

GOLDEN ARROW RESOURCES CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009

Introduction

The following management discussion and analysis and financial review, prepared as of November 29, 2009, should be read in conjunction with the Company's unaudited interim consolidated financial statements for the three and nine months ended September 30, 2009 and 2008 and audited annual consolidated financial statements and related notes for the years ended December 31, 2008 and 2007. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). 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.

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, Peru and Colombia 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.

Overview

The Company was created on July 7, 2004, as a result of a corporate restructuring plan (the "Reorganization") completed by IMA Exploration Inc. ("IMA"). Shareholders of IMA were issued one share of the Company for every ten shares of IMA held. On September 30, 2009 IMA changed its name to Kobex Minerals Inc. ("Kobex") and consolidated its common shares on a 2.4 old shares for one new share basis.

The Company is a natural resource company engaged in the business of acquisition and exploration of mineral properties in Argentina, Peru and Colombia. The Company's strategy is to acquire properties for the purpose of mineral exploration and exploitation. In the event the Company discovers mineralization capable of economic production, it intends to develop or seek a joint venture partner and/or to sell all or a portion of its interest in the subject property to finance the development of such property and/or use the funds to develop other properties. There is no assurance that a commercially viable mineral deposit exists on any of the properties. Further exploration will be required before a final evaluation as to the economic and legal feasibility of any of the properties is determined.

On November 20, 2009 the directors of the Company approved the reorganization of the assets of the Company such that the Peruvian and Colombian assets will be spun-out into 0861879 B.C. Ltd., which will apply for

listing on the TSX Venture Exchange. The Company will retain its Argentinean properties and its royalty interest in Yamana Gold Inc.'s Gualcamayo project. Golden Arrow, in exchange for 3,490,165 shares and 1,928,300 warrants of the Company, paid \$930,000 and transferred to the Company the Peruvian mineral properties with a carrying value of \$1,366,174.

These consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The going concern basis of presentation assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company has significant cash requirements to meet its administrative overhead and maintain its mineral interests. The Company's ability to continue as a going concern is dependant on its ability to raise equity financing and attain profitable operations. Management intends to raise further financing in the future. There can be no assurance that future financing can be successfully concluded. These consolidated financial statements do not reflect adjustments to the carrying value of assets and liabilities, the reported income and expenses and balance sheet classifications used that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material. Management has assessed and concluded that the Company has the ability to continue as a going concern for the next twelve months from the balance sheet date.

Principal Properties

Argentina

Net Smelter Royalty with Yamana

The Company has a 1% Net Smelter Royalty (NSR) on Yamana Gold Inc.'s Gualcamayo advanced stage gold project, which commenced production at the beginning of 2009. The first payment of royalty revenue of \$138,658 USD (\$169,375 CDN) was received on May 29, 2009 which relates to the first quarter of production of 2009. On July 31, 2009 the Company received its second royalty payment from Yamana in the amount of \$206,988 USD (\$223,340 CDN) and on October 31st its third royalty payment in the amount of \$343,218 USD (\$376,682). Regular quarterly payments will be made on January 31st, April 30th, July 31st, and October 31st, of each year for the life of mine.

Poncha, San Juan

In April 2007, the Company entered into an option agreement with Teck Resources Limited through its subsidiary Teck Cominco Argentina Ltd. ("Teck Resources") to earn an undivided 100% interest in Teck Resources' 100% option for the 3,000 ha Poncha gold-copper project located in San Juan, Argentina.

The agreement requires the Company to undertake work expenditures on the property totaling US\$3,200,000 over three years with a first year's commitment of US\$650,000. Teck Resources managed the first exploration program under a six month management contract with the Company. In addition the Company is responsible for payments totaling US\$2,880,000 to the underlying property owner over four years. The underlying owner will retain a 1% NSR royalty in the property. Teck Resources has an option to re-earn up to a 65% interest in the Poncha Property through a "Back-In" right and an "Additional Earn-In" right. In order to exercise its initial Back-In right to acquire a 55% interest, Teck Resources is required to fund expenditures equal to twice the Company's expenditures (to a maximum of US\$6,400,000). To increase its interest to 65% Teck Resources would need to spend a further US\$10,000,000. Also Teck Resources reserves a 1% NSR royalty if it chooses not to exercise its back-in right.

