849 is included in accounts receivable. An officer and director’s salary comprise a portion of the fee.

- (b) During the six months ended June 30, 2010, the Company incurred \$24,151 (2009 - \$Nil) for consulting services provided by a company owned by a director of the Company.
- (c) During the six months ended June 30, 2010, the Company incurred \$46,600 (2009 - \$Nil) for geological consulting services, provided by a company owned by an officer and director of the Company.
- (d) As at June 30, 2010, the Company had \$45,897 receivable from Golden Alliance Resources Corporation as a result of the spinout of the Peruvian and Colombian assets.
- (e) The Company and Blue Sky share office space and costs in Mendoza, Argentina. As at June 30, 2010 included in accounts receivable is \$41,877 from Blue Sky related to the shared office space.

All of the related party transactions and balances in these consolidated financial statements arose in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## **Subsequent Events**

The Company received a US \$314,424 payment for its 1% net smelter returns royalty (NSR) for the production period April 1<sup>st</sup> to June 30, 2010 at the Gualcamayo gold mine, located in San Juan, Argentina.

## **Critical Accounting Estimates and Recent Accounting Pronouncements**

The preparation of financial statements in conformity with Canadian GAAP 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 consolidated financial statements for the year ended December 31, 2009. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

### ***Stock-based Compensation***

Stock-based compensation is accounted for at fair value as determined by the Black-Scholes option pricing model using amounts that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate. For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. The estimated fair value of awards of stock-based compensation is charged to expense over the period that it is earned, with offsetting amounts to contributed surplus. If the stock-based compensation is for past services, it is expensed immediately. If the stock-based compensation is forfeited, no amounts are charged to expense. If stock options are exercised then the fair value of the options is re-classified from contributed surplus to share capital.

### ***Mineral Property Interests***

Exploration expenditures are charged to earnings as they are incurred until the property reaches development stage. All direct costs related to the acquisition of resource property interests are capitalized. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

Management periodically reviews the recoverability of the capitalized mineral properties. Management takes into consideration various information including, but not limited to, results of exploration activities conducted to date, estimated future metal prices, and reports and opinions of outside geologists, mine engineers and consultants. When it is determined that a project or property will be abandoned then the acquisition costs are written-off, or if its carrying value has been impaired, then the costs are written down to fair value.

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

The Company accounts for foreign value added taxes paid as expenses when incurred. The recovery of these taxes may commence on the beginning of foreign commercial operations. Should these amounts be recovered they would be treated as a recovery of exploration expenses at that time.

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.

## ***Future Accounting Standards***

### ***Business combinations, consolidated financial statements and non-controlling interest***

In January 2009, the CICA issued CICA Handbook Section 1582, *Business Combinations*, Section 1601, *Consolidations*, and Section 1602, *Non-controlling Interests*. These sections replace the former CICA Handbook Section 1581, *Business Combinations* and Section 1600, *Consolidated Financial Statements* and establish a new section for accounting for a non-controlling interest in a subsidiary. CICA Handbook Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to IFRS 3, *Business Combinations* (January 2008). The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

CICA Handbook Section 1601 establishes standards for the preparation of consolidated financial statements.

CICA Handbook Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination.

CICA Handbook Section 1601 and Section 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year.

All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

### ***International Financial Reporting Standards (“IFRS”)***

In February 2008, the CICA announced that publicly accountable enterprises will be required to transition from Canadian GAAP to IFRS for interim and annual financial statements effective for fiscal years beginning on or after January 1, 2011. This includes a requirement to present comparative financial information in accordance with IFRS for 2010. Accordingly, our first interim consolidated financial statements will be presented in accordance with IFRS for the three months ending June 30, 2011 with 2010 comparative results.

The Company has commenced a preliminary review of the Canadian equivalents to IFRS. At this stage of the transition, no areas have been identified that may have an impact on the financial statements of the Company. As at June 30, 2010 the Company has adopted its IFRS changeover plan and management has completed an IFRS diagnostic and has quantified and analyzed differences between Canadian GAAP and IFRS as part of its first phase of transition. The remaining phases: development and implementation, and post-implementation and review will be completed during the remainder of 2010. We note that Canadian GAAP to IFRS may be amended prior to adoption.

Management has considered the differences between Canadian GAAP and IFRS and to date have identified that there are likely no material differences to the majority of line items appearing in the Company’s balance sheet and income statement from what it has recorded under Canadian GAAP.

The specific areas where no applicable differences in recognition and measurement have been identified between IFRS and Canadian GAAP are cash, amounts receivable, prepaid expenses, and accounts payable and accrued liabilities.

