

GOLDEN ARROW RESOURCES CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008

Introduction

The following management discussion and analysis and financial review, prepared as of November 26, 2008, should be read in conjunction with the Company's unaudited interim consolidated financial statements for the nine months ended September 30, 2008 and 2007 and audited annual consolidated financial statements and related notes for the years ended December 31, 2007 and 2006. 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 and Peru 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 and Peru. 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 interim 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 no source of revenue, and 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.

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 is expected to commence production by the end of 2008.

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 Province, 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.

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.

The 2007 exploration program included phase II drilling which was carried out in two stages due to the onset of winter. In total 2,729m in 9 holes (DDHPC6 to 9 and RCPC10 to 14) were completed at the project’s South Target. Highlights from the drill program include: 6m of 7.40 g/t gold including (107m – 113m) 1m grading 35.03 g/t gold (DDHPC9), 2m of 2.68 g/t gold (DDHPC9), 266m of 1.21 g/t gold and 3.30g/t silver (129m - 395m) including 61m grading 3.04 g/t gold and 7.16 g/t silver (270m - 331m) including 8m of 10.91g/t gold and 24.00 g/t silver (305m - 313m) (RCPC13). Hole RCPC13, drilled in the northwest sector of the South Target, intersected breccia-stockwork hosted gold-silver-copper-lead-zinc mineralization over a 266m interval that included numerous high-grade gold intercepts and wider mineralized zones. This strong zone of polymetallic mineralization is spatially related to a prominent induced polarization (IP) chargeability anomaly and

geologically occurs along a northwest-striking contact between porphyry intrusive rock and volcanoclastic breccias which remains open in all directions.

The Company announced that it has postponed the drilling program planned for Q4 of 2008 to follow up on the RCPC13 intercept in light of the current condition of the global financial markets. The Company is in good standing with respect to the option agreement and plans to carry out the work when conditions improve.

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.Geol., 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 Q3 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 are completing 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).

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 @ 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.

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. At present the data from all prior and recent field programs on the Pescado Gold Project is being compiled and analyzed.

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

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 is planned to the area for late 2008.

Other

The Company has agreements with Amera Resources Corporation (“Amera”), a publicly traded company with common management and directors, whereby the Company optioned its Mogote Property in the NW San Juan Region of Argentina. Amera has exercised the option and has earned a 51% interest in the Mogote Property. Amera 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 the 2007 period, Amera 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, Amera gave notice to the Company that it would not incur the additional expenditures required in order to earn an additional 24% interest.

Amera 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 or 2007.

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 1341 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 Buenos Aires, 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

Effective June 30, 2007 the Company entered into a 50/50 joint venture with Amera to evaluate and acquire precious and base metal properties in Colombia. The joint venture hired an operations manager and retained contract exploration personnel. In addition, the joint venture is in the process of evaluating a number of opportunities but has not acquired any mineral properties to date, accordingly the Company’s proportionate share of costs incurred have been recorded as general exploration expense.

On May 7, 2008, Amera gave notice that it was withdrawing from the Golden Amera Inc. Joint Venture Agreement and would not contribute further funds. Amera has transferred its interest in Golden Amera to the Company.

The Company is assessing its options in order to close the Golden Amera operations in Colombia.

Selected Quarterly Financial Information

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.

	2008				2007			2006
	Sep. 30 \$	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$	Sept. 30 \$	Jun. 30 \$	Mar. 31 \$	Dec. 31 \$
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	(346,432)	(520,331)	(527,085)	(531,581)	(631,655)	(76,568)	(376,754)	(617,468)
Net Loss per Common Share Basic and Diluted	(0.02)	(0.03)	(0.03)	(0.04)	(0.04)	(0.01)	(0.04)	(0.08)

For the three months ended September 30, 2008, the Company recorded a net loss of \$346,432, a decrease in loss of \$285,223 from the \$631,655 loss incurred in the three months ended September 30, 2007. The decrease in loss is primarily a result of:

