GOLDEN ARROW RESOURCES CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2008

Introduction

The following management discussion and analysis and financial review, prepared as of April 27, 2009, should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2008 and 2007 and related notes. 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, 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 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. 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 start-up and commissioning at the beginning of 2009. Royalty revenues are expected to begin in July 2009.

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. 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 volcaniclastic breccias which remains open in all directions.

On March 11, 2009, the Company announced it signed a drill contract for up to 3,000 meters of diamond drilling on the Poncha Gold Project. The program will target, with regular step-out holes, the strong mineralized zone intersected by discovery hole RCPC13 within the 2km by 2km South Target epithermal precious/base metal zone. Drilling commenced at the end of March 2009.

Synthesis of the alteration, structural setting, geochemistry and previous drill results of the South Target area indicates the potential for gold mineralization in large, structurally controlled breccia bodies or structural zones of "intermediate sulphidation" affinity.

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

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 volcaniclastic 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.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 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 cateos 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

<u>Rio Tabaconas</u>

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

Subsequent to year end the Company optioned a property in Colombia with an initial option payment of $80,000 USD. The 293 hectare La Morena Gold Project is located 160km west of Bogota in Quindio Department, Columbia. 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.

Golden Arrow has acquired a 66% interest in the 143 hectare El Eden claim by paying US$20,000 to a group of private owners. Granting of the remaining 34% to Golden Arrow is pending a legal process in Colombia. The Company has entered into an option agreement with a private Colombian company to earn a 100% interest in the 150 hectare La Morena claim by making cash payments totalling US$1.955 million over five years. To date Golden Arrow has paid $80,000. The Company is planning a work program to evaluate the project in the near future.

Selected Financial Data and Fourth Quarter Discussion

Due to a change in accounting policy relating to exploration expenditures, results for 2007 have been restated. Refer to "Changes in accounting policy" or note 2 of the consolidated financial statements for the year ended December 31, 2008 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.

	Fiscal 2008				Fiscal 2007 (Restated)			
	Dec. 31 $	Sep. 30 $	Jun. 30 $	March 31 $	Dec. 31 $	Sept. 30 $	Jun. 30 $	Mar. 31 $
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	(1,579,950)	(790,268)	(1,407,272)	(1,046,658)	(1,355,545)	(774,916)	(844,493)	(484,845)
Net Loss per Common Share Basic and Diluted	(0.10)	(0.05)	(0.09)	(0.07)	(0.11)	(0.06)	(0.07)	(0.04)

For the three months ended December 31, 2008, the Company recorded a loss of $1,579,950, an increase in loss of $224,405 from the $1,355,545 loss incurred in the three months ended December 31, 2007. The increase in loss is primarily a result of:

- Corporate development and investor relations decreased by $40,778 to $16,975 in the 2008 period compared to $57,753 in the 2007 period mainly due to decreased costs associated with advertising and attendance at investor conferences.
- Exploration costs decreased by $739,039 to $410,873 in the 2008 period compared to $1,149,912 in the 2007 period as a result of higher expenditures on the Poncha project in Argentina and general exploration in Colombia in 2007.
- Travel and accommodation expenses decreased to $5,004 in the 2008 period compared to $47,363 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 $53,270 to $15,467 in the 2008 period compared to $68,737 in the 2007 period as a result of the Company holding less short-term investments during the period.
- A write-down on marketable securities of $866,692 was recorded in the 2008 period as management determined that the decrease in the fair value on Panthera shares was other than temporary.

Selected Annual Financial Information

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

	Years Ended December 31		
	2008 $	2007 Restated $	2006 Restated $
Mineral property acquisition costs	2,165,348	1,776,849	1,579,744
Total Assets	3,626,344	7,981,444	3,968,252
Long Term Financial Liabilities	-	-	-
Total Revenues	-	-	-
General and Administrative Expenses	(1,102,049)	(1,326,496)	(441,107)
Exploration expenditures	(2,918,776)	(2,678,214)	(698,428)
Net Loss	(4,824,149)	(3,459,799)	(593,890)
Net Loss per Common Share Basic and Diluted	(0.31)	(0.28)	(0.07)

** Amounts have been restated to conform to a change in accounting policy. See "Changes in accounting policy" or note 2 of the consolidated financial statements for the year ended December 31, 2008.*

Summary of Financial Results

For the year ended December 31, 2008, the Company reported a consolidated loss of $4,824,149 ($0.31 per share), an increase of $1,364,350 from the loss of $3,459,799 ($0.28 per share) for the year ended December 31, 2007. The increase in the loss in 2008, compared to the 2007 amount, was due to a number of factors of which $16,115 can be attributed to increases in operating expenses and a $1,348,235 decrease in other income items.

