Golden Arrow Resources Corporation

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

April 30, 2018

Independent Auditor's Report

To the Shareholders of Golden Arrow Resources Corporation

We have audited the accompanying consolidated financial statements of Golden Arrow Resources Corporation and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016 and the consolidated statements of income (loss) and comprehensive income (loss), cash flows and changes in equity for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Golden Arrow Resources Corporation and its subsidiaries as at December 31, 2017 and December 31, 2016 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

Golden Arrow Resources Corporation
Consolidated Statement of Financial Position

(Expressed in Canadian Dollars)

	Note	December 31, 2017 $	December 31, 2016 $
ASSETS			
Current assets			
Cash and cash equivalents		16,190,601	8,732,161
Investments	6	312,378	601,853
Amounts receivable	8	71,917	78,542
Exploration funding receivable		-	1,022,853
Prepaid expenses		89,354	177,344
Total current assets		16,664,250	10,612,753
Non-current assets			
Equipment		60,988	31,289
Investment in POI	4	33,702,015	-
Mineral property interests	5	555,609	880,683
Total non-current assets		34,318,612	911,972
Total Assets		50,982,862	11,524,725
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		312,089	1,202,449
Total current liabilities		312,089	1,202,449
EQUITY			
Share capital	7	33,346,977	31,245,207
Reserves	7	18,484,549	17,611,650
Cumulative translation adjustment	4	(2,349,492)	-
Retained earnings (deficit)		1,188,739	(38,534,581)
Total equity		50,670,773	10,322,276
Total Equity and Liabilities		50,982,862	11,524,725

NATURE OF OPERATIONS (Note 1)
COMMITMENTS (Note 11)
SUBSEQUENT EVENTS (Note 15)

These financial statements are authorized for issue by the Board of Directors on April 30, 2018. They are signed on the Company's behalf by:

"Nikolaos Cacos" , Director

"*David Terry*" , Director

The accompanying notes are an integral part of these consolidated financial statements.

Golden Arrow Resources Corporation
Statement of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian Dollars)

	Note	Year ended December 31, 2017 $	2016 $
Expenses			
Administration and management services	8	655,200	716,050
Corporate development and investor relations		1,461,941	1,682,421
Depreciation		6,124	875
Exploration	5	2,540,451	9,620,314
Exploration and other costs recovery		(93,073)	(8,255,572)
Office and sundry	8	234,821	226,163
Professional fees		1,022,082	322,963
Rent, parking and storage	8	129,105	97,440
Salaries and employee benefits	8	1,785,992	520,094
Share-based compensation	7	1,399,201	752,604
Transfer agent and regulatory fees		26,249	104,710
Travel and accommodation		169,359	99,609
Loss from operating activities		(9,337,452)	(5,887,671)
After tax net income from POI	4	1,112,180	-
Finance expense		-	(30,000)
Foreign exchange (loss) gain		(645,189)	38,441
Gain on business combination	3	49,068,036	-
Gain on sale of marketable securities	6	162,115	370
Interest expense		-	(28,595)
Interest income		128,131	25,211
Income (loss) before tax for the year		40,447,821	(5,882,244)
Argentina tax expense	13	(764,501)	-
Income (loss) after tax for the year		39,723,320	(5,882,244)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Unrealized gain on available-for-sale marketable securities	6	12,943	104,400
Unrealized (loss) on translation to reporting currency	4	(2,349,492)	-
Other comprehensive income for the year		(2,336,549)	104,400
Comprehensive income (loss) for the year		37,386,771	(5,777,844)
Basic earnings (loss) per common share ($)	9	0.41	(0.08)
Diluted earnings (loss) per common share ($)	9	0.37	(0.08)

Golden Arrow Resources Corporation
Statement of Cash Flows
(Expressed in Canadian Dollars)

	Year ended December 31, 2017 $	2016 $
Cash flows from operating activities		
Income (loss) for the year	39,723,320	(5,882,244)
Adjustments for:		
After tax net income from POI	(1,112,180)	-
Depreciation	6,124	875
Depreciation of property and equipment included in exploration expenses	27,891	19,766
Gain on business combination	(49,068,036)	-
Gain on sale of marketable securities	(162,115)	(370)
Share-based compensation	1,399,201	752,604
	(9,185,795)	(5,109,369)
Change in non-cash working capital items:		
(Increase) decrease in amounts receivable	5,769	101,376
Decrease in exploration funding receivable	1,022,853	1,400,981
Decrease (increase) in prepaid expenses	87,990	(109,994)
(Decrease) in interest payable	-	(31,962)
(Decrease) in accounts payable and accrued liabilities	(890,360)	(1,639,676)
Net cash used in operating activities	(8,959,543)	(5,388,644)
Cash flows from investing activities		
Closing payment included in gain on business combination, net of tax	(69,863)	-
Expenditures on mineral property interests	(330,163)	(153,869)
Expenditures on equipment	(63,714)	(44,746)
Investments in POI	(2,956,091)	-
Purchase of marketable securities, net of transaction costs	-	(570,989)
Pirquitas payment proceeds	17,810,756	-
Disposal of marketable securities, net of transaction costs	464,533	1,537,986
Net cash generated by investing activities	14,855,458	768,382
Cash flows from financing activities		
Issuance of common shares and warrants for private placements	-	9,190,700
Share issue costs	-	(462,401)
Warrants exercised	1,281,476	2,969,872
Agent warrants exercised	-	117,417
Stock options exercised	281,049	1,392,150
Loans repaid	-	(868,040)
Net cash generated by financing activities	1,562,525	12,339,698
Net increase in cash and cash equivalents	7,458,440	7,719,436
Cash and cash equivalents at beginning of year	8,732,161	1,012,725
Cash and cash equivalents at end of year	16,190,601	8,732,161

SUPPLEMENTARY CASH FLOW INFORMATION (Note 12)

Golden Arrow Resources Corporation
Statement of Changes in Equity
(Expressed in Canadian Dollars)