- Corporate development and investor decreased by \$53,406 to \$45,786 in the 2008 period compared to \$99,192 in the 2007 period mainly due to decreased costs associated with advertising and attendance at investor conferences.
- General Exploration costs increased by \$33,820 to \$141,276 in the 2008 period compared to \$107,456 in the 2007 period as the Company continues to expense costs associated with exploration that are not related to specific projects or properties. The costs relate to the Company's exploration activities in Argentina and Colombia.
- Office and sundry expenses increased to \$43,570 in the 2008 period compared to \$31,328 in the 2007 period. The office expense is mainly comprised of an allocation of fees from Grosso Group Management Ltd. ("Grosso Group" – see discussion in related parties below).
- Stock-based compensation was \$Nil for the 2008 period compared to \$236,370 for the 2007 period. The 2007 expense represents the estimated fair value of 663,000 stock options granted to directors and consultants in the period. Stock-based compensation is accounted for at fair value as determined by the Black-Scholes option pricing model using amounts that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate.
- Travel and accommodation expenses decreased to \$6,878 in the 2008 period compared to \$24,661 in the 2007 period as a result of decreased exploration related travel as well as decreased travel to investor and industry conferences.
- Interest income decreased by \$57,423 to \$13,889 in the 2008 period compared to \$71,312 in the 2007 period as a result of the Company holding less short-term investments during the period.

Summary of Financial Results

For the nine months ended September 30, 2008, the Company reported a consolidated loss of \$1,393,848 (\$0.09 per share), an increase of \$308,871 from the loss of \$1,084,977 (\$0.09 per share) for the nine months ended September 30, 2007. The increase in the loss in 2008 period, compared to the 2007 amount, was due to a number of factors of which \$52,408 can be attributed to increases in operating expenses a \$256,463 decrease in other income items.

During the nine months ended September 30, 2008 the Company capitalized \$93,198 of expenditures on the Valle de Cura properties, \$323,658 on the Poncha property, \$961,955 on the Jujuy properties, \$326,408 on the Pescado Gold Project properties, \$20,645 on the Neuquen properties and \$6,207 on other properties in Argentina. In addition, the Company capitalized \$359,181 of expenditures on the Rio Tabaconas property in Peru. See the "Exploration Projects" section above for further discussion.

Liquidity and Capital Resources

The Company's cash position at September 30, 2008 was \$236,404 compared to \$289,842 at December 31, 2007, with working capital of \$2,099,011 compared to \$5,665,180 at December 31, 2007. Short-term investments balance decreased to \$1,653,060 at September 30, 2008 from \$5,091,243 at December 31, 2007. Total assets decreased by \$1,659,783 to \$13,816,844 at September 30, 2008 from \$15,476,627 at December 31, 2007. This decrease is primarily due to the decrease in short-term investments which is partially offset by the increase in mineral properties and deferred costs.

As the Company is an exploration stage company, revenues are limited to interest earned on cash held with the Company's financial institutions. For the nine months ended September 30, 2008 the Company recorded interest income of \$93,977 compared to \$107,426 for the period ended September 30, 2007.

The Company has invested in short term investments primarily in term deposits with the Bank of Montreal but has \$207,102 invested in 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". At the date of the MD&A there are no effective secondary markets for ABCP, but it is expected that the Company will have several options in the future including holding the investment to realize on the underlying assets. The fair value of the Company's investment in the Trust was determined based on the management's judgment using available information and expectation of the assumptions market participants would use in pricing such ABCP as at the balance sheet date. The Company reviewed information including that provided by the Pan Canadian Investors

Committee. In estimating fair value, the Company used a valuation approach based on the high likelihood of successful restructuring of the investment. It is estimated that the \$207,102 of ABCP which the Company has invested is represented by assets that will, on restructuring, be replaced by senior long-term floating rate notes. These senior notes are expected to obtain an AA credit rating. 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. The Company does not believe that any further write-down is required at September 30, 2008.

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. This program is dependent on the successful restructuring of the ABCP market as has been proposed by the Pan-Canadian Investor Committee. Due to the uncertainties that the restructuring faces, the Company has decided to continue to value this investment at 90% of the principal amount until the restructuring is complete.

During the nine months ended September 30, 2008, the Company received \$Nil (2007 – \$6,075) from the exercise of stock options and received \$168,000 (2007 – \$56,400) from the exercise of warrants. As at November 26, 2008, the Company had working capital of approximately \$1,400,000.

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 \$1,562,102 for the nine months ended September 30, 2008 compared to \$1,271,227 during the period ended September 30, 2007. The increase in cash required for operating activities is a result of an increase in activity during the period.