On March 3, 2009 the Company amended the agreement with the property owner. The new cash terms are to pay US\$3,089,000 between May 10, 2008 and May 10, 2017 (US\$203,000 paid). The property owners have the right to terminate the agreement if the aforementioned payments have not been made before May 10, 2017.

As part of the agreement, Teck Resources Limited purchased 600,000 shares of the Company for \$750,000 in conjunction with the Company's June 13, 2007 non-brokered private placement (See "Liquidity and Capital Resources" section below). In addition, the agreement provides that under certain conditions Teck Resources may contribute to a percentage of the payments to the underlying property owner.

The Poncha Project is located in the Cordillera Frontal of Argentina, San Juan Province. Initial work by Teck Resources revealed a potentially large gold-mineralized hydrothermal system on the property. Two main targets, separated by 2km of young, post mineral material were identified: the Northern porphyry copper-gold target and the Southern structural and breccia-related, epithermal target.

In 2006, Teck Resources completed a Phase I drilling program on the property intercepting gold mineralization and strong anomalous zinc. In 2007, the Company carried out phase II drilling program on the project's South Target. In total 2,729m in 9 holes were completed. Highlights from the program include: 6m of 7.40 g/t gold and 2m of 2.68 g/t gold in hole DDHPC9, 266m of 1.21 g/t gold and 3.30g/t silver including 61m grading 3.04 g/t gold and 7.16 g/t in hole RCPC13. This zone of mineralization is spatially related to a prominent induced polarization (IP) chargeability anomaly.

During March and April of 2009, the Company completed four step-out drill holes totaling 2,175m centered on hole RCPC13. All four of the drill holes completed intersected anomalous gold mineralization in multiple intervals. Anomalous gold mineralization correlates well with elevated silver mineralization and overlaps with more widespread intervals of anomalous zinc mineralization, as has been observed in other drill holes previously completed on the South Target zone. Assay highlights from the 2009 Poncha Drill Program are tabulated below:

| Collar | Depth (m) | | Sample Width (m) | Gold (g/t) | Silver (g/t) | Zinc (%) |
|-----------|-----------|-------|------------------|------------|--------------|----------|
| | From | To | | | | |
| DDH-PC15 | 71.0 | 77.0 | 6.0 | 1.16 | 7.6 | 0.29 |
| DDH-PC15 | 364.0 | 381.0 | 17.0 | 0.33 | 1.8 | 0.00 |
| DDH-PC16 | 194.0 | 236.0 | 42.0 | 0.37 | 3.9 | 0.09 |
| including | 221.0 | 227.0 | 6.0 | 1.69 | 16.5 | 0.37 |
| DDH-PC17 | 41.0 | 64.0 | 23.0 | 0.24 | 4.5 | 0.05 |
| DDH-PC17 | 457.0 | 463.0 | 6.00 | 0.81 | 2.1 | 0.26 |
| DDH-PC18 | 181.0 | 191.0 | 10.0 | 0.21 | 6.5 | 0.11 |
| DDH-PC18 | 221.0 | 223.0 | 2.0 | 1.39 | 1.9 | 0.26 |
| DDH-PC18 | 338.0 | 354.0 | 16.0 | 0.17 | 1.4 | 0.02 |

Note: g/t = grams/tonne

The anomalous gold-silver-zinc mineralization that characterizes the South Target was intersected in all four holes completed in the current program. The comparatively higher gold grades and longer mineralized interval intersected in RCPC13 was not picked up in the 50m step-out holes drilled vertically below and along strike from two directions, thereby limiting its potential size and extent.