	Share capital		Reserves							
	Number of shares	Amount $	Commitment to issue shares $	Contributed surplus $	Equity settled share-based payments $	Warrants $	Accumulated other comprehensive income (loss) $	Cumulative translation adjustment $	Retained earnings (deficit) $	Total $
Balance at December 31, 2015	55,836,767	16,362,415	2,929,471	14,153,125	871,792	487,245	(11,934)	-	(32,652,337)	2,139,777
Private placements	20,488,000	7,777,836	(1,050,000)	-	-	2,462,864	-	-	-	9,190,700
Share issue costs	287,584	(910,799)	-	-	-	-	-	-	-	(910,799)
Agent warrants granted	-	-	-	-	-	448,398	-	-	-	448,398
Agent warrants exercised	414,924	261,217	-	-	-	(143,800)	-	-	-	117,417
Agent warrants expired	-	-	-	498	-	(498)	-	-	-	-
Share-based compensation	-	-	-	-	752,605	-	-	-	-	752,605
Shares issued for drilling services	1,117,900	1,879,471	(1,879,471)	-	-	-	-	-	-	-
Stock options exercised	4,002,500	2,070,702	-	-	(678,552)	-	-	-	-	1,392,150
Stock options expired	-	-	-	8,513	(8,513)	-	-	-	-	-
Warrants exercised	11,176,739	3,804,365	-	-	-	(834,493)	-	-	-	2,969,872
Total comprehensive (loss) for the year	-	-	-	-	-	-	104,400	-	(5,882,244)	(5,777,844)
Balance at December 31, 2016	93,324,414	31,245,207	-	14,162,136	937,332	2,419,716	92,466	-	(38,534,581)	10,322,276
Share-based compensation	-	-	-	-	1,399,201	-	-	-	-	1,399,201
Stock options exercised	807,500	460,114	-	-	(179,065)	-	-	-	-	281,049
Stock options cancelled/expired	-	-	-	128,915	(128,915)	-	-	-	-	-
Warrants exercised	4,261,220	1,641,656	-	-	-	(360,180)	-	-	-	1,281,476
Total comprehensive income for the year	-	-	-	-	-	-	12,943	(2,349,492)	39,723,320	37,386,771
Balance at December 31, 2017	98,393,134	33,346,977	-	14,291,051	2,028,553	2,059,536	105,409	(2,349,492)	1,188,739	50,670,773

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

Golden Arrow Resources Corporation (the "Company") was incorporated on September 22, 2015, under the Business Corporations Act in the province of British Columbia. The address of the Company's registered office is Suite 312 – 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6.

The Company was incorporated to facilitate the restructuring required to be able to carry out the transaction described in Note 3. On May 31, 2017, the then sole shareholder of the Company, Golden Arrow ("GAR"), closed the agreement entered into on September 30, 2015 with, among others, SSR Mining Inc., forming a joint venture combining the Chinchillas project with the producing Pirquitas Mine into a new operation, Puna Operations Inc. ("POI"). Upon closing of the agreement, the Company acquired a 25% interest in POI and in accordance with the terms of the plan of arrangement, each shareholder of GAR received one common share in the capital of the Company (a "New GAR Share") in exchange for each common share of GAR (the "GAR Shares") held. On May 31, 2017, the Company changed its name to Golden Arrow Resources Corporation (formerly 1049708 B.C. Ltd.), and began trading on the TSX-V under the symbol "GRG".

The Company is a natural resource company engaged in the acquisition, exploration and development of resource properties in Argentina. The Company's mineral property interests presently have no proven or probable reserves other than within the Investment in POI and, on the basis of information to date, it has not yet determined whether these properties contain economically recoverable resources. The recoverability of amounts shown for mineral property interests are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves, and upon future profitable production.

As at December 31, 2017, the Company had working capital of $16,352,161 consisting primarily of cash and cash equivalents and has retained earnings of $1,188,739. Although the Company presently has sufficient financial resources to meet its minimum obligations, including general corporate activities and planned development expenditures, for at least the next twelve months, the Company expects to require further funding in the longer term to fund its share of planned capital expenditures for its investment in POI to bring the Chinchillas project to the production stage. Management's plan in this regard is to raise additional funding as required.

These consolidated financial statements were approved by the Board of Directors of the Company on April 30, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

a) Statement of compliance

The Company's consolidated financial statements, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended December 31, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Basis of presentation

These consolidated financial statements have been prepared on a continuity of interest basis once the plan of arrangement referred to in Note 3 occurred. The plan of arrangement has been determined to be a capital reorganization and is excluded from the scope of IFRS 3 – Business Combinations.

These consolidated financial statements have been prepared on a historical cost basis except for marketable securities classified as available-for-sale and as fair value through profit and loss, as well as share purchase warrants classified as fair value through profit and loss that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries.

	Place of Incorporation	Principal Activity
IMPSA Resources Corporation	BC, Canada	Holding company
New Golden Explorations Inc.	BC, Canada	Holding company
Desarrollo de Recursos S.A.	Argentina	Exploration company

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the financial statements.

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

(ii) Investments in associate

Investments in associate and joint ventures are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of the profit or loss of the equity accounted for investees until the date on which significant influence or joint control ceases.

Foreign currencies

The presentation and functional currency of the Company and each of its subsidiaries is considered to be the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The functional currency of Puna Operations Inc. ("POI") is considered to be the United States dollar. At the end of each reporting period, the Company translates POI's operating results using the average exchange rate for period.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-derivative financial assets

The Company has the following non-derivative financial assets: financial assets at fair value through profit or loss, available-for-sale financial assets and loans and receivables.

i. Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

ii. Available-for-sale assets

Available-for-sale ("AFS") financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. AFS assets are measured at fair value with changes recorded in other comprehensive loss (income).

iii. Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and amounts receivable.

Other financial liabilities

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise accounts payable and accrued liabilities.

Property and Equipment

Equipment is recorded at cost less accumulated depreciation calculated using the straight-line method over the estimated useful lives of two years for geological equipment and computer software and five years for vehicles. Depreciation of an asset begins once it is available for use.

Exploration, Evaluation and Development Expenditures

Exploration and evaluation expenditures are expensed as incurred, until the property reaches the development stage. The development stage is considered to begin once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable. All direct costs related to the acquisition of resource property interests are capitalized. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash or share consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company. The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount. Mineral property acquisition costs include cash costs and the fair market value of common shares issued, based on the trading price of the shares issued for mineral property interests, pursuant to the terms of the related property agreements. Payments related 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.

