

GOLDEN ARROW RESOURCES CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2009

Introduction

The following management discussion and analysis and financial review, prepared as of May 28, 2009, should be read in conjunction with the Company's unaudited interim consolidated financial statements for the three months ended March 31, 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.

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.

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

San Juan Province

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 will be received in the first week of June 2009 which relates to the first quarter of production of 2009. Regular quarterly payments will be made on January 31st, April 30th, July 31st, and October 31st, of each year for the life of mine, with the next payment scheduled for July 31st, 2009. At the current spot gold price Golden Arrow anticipates annual cash flow from the NSR ranging from CDN \$2,000,000 to CDN \$2,500,000 per year. At the current spot gold price, the approximate net present value “NPV” at a 5% discount rate of Golden Arrow’s 1% NSR ranges from CDN \$15,000,000 to CDN \$22,000,000.

Poncha, San Juan

In April 2007, the Company entered into an option agreement with Teck Cominco Limited through its subsidiary Teck Cominco Argentina Ltd. (“Teck Cominco”) to earn an undivided 100% interest in Teck Cominco’s 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 Cominco 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 Cominco 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 Cominco 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 Cominco would need to spend a further US\$10,000,000. Also Teck Cominco 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\$125,000 paid). The property owners have the right to terminate the agreement if the aforementioned payments have not been made before May 10, 2017. This amendment is subject to the Argentinean courts approval.

As part of the agreement, Teck Cominco 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 Cominco 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 Cominco 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 Cominco 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, the Company completed four step-out drill holes totaling 2,175m centered on hole RCPC13. Assays will be released when received and interpreted.

Analysis of the Phase II core and RC samples were performed by Alex Stewart Assayers, in Mendoza, Argentina, an internationally recognized assay service provider. 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, 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 the third quarter of 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. On the Aspero 1 claim, the Company's field crews completed prospecting, sampling and geological mapping.

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 early 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.

Pescado I and II

Collectively the Pescado I and II claims cover 2,100ha. They are underlain by iron-stained mafic to felsic magmatic rocks of unknown age (informally named the Pescado Magmatic Complex – "PMC"), Paleozoic sandstone, mudstone and limestone units and Tertiary granitoids. Alteration and gold mineralization is associated with areas where the PMC intrudes the Paleozoic sedimentary rocks and is controlled by north-northeast and west-northwest oriented structures. It is likely that a large north-northeast trending fault underlies the Pescado River drainage in the central portion of the Pescado I claim.

Stream sediment sampling has defined a 4.8km long gold anomaly along Pescado I and II properties. Soil sampling delineates two gold anomalies with grades >25 ppb Au at the core of the Pescado I property: the South Anomaly (400 by 300m), within which a number of small historical workings have been located, and the North Anomaly (1,000 by 550m) oriented to the northwest. Gold anomalies defined by soil sampling are commonly related to Fe-stained volcanic rocks cut by quartz veins.

Rock sampling returned high grades (see highlights above) from a number of quartz veins in historical workings that cut the PMC sequence within the South Anomaly. Outcrop exposure over the North Anomaly is poor but assays as high as 1.0m of 0.65g/t gold were returned.

Yanso

The Yanso claim covers 9,760 hectares and is underlain by Carboniferous sandstone and Permian red beds. Porphyritic andesite/dacite dikes, hornblende-rich diorite and tonalite of unknown age intrude the Paleozoic sequence. North-trending thrusts and folds are prominent.

Stream sediment sampling of the southern part of Yanso has identified gold and copper anomalies associated with the intrusives. To date two styles of mineralization have been recognized: 1) Calcite and quartz veining in deformed limestone (0.17, 0.14 and 0.14 g/t gold) and 2) a north-trending 50m by 300m intrusion-related hematite/pyrite alteration zone with fracture-controlled mineralization (16m averaging 0.602 g/t gold including 2m @ 1.27 g/t gold). Isolated outcrops suggest this zone may persist up to 1km to the north under younger cover sequences. The next phase of work on Yanso will include additional stream sediment and rock sampling in the north as well as detailed mapping and further sampling of southern alteration zone.

Durazno

The Durazno claim covers 5,600 hectares and is underlain by Ordovician limestone, Permian coarse sandstone and conglomerate and volcanoclastic rocks. A major thrust that strikes to the north-northwest repeats the Paleozoic sequence.

