# Golden Arrow Resources Corporation

*(An Exploration Stage Company)*

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2015 AND 2014

*(Unaudited - Expressed in Canadian Dollars)*

# Golden Arrow Resources Corporation

*(An Exploration Stage Company)*

## Consolidated Statements of Financial Position

*(Unaudited - Expressed in Canadian Dollars)*

| | Note | September 30, 2015 $ | December 31, 2014 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | 52,543 | 1,252,471 |
| Investments | 4 | 92,506 | 8,085 |
| Amounts receivable | 13 | 571,679 | 48,712 |
| Prepaid expenses | | 84,955 | 123,989 |
| **Total current assets** | | 801,683 | 1,433,257 |
| **Non-current assets** | | | |
| Property and equipment | | 12,578 | 33,327 |
| Mineral property interests | 3 | 2,848,131 | 1,742,095 |
| **Total non-current assets** | | 2,860,709 | 1,775,422 |
| **Total Assets** | | 3,662,392 | 3,208,679 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | 7 | 1,198,158 | 421,390 |
| Loan payable | 5 | 71,100 | - |
| Related party loans payable | 7 | 697,000 | - |
| Interest payable | 7 | 10,368 | - |
| **Total current liabilities** | | 1,976,626 | 421,390 |
| **EQUITY** | | | |
| Share capital | 6 | 16,134,915 | 9,953,493 |
| Commitment to issue shares | 10 | 363,928 | 1,750,444 |
| Reserves | 6 | 15,498,905 | 14,893,400 |
| Deficit | | (30,311,982) | (23,810,048) |
| **Total equity** | | 1,685,766 | 2,787,289 |
| **Total Equity and Liabilities** | | 3,662,392 | 3,208,679 |

**NATURE OF OPERATIONS AND GOING CONCERN (Note 1)**

**COMMITMENTS (Note 10)**

**SUBSEQUENT EVENTS (Note 13)**

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on November 17, 2015. They are signed on the Company's behalf by:

*"Joseph Grosso"* , Director

*"David Terry"* , Director

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

## Golden Arrow Resources Corporation

*(An Exploration Stage Company)*

### Consolidated Statements of Loss and Comprehensive Loss

*(Unaudited - Expressed in Canadian Dollars)*

| | Note | Three months ended September 30, 2015 $ | Three months ended September 30, 2014 $ | Nine months ended September 30, 2015 $ | Nine months ended September 30, 2014 $ |
|---|---|---|---|---|---|
| **Expenses** | | | | | |
| Administration and management services | 7 | 191,425 | 183,850 | 567,975 | 421,875 |
| Corporate development and investor relations | | 73,248 | 93,109 | 401,178 | 318,963 |
| Depreciation | | - | 3,750 | - | 17,868 |
| Exploration | 3 | 793,160 | 735,674 | 4,026,308 | 4,708,933 |
| Office and sundry | 7 | 54,230 | 66,148 | 187,013 | 181,704 |
| Professional fees | 7 | 395,555 | 53,208 | 801,762 | 138,278 |
| Rent, parking and storage | 7 | 70,690 | 70,948 | 212,386 | 185,333 |
| Salaries and employee benefits | 7 | 130,308 | 136,578 | 401,924 | 419,663 |
| Share-based compensation | 7 | 3,589 | 7,696 | 440,431 | 315,655 |
| Transfer agent and regulatory fees | | 4,091 | 11,864 | 53,877 | 23,581 |
| Travel and accommodation | | 7,154 | 63,655 | 54,446 | 137,794 |
| **Loss from operating activities** | | 1,723,450 | 1,426,480 | 7,147,300 | 6,869,647 |
| Foreign exchange gain | | (564,109) | (252,933) | (804,484) | (726,256) |
| Interest income | | (159) | (501) | (9,818) | (17,671) |
| Interest expense | 7 | 10,364 | - | 10,364 | - |
| Loss on sale of marketable securities | 4,12 | 16,778 | 22,155 | 158,572 | 65,694 |
| **Loss for the period** | | 1,186,324 | 1,195,201 | 6,501,934 | 6,191,414 |
| **Other comprehensive loss** | | | | | |
| Items that may be reclassified to profit or loss | | | | | |
| Unrealized loss (gain) on available-for-sale marketable securities | 12 | 1,540 | 3,464 | 4,235 | (6,930) |
| **Other comprehensive loss for the period** | | 1,540 | 3,464 | 4,235 | (6,930) |
| **Comprehensive loss for the period** | | 1,187,864 | 1,198,665 | 6,506,169 | 6,184,484 |
| **Basic and diluted loss per common share** | 8 | 0.02 | 0.03 | 0.13 | 0.15 |