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Impairment

At the end of each reporting period the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use.

Fair value is determined as the amount that would be obtained by the sale of the asset in any arm's length transaction between knowledgeable and willing parties. Fair value of mineral assets is generally determined as the present value of the estimated cash flows expected to arise from the continued use of the asset, including an expansion projects. Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and from its ultimate disposal.

Impairment is normally assessed at the level of (cash-generating units or "CGUs"), which are identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets.

Non-financial assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. When a reversal of a previous impairment is recorded, the reversal amount is adjusted for depreciation that would have been recorded had the impairment not taken place.

Valuation of equity units issued in private placements

The Company follows a pro rata allocation method with respect to the measurement of shares and warrants issued as private placement units. This values each component at fair value and allocates total proceeds received between shares and warrants based on the pro rata relative values of the components. The fair value of the common shares is based on the closing quoted bid price on the issue date and the fair value of the common share purchase warrants is determined at the issue date using the Black- Scholes pricing model.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based Payment Transactions

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Earnings and Loss per Share

The Company presents basic and diluted earnings and loss per share data for its common shares, calculated by dividing the earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings or loss per share does not adjust the earnings or loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Income Taxes

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at year end applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

d) Significant Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at year end that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to the following:

(i) Critical accounting estimates

- The net carrying value of each mineral property is reviewed regularly for conditions that suggest impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.

(ii) Critical accounting judgments

- Presentation of the consolidated financial statements which assumes that the Company will continue in operation for the foreseeable future, obtain additional financing as required, and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

- The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

- The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

- The Company accounts for its investment in associate on an equity method basis and, at each period end, management is required to make an assessment as to whether there are indicators of impairment that would require the Company to test the investment for impairment. If indicators of impairment exist, the Company would be required to determine the net recoverable amount which is based on expected cash flows to be earned from the investment or fair value of the investment less cost to sell. Management has determined that there were no indicators of impairment as at December 31, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- The initial recognition of the fair value of the Company's investment in associates upon completion of the Plan of Arrangement described in Note 3 has been identified as an accounting policy which involves judgments or assessments made by management. We have accounted for this transaction as a disposition of subsidiaries in exchange for an investment in a joint venture. The fair value of our Investment in POI has been measured using a discounted cash flow model based on our best estimate of what inputs a market participant would consider appropriate. Key assumptions included commodity prices, reserves and resources, operating and capital costs and discount, foreign exchange and inflation rates. A change to these inputs would alter the value of our Investment in POI and the gain that we have recognized on close of this transaction. This is classified as a Level 3 measurement within the fair value measurement hierarchy (Note 14).

- Management is required to assess impairment in respect to the Company's intangible mineral property interests. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. Management has determined that there were no indicators of impairment as at December 31, 2017.

- The determination of our tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgement by management. In determining these amounts, we interpret tax legislation in a variety of jurisdictions and make estimates of the expected timing of the reversal of deferred tax assets and liabilities. We also make estimates of future earnings which affect the extent to which potential future tax benefits may be used. We are subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. We provide for such differences where known based on our best estimate of the probable outcome of these matters.

- Contingencies can be either possible assets or liabilities arising from past events which, by their nature, will only be resolved when one or more future events not wholly within our control occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. In assessing loss contingencies related to legal, tax or regulatory proceedings that are pending against us or unasserted claims, that may result in such proceedings or regulatory or government actions that may negatively impact our business or operations, we evaluate our legal counsel the perceived merits of any legal, tax or regulatory proceedings, unasserted claims or actions. Also evaluated are the perceived merits of the nature and amount of relief sought or expected to be sought, when determining the amount, if any, to recognize as a contingent liability or assessing the impact on the carrying value of assets. Contingent assets or liabilities are not recognized in the consolidated financial statements.

e) New Accounting Standards and Interpretations

The International Accounting Standards Board ("IASB") has issued new and amended standards and interpretations which have not yet been adopted by the Company. The following is a brief summary of the new and amended standards and interpretations:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9 – Financial Instruments

IFRS 9, Financial Instruments, addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39, Financial Instruments: Recognition and Measurement that relate to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change for liabilities is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income (loss) rather than in net earnings. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

We have concluded that this standard will not have a material effect on our financial statements.

We have made the irrevocable classification choice to record fair value changes on our available-for-sale investments in other comprehensive income. This election will not result in an impact to the financial statements. The Company has adopted IFRS 9 as of January 1, 2018.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts with Customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. IFRS 15 also requires enhanced disclosures about revenue to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. The standard replaces IAS 18, Revenue and IAS 11, Construction contracts and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

AS the Company does not currently have any revenue streams, IFRS 15 will not have a material impact on amounts recorded in the financial statements of the Company.

IFRS 16 – Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact the standard is expected to have on its consolidated financial statements.

(Expressed in Canadian Dollars Unless Otherwise Noted)

3. PLAN OF ARRANGEMENT

On September 30, 2015, the Company entered into an agreement (the "Agreement") among the Company's sole shareholder, GAR, SSR Mining Inc. ("SSR"), Mina Pirquitas, LLC ("MP LLC") and Valle Del Cura S.A. wherein, subject to, among other things, should SSR exercise an Election to Proceed (as defined in the Agreement), to give effect to a plan of arrangement (the "Arrangement") pursuant to which each shareholder of GAR would receive one common share in the capital of the Company (a "New GAR Share") in exchange for each common share of GAR (the "GAR Shares") held. Pursuant to the Arrangement, the GAR Shares (and thereby GAR's interest in the Chinchillas property, a mineral property located in the Jujuy province of Argentina) would be transferred to Puna Operations Inc ("POI"), which, subject to the terms of the Agreement, will initially be owned 75% by SSR and 25% by the Company.

Under the terms of the Agreement, POI acquires from SSR all of the issued and outstanding securities of MP LLC which indirectly holds title to the Pirquitas mine (also located in the Jujuy province of Argentina), with the effect that upon completion of the Arrangement, the then existing shareholders of GAR, as holders of the Company's shares, have exposure through the Company's 25% interest in POI to SSR's Pirquitas mine and Golden Arrow's Chinchillas property.