Results of Operations

The Company's operating expenses for the year ended December 31, 2008, were $4,020,825, an increase of $16,115 from $4,004,710 in the 2007 as a result of the following:

- Corporate development and investor relations decreased by $77,538 to $171,343 in 2008 compared to $248,881 as result of the Company attending less investor and industry conferences.
- Exploration costs increased by $240,562 to $2,918,776 in 2008 compared to $2,678,214 in 2007 as a result of increased exploration work on its properties in Argentina and Peru and also on general exploration in Colombia.
- Stock-based compensation decreased to $11,752 in 2008 compared to $283,035 in 2007. The 2008 expense was the estimated fair value of 45,000 stock options granted to employees (2007 – 738,000). 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 by $65,421 to $44,597 in 2008 period compared to $110,018 in 2007 as a result of decreased exploration related travel as well as decreased travel to investor and industry conferences.

During the year ended December 31, 2008, the Company recorded interest income of $109,444 compared to $176,163 in 2007 year as a result of a decrease of short-term investments. In addition, management determined that the decrease in fair value of its marketable securities of Panthera Exploration Inc. are other than temporary. As a result a loss of $866,692 (2007 - $Nil) has been recorded in Other income (expenses).

During the year ended December 31, 2008 the Company capitalized acquisition costs of $67,947 on Valle de Cura, $141,192 on Poncha, $8,531 on Jujuy, $3,720 on Pescado, $2,139 on Neuquen, and $13,735 on other properties in Argentina and $151,235 on Rio Tabaconas. In Argentina the Company incurred exploration expenditures of $54,430 on Valle de Cura, $544,531 on Poncha, $1,178,595 on Jujuy, $348,087 on Pescado, $37,579 on Neuquen, $8,494 on other properties and in Peru the Company incurred expenditures of $380,635 on Rio Tabaconas. See the "Exploration Projects" section above for further discussion.

Liquidity and Capital Resources

The Company's cash position at December 31, 2008 was $372,141 compared to $289,842 at December 31, 2007, with working capital of $1,014,363 compared to $5,580,180 at December 31, 2007. Short-term investments balance decreased to $657,878 at December 31, 2008 from $5,091,243 at December 31, 2007. Total assets decreased by $4,355,100 to $3,626,344 at December 31, 2008 from $7,981,444 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.

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 year ended December 31, 2008 the Company recorded interest income of $109,444 compared to $176,163 for the year ended December 31, 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". 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 was estimated that the $207,102 of ABCP in which the Company had invested was represented by assets that would, on restructuring, be replaced by senior long-term floating rate notes. These senior notes were 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 as subsequent to year end, the Canaccord Relief program was completed and the Company received $214,661 for the principal and unpaid interest .

During the year ended December 31, 2008, the Company received $Nil (2007 – $6,075) from the exercise of stock options and received $168,000 (2007 – $45,120) from the exercise of warrants. As at April 27, 2009, the Company had working capital of approximately $3,000,000.

On January 9, 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.

On April 17, 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 $4,047,202 for the year ended December 31, 2008 compared to $3,428,038 during the year ended December 31, 2007.

Financing Activities

During the year ended December 31, 2008 the Company received $Nil from private placements compared to the receipt of $7,782,500 from private placements less issue costs of $412,693 in 2007. In addition, in 2008 the Company received $168,000 from the exercise of warrants (2007 - $45,120) and $Nil from the exercise of stock options (2007 - $6,075).

Investing Activities

Investing activities generated cash of $3,961,501 for the year ended December 31, 2008 compared to a cash outflow of $4,325,956 in 2007. In 2008, these investing activities included additions of $388,499 to mineral properties acquisition costs and a decrease of $4,350,000 in short-term investments. In 2007, the investing activities included additions of $197,105 to mineral properties acquisition costs and an increase of $4,128,851 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 fiscal 2008, the Company incurred fees of $508,384 (2007 - $481,352): a total of $524,418 (2007 - $470,403) was paid in monthly payments and $16,034 is included in accounts receivable as a result of a review of the allocation of the Grosso Group costs to the member companies for the year (2007 - $29,068 included in accounts payable). In addition, the Company has a deposit of $85,000 (2007 - $85,000) to the Grosso Group for the purchase of equipment and leasehold improvements and for operating working capital.