All holes were cored through sequences of porphyritic dacite volcanic flows cut by widespread hydrothermal brecciation and brittle shearing. The four holes displayed varying degrees of argillic alteration (clay+pyrite) and sphalerite concentrations over most of their length. Pyrite mineralization is generally above 1% in all drill core with wide zones (tens of metres) of brecciation and shearing containing 2-5% pyrite and discrete metre wide intervals of semi-massive (+10%) pyrite. Hole DDH-PC18 intersected fractured and pyrite altered basement phyllite between 557m and 563m. Intervals of elevated gold-silver-zinc mineralization occur in all rock types encountered and do not display a strong correlation with pyrite content or degree of shearing or brecciation. Anomalous gold-silver-zinc mineralization has been detected in all 16 drill holes completed to date in the South Target. The alteration system is very large, covering at least 2km²; to date clear controls on higher-grade zones have not been defined.

The Company is currently evaluating its plans for future work on the Poncha Project.

Analysis of the 2009 drill core, Phase II core and RC samples were performed by Alex Stewart Assayers, in Mendoza, Argentina, an internationally recognized assay service provider. The 2009 drill program was carried out under the supervision of Bruce Smith, AUSIMM, the Company's Exploration Manager and a Qualified Person as defined by National Instrument 43-101. The drilling program in April and May 2007 was carried out under the supervision of employees of Teck Cominco Argentina Ltd. The RC program was carried out by the Company. The technical information above has been reviewed by Dr. David A. Terry, P.Geo, director and Vice

President Exploration of the Company, and a Qualified Person as defined in National Instrument 43-101 (a “Qualified Person”).

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 nine month period ending September 30, 2009.

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.

Valle de Cura, San Juan

The Company has five exploration properties in the Valle de Cura region. The Company continues to seek partners to advance the drill ready Rio de las Taguas and Poterillos properties and the other, earlier-stage exploration properties in the area. A data review and field visit was carried out in late 2008. No work was carried out on the Valle de Cura properties during the nine month period ending September 30, 2009.

Mogote, San Juan

The Company has agreements with Panthera Exploration Inc. (“Panthera”), a publicly traded company with common management, whereby the Company optioned its Mogote Property in the NW San Juan Region of Argentina. Panthera has exercised the option and has earned a 51% interest in the Mogote Property. Panthera has fulfilled the option requirements to issue a total of 1,650,000 of its common shares to the Company and to incur US \$1.25 million of expenditures.

During 2007, Panthera issued 900,000 of its common shares to the Company (initially recorded at fair value of \$333,000) as the final share issuance under the option agreement. On May 14, 2007, Panthera gave notice to the Company that it would not incur the additional expenditures required in order to earn an additional 24% interest.

Panthera carried out exploration drilling programs on the Mogote property in 2004 and 2005 to test the Filo Este and Filo Central targets. Wide intercepts of anomalous copper-gold mineralization were encountered in each drill program. No exploration work has been carried out on the Mogote Property in 2006, 2007 or 2008.

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 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.

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 Golden Arrow to make payment of US\$100,000 on signing (paid) and further payments totaling US\$1,025,000 over three years to acquire 100% of the properties.

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.

Jujuy Province

The Company had three properties in the province of Jujuy in northern Argentina: the Antiguyo Property (Antiguyo I and II), the San Jose Property and the Timon Cruz Property. These properties mainly cover lode and bulk tonnage gold targets hosted by folded Ordovician sediments.

No work was carried out on the Jujuy properties during the nine month period ending September 30, 2009. Due to the results of the San Jose drilling program, evaluation of the Antiguyo project and not having the balance of the concessions applied for after a considerable period of time, the Company has decided to write off the Jujuy properties. As a result acquisition costs of \$10,395 have been written off during the period.

Neuquen Province

In 2007, the Company staked 3 categoos 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

Rio Tabaconas

The Company had previously declared force majeure, as allowed under the property option agreement, on the property payments for this project. The Company is maintaining these properties in good standing.

Effective April 1, 2007, the Company retained Gestora De Negocios e Inversiones ("GNI") and its president, Augusto Baertl, to assist in reopening negotiations with the stakeholders in the local communities, the Church and the government. GNI will prepare and present a plan to the Company with their proposals to reopen the

negotiations. The goal of resuming exploration activities on the project is a difficult one. The Company thinks that there may now be an opportunity for progress in preparing for the resumption of exploration work on the Rio Tabaconas project. It is the Company's intention to work with the stakeholders to assure them that the project is to the benefit of all and will be managed in an environmentally and socially responsible manner.