Stream sediment samples have identified a gold anomaly in an area underlain by limestone in the northeast corner of the Durazno claim. Copper, lead and zinc values are elevated and follow-up prospecting identified polymetallic sulphide stockwork and breccia-hosted veins hosted in limestone. Ongoing work will focus on detailed sampling and mapping of the northeastern sector of the claim.

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.Geol., director and Vice President Exploration, and a Qualified Person.

Valle de Cura

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.

Other

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.

Jujuy Province

The Company currently has 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. The properties lie within the Sierra Rinconada, a northeast-trending belt measuring 30km by 130km that has a long history of gold production dating back to Inca times. More concessions have been applied for and remain to be granted.

Antiguyo Gold Property, Jujuy

The Antiguyo I and II, together cover 5,643 hectares. In 2006 surface channel sampling, soil grid sampling and composite talus fines sampling programs were carried out on the southern portion of the property and reconnaissance sampling was carried out over the northern portion. Several high-grade gold-bearing quartz veins have been identified on the southern portion of the property. No work was carried out in 2007 or 2008.

San Jose Gold Property, Jujuy

The San Jose gold property covers 1,985 hectares in the Sierra Rinconada. The property hosts high-grade gold quartz vein occurrences and stockwork-related bulk-tonnage style gold mineralization. Rock sampling, Phase I and II soil programs and Phase I and II trenching programs were carried out in 2006. With the results reported to date, the Company has now identified three significant zones along a 1.2km trend with bulk-tonnage gold grades on the project.

In 2008, the Company carried out a diamond drill program on the San Jose Gold Property. A total of 1,428.8m of HQ core was drilled in 18 holes along the 1.2km mineralized trend with three gold zones previously identified. Six drill-holes were completed at the Northwestern Target, seven drill-holes at the Central Target, and five drill-holes at the Southeast Target. Overall the drilling results demonstrate that gold mineralization in all three zones is primarily hosted by narrow high-grade discontinuous zones of quartz veining. Wider zones of “bulk-tonnage” grade gold mineralization, indicated by sampling of rock saw trenches on surface, were not detected in the subsurface by shallow drilling. Analytical highlights from the drilling program were reported in Q3 of 2008 and are summarized below.

Collar	Target	Depth (m)		Sample Width (m)	Gold (g/t)
		From	To		
DDH-SJ-4	C	29.35	30.65	1.30	1.46
DDH-SJ-5	C	25.65	26.30	0.65	16.73
DDH-SJ-8	NW	14.60	16.00	1.40	6.89
DDH-SJ-10	NW	3.65	3.95	0.30	5.12
DDH-SJ-12	C	37.30	37.58	0.28	2.93
		37.58	37.96	0.38	19.38
		85.50	86.00	0.50	1.40
DDH-SJ-13	C	13.60	15.00	1.40	1.12
DDH-SJ-14	SW	42.00	43.60	1.60	2.44
		48.00	49.00	1.00	0.96
		97.30	98.30	1.00	1.87
DDH-SJ-15	SW	9.50	11.00	1.50	1.74
		16.20	17.00	0.80	2.47
DDH-SJ-16	SW	18.00	18.50	0.50	1.95
		20.53	21.25	0.72	1.24
		22.60	23.70	1.10	4.11
		24.45	25.25	0.80	1.97
		27.50	28.30	0.80	1.17
		72.00	72.80	0.80	2.06

DDH-SJ-17	SW	53.80	54.50	0.70	17.61
DDH-SJ-18	SW	6.00	7.20	1.20	2.28
		38.35	38.98	0.63	5.86

The San Jose drilling program encountered challenging drilling conditions resulting from the strongly fractured nature of the host rock and high water pressures encountered at shallow depths. Drill core recoveries averaged 66% and most holes did not reach their target depths, although most did cross down-dip projections of the target mineralized zones identified from surface trenching.

The discontinuous nature of the gold-bearing veins and narrow mineralized widths encountered in drilling indicate that the potential for discovery of an economic deposit, either high-grade vein style or bulk tonnage target is limited in the areas tested. The Company is currently evaluating its plans for future work on the San Jose Project.

The Company followed industry standard procedures for the work carried out on the San Jose Project. Blank, duplicate, and standard samples were inserted into the sample sequence sent to the lab for quality assurance/quality control (QA/QC) purposes. In total, 40 quality control samples (over 3% of all 1,341 samples) were analyzed. Golden Arrow detected no QA/QC issues during review of the data.