Effective February 29, 2008 Gold Point Energy withdrew as a shareholder of Grosso Group and discontinued the use of the services and facilities provided.

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 Panthera withdrew as a shareholder of Grosso Group and discontinued the use of the services and facilities provided.

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 fiscal 2008, the Company paid $36,000 (2007 - $25,000) 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 December 31, 2008, the Company had no commitments.

Further details of the Company's option payments and expenditure commitments are disclosed in note 7 to the Company's December 31, 2008 audited 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.

Change in Accounting Policy

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

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

The Company has accounted for this change in accounting policy on a retroactive basis. The impact of this change on the previously reported December 31, 2007 consolidated financial statements is as follows:

	As previously reported $	**Restatement $**	**As restated $**
Mineral properties a as at December 31, 2007	9,272,032	(7,495,183)	1,776,849
Future income taxes as at December 31, 2007	(888,564)	888,564	-
Exploration expense for the year ended December 31, 2007	834,973	1,843,241	2,678,214
Loss for the year ended December 31, 2007	(1,616,558)	(1,843,241)	(3,459,799)
Loss per share for the year ended December 31, 2007	(0.13)	(0.15)	(0.28)
Deficit at December 31, 2007	(7,568,308)	(6,606,619)	(14,174,927)
Deficit at December 31, 2006	(5,951,750)	(4,763,378)	(10,715,128)
Cash flows from operating activities for the year ended December 31, 2007	(1,775,642)	(1,652,396)	(3,428,038)
Cash flows from investing activities for the year ended December 31, 2007	(5,978,352)	1,652,396	(4,325,956)

Mineral Property Interests

Considering EIC-174, Mining Exploration Costs, 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.

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.

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 year ended December 31, 2008

Accounting Changes

Effective January 1, 2007, the Company adopted the revised CICA Handbook Section 1506, *Accounting Changes*, which requires that: (a) a voluntary change in accounting principals can be made if, and only if, the changes result in more reliable and relevant information, (b) changes in accounting policies are accompanied with disclosures of prior period amounts and justification for the change and (c) for changes in estimates, the nature and amount of the change should be disclosed.

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 is 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 is disclosed in note 13 of the financial statements for the year ended December 31, 2008.

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. The changes are effective for interim and annual financial statements beginning January 1, 2009.

International Financial Reporting Standards

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. The Company is currently in the process of developing an IFRS conversion plan and evaluating the impact of the transition to IFRS. The Company will continue to invest in training and resources throughout the transition period to facilitate timely conversion.

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 December 31, 2008, the fair value of the Company's marketable securities was $16,169.

Risk Factors

The Company's operations and results are subject to a number of different risks at any given time. These factors, include but are not limited to disclosure regarding exploration, additional financing, project delay, titles to properties, price fluctuations and share price volatility, operating hazards, insurable risks and limitations of insurance, management, foreign country and regulatory requirements, currency fluctuations and environmental regulations risks. Exploration for mineral resources involves a high degree of risk. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess.

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

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

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

Political Risk: Exploration is presently carried out in Argentina, Peru and Colombia. This exposes the Company to risks that may not otherwise be experienced if all operations were domestic. Political risks may adversely affect the Company's potential projects and operations. Real and perceived political risk in some countries may also affect the Company's ability to finance exploration programs and attract joint venture partners, and future mine development opportunities.

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

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

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

Disclosure Controls and Procedures and Internal Control over Financial Reporting

On November 23, 2007, the British Columbia Securities Commission in which the Company is registered exempted Venture Issuer from certifying disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. Since the Company is a Venture Issuer, it is now required to file basic certificates, which it has done for the year ended December 31, 2008. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under Multilateral Instrument 52-109 as at December 31, 2008.

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 December 31, 2008, there were 15,468,655 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 December 31, 2008, there were 3,993,600 warrants outstanding with exercise prices ranging from $1.00 to $1.90 per share.

As of April 27, 2009, there were 29,711,655 common shares, 1,293,900 stock options and 16,953,000 warrants outstanding.