The September 2008 updated report highlighted advances in the further understanding of the underlying factors that generated past conflicts and the concerns of the local communities. This report also recommended a framework to appropriately approach formal negotiations. This framework has been carefully evaluated and discussed with specialists on this field and it is currently under development.

Other

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 Mogote property not already held by the Company. The acquisition includes the Cocha and Mitu copper-silver properties in Junin Department and the Acero and Fuyani copper-gold projects in Cuzco Department.

According to the terms of the property transfer agreement, the Company purchased the Properties from Panthera in consideration for a US\$150,000 (\$168,870 CDN) cash payment and the grant of a 1% net smelter returns royalty to Panthera (one half of which may be purchased by the Company for US\$1,000,000). The Company will assume all of the ongoing property maintenance requirements of the Properties. This transaction received shareholder approval on July 22, 2009 and regulatory approval July 29, 2009.

Colombia

On March 2, 2009 the Company commenced an option agreement with an initial option payment of \$80,000 USD for the La Morena Gold Project. The 293 hectare La Morena Gold Project is located 160km west of Bogota in Quindio Department, Colombia. The project includes the 150 hectare La Morena claim that contains a small permitted underground gold mine developed on a mineralized quartz vein, in addition to a number of other prospects, and the 143 hectare El Eden claim that also hosts several gold prospects. The option agreement with a private Colombian company can earn a 100% interest in the 150 hectare La Morena claim by making cash payments totalling US\$1.955 million over five years.

Subsequent to the period ended September 30, 2009, the Company completed a work program to evaluate the project and as a result has decided to terminate its option on the 150ha La Morena claim.

Selected Quarterly Financial Information

Due to a change in accounting policy relating to exploration expenditures, results for 2008 have been restated. Refer to note 3 of the consolidated financial statements for the nine months ended September 30, 2009 for details.

The following selected consolidated financial information is derived from the unaudited interim consolidated financial statements of the Company. The information has been prepared in accordance with Canadian GAAP.

| | 2009 | | | 2008 (Restated) | | | 2007 (Restated) | |
|------------------------------------------------|---------------|---------------|---------------|--------------------|---------------|---------------|--------------------|---------------|
| | Sep. 30 \$ | Jun. 30 \$ | Mar. 31 \$ | Dec. 31 \$ | Sep. 30 \$ | Jun. 30 \$ | Mar. 31 \$ | Dec. 31 \$ |
| Revenues | 376,682 | 223,340 | 169,375 | Nil | Nil | Nil | Nil | Nil |
| Net earnings (Loss) | (272,740) | (1,275,304) | (643,022) | (1,711,363) | (658,856) | (1,577,011) | (876,919) | (1,355,545) |
| Net Loss per Common Share Basic and Diluted | (0.01) | (0.08) | (0.03) | (0.11) | (0.04) | (0.10) | (0.06) | (0.11) |

For the three months ended September 30, 2009, the Company recorded a loss of \$278,212, a decrease in loss of \$380,644 from the \$658,856 loss incurred during the three months ended September 30, 2008. The decrease in loss is primarily a result of:

- Exploration costs decreased by \$206,914 to \$240,968 in the 2009 period compared to \$447,882 in the 2008 period.
- Professional fees increased to \$10,928 in the 2009 period compared to \$12,183 in the 2008 period. The increase is as a result of the Company reorganizing the assets of the Company in the proposed spin-out.
- Foreign exchange loss increased to \$89,801 in the 2009 period compared to a gain of \$28,449 in the 2008 period as a result of the Company holding funds in US dollars which dramatically decreased in value during the period.
- Royalty income increased to \$376,682 in the 2009 period compared to \$Nil in the 2008 period as a result of the company receiving its third payment of royalty revenue for the third quarter of production of Yamana's Gualcamayo advanced stage gold project, which commenced production at the beginning of 2009.