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

# Golden Arrow Resources Corporation

*(An Exploration Stage Company)*

## Consolidated Statements of Cash Flows

*(Unaudited - Expressed in Canadian Dollars)*

| | Nine months ended September 30, 2015 $ | Nine months ended September 30, 2014 $ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss for the period | (6,501,934) | (6,191,414) |
| Adjustments for: | | |
| Depreciation | 20,749 | 38,617 |
| Drilling services received for common shares | 1,837,087 | 1,140,785 |
| Foreign exchange gain on marketable securities | (617,875) | (727,000) |
| Loss on sale of marketable securities | 158,572 | 65,694 |
| Option payment proceeds to be received | 500,000 | - |
| Share-based compensation | 440,431 | 315,655 |
| | (4,162,970) | (5,357,663) |
| Change in non-cash working capital items: | | |
| (Increase) decrease in amounts receivable | (522,967) | 10,832 |
| Decrease (increase) in prepaid expenses | 39,034 | (68,908) |
| Increase in interest payable | 10,368 | - |
| Increase (decrease) in accounts payable and accrued liabilities | 776,768 | (195,485) |
| Net cash used in operating activities | (3,859,767) | (5,611,224) |
| **Cash flows from investing activities** | | |
| Mineral property interests | (1,606,036) | (244,575) |
| Proceeds from exercise of warrant put right | - | 1,250,000 |
| Purchase of marketable securities, net of transaction costs | (1,666,849) | (2,939,180) |
| Disposal of marketable securities, net of transaction costs | 3,681,271 | 3,600,487 |
| Net cash generated by investing activities | 408,386 | 1,666,732 |
| **Cash flows from financing activities** | | |
| Issuance of common shares and warrants | 1,230,833 | - |
| Share issue costs | (2,480) | - |
| Warrants exercised | 27,500 | - |
| Subscription receipts | 227,500 | - |
| Loans received | 768,100 | - |
| Repurchases of common shares | - | (172,234) |
| Share repurchase costs | - | (1,909) |
| Net cash generated by financing activities | 2,251,453 | (174,143) |
| **Net (decrease) in cash and cash equivalents** | (1,199,928) | (4,118,635) |
| Cash and cash equivalents at beginning of period | 1,252,471 | 5,052,392 |
| **Cash and cash equivalents at end of period** | 52,543 | 933,757 |