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

Timon Cruz Gold Property, Jujuy

The Timon Cruz gold property covers 2,000 hectares in the Sierra de Rinconada. Gold mineralization in the district is commonly related to quartz veins hosted in a folded and faulted sequence of Ordovician rocks. In general, mineralization extends along the fold trend and seems to be located in first-order anticlines. Initial exploration work that included reconnaissance mapping, rock-sampling and soil sampling was carried out in 2006. The next phase of exploration work at Timon Cruz will involve extension of the soil grid, surface chip and channel rock sampling, and geologic and structural mapping of the claimed area.

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. The Company will continue to lever its exploration expenditures through joint-venturing projects with high quality partners. In light of the current economic climate, the Company is reducing its costs and postponing capital-intensive projects until market conditions improve.

The Company hired Bruce Smith, M.Sc. as Exploration Manager to be based at the Company's office in Mendoza, Argentina where he will be responsible for overseeing all of the exploration work carried out by the Company on its large portfolio of projects. Mr. Smith has over 15 years experience in exploring for metals with increasingly senior levels of responsibility. He has worked in Australia, New Zealand, Philippines, West Africa, and Europe and has spent seven years exploring for precious metals in Central America and Mexico. He was part of the team that discovered the Tambour gold systems in Guatemala that lead to the development of the EL Sastre Gold Mine now operated by Castle Gold Corp. Mr. Smith holds a Bachelor of Science and Master of Science degree in geology from the University of Otago, New Zealand, a Master of Engineering in Water and Environmental Resource Management from the UNESCO Institute for Water Education, Delft, Netherlands and is a member of the Australian Institute of Mining and Metallurgy (AUSIMM) which allows him to act as a "Qualified Person" under 43-101 regulations.

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. Based in Lima Peru, Mr. Baertl is well known in the mining and business communities in Peru and internationally. The Company is fortunate to have obtained his services. 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.

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. The Company has a work program underway to evaluate the project.

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 three months ended March 31, 2009 for details.

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

	2009	2008 (Restated)				2007 (Restated)			
	Mar. 31 \$	Dec. 31 \$	Sept. 30 \$	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$	Sept. 30 \$	Jun. 30 \$	
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
Net Income (Loss)	(643,022)	(1,579,950)	(790,268)	(1,577,012)	(876,919)	(1,355,545)	(774,916)	(844,493)	
Net Income (Loss) per Common Share - Basic and Diluted	(0.03)	(0.10)	(0.05)	(0.10)	(0.06)	(0.11)	(0.06)	(0.07)	

For the three months ended March 31, 2009, the Company recorded a loss of \$643,022, a decrease in loss of \$233,897 from the \$876,919 loss incurred in the three months ended March 31, 2008. The decrease in loss is primarily a result of:

- Administrative and management services increased by \$32,810 to \$52,120 in the 2009 period compared to \$19,310 in the 2008 period as a result of the Company incurring additional consulting fees in 2009.

- Corporate development and investor relations decreased by \$54,228 to \$29,600 in the 2009 period compared to \$83,828 in the 2008 period mainly due to decreased costs associated with advertising and attendance at investor conferences.
- Exploration costs decreased to \$372,563 in the 2009 period compared to \$594,620 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 Pescado project in Argentina, Rio Tabaconnas project in Peru and general exploration in Colombia.
- Salaries and employee benefits increased to \$105,650 in the 2009 period compared to \$87,015 in the 2008 period. The salary expense is comprised of an allocation of fees from Grosso Group Management Ltd. (“Grosso Group” – see discussion in related parties below).
- Interest income decreased by \$33,697 to \$11,245 in the 2009 period compared to \$44,942 in the 2008 period as a result of the Company holding less short-term investments during the period.

During the three months ended March 31, 2009 the Company capitalized acquisition costs of \$99,626 on the La Morena Gold project in Colombia. In Argentina the Company incurred exploration expenditures of \$1,457 on Valle de Cura, \$234,091 on Poncha, \$1,099 on Jujuy, \$10,296 on Neuquen, \$5,433 on other properties, and in Peru the Company incurred expenditures of \$99,282 on Rio Tabaconnas, and in Colombia the Company incurred expenditures of \$20,905 on La Morena. See the “Exploration Projects” section above for further discussion.

Liquidity and Capital Resources

The Company’s cash position at March 31, 2009 was \$870,633 compared to \$372,141 at December 31, 2008, with working capital of \$1,208,451 compared to \$1,014,363 at December 31, 2008. Short-term investments balance decreased to \$178,514 at March 31, 2009 from \$657,878 at December 31, 2008. Total assets increased to \$3,664,431 at March 31, 2009 from \$3,626,344 at December 31, 2008.