Summary of Financial Results

For the nine months ended September 30, 2009, the Company reported a consolidated loss of \$2,196,538 (\$0.09 per share), a decrease of \$916,248 from the loss of \$3,112,786 (\$0.20 per share) for the nine months ended September 30, 2008. The decrease in the loss in 2009 period, compared to the 2008 amount, was due to a number of factors of which \$380,216 can be attributed to decreases in operating expenses and a \$541,786 increase in other income items.

The Company's operating expenses for the nine months ended September 30, 2009 were \$2,832,301, a decrease of \$380,216 from \$3,212,517 in the 2008 period as a result of the following:

- Corporate development and investor relations decreased by \$89,719 to \$64,649 in the 2009 period compared to \$154,368 in the 2008 period mainly due to decreased costs associated with advertising and attendance at investor conferences.
- Exploration costs decreased by \$734,460 to \$1,654,968 in the 2009 period compared to \$2,389,428 in the 2008 period. In the 2009 period the majority of exploration incurred was on the Poncha project in Argentina and the Rio Tabaconnas project in Peru. In the 2008 period, the majority of expenditures was on the Poncha, Pescado and Jujuy projects in Argentina, Rio Tabaconnas project in Peru and general exploration in Colombia.
- Professional fees increased to \$164,199 in the 2009 period compared to \$59,678 in the 2008 period as a result of increased legal fees associated with the Company reorganizing the assets of the Company in the proposed spin-out.
- Stock-based compensation increased to \$265,298 in the 2009 period compared to \$11,752 in the 2008 period as a result of the Company granting stock options to directors, employees and consultants to acquire 1,650,000 (2008 – 45,000) common shares of the Company.

Royalty income increased to \$769,397 in the 2009 period compared to \$Nil in the 2008 period as a result of the company receiving its three quarterly payments of royalty revenue for Yamana's Gualcamayo advanced stage gold project, which commenced production at the beginning of 2009.

During the nine months ended September 30, 2009 the Company capitalized acquisition costs of \$159,763 on the Mogote property in Argentina, \$30,843 on the Cocha property, \$15,513 on the Mitu property, and \$10,471 on other properties in Peru and \$99,626 on the La Morena Gold project in Colombia. In Argentina the Company incurred exploration expenditures of \$5,635 on Valle de Cura, \$1,244,688 on Poncha, \$1,855 on Jujuy and \$12,972 on other properties, and in Peru the Company incurred expenditures of \$279,236 on Rio Tabaconnas, and in Colombia the Company incurred expenditures of \$110,582 on La Morena. During the period the Company wrote-off \$10,395 of acquisition costs related to the Jujuy project in Argentina. See the "Exploration Projects" section above for further discussion.

Liquidity and Capital Resources

The Company's cash position at September 30, 2009 was \$755,988 compared to \$372,141 at December 31, 2008, with working capital of \$3,040,928 compared to \$1,014,363 at December 31, 2008. Short-term investments balance increased to \$1,276,402 at September 30, 2009 from \$657,878 at December 31, 2008. Total assets increased to \$5,816,231 at September 30, 2009 from \$3,626,344 at December 31, 2008. As at November 29, 2009, the Company had working capital of approximately \$3,030,000.

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 nine months ended September 30, 2009 the Company recorded interest income of \$17,821 compared to \$93,977 for the nine months ended September 30, 2008. The Company received royalty revenue from its NSR on Yamana's Gualcamayo Gold Project totaling \$769,397 for the nine months ended September 30, 2009 compared to \$Nil for the 2008 period.

As at December 31, 2008 the Company held \$207,102 of asset backed commercial paper ("ABCP"). This investment was to mature on September 13, 2007 but has been rolled over under the provisions of the "Montreal Accord". On April 9, 2008 Canaccord Capital Corporation ("Canaccord") announced the Canaccord Relief Program, a repurchase plan that offers the Company the opportunity to sell the ABCP at par. In 2007, the Company assessed fair value and recorded an impairment loss of \$20,710 related to this investment, representing a 10% valuation allowance of the original principal amount. During the three months ended March 31, 2009 the Canaccord Relief program was completed and the Company received \$214,661 for the principal and unpaid interest.