**SUPPLEMENTARY CASH FLOW INFORMATION (Note 11)**

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

# Golden Arrow Resources Corporation

*(An Exploration Stage Company)*

## Consolidated Statements of Changes in Equity

*(Unaudited - Expressed in Canadian Dollars)*

| | Share capital | | | Reserves | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Number of shares | Amount $ | Treasury Stock $ | Commitment to issue shares $ | Contributed surplus $ | Equity settled share-based payments $ | Warrants $ | Accumulated other comprehensive income (loss) $ | Deficit $ | Total $ |
| Balance at January 1, 2014 | 41,587,155 | 8,650,617 | (48,005) | - | 13,409,922 | 853,724 | - | (9,239) | (15,278,200) | 7,578,819 |
| Repurchases of common shares | (763,500) | (172,234) | - | - | - | - | - | - | - | (172,234) |
| Share repurchase costs | - | (1,909) | - | - | - | - | - | - | - | (1,909) |
| Shares issued for drilling services | 336,134 | 853,600 | - | - | - | - | - | - | - | 853,600 |
| Share-based compensation | - | - | - | - | - | 315,655 | - | - | - | 315,655 |
| Stock options expired | - | - | - | - | 208,219 | (208,219) | - | - | - | - |
| Treasury stock cancelled under normal course issuer bid | - | (48,005) | 48,005 | - | - | - | - | - | - | - |
| Commitment to issue shares | - | - | - | 287,185 | - | - | - | - | - | 287,185 |
| Total comprehensive (loss) for the period | - | - | - | - | - | - | - | 6,930 | (6,191,414) | (6,184,484) |
| Balance at September 30, 2014 | 41,159,789 | 9,282,069 | - | 287,185 | 13,618,141 | 961,160 | - | (2,309) | (21,469,614) | 2,676,632 |
| Private placement | 5,080,000 | 711,731 | - | - | - | - | 304,269 | - | - | 1,016,000 |
| Share issue costs | - | (40,307) | - | - | - | - | - | - | - | (40,307) |
| Agent warrants granted | - | - | - | - | - | - | 13,667 | - | - | 13,667 |
| Share-based compensation | - | - | - | - | - | 4,247 | - | - | - | 4,247 |
| Commitment to issue shares | - | - | - | 1,463,259 | - | - | - | - | - | 1,463,259 |
| Total comprehensive (loss) for the period | - | - | - | - | - | - | - | (5,775) | (2,340,434) | (2,346,209) |
| Balance at December 31, 2014 | 46,239,789 | 9,953,493 | - | 1,750,444 | 13,618,141 | 965,407 | 317,936 | (8,084) | (23,810,048) | 2,787,289 |
| Private placements (Note 6) | 8,008,826 | 3,343,587 | - | (1,306,681) | - | - | 174,669 | - | - | 2,211,575 |
| Share issue costs | - | (3,884) | - | - | - | - | - | - | - | (3,884) |
| Agent warrants granted | - | - | - | - | - | - | 1,404 | - | - | 1,404 |
| Shares issued for drilling services (Note 6) | 1,023,152 | 2,807,455 | - | (2,807,455) | - | - | - | - | - | - |
| Share-based compensation | - | - | - | - | - | 440,431 | - | - | - | 440,431 |
| Stock options expired | - | - | - | - | 54,451 | (54,451) | - | - | - | - |
| Warrants exercised | 110,000 | 34,264 | - | - | - | - | (6,764) | - | - | 27,500 |
| Commitment to issue shares (Note 10) | - | - | - | 2,727,620 | - | - | - | - | - | 2,727,620 |
| Total comprehensive (loss) for the period | - | - | - | - | - | - | - | (4,235) | (6,501,934) | (6,506,169) |
| Balance at September 30, 2015 | 55,381,767 | 16,134,915 | - | 363,928 | 13,672,592 | 1,351,387 | 487,245 | (12,319) | (30,311,982) | 1,685,766 |

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Golden Arrow Resources Corporation (the “Company” or “Golden Arrow”) was incorporated on July 7, 2004, as a result of a corporate restructuring plan (the “Reorganization”) completed by Kobex Minerals Inc. (“Kobex”) (formerly IMA Exploration Inc.). The address of the Company’s registered office is Suite 411 – 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6. The Company is listed on the TSX Venture Exchange.

The Company is a natural resource company engaged in the acquisition and exploration of resource properties in Argentina and Chile. The Company’s mineral property interests presently have no proven or probable reserves and, on the basis of information to date, it has not yet determined whether these properties contain economically recoverable resources. Consequently, the Company considers itself to be an exploration stage company.

The amounts shown as mineral property interests represent costs incurred to date, less option payment proceeds and amounts amortized and/or written off, and do not necessarily represent present or future values. The underlying value of the mineral property interests is entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to advance the properties beyond the exploration stage, and future profitability of the properties.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to interim financial statements and to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company has experienced recurring operating losses and has an accumulated deficit of $30,311,982 at September 30, 2015. In addition, the Company has a working capital deficiency of $1,174,943 at September 30, 2015. Working capital is defined as current assets less current liabilities and provides a measure of the Company’s ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year. These recurring losses and the Company’s working capital deficiency create material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern. The Company’s continued operations, as intended, are dependent upon its ability to raise additional funding to meet its obligations and commitments (Note 10) and to attain profitable operations. Management’s plan in this regard is to raise equity financing as required. There are no assurances that the Company will be successful in achieving these goals. These condensed consolidated interim financial statements do not include adjustments to the amounts and classifications of assets and liabilities and reported expenses that might be necessary should the Company be unable to continue as a going concern, which could be material.