As the Company is an exploration stage company, revenues have been limited to interest earned on cash held with the Company’s financial institutions. For the three months ended March 31, 2009 the Company recorded interest income of \$11,245 compared to \$44,942 for the three months ended March 31, 2008. In June 2009 the Company will begin to receive royalty revenue from NSR on Yamana Gold Inc.’s Gualcamayo gold project. The first payment will be approximately \$138,000 USD with the next payment due on July 31, 2009.

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 three months ended March 31, 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 \$37,246. 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 \$0.25 expiring January 9, 2011.

Subsequent to March 31, 2009 the Company:

- Completed a non-brokered private placement financing of 9,054,000 units at a price of \$0.25 per unit for net proceeds of \$2,109,900 net of related share issue costs of \$153,600. 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 October 17, 2010.

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 \$825,088 for the three months ended March 31, 2009 compared to \$1,223,363 during the three months ended March 31, 2008.

Financing Activities

During the three months ended March 31, 2009 the Company received \$778,350 from private placements less issue costs of \$37,246 compared to the receipt of \$Nil from private placements in 2008. In addition, in 2008 the Company received \$168,000 from the exercise of warrants.

Investing Activities

Investing activities generated cash of \$582,476 for the three months ended March 31, 2009 compared to \$1,363,188 in 2008. In 2009, these investing activities included additions of \$99,626 to mineral properties acquisition costs, a receipt of \$27,102 related to the long-term investment and a decrease of \$475,000 in short-term investments. In 2008, these investing activities included additions of \$36,812 to mineral properties acquisition costs and a decrease of \$1,400,000 in short-term investments.

Related Party Transactions

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, IMA 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 three months ended March 31, 2009, the Company incurred fees of \$137,040 (2008 - \$117,552): a total of \$144,000 (2008 - \$150,000) was paid in monthly payments and \$6,960 is included in amounts receivable and prepaids (2008 - \$32,448) as a result of a review of the allocation of the Grosso Group costs to the member companies for the period. 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.

Effective May 1, 2007, the Company entered into an agreement with IMA to pay a monthly fee for the services provided by IMA'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 three months ended March 31, 2009, the Company paid \$9,000 (2008 - \$9,000) to IMA for the services.

The Company, Blue Sky and IMA 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 March 31, 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 7 to the Company's March 31, 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 changed its accounting policy relating to mineral property exploration expenditures and it now expenses exploration expenditures when incurred. See note 2 of the consolidated financial statements for the year ended December 31, 2008 for a description of the effects of the change.

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

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. As a result of the withdrawal of EIC 27, companies will no longer be able to defer costs and revenues incurred prior to commercial production at new mine operations. On January 1, 2009, the Company adopted these changes, with no impact on its consolidated financial statements.

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 is currently underway.
- 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 March 31, 2009, the fair value of the Company's marketable securities was \$25,409.

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 litigation, 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. For a more complete discussion of these risks and others, reference should be made to the December 31, 2008 Management Discussion and Analysis.

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 March 31, 2009.

Investor Relations

Mr. Sean Hurd is the Company's Vice-President, Corporate Communications and coordinates investor relations activities. Additionally the Company attends investment/trade conferences and updates its website (www.goldenarrowresources.com) on a continuous basis.

The Company has hired National Media Associates Ltd. to provide assistance in the ongoing development of shareholder communication, with particular focus in the United States. National Media was paid a monthly retainer of \$4,000 per month starting from June 1, 2008 until October 1, 2008, and subject to satisfaction by both parties, will increase to \$5,000 per month until June 1, 2009. The agreement can be terminated by either party with a 30-day notice. As of October 1, 2008, it was mutually agreed upon to suspend the monthly retainer and review the contract in 2009 for possible reinstatement.

Outstanding Share Data

The Company's authorized share capital is an unlimited number of common shares without par value. As at March 31, 2009, there were 20,657,655 outstanding common shares and 1,293,900 stock options, which were outstanding and exercisable, with an exercise prices ranging from \$0.75 to \$1.00 per share. In addition, as at March 31, 2009, there were 9,182,600 warrants outstanding with exercise prices ranging from \$0.25 to \$1.90 per share.

As of May 28, 2009, there were 29,711,655 common shares, 1,293,900 stock options and 16,953,000 warrants outstanding.