The Company has financed its operations through the sale of its equity securities. During the nine months ended September 30, 2009, the Company completed:

- a non-brokered private placement financing of 5,189,000 units at a price of \$0.15 per unit, for net proceeds of \$741,104 net of related share issue costs of \$38,682. 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.
- a non-brokered private placement financing of 9,054,000 units at a price of \$0.25 per unit, for net proceeds of \$2,094,831 net of related share issue costs of \$167,234. 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.
- a non-brokered private placement financing of 5,115,000 units at a price of \$0.25 per unit for net proceeds of \$1,199,450 net of related share issue costs of \$79,300. Each unit consisted of one common share and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share in the capital of the Company, exercisable at a price of \$0.40 expiring January 30, 2011.

The Company will continue to rely on successfully completing additional equity financing and/or conducting joint venture arrangements for further exploration on its properties. There can be no assurance that the Company will be successful in obtaining the required financing or negotiating joint venture agreements. The failure to obtain such financing or joint venture agreements could result in the loss of or substantial dilution of its interest in its properties.

The Company may elect to acquire new projects, at which time additional equity financing may be required to fund overheads and maintain its interests in current projects, or may decide to relinquish certain of its properties. These decisions will be based on the results of ongoing exploration programs and the response of equity markets to the projects and business plans.

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 or the acquisition of projects.

Operating Cash Flow

Cash outflow from operating activities was \$2,311,174 for the nine months ended September 30, 2009 compared to \$3,340,277 during the nine months ended September 30, 2008.

Financing Activities

During the nine months ended September 30, 2009 the Company received \$3,695,600 from private placements less issue costs of \$285,215 compared to the receipt of \$Nil from private placements in 2008. An additional \$625,000 related to the financing is included in subscription receivable. In addition, in 2009 the Company received \$18,750 from the exercise of warrants (2008 – \$168,000).

Investing Activities

Investing activities consumed cash of \$734,114 for the nine months ended September 30, 2009 compared to cash generated of \$3,118,839 in 2008. In 2009, investing activities included additions of \$316,216 to mineral property acquisition costs, a receipt of \$207,102 related to the long-term investment and an increase of \$625,000 in short-term investments. In 2008, investing activities included additions of \$231,161 to mineral property acquisition costs and a decrease of \$3,350,000 in short-term investments.

Related Party Transactions

- (a) The Company engages Grosso Group Management Ltd. (“Grosso Group”) to provide services and facilities to the Company. The Grosso Group is a private company owned by the Company, Kobex and Blue Sky Uranium Corp. (“Blue Sky”), each of which owns one share. The Grosso Group provides its shareholder companies with geological, corporate development, administrative and management services, office and sundry and rent, parking and storage. The shareholder companies pay monthly fees based upon a pro-rating of the Grosso Group’s costs including its staff and overhead costs among each shareholder company with regard to the mutually agreed average annual level of services provided to each shareholder company. The Grosso Group services contract also provides that, in the event the services are terminated by a member company, a termination payment would include three months of compensation and any contractual obligations that the Grosso Group undertook for the company, up to a maximum of \$500,000.

During the nine months ended September 30, 2009, the Company incurred fees of \$461,950 (2008 - \$380,423): a total of \$455,947 (2008 - \$396,287) was paid in monthly payments and \$6,003 is included in amounts payable as a result of a review of the allocation of the Grosso Group costs to the member companies for the period (2008 - \$15,864 in amounts receivable). In addition, included in deposits is an \$85,000 (2008 - \$85,000) deposit to the Grosso Group for the purchase of equipment and leasehold improvements and for operating working capital.

On October 19, 2009 Kobex gave notice that it was terminating this agreement, effective November 30, 2009. A termination payment of \$500,000, as described above, less the deposit of \$205,000 will be made on November 30, 2009.