Certain relevant accounting differences between Canadian GAAP and IFRS and the possible impacts on the consolidated financial statements of the Company are described below:

Financial Statement Component	IFRS	Canadian GAAP	Possible Impact
Exploration Expenditures and Development Costs	<p>An entity shall determine a policy specifying which expenditures are recognized as exploration and evaluation assets and apply the policy consistently. In making this determination, an entity considers the degree to which the expenditure can be associated with finding specific mineral resources.</p> <p>Exploration Expenditures shall be recognized at cost. The Company can elect to measure exploration and evaluation assets using either cost model or the revaluation model.</p>	<p>Exploration costs related to mining properties may initially be capitalized if an enterprise considers that such costs have the characteristics of property, plant and equipment and that capitalization is appropriate to its circumstances.</p> <p>Exploration and evaluation assets are measured at cost. Canadian GAAP does not allow for the revaluation of exploration and evaluation assets other than during a business combination.</p>	No impact. Continue with existing policy under IFRS 6.
Foreign Currency Translation	Defines functional currency as the currency of the primary economic environment in which the entity operates. Foreign currency translation methods are based on the functional currency concept.	Does not directly define functional currency. Foreign currency translation is based on the concept of integrated and self-sustaining foreign operations.	No impact expected at this time.
Impairment of Non-Current Assets	<p>Assess at each reporting date whether there is any indication that an asset (other than goodwill and intangible assets with indefinite lives) may be impaired.</p> <p>Impairment loss recognition is a one-step process based on discounted cash flows. Impairment losses are recognized when the carrying value exceeds the recoverable amount, which is the higher of (a) value in use and (b) fair value less costs to sell.</p> <p>An impairment loss recognized in prior periods for an asset shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.</p>	<p>A long-lived asset should be tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.</p> <p>Impairment testing is based on a two-step test. Once an impairment loss is identified on an undiscounted cash flow basis (step 1), the impairment loss is measured as the amount by which the carrying value exceeds fair value (step 2).</p> <p>An impairment loss relating to long-lived assets should not be reversed even if the fair value subsequently increases</p>	No impact expected at this time.
Share-Based Payments	<p>For graded-vesting features, IFRS requires each instalment to be treated as a separate share option grant, because each instalment has a different vesting period, and hence the fair value of each instalment will differ.</p> <p>Requires that forfeitures be estimated at the time of grant to eliminate distortion of remuneration expense recognized during the vesting period. The estimate should be revised if subsequent information indicates that actual forfeitures are likely to differ from previous estimates.</p>	<p>Allows the option to use the straight-line method or the attribution method to account for graded-vesting features.</p> <p>Permits companies to either estimate the forfeitures at time of grant date or record the entire expense as if all its stock option grants vest and then record forfeitures as they occur</p>	No impact expected at this time.

## **Financial Instruments**

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

### **(a) Fair Values**

The Company's financial instruments consist of cash and cash equivalents, receivables, and accounts payable. The fair value of these financial instruments approximates their carrying values due to the immediate or short-term maturity of these financial instruments.

The Company's marketable securities are classified as available for sale and fair value is determined using bid prices at the balance sheet date with any temporary unrealized gains or losses recognized in other comprehensive income.

### **(b) Financial Instrument Risk Exposure**

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and accounts receivable. The Company has reduced its credit risk by investing its cash and cash equivalents in term deposits with financial institutions that operate globally. A portion of its receivables are with the governments of Canada and Argentina in the form of sales tax, the credit risk is minimal. The majority of the remaining receivables are in the form of royalty receivable held with Yamana Gold Inc ("Yamana"). Yamana is a reputable global mining company with no history of default or non-payment. Therefore, the Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior year.

#### *Liquidity risk*

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due (Note 1). The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares and warrants to fund exploration programs and may require doing so again in the future.

#### *Market risk*

##### **(i) Currency risk**

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

	June 30, 2010			
	10% Increase in the Argentine Peso	10% Decrease in the Argentine Peso	10% Increase in the US Dollar	10% Decrease in the US Dollar
Increase (decrease) in net earnings	\$12,382	\$(12,382)	\$38,974	\$(38,974)
Increase (decrease) in other comprehensive (loss) income	-	-	-	-
Comprehensive (loss) income	\$12,382	\$(12,382)	\$38,974	\$(38,974)

**(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 and cash equivalents bear interest at variable rates. The fair value of cash and cash equivalents approximates their carrying values due to the immediate or short-term maturity of these financial instruments.

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

**(c) Capital Management**

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

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

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

The Company is monitoring market conditions to secure funding at the lowest cost of capital. The Company is exposed to various funding and market risks which could curtail its access to funds.

**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, 2009 and 2008. The Company has financed its operations principally through the sale of its equity securities. The Company does not anticipate that it will earn any revenue from its operations until its properties are placed into production, if ever. If the Company is unable to place its properties into production, the Company may never realize revenues from operations, will continue to incur losses and you may lose the value of your investment.

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

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

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

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

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

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

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

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

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

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

*Political Risk:* Exploration is presently carried out in the Argentina and 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 the cash. The Company's limits its exposure to credit loss by placing its cash 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 earn interest income at variable rates. The fair value of cash and cash equivalents 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.

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

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

On November 23, 2007, the British Columbia Securities Commission exempted Venture Issuers from the requirement to certify disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. The Company is a Venture Issuer; therefore it files the venture issuer basic certificates. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at June 30, 2010.

### **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.