In consideration for granting SSR the rights to conduct an 18-month period of pre-development activities at Chinchillas ("the Preliminary Period"), SSR paid GAR CDN$2,000,000 on completion of certain milestones as detailed below:

Payment	Milestone
$500,000	Signing of the transaction agreements
500,000	Receipt of shareholder approval
500,000	Six month anniversary of shareholder approval or date of election to proceed with the joint venture
500,000	Twelve month anniversary of shareholder approval or date of election to proceed with the joint venture
$2,000,000	

All of the payments were received by GAR during the Preliminary Period.

Upon vesting by SSR, the Agreement specified that an amount equal to 25% of the Pirquitas mine's cash equivalent earnings, if any, during the Preliminary Period, less certain expenditures for exploration (including pre-development expenditures), capital investment and closure costs as based on a pre-defined formula (the "Pirquitas Payment"), was payable on closing of the Arrangement.

On May 31, 2017, the Company closed the agreement as outlined above. Upon closing of the agreement, the Company received CDN$17.8 million for the Pirquitas Payment for the period October 1, 2015 until May 31, 2017.

(Expressed in Canadian Dollars Unless Otherwise Noted)

3. PLAN OF ARRANGEMENT (continued)

The total purchase price was allocated to the carrying value of the net assets disposed of pursuant to the plan of arrangement. The Company recognized a gain upon business transaction of its investment in POI as follows:

		May 31, 2017
Pirquitas payment	$	17,810,756
Fair value of investment in POI		31,983,236
Total Consideration received	$	49,793,992
Assets		
Cash		56,328
Amounts receivable		67,660
Prepaid expenses		3,951
Mineral property interest		655,236
Total Assets	$	783,175
Liabilities		
Accounts payable and accrued liabilities		57,219
Total Liabilities	$	57,219
Carrying value of net assets		725,956
Gain on business transaction	$	49,068,036

4. INVESTMENT IN PUNA OPERATIONS JOINT VENTURE

On March 31, 2017, SSR Mining Inc. (“SSR”) exercised its option on the Chinchillas project and on May 31, 2017, the Company formed POI for the development of the property. The jointly owned company, holding the Pirquitas and Chinchillas properties is owned 75% by SSR and 25% by the Company with SSR as the operator.

The following is the summarized financial information for POI as at May 31, 2017:

		May 31, 2017
Current assets	$	97,728,114
Non-current assets		155,285,282
Current liabilities		(39,895,147)
Non-current liabilities		(85,185,303)
Net assets	$	127,932,946

The Company accounts for its interest in POI using the equity method. At May 31, 2017, the Company recognized an investment in POI of $31,983,236 representing the fair value of the Company’s 25% interest.

The following table summarizes the change in investment in POI for the seven-month period ended December 31, 2017:

Balance, May 31, 2017	$	31,983,236
Equity contributions to POI		2,956,091
Company’s share of comprehensive income of POI, net of tax		1,112,180
Subtotal		36,051,507
Translation adjustment		(2,349,492)
Balance, December 31, 2017	$	33,702,015

(Expressed in Canadian Dollars Unless Otherwise Noted)

4. INVESTMENT IN PUNA OPERATIONS JOINT VENTURE (continued)

The following is the summarized financial information for POI as at December 31, 2017:

		December 31, 2017
Current assets	$	94,647,692
Non-current assets		142,445,529
Current liabilities		(28,942,036)
Non-current liabilities		(73,343,123)
Net assets	$	134,808,062
Comprehensive income for the year	$	4,448,720

5. MINERAL PROPERTY INTERESTS

The schedules below summarize the carrying costs of acquisition costs incurred to date for each mineral property interest that the Company is continuing to explore as at December 31, 2017:

Acquisition Costs

	Argentina						
	Antofalla $	**La Rioja $**	**Caballos $**	**Chinchillas $**	**Pescado $**	**Other $**	**Total $**
Balance – December 31, 2016	86,083	29,239	49,616	575,729	39,291	100,725	880,683
Additions							
Staking costs, land payments and acquisition costs	179,359	11,095	15,508	79,507	9,718	34,975	330,162
Disposal of mineral property interests	-	-	-	(655,236)	-	-	(655,236)
Balance – December 31, 2017	265,442	40,334	65,124	-	49,009	135,700	555,609

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. MINERAL PROPERTY INTERESTS (continued)

Exploration Expenditures

	Argentina						
	Antofalla $	**La Rioja $**	**Chinchillas $**	**Caballos $**	**Pescado/ Yanso $**	**Other $**	**Total $**
Cumulative exploration expenses December 31, 2016	64,951	1,611,471	31,035,092	326,549	846,944	1,196,744	35,081,751
Expenditures during the period							
Assays	53,474	-	-	-	7,725	-	61,199
Environmental reports	17,710	-	-	-	1,140	3,958	22,808
Geophysics and metallurgy	72,398	-	-	-	-	-	72,398
Office	192,120	-	137,079	-	17,741	-	346,940
Property maintenance payments	513	-	9,533	-	835	267	11,148
Resource model and project development	-	-	1,800	-	-	-	1,800
Salaries and contractors	587,198	-	495,485	-	140,527	7,092	1,230,302
Social and community	42,038	-	11,042	-	(1,466)	-	51,614
Supplies and equipment	205,785	-	25,647	-	65,496	-	296,928
Transportation	141,473	-	16,621	-	14,333	-	172,427
Value added taxes	156,739	1,166	81,593	1,629	26,897	4,863	272,887
	1,469,448	1,166	778,800	1,629	273,228	16,180	2,540,451
Cumulative exploration expenses December 31, 2017	1,534,399	1,612,637	31,813,892	328,178	1,120,172	1,212,924	37,622,202

The schedules below summarize the carrying costs of acquisition costs and all exploration expenditures incurred to date for each mineral property interest that the Company was continuing to explore as at December 31, 2016:

Acquisition Costs

	Argentina						
	Antofalla $	**La Rioja $**	**Caballos $**	**Chinchillas $**	**Pescado $**	**Other $**	**Total $**
Balance – December 31, 2015	-	14,853	2,431	1,586,005	33,076	100,725	1,737,090
Additions							
Staking costs, land payments and acquisition costs	86,083	14,386	47,185	-	6,215	-	153,869
Option payment proceeds	-	-	-	(1,010,276)	-	-	(1,010,276)
Balance – December 31, 2016	86,083	29,239	49,616	575,729	39,291	100,725	880,683