Financing Activities

During the nine months ended September 30, 2008 the Company received \$Nil from private placements compared to the receipt of \$7,822,500 from private placements less issue costs of \$412,693 in the 2007 period. In addition, in the 2008 period the Company received \$168,000 from the exercise of warrants compared to \$6,075 in the 2007 period.

Investing Activities

Investing activities generated cash of \$1,340,664 for the nine months ended September 30, 2008 compared to a cash outflow of \$6,338,488 in the 2007 period. In 2008, these investing activities included additions of \$2,009,336 to mineral properties and deferred costs and a decrease of \$3,350,000 in short-term investments. In 2007, the investing activities included additions of \$1,276,548 to mineral properties and deferred costs and an increase of \$5,061,940 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. During the nine months ended September 30, 2008, the Company incurred fees of \$380,423 (2007 - \$337,500): a total of \$396,287 (2007 - \$295,431) was paid in monthly payments and \$15,864 is included in amounts receivable prepaids and deposits (2007 - \$42,069 included in accounts payable) 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 amounts receivable, prepaids and deposits is an \$85,000 (2007 - \$85,000) deposit to the Grosso Group for the purchase of equipment and leasehold improvements and for operating working capital.

Effective May 31, 2008 Astral Mining Corporation withdrew as a shareholder of Grosso Group and discontinued the use of the services and facilities provided.

Effective September 1, 2008 Amera withdrew as a shareholder of Grosso Group and discontinued the use of the services and facilities provided. Included in amounts receivable is \$29,000, which was advanced to Amera’s operations in Peru. This loan was repaid subsequent to quarter end.

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 nine months ended September 30, 2008, the Company paid \$27,000 (2007-\$17,500) to IMA for the services.

The Company, Blue Sky and IMA share office space and costs in Buenos Aires, 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, 2008, the Company had the following US dollar option payment and work expenditure commitments in relation to its mineral property projects:

	<u>Less than 1 year US\$</u>	<u>1 to 3 years US\$</u>	<u>Greater than 3 years US\$</u>	<u>Total US\$</u>
US dollar commitments				
Option payments	245,000	2,755,000	-	3,000,000
Work expenditures	1,000,000 *	1,550,000	-	2,550,000
	<u>1,245,000</u>	<u>4,305,000</u>	<u>-</u>	<u>5,550,000</u>

*As at September 30, 2008 the Company had incurred approximately US\$850,000 in exploration work expenditures on the Poncha property that can be applied toward the outstanding work expenditure commitment that is due in less than one year.

Note that the above schedule does not include commitments on the Company’s Rio Tabaconas project in Peru which have been suspended while the project is under force majeure. The Company is paying US\$3,000 per month to the optionor while the force majeure is in effect.

Further details of the Company’s option payments and expenditure commitments are disclosed in Note 6 to the Company’s September 30, 2008 unaudited consolidated financial statements.

Critical Accounting Estimates

Reference should be made to the Company's significant accounting policies contained in Note 2 of the Company's audited consolidated financial statements for the years ended December 31, 2007 and 2006. These accounting policies can have a significant impact of the financial performance and financial position of the Company.

Recent Accounting Pronouncements

Effective January 1, 2008, new accounting standards were issued by the CICA which may impact the Company in the future as follows:

General Standards on Financial Statement Presentation

CICA Handbook Section 1400, General Standards on Financial Statement Presentation, has been amended to include requirements to assess and disclose a company's ability to continue as a going concern. The changes are effective for interim and annual financial statements beginning January 1, 2008. The adoption of this standard did not have an effect on the Company for the nine months ended September 30, 2008.

Capital Disclosures

CICA Handbook Section 1535, Capital Disclosures, establishes standards for disclosing information about the company's capital and how it is managed. Under this standard the Company will be required to disclose the following, based on the information provided internally to the company's key management personnel:

- (i) qualitative information about its objectives, policies and processes for managing capital.
- (ii) summary quantitative data about what it manages as capital.
- (iii) whether during the period it complied with any externally imposed capital requirements to which it is subject.
- (iv) when the company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

This standard is effective for interim and annual financial statements beginning on January 1, 2008. The adoption of this change on the disclosure in the financial statements did not have an effect on the Company for the nine months ended September 30, 2008.

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. The changes are effective for interim and annual financial statements beginning January 1, 2009. The Company has not yet determined the impact of the adoption of this change on the disclosure in its consolidated financial statements.