- (b) Effective May 1, 2007, the Company entered into an agreement with Kobex to pay a monthly fee for the services provided by Kobex’s Chief Executive Officer who is also the Chief Executive Officer of the Company. The agreement may be terminated at any time by the Company upon 30 days written notice. For the nine months ended September 30, 2009, the Company paid \$24,000 (2008 - \$27,000) to Kobex for the services. This agreement was terminated effective September 1, 2009.
- (c) During the period the Company paid consulting fees of \$5,000 to a company controlled by the director of the company (2008 - \$Nil).
- (d) The Company entered into an agreement to acquire from Panthera four Peruvian property concessions and the remaining 51% interest in the Mogote property not already held by the Company for consideration of \$168,870 CDN (\$150,000 USD) and a 1% NSR. Panthera has management in

common with the Company. This transaction received shareholder approval on July 22, 2009 and regulatory approval July 29, 2009. Included in accounts payable is \$56,474 related to this transaction.

The Company and Blue Sky share office space and costs in Mendoza, Argentina.

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.

Contractual Commitments

As of September 30, 2009, the Company had no commitments, other than the commitment with the Grosso Group discussed above in "Related Party Transactions".

Further details of the Company's option payments and expenditure commitments are disclosed in note 8 to the Company's September 30, 2009 unaudited consolidated financial statements.

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 3 of the Company's consolidated financial statements for the year ended December 31, 2008. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

Mineral Property Interests

During the year ended December 31, 2008, the Company retrospectively changed its accounting policy for exploration expenditures to be more relevant. Prior to the year ended December 31, 2008, the Company capitalized all such costs to mineral properties held directly or through an investment and only wrote down capitalized costs when the property was abandoned or if the capitalized costs were not considered to be economically recoverable.

Exploration expenditures are now charged to operations as they are incurred until the property reaches development stage. All direct costs related to the acquisition of mineral property interests will continue to be 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.

The Company has accounted for this change in accounting policy on a retrospective basis. The impact of this change on the previously reported September 30, 2008 consolidated financial statements is as follows:

| | As previously reported \$ | Restatement \$ | As restated \$ |
|------------------------------------------------------------------------------|---------------------------------|-------------------|-------------------|
| Mineral property interests as at September 30, 2008 | 11,363,284 | (9,355,274) | 2,008,010 |
| FIT Liability as at September 30, 2008 | 974,228 | (974,228) | - |
| Exploration expense for the nine months ended September 30, 2008 | 676,309 | 1,713,119 | 2,389,428 |
| Loss for the period ended September 30, 2008 | (1,393,848) | (1,718,938) | (3,112,786) |
| Loss per share for the period ended September 30, 2008 | (0.09) | (0.11) | (0.20) |
| Deficit at September 30, 2008 | (8,962,156) | (8,013,133) | (17,287,713) |
| Cash flows from operating activities for the period ended September 30, 2008 | (1,562,102) | (1,778,175) | (3,340,277) |
| Cash flows from investing activities for the period ended September 30, 2008 | 1,340,664 | 1,778,175 | 3,118,839 |

When a property is placed in commercial production, acquisition costs will be depleted using the units-of-production method. 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 part of exploration expense. The recovery of these taxes will commence on the beginning of foreign commercial operations. Should these amounts be recovered they would be treated as a reduction in general exploration expense.

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.

Recent Accounting Pronouncements

The accounting policies followed by the Company are set out in note 3 to the audited consolidated financial statements for the year ended December 31, 2008, and have been consistently followed in the preparation of these consolidated financial statements except that the Company has adopted the following CICA standard effective January 1, 2009:

(a) Goodwill and Intangible Assets

CICA Handbook Section 3064, *Goodwill and Intangible Assets*, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and Expenses during the preoperating period. On January 1, 2009, the Company adopted these changes, with no impact on its consolidated financial statements.

(b) Credit Risk and Fair Value of Financial Assets and Liabilities

In January 2009, the CICA issued EIC-173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*. The EIC provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments.

This standard is effective for our fiscal year beginning January 1, 2009. Adoption of this EIC did not have a significant effect on the Company's financial statements for the period ended September 30, 2009.