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. MINERAL PROPERTY INTERESTS (continued)

Exploration Expenditures

	Argentina						
	Antofalla $	**La Rioja $**	**Chinchillas $**	**Caballos $**	**Pescado $**	**Other $**	**Total $**
Cumulative exploration expenses December 31, 2015	-	1,606,998	21,801,184	317,952	844,344	890,959	25,461,437
Expenditures during the period							
Assays	-	-	478,577	-	-	1,454	480,031
Drilling	-	-	4,340,255	-	-	-	4,340,255
Environmental reports	-	-	5,279	-	-	-	5,279
Geophysics and metallurgy	-	-	15,477	-	-	-	15,477
Office	4,779	-	317,807	-	-	45,646	368,232
Property maintenance payments	1,878	1,788	226,603	-	1,345	107,898	339,512
Resource model and project development	-	-	102,442	-	-	-	102,442
Salaries and contractors	9,906	-	1,424,725	-	-	95,846	1,530,477
Social and community	297	-	122,851	-	-	1,341	124,489
Supplies and equipment	14,114	-	874,586	381	-	1,540	890,621
Transportation	12,471	-	154,329	273	-	8,519	175,592
Value added taxes	21,506	2,685	1,170,977	7,943	1,255	43,541	1,247,907
	64,951	4,473	9,233,908	8,597	2,600	305,785	9,620,314
Cumulative exploration expenses December 31, 2016	64,951	1,611,471	31,035,092	326,549	846,944	1,196,744	35,081,751

(a) Antofalla, Catamarca, Argentina

The Company entered into an option agreement to acquire a 100% interest in the Antofalla project in Catamarca Province, Argentina. The terms of the option agreement include staged payments over five years totaling US$1,500,000 for a 100% interest in the property. The vendor retains a 1% net smelter royalty.

Option Payment USD $	Year
100,000 (paid)	2017
200,000	2018
350,000	2019
400,000	2020
450,000	2021
1,500,000	

In accordance with the agreement, the Company paid the 2017 option payment during the year.

(b) Varitas, La Rioja, Argentina

The Company owns a 100% interest in the Varitas property in southern La Rioja Province, Argentina.

(Expressed in Canadian Dollars Unless Otherwise Noted)

5. MINERAL PROPERTY INTERESTS (continued)

(c) Mogote and Purulla Properties, Argentina

The Company owns a 100% interests in the Mogote and Purulla properties in Argentina. The properties are subject to a net smelter return royalty ("NSR") payable to the vendor.

(d) Caballos, La Rioja, Argentina

The Company owns a 100% interest in the Caballos property in western La Rioja Province, Argentina.

(e) Pescado, San Juan, Argentina

The Company owns a 100% interest in the Pescado Gold Project in San Juan Province, Argentina.

6. INVESTMENTS

At December 31, 2017, the Company held the following:

	Quantity	Fair Value
Argentina Lithium & Energy Corp. common shares ("Argentina Lithium")	76,996	$26,178
Pretium Resources Inc. common shares ("Pretium")	20,000	286,200
		$312,378

At December 31, 2016, the Company held the following:

	Quantity	Fair Value
Argentina Lithium & Energy Corp. common shares ("Argentina Lithium")	76,996	$26,949
Pretium Resources Inc. common shares ("Pretium")	51,700	574,904
		$601,853

The Company has designated its marketable securities in Argentina Lithium and Pretium as available-for-sale financial assets and accordingly, changes in fair value are recorded in other comprehensive income in the period in which they occur. An unrealized gain of $12,943 was recorded for the year ended December 31, 2017 (year ended December 31, 2016 – unrealized gain of $104,400).

7. CAPITAL AND RESERVES

Authorized Share Capital

At December 31, 2017, the authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Details of Issues of Common Shares in 2017

On May 31, 2017, the Company issued 98,106,935 common shares in accordance with the terms of the plan of arrangement referred to in Note 3, whereby each shareholder of GAR received one common share in the capital of the Company (a "New GAR Share") in exchange for each common share of GAR (the "GAR Shares") held.

4,261,220 warrants and 807,500 stock options were exercised during the year ended December 31, 2017.

7. CAPITAL AND RESERVES (continued)

Details of Issues of Common Shares in 2016

On February 17, 2016, the Company completed a non-brokered private placement financing of 2,918,000 units at a price of $0.40 per unit for gross proceeds of $1,167,200. Each unit consists of one common share and one warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at a price of $0.30 per share for one year from the date of issue of the warrant. Finders' fees were $10,500 in cash and 39,000 in common shares at a price of $0.25 per share. Fair value was calculated using the following Black-Scholes pricing model variables: risk-free interest rate – 0.48%; expected stock price volatility – 93.86%; dividend yield of 0%; and expected warrant life of 1.00 years.

On May 19, 2016 the Company completed a non-brokered private placement financing of 8,550,000 units at a price of $0.27 per unit for gross proceeds of $2,308,500. Each unit consists of one common share and one transferable warrant. 7,635,780 warrants entitle the holders thereof to purchase one additional common share in the capital of the Company at a price of $0.30 per share for two years from the date of issue. 914,220 warrants entitle the holders thereof to purchase one additional common share in the capital of the Company at a price of $0.33 per share for two years from the date of issue. Finders' fees were $48,311 in cash, 162,264 common shares at a price of $0.30 per share, and 341,566 warrants exercisable into common shares at a price of $0.30 per share for two years. Fair value was calculated using the following Black-Scholes pricing model variables: risk-free interest rate – 0.56%; expected stock price volatility – 93.45%; dividend yield of 0%; and expected warrant life of 1.45 years.

On July 29, 2016 the Company completed a non-brokered private placement financing of 9,020,000 units at a price of $0.75 per unit for gross proceeds of $6,765,000. Each unit consists of one common share and one-half transferable warrant. 4,509,996 warrants entitle the holders thereof to purchase one additional common share in the capital of the Company at a price of $1.00 per share for eighteen months from the date of issue. The Company is entitled to accelerate the expiry date of the warrants if the 10-day volume weighted average stock price of the Company trades $1.40 or higher, then, on notice from the Company, the warrant holders will have 20 days to exercise their warrants; otherwise, the warrants will expire on the 21st date. Finders' fees were $403,589 in cash, 86,320 common shares at a price of $0.75 per share, and 478,179 warrants, subject to the same accelerated expiry conditions, exercisable into common shares at a price of $1.00 per share for eighteen months. Fair value was calculated using the following Black-Scholes pricing model variables: risk-free interest rate – 0.54%; expected stock price volatility – 97.89%; dividend yield of 0%; and expected warrant life of 1.32 years.