## 2. SIGNIFICANT ACCOUNTING POLICIES

*Statement of compliance*

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as applicable to interim financial reports including International Accounting Standard 34 ‘Interim Financial Reporting’.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

These interim condensed consolidated financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2014, which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB") and included in Part 1 of the Handbook of the Chartered Professional Accountants of Canada.

The policies applied in these interim condensed financial statements are the same as those applied in the most recent annual consolidated financial statements and were consistently applied to all the periods presented unless otherwise noted.

These interim condensed consolidated financial statements were approved by the Board of Directors of the Company on November 17, 2015.

*Basis of presentation*

These condensed consolidated interim 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 condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

*Basis of consolidation*

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries as follows:

| | Place of Incorporation | Principal Activity |
|---|---|---|
| IMPSA Resources Corporation | BC, Canada | Holding company |
| 1049708 B.C. Ltd. | BC, Canada | Holding company |
| Valle Del Cura S.A. | Argentina | Exploration company |
| Desarrollo de Recursos S.A. | Argentina | Exploration company |
| Golden Arrow Chile Ltda. | Chile | Exploration company |

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

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.

*Significant Accounting Estimates and Judgments*

The preparation of these 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 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 the 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:

*Critical accounting estimates*

i. 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.

*Critical accounting judgments*

i. Presentation of the condensed consolidated interim 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.

ii. 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.

iii. 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.

*iv.* 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.

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

*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:

IFRS 9 – Financial Instruments

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. In July 2014 IFRS 9, Financial Instruments ("IFRS 9") was issued. The completed standard provides revised guidance on the classification and measurement of financial assets. It also introduces a new expected credit loss model for calculating impairment for financial assets. This final version of IFRS 9 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 9 is not expected to have a material impact on amounts recorded in the financial statements of the Company.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. The new standard will apply to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 is not expected to have a material impact on amounts recorded in the financial statements of the Company.

## 3. MINERAL PROPERTY INTERESTS

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 is continuing to explore as at September 30, 2015:

**Acquisition Costs**

| | Argentina | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Fronterra District $** | **La Rioja $** | **Caballos $** | **Chinchillas $** | **Pescado $** | **Other $** | **Total $** |
| Balance – December 31, 2014 | 656,124 | 14,853 | 2,431 | 934,886 | 33,076 | 100,725 | 1,742,095 |
| Additions | | | | | | | |
| Staking costs, land payments and acquisition costs | - | - | - | 1,606,036 | - | - | 1,606,036 |
| Option payment proceeds | - | - | - | (500,000) | - | - | (500,000) |
| Balance – September 30, 2015 | 656,124 | 14,853 | 2,431 | 2,040,922 | 33,076 | 100,725 | 2,848,131 |

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

## 3. MINERAL PROPERTY INTERESTS (continued)

**Exploration Expenditures**

| | Argentina | | | | | | Chile | Total $ |
|---|---|---|---|---|---|---|---|---|
| | Fronterra District $ | La Rioja $ | Chinchillas $ | Caballos $ | Pescado $ | Other $ | Mogote $ | |
| Cumulative exploration expenses – December 31, 2014 | 4,329,321 | 1,606,601 | 12,885,856 | 317,578 | 844,344 | 833,736 | 42,183 | 20,859,619 |
| Expenditures during the period | | | | | | | | |
| Assays | - | - | 204,880 | - | - | - | - | 204,880 |
| Drilling | - | - | 1,837,087 | - | - | - | - | 1,837,087 |
| Geophysics and metallurgy | - | - | 11,772 | - | - | - | - | 11,772 |
| Imagery and base maps | - | - | 1,525 | - | - | - | - | 1,525 |
| Office | - | 388 | 350,953 | 128 | - | - | - | 351,469 |
| Preliminary economic assessment | - | - | 61,130 | - | - | - | - | 61,130 |
| Property maintenance payments | - | - | 77,136 | 236 | - | - | 6,139 | 83,511 |
| Salaries and contractors | - | - | 1,102,146 | - | - | - | - | 1,102,146 |
| Social and community | - | - | 63,924 | - | - | - | - | 63,924 |
| Supplies and equipment | - | - | 137,460 | - | - | 6,611 | - | 144,071 |
| Transportation | - | - | 68,309 | - | - | - | - | 68,309 |
| Value added taxes | - | 7 | 96,343 | 7 | - | 127 | - | 96,484 |
| | - | 395 | 4,012,665 | 371 | - | 6,738 | 6,139 | 4,026,308 |
| Cumulative exploration expenses – September 30, 2015 | 4,329,321 | 1,606,996 | 16,898,521 | 317,949 | 844,344 | 840,474 | 48,322 | 24,885,927 |