(c) Mining Exploration Costs

In March 2009, the CICA issued EIC-174, *Mining Exploration Costs*. The EIC provides guidance on the accounting and the impairment review of exploration costs. This standard is effective for our fiscal year beginning January 1, 2009. The application of this EIC did not have an effect on the Company's financial statements for the period ended September 30, 2009.

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. It is equivalent to the corresponding provisions of IFRS International Accounting Standards ("IAS") 27, *Consolidated and Separate Financial Statements* (January 2008).

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 as it has not adopted them yet.

International Financial Reporting Standards

We have been monitoring the deliberations and progress being made by accounting standard setting bodies and securities regulators in Canada and United States with respect to their plans regarding convergence to International Financial Reporting Standards ("IFRS"):

- In February 2008, the Canadian Accounting Standards Board confirmed that publicly listed companies will be required to adopt IFRS for interim and annual financial statements relating

to fiscal years beginning on or after January 1, 2011. Early adoption may be permitted, however, exemptive relief requires approval of the Canadian Securities Administrators.

- In August 2008, the Securities and Exchange Commission of the United States announced that it would seek public comments on a proposed roadmap for the potential mandatory adoption of IFRS beginning in 2014 for large accelerated filers, accelerated filers in 2015 and then remaining public companies in 2016.

In preparation for the changeover from GAAP to IFRS, we commenced the planning process during the second quarter of 2009. Specific initiatives are underway and others have been planned for the transitioning from GAAP to IFRS. Current status of the project is as follows:

Resources

- We have retained the service of a major public accounting firm to provide technical and process management assistance for the project.
- We will continue to invest in training and resources to ensure a timely and effective conversion.

Process

- A diagnostic assessment of the key impact areas has been completed.
- A detailed assessment of accounting and measurement differences between IFRS and Canadian GAAP on current accounting policies, as well as new policies anticipated to be implemented as we transition to a producer, is currently underway.
- Initial findings and observations from the work completed to date will serve as an input in establishing the key parameters to develop solutions during the design phase of the project.
- A high-level impact assessment of IFRS conversion on our IT systems and tax processes is underway.
- Our audit committee is monitoring our progress and is kept informed of issues identified.
- Our external auditor is advised of the progress status and issues identified.

We anticipate that there will be changes in accounting policies and these changes may materially impact our financial statements.

Financial Instruments

The Company's financial instruments are exposed to certain risks, including currency, credit and interest rate, and liquidity risk. (*See note 14 in the December 31, 2008 audited financial statements or the section below for discussion*).

The fair value of cash, short-term investments, accounts receivables and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of those instruments.

The fair value of marketable securities is obtained by reference to the closing quoted market price on the balance sheet date. As at September 30, 2009, the fair value of the Company's marketable securities was \$39,268.

Risk Factors

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.

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.

Metal Price Risk: The Company's portfolio of properties has exposure to predominantly gold, silver and copper. The prices of these metals, especially gold, greatly affect the value of the Company and the potential value of its properties 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 Argentina, Peru and Colombia. 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.

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.

Interest rate risk: Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to significant interest rate risk because of their current nature.

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 in which the Company is registered exempted Venture Issuer from certifying disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. Since the Company is a Venture Issuer, it is now required to file basic certificates, which it has done for the year ended December 31, 2008. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under Multilateral Instrument 52-109 as at September 30, 2009.

Investor Relations

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.ameraresources.com) on a continuous basis.

Outstanding Share Data

The Company's authorized share capital is an unlimited number of common shares without par value. As at September 30, 2009, there were 34,901,655 outstanding common shares and 2,923,900 stock options, which were outstanding and exercisable, with an exercise prices ranging from \$0.35 to \$1.00 per share. In addition, as at September 30, 2009, there were 19,283,000 warrants outstanding with exercise prices ranging from \$0.25 to \$0.40 per share.

As of November 29, 2009, there were 34,901,655 common shares, 2,923,900 stock options and 19,283,000 warrants outstanding.