On September 27, 2016, pursuant to the terms of a shares for services agreement (the "Agreement"), the Company obtained TSX Venture Exchange approval to issue 1,117,900 common shares of the Company as payment for completion for certain drilling services. See Note 10 for further information.

Share Purchase Option Compensation Plan

The Company has a share purchase option plan (the "Plan") approved by the Company's shareholders that allows it to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, employees and service providers. The Plan is based on a fixed number of eligible shares equaling 20% of the Company's outstanding common shares calculated at June 25, 2013, totaling a maximum of 8,364,371 share purchase options. On January 9, 2018, the Stock Option Plan was amended allowing for a maximum total share purchase options of 9,740,920.

The exercise price of each share purchase option is set by the Board of Directors at the time of grant but cannot be less than the market price less allowable discounts in accordance with the policies of the TSX Venture Exchange. Share purchase options granted generally vest immediately, are subject to a four-month hold period and are generally exercisable for a period of five years.

(Expressed in Canadian Dollars Unless Otherwise Noted)

7. CAPITAL AND RESERVES (continued)

The continuity of share purchase options for the year ended December 31, 2017 is as follows:

Expiry date	Exercise Price	December 31, 2016	Granted	Exercised	Cancelled/ Expired	December 31, 2017	Options exercisable
June 24, 2017	$0.30	50,000	-	-	(50,000)	-	-
November 29, 2017	$0.31	50,000	-	(50,000)	-	-	-
April 19, 2018	$0.32	87,500		(87,500)	-	-	-
May 9, 2018	$0.51	35,000	-	-	-	35,000	35,000
May 12, 2018	$0.68	150,000	-	-	-	150,000	150,000
March 25, 2019	$0.35	955,000	-	(230,000)	-	725,000	725,000
April 16, 2019	$0.35	55,000	-	-	-	55,000	55,000
March 9, 2020	$0.66	-	250,000	-	(250,000)	-	-
June 11, 2020	$0.35	1,545,000	-	(275,000)	-	1,270,000	1,270,000
April 19, 2021	$0.32	1,095,000	-	(90,000)	-	1,005,000	1,005,000
April 27, 2021	$0.42	470,000	-	(75,000)	-	395,000	395,000
May 29, 2021	$0.62	15,000	-	-	-	15,000	15,000
June 22, 2022	$0.62	-	3,570,000	-	(80,000)	3,490,000	3,490,000
		4,507,500	3,820,000	(807,500)	(380,000)	7,140,000	7,140,000
Weighted average exercise price $		0.36	0.62	0.35	0.56	0.49	0.49
Weighted average contractual remaining life (years)		3.29	4.32	-	-	3.42	3.42

For options exercised, the related weighted average share price at the time of exercise was $0.65 (2016 – $0.83).

(Expressed in Canadian Dollars Unless Otherwise Noted)

7. CAPITAL AND RESERVES (continued)

The continuity of share purchase options for the year ended December 31, 2016 is as follows:

Expiry date	Exercise Price	December 31, 2015	Granted	Exercised	Expired/ Forfeited	December 31, 2016	Options exercisable
June 24, 2017	$0.30	50,000	-	-	-	50,000	50,000
November 25, 2017	$0.32	200,000	-	(200,000)	-	-	-
November 29, 2017	$0.31	200,000	-	(150,000)	-	50,000	50,000
April 19, 2018	$0.32	-	350,000	(262,500)	-	87,500	87,500
May 28, 2018	$0.35	200,000	-	(200,000)	-	-	-
March 25, 2019	$0.35	2,505,000	-	(1,550,000)	-	955,000	955,000
April 16, 2019	$0.35	380,000	-	(325,000)	-	55,000	55,000
April 30, 2019	$0.35	20,000	-	(20,000)	-	-	-
June 11, 2020	$0.35	2,595,000	-	(1,000,000)	(50,000)	1,545,000	1,545,000
April 19, 2021	$0.32	-	1,200,000	(105,000)	-	1,095,000	1,057,500
April 27, 2021	$0.42	-	660,000	(190,000)	-	470,000	470,000
May 9, 2018	$0.51	-	35,000	-	-	35,000	26,250
May 12, 2018	$0.68	-	150,000	-	-	150,000	150,000
May 29, 2021	$0.62	-	15,000	-	-	15,000	15,000
		6,150,000	2,410,000	(4,002,500)	(50,000)	4,507,500	4,373,750
Weighted average exercise price $		0.35	0.37	0.35	0.35	0.36	0.36
Weighted average contractual remaining life (years)		3.62	3.64	-	-	3.29	3.32

The weighted average fair value of share purchase options exercised during the year ended December 31, 2017 is $0.17 (2016 - $0.17). The weighted average fair value of share purchase options granted during the year ended December 31, 2017 is $0.37 (2016 - $0.17).

Options were priced based on the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of options granted:

	Year ended December 31,	
	2017	2016
Risk-free interest rate	1.05%	0.71%
Expected option life in years	3.1	3.3
Expected share price volatility	93%	93%
Grant date share price	$0.61	$0.39
Expected forfeiture rate	-	-
Expected dividend yield	Nil	Nil

(Expressed in Canadian Dollars Unless Otherwise Noted)

7. CAPITAL AND RESERVES (continued)

Warrants

The continuity of warrants for the year ended December 31, 2017 is as follows:

Expiry date	Exercise Price	December 31, 2016	Issued	Exercised	Expired/ Forfeited	December 31, 2017
February 16, 2017	$0.30	2,918,000	-	(2,918,000)	-	-
January 28, 2019	$1.00	4,988,175	-	-	-	4,988,175
May 15, 2018	$0.30	4,545,883	-	(1,239,520)	-	3,306,363
May 15, 2018	$0.33	704,220	-	(103,700)	-	600,520
		13,156,278	-	(4,261,220)	-	8,895,058
Weighted average exercise price $		0.57	-	0.30	-	0.69