The schedule below summarizes the exploration expenditures incurred to date for each mineral property interest that the Company was continuing to explore as at September 30, 2014:

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

## 3. MINERAL PROPERTY INTERESTS (continued)

**Exploration Expenditures**

| | Argentina | | | | | | Chile | Total $ |
|---|---|---|---|---|---|---|---|---|
| | Fronterra District $ | La Rioja $ | Chinchillas $ | Caballos $ | Pescado $ | Other $ | Mogote $ | |
| Cumulative exploration expenses – December 31, 2013 | 4,329,275 | 1,606,601 | 6,739,988 | 316,544 | 844,319 | 726,396 | 32,668 | 14,595,791 |
| Expenditures during the period | | | | | | | | |
| Assays | - | - | 287,614 | - | - | 2,944 | - | 290,558 |
| Drilling | - | - | 1,796,314 | - | - | - | - | 1,796,314 |
| Geophysics and metallurgy | - | - | 181,606 | - | - | 21,081 | - | 181,606 |
| Imagery and base maps | - | - | 5,347 | - | - | - | - | 5,347 |
| Office | - | - | 257,201 | 704 | - | 13,994 | - | 271,899 |
| Preliminary economic assessment | - | - | 75,862 | - | - | - | - | 75,862 |
| Property maintenance payments | - | - | 35,530 | 282 | - | 574 | 9,515 | 45,901 |
| Rehabilitation review | - | - | - | - | - | 5,749 | - | 5,749 |
| Salaries and contractors | - | - | 1,107,899 | - | - | 49,710 | - | 1,157,609 |
| Supplies and equipment | - | - | 407,397 | - | - | 5,012 | - | 412,409 |
| Transportation | - | - | 111,770 | - | - | 2,630 | - | 114,400 |
| Statutory taxes | 60 | - | 322,285 | 71 | 31 | 7,751 | - | 330,198 |
| | 60 | - | 4,588,825 | 1,057 | 31 | 109,445 | 9,515 | 4,708,933 |
| Cumulative exploration expenses – September 30, 2014 | 4,329,335 | 1,606,601 | 11,328,813 | 317,601 | 844,350 | 835,841 | 42,183 | 19,304,724 |

(a) Chinchillas, Jujuy, Argentina

On August 3, 2011, the Company announced an option agreement ("Option Agreement") with a private group to acquire a 100% interest in the Chinchillas Silver Project located in Jujuy Province. On July 11, 2014, the Option Agreement for the Chinchillas Silver Project was amended to allow for an extension of the 3rd year option payment in consideration for USD $6,000 paid monthly until the remaining USD $250,000 was paid. The Company had the option at any time during the period to pay the remaining 3rd year option payment of USD $250,000 without incurring any additional monthly amounts.

Under the terms of the Option Agreement, Golden Arrow acquired a 100% interest in the Chinchillas project on July 21, 2015 by making cash payments to the vendor totaling USD $1,866,000 over four years, as shown below:

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

## 3. MINERAL PROPERTY INTERESTS (continued)

| Option Payment USD $ | Year |
|---|---|
| 20,000 | 2011 |
| 230,000 | 2012 |
| 250,000 | 2013 |
| 180,000 | 2014 |
| 1,186,000 | 2015 |
| 1,866,000 | |

Furthermore, the Company must make an additional payment of USD $1,200,000 to the vendor upon the commencement of commercial production.