Financial Instruments Disclosures

In March 2007, the CICA issued section 3862 *Financial Instruments – Disclosures* and Section 3863 *Financial Instruments – Presentation*, which together comprise a complete set of disclosure and presentation requirements that revise and enhance current disclosure requirements. Section 3862 requires disclosure of additional detail by financial asset and liability categories. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. The standard deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The adoption of this change on the disclosure in the financial statements did not have an effect on the Company for the nine months ended September 30, 2008.

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that the date for publicly-listed companies to use IFRS, replacing Canadian GAAP, is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Use of Estimates

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. Significant areas requiring the use of management estimates relate to the determination of environmental obligations and assessment of carrying values of mineral properties and deferred costs. Actual results may differ from these estimates.

Mineral Properties and Deferred Costs

Consistent with the Company's accounting policy disclosed in Note 2 of the annual consolidated financial statements, direct costs related to the acquisition and exploration of mineral properties held or controlled by the Company have been capitalized on an individual property basis. For certain acquisitions and related payments for mineral property interests, the Company records a future income tax liability and a corresponding adjustment to the related asset carrying amount if the expenditures do not have the corresponding tax basis. It is the Company's policy to expense any exploration associated costs not related to specific projects or properties. Management of the Company 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 or its carrying value has been impaired, a provision is made for any expected loss on the project or property. For the period ended September 30, 2008, no impairment of long-lived assets was identified.

Financial Instruments

The fair value of accounts receivables and deposits 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, 2008, the fair value of the Company's marketable securities was \$69,297.

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. For a more complete discussion of these risks and others, reference should be made to the December 31, 2007 Management's Discussion and Analysis.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Disclosure controls and procedures are defined under Multilateral Instrument 52-109 - Certification of Disclosure Controls in Issuers' Annual and Interim Filings ("MI 52-109") as "... controls and other procedures of an issuer that are designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under provincial and territorial securities legislation is recorded, processed, summarized and reported within the time periods specified in the provincial and territorial securities legislation and include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under provincial and territorial securities legislation is accumulated and communicated to the issuer's management, including its chief executive officers and chief financial officers (or persons who perform similar functions to a chief executive officer or a chief financial officer), as appropriate to allow timely decisions regarding required disclosure". The Company has conducted a review and evaluation of its disclosure controls and procedures, with the conclusion that it has an effective system of disclosure controls, and procedures as defined under MI 52-109. In reaching this conclusion, the Company recognizes that two key factors must be and are present:

- a) the Company is very dependant upon its advisors and consultants (principally its legal counsel) to assist in recognizing, interpreting, understanding and complying with the various securities regulations disclosure requirements; and
- b) an active Board and management with open lines of communication.

The Company has a small staff with varying degrees of knowledge concerning the various regulatory disclosure requirements. The Company is not of a sufficient size to justify a separate department or one or more staff member specialists in this area. Therefore the Company must rely upon its advisors and consultants to assist it and as such they form part of the disclosure controls and procedures.

Proper disclosure necessitates that one not only be aware of the pertinent disclosure requirements, but one is also sufficiently involved in the affairs of the Company and/or receives the communication of information to assess any necessary disclosure requirements. Accordingly, it is essential that there be proper communication among those people who manage and govern the affairs of the Company, this being the Board of Directors and senior management. The Company believes this communication exists.

While the Company believes it has adequate disclosure controls and procedures in place, lapses in the disclosure controls and procedures could occur and/or mistakes could happen. Should such occur, the Company would take whatever steps necessary to minimize the consequences thereof.

Management is responsible for the design of internal controls over financial reporting within the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. Management has evaluated the design of the Company's internal controls and procedures over financial reporting as of the end of the period covered by the annual filings, and believes the design to be sufficient to provide reasonable assurance.

During the period ended September 30, 2008, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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 September 30, 2008, there were 15,468,655 outstanding common shares and 1,398,900 stock options, which were outstanding and exercisable, with an exercise prices ranging from \$0.75 to \$1.00 per share. In addition, as at September 30, 2008, there were 3,993,600 warrants outstanding with exercise prices ranging from \$1.00 to \$1.90 per share.

As of November 26, 2008, there were 15,468,655 common shares, 1,398,900 stock options and 3,993,600 warrants outstanding.