The continuity of warrants for the year ended December 31, 2016 is as follows:

Expiry date	Exercise Price	December 31, 2015	Issued	Exercised	Expired/ Forfeited	December 31, 2016
December 18, 2016	$0.25	5,213,200	-	(5,213,200)	-	-
January 15, 2017	$0.25	2,641,400	-	(2,637,000)	(4,400)	-
February 17, 2017	$0.30	-	2,918,000	-	-	2,918,000
February 22, 2017	$0.26	100,000	-	(100,000)	-	-
January 28, 2018	$1.00	-	4,988,175	-	-	4,988,175
May 19, 2018	$0.30	-	7,977,346	(3,431,463)	-	4,545,883
May 19, 2018	$0.33	-	914,220	(210,000)	-	704,220
		7,954,600	16,797,741	(11,591,663)	(4,400)	13,156,278
Weighted average exercise price $		0.25	0.51	0.27	0.25	0.57

8. RELATED PARTY BALANCES AND TRANSACTIONS

On June 1, 2017, the Company entered into a Management Services Agreement (“Agreement”) with Grosso Group to provide services and facilities to the Company. Grosso Group is a private company that is owned by an officer and director of the Company and also has another director in common with the Company. Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group’s costs including its staff and overhead costs among the member companies. This fee is reviewed and adjusted quarterly based on the level of services required.

The Agreement contains termination and early termination fees in the event the services are terminated by the Company. The termination fee includes three months of compensation and any contractual obligations that Grosso Group undertook for the Company, up to a maximum of $750,000. The early termination fees are the aggregate of the termination fee in addition to the lesser of the monthly fees calculated to the end of the term and the monthly fees calculated for eighteen months, up to a maximum of $1,000,000.

(Expressed in Canadian Dollars Unless Otherwise Noted)

8. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Transactions	Year ended December 31, 2017 $	2016 $
Services rendered:		
Grosso Group Management Ltd.		
Administration and management services	636,000	579,000
Office & sundry	116,600	120,600
Rent, parking & storage	-	9,000
Total for services rendered	752,600	708,600

Key management personnel compensation

Key management personnel of the company are members of the Board of Directors, as well as the Executive Chairman, President and CEO, CFO and Corporate Secretary and Vice President of Corporate Development.

Transactions		Year ended December 31, 2017 $	2016 $
Interest and finance expense		-	58,594
Consulting, salaries, and professional fees:			
Joseph Grosso	Chairman/President/CEO	575,000	125,000
Darren Urquhart	CFO	130,000	60,000
Nikolaos Cacos	Director/VP – Corp.	410,000	120,000
Louis Salley	Director	12,000	52,900
David Terry	Director	19,200	17,050
John Gammon	Director	12,000	16,000
Taylor Thoen	Director	21,300	4,000
Alfred Hills	Director	25,550	-
Total for services rendered		1,205,050	453,544

Transactions		Year ended December 31, 2017 $	2016 $
Share-based compensation:			
Joseph Grosso	Chairman/President/CEO	290,945	88,018
Darren Urquhart	CFO	27,276	19,385
Nikolaos Cacos	Director/VP – Corp.	145,473	41,776
Louis Salley	Director	72,736	5,222
David Terry	Director	36,368	37,598
John Gammon	Director	36,368	41,776
Taylor Thoen	Director	18,184	-
Total share-based compensation to key management		627,350	233,775

(Expressed in Canadian Dollars Unless Otherwise Noted)

8. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

As at December 31, 2017, there were $36,610 (2016 – $Nil) of costs owed to related corporations for shared services paid by the Company.

9. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended December 31, 2017 and 2016 was based on the following:

	Year ended December 31, 2017	Year ended December 31, 2016
Earnings (loss) attributable to common shareholders ($)	39,723,320	(5,882,244)
Weighted average number of common shares outstanding	97,498,962	75,908,652

The calculation of diluted earnings per share for the year ended December 31, 2017 and 2016 was based on the following:

	Year ended December 31, 2017	Year ended December 31, 2016
Earnings (loss) attributable to common shareholders ($)	39,723,320	(5,882,244)
Weighted average number of common shares outstanding	106,836,834	75,908,652

Diluted earnings per share did include the effect of 7,140,000 (2016 – 4,507,500) share purchase options and 8,895,058 (2016 – 13,156,278) common share purchase warrants.

10. SEGMENTED INFORMATION

The Company has no reportable segment revenues or operating revenues for the year ended December 31, 2017. The Company's total non-current assets are segmented geographically as follows:

	Argentina	
	December 31, 2017	December 31, 2016
Investment in Puna Operations Inc. ($)	33,702,015	-
Mineral property interests ($)	555,609	880,683
Equipment ($)	60,988	31,289
	34,318,612	911,972

(Expressed in Canadian Dollars Unless Otherwise Noted)

11. COMMITMENTS

	1 Year $	2 Years $	3 Years $	4-5 Years $	More than 5 Years $
Management Services Agreement (i)	372,000	372,000	-	-	-
Office Leases (ii)	157,544	160,258	-	-	-

(i) Management Services Agreement

Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group's costs including its staff and overhead costs among the member companies. The current monthly fee is $31,000 per month. This fee is reviewed and adjusted quarterly based on the level of services required.

(ii) Office Leases

The Company entered into office lease agreements for terms of two and three years. The Company has the option to renew the leases at the time of expiry for additional terms of three and four years.

12. SUPPLEMENTARY CASH FLOW INFORMATION

	Year ended December 31,	
	2017 $	2016 $
Non-cash investing and financing activities:		
Marketable securities received for option payment	-	1,010,276
Shares issued for drilling services	-	1,879,471
Shares issued for finder's fees	-	123,170
Agent warrants granted	-	448,398

(Expressed in Canadian Dollars Unless Otherwise Noted)

13. INCOME TAXES (continued)

The recovery of income taxes shown in the consolidated statements of loss (income) and comprehensive loss (income) differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2017	**2016**
Statutory tax rate	26.00%	26.00%
	$	**$**
Income (loss) before income taxes	39,723,320	(5,882,244)
Income tax expense (recovery) at Canadian statutory rates	10,328,063	(1,529,383)
Non-deductible differences and others	(7,776,277)	197,823
Difference between Canadian and foreign tax rates	(93,914)	(848,275)
Tax losses utilized	(4,630,797)	-
Unrecognized deferred tax assets	1,408,423	2,179,835
Argentina tax expense	764,501	-
Income tax recovery	-	-

Deferred incomes taxes reflect the net tax effects of differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's future tax assets and liabilities are as follows:

	2017 **$**	**2016** **$**
Deferred income tax assets		
Financing costs	97,307	126,408
Non-capital tax loss carry forwards	1,823,669	4,448,078
Resource deductions	793,410	9,036,060
Capital assets	39,661	58,080
Marketable securities	139,010	112,266
	2,893,057	13,780,892
Unrecognized deferred income tax assets	(2,893,057)	(13,780,892)
	-	-

The Company has Canadian non-capital loss carryforwards of $6,503,122 (2016 - $17,107,332) that may be available for tax purposes. The Company's non-capital losses expire in 2037.

At December 31, 2017, the Company had a net operating loss carryforward for Argentina income tax purposes of approximately $Nil (2016 - $194,791).

During the year ended December 31, 2017, the Company paid $764,501 (2016 – $Nil) in Argentina tax in connection with the $2,000,000 in milestone payments paid to the Company by SSR Mining Inc. during the 18-month period of predevelopment activities at Chinchillas.

In 2017, changes in future tax rates were considered to be enacted for British Columbia and Argentina. This has resulted in a Canadian statutory tax rate increase to 27% and decrease in Argentina to 25% which has been incorporated into our deferred tax calculation as at December 31, 2017.

(Expressed in Canadian Dollars Unless Otherwise Noted)

14. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

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

(a) Fair Values

The Company's financial assets and liabilities are measured and recognized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs. The three levels of fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company's financial assets consist of cash and cash equivalents, amounts receivable and investments. For investments classified as available for sale, fair value is determined using closing prices at the balance sheet date with any temporary unrealized gains or losses recognized in other comprehensive income. For investments classified as fair value through profit or loss, fair value is determined using closing prices at the balance sheet date with any unrealized gain or loss recognized in profit or loss. The carrying values of cash and cash equivalents, receivables and other and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The following table outlines the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy described below. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

At December 31, 2017, the Company's financial instruments measured at fair value are as follows:

	Carrying amount December 31, 2017	Level 1 $	Level 2 $	Level 3 $
		Fair value December 31, 2017		
Recurring measurements				
Financial Assets				
Cash and cash equivalents	16,190,601	-	-	-
Amounts receivable	71,917	-	-	-
Investments	312,378	312,378	-	-
	16,574,896	312,378	-	-

(Expressed in Canadian Dollars Unless Otherwise Noted)

14. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)

	Carrying amount December 31, 2017	Level 1 $	Level 2 $	Level 3 $
		Fair value December 31, 2017		
Recurring measurements				
Financial Liabilities				
Accounts payable and accrued liabilities	312,089	-	-	-
	312,089	-	-	-

December 31, 2016, the Company's financial instruments measured at fair value are as follows:

	Carrying amount December 31, 2016	Level 1 $	Level 2 $	Level 3 $
		Fair value December 31, 2016		
Recurring measurements				
Financial Assets				
Cash and cash equivalents	8,732,161	-	-	-
Amounts receivable	78,542	-	-	-
Exploration funding receivable	1,022,853	-	-	-
Investments	601,853	601,853	-	-
	10,435,409	601,853	-	-

	Carrying amount December 31, 2016	Level 1 $	Level 2 $	Level 3 $
		Fair value December 31, 2016		
Recurring measurements				
Financial Liabilities				
Accounts payable and accrued liabilities	1,202,449	1,202,449	-	-
	1,202,449	1,202,449	-	-

An analysis of investments including related gains and losses during the year is as follows:

	Year ended December 31, 2017 $	2016 $
Investments, beginning of year	601,853	453,803
Marketable securities received for option payment	-	1,010,277
Purchase of marketable securities	-	570,989
Disposition of marketable securities	(464,533)	(1,537,986)
Realized gain on marketable securities	162,115	370
Unrealized gain included in other comprehensive income	12,943	104,400
Investments, end of year	312,378	601,853

14. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)

(b) Financial Instrument Risk Exposure

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash, amounts receivable and exploration funding receivable. The majority of the Company's receivables result from the Company's share of Pirquitas Mine earnings upon closing of the business combination referred to in Note 3 and are with a reputable mining company in good standing.

Overall the Company's credit risk has not changed significantly from the prior year. The Company places its cash and cash equivalents and short-term investments with financial institutions with high credit ratings, the credit risk is minimal.

Liquidity risk

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

The Company has $312,089 in accounts payable and accrued liabilities that are due within one year of the date of the statement of financial position.

Market risk

(i) Currency risk

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include: US dollars and Argentine Pesos, all denominated in cash, amounts receivable, and accounts payable. The sensitivity of the Company's net earnings and other comprehensive income to changes in the exchange rate between the Canadian dollar and the United States dollar and between the Canadian dollar and the Argentine Peso at December 31, 2017 is summarized as follows:

- A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by $1,086,081.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by $19,761.

(ii) ***Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash bears no interest and short-term investments are redeemable at any time without penalty, with interest paid from the date of purchase. The fair value of cash and short-term investments approximate their carrying values due to the immediate or short-term maturity of these financial instruments.

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

15. SUBSEQUENT EVENTS

POI Equity Contributions

- $2,528,253 USD was paid to POI for the Company's amount owing related to operations.

Stock Options Granted

- 2,045,000 stock options with an exercise price of $0.70 per stock option were granted.

Warrants Exercised

- 175,520 warrants with an exercise price of $0.30 per warrant were exercised.
- 107,500 warrants with an exercise price of $0.33 per warrant were exercised.

Warrants Extension

- 4,509,996 warrants that set to expire on January 28, 2018 to be extended to January 28, 2019. These warrants were originally issued on July 29, 2016 as part of the units issued under a private placement completed by the Company in July 2016 and are also subject to an accelerator. The exercise price of the warrants remains at $1.00.

Warrants Expiry

- 478,179 finders' warrants with an exercise price of $1.00 per warrant expired.