On September 30, 2015, the Company entered into an agreement (the "Agreement") with Silver Standard Resources Inc. ("Silver Standard") which contemplates the joint development of the Chinchillas project and an agreement to combine the producing Pirquitas Mine and the Chinchillas project into a single new operation.

Subject to an 18-month period of pre-development activities (the "Preliminary Period"), Silver Standard will have the right to commence an arrangement (the "Arrangement") that will see the Pirquitas Mine and the Chinchillas project combined into a 75% Silver Standard 25% Golden Arrow jointly owned mining business, with Silver Standard assuming the role of operator.

During the Preliminary Period, Silver Standard will pay Golden Arrow up to CDN$2,000,000 on completion of certain milestones, and invest up to an estimated US$12,600,000, with a minimum expenditure commitment of US$4,000,000, at Chinchillas to advance the project and evaluate the feasibility of developing a combined operation. If Silver Standard elects to proceed with the Arrangement the Company will be paid 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 incurred during the Preliminary Period, based on a pre-defined formula, payable on closing of the business combination.

See Note 13 Subsequent Events for further information

(b) Fronterra District, Argentina

The Company owns a 100% interest in the Fronterra District properties for which it paid consideration of USD $120,000. The properties are subject to a net smelter return royalty ("NSR") of up to USD $5,000,000 once commercial production is achieved.

(c) Varitas, La Rioja, Argentina

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

(d) 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 once commercial production is achieved.

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

## 3. MINERAL PROPERTY INTERESTS (continued)

(e) Caballos, La Rioja, Argentina

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

(f) Pescado, San Juan, Argentina

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

## 4. INVESTMENTS

At September 30, 2015, the Company held the following:

| | Quantity | Fair Value |
|---|---|---|
| Iron South Mining Corp. common shares ("Iron South") | 76,996[1] | $3,850 |
| Argentinean Government Bond BONAR17 | 666 | $88,656 |
| | | $92,506 |

At December 31, 2014, the Company held the following:

| | Quantity | Fair Value |
|---|---|---|
| Iron South Mining Corp. common shares ("Iron South") | 76,996[1] | $8,085 |
| | | $8,085 |

[1] On December 22, 2014, the common shares of Iron South were consolidated on the basis of three (3) pre-consolidation shares for one (1) post-consolidation share. Comparative periods have been retrospectively restated for number of shares held.

The Company has designated its marketable securities in Iron South Mining Corp. as available-for-sale financial assets and accordingly, changes in fair value are recorded in other comprehensive loss in the period in which they occur. An unrealized loss of $1,540 was recorded for the three months ended September 30, 2015 (three months ended September 30, 2014 –$3,464). An unrealized loss of $4,235 was recorded for the nine months ended September 30, 2015 (nine months ended September 30, 2014 – unrealized gain of $6,930).

The Argentinean Government Bonds are considered to be short-term investments and the Company has designated them as financial assets at fair value through profit or loss and accordingly, changes therein are recognized in profit or loss. A loss of $9,722 was recorded for the three months ended September 30, 2015 (three months ended September 30, 2014 - $22,155). A loss of $40,458 was recorded for the nine months ended September 30, 2015 (nine months ended September 30, 2014 - $65,694).

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

## 5. LOAN PAYABLE

At September 30, 2015, the Company held the following loan payable:

| | September 30, 2015 | | |
|---|---|---|---|
| | Maturity | Currency | Amount |
| Unsecured, 8% annual interest rate | October 15, 2015 | Argentinean Peso | $71,100 |

On August 27, 2015, the Company entered into a loan agreement with an arm's length private Argentinean Company. The principal amount of the loan is used for working capital purposes and bears interest at the rate of 8% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on the maturity date. The Company may repay the loan in whole or in part at any time, without notice or penalty.

At December 31, 2014, the Company did not have any loans outstanding.

## 6. CAPITAL AND RESERVES

*Authorized Share Capital*

The Company's 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 2015*

On January 16, 2015, the Company completed the second tranche of a non-brokered private placement consisting of 2,739,000 units at a price of $0.20 per unit for gross proceeds of $547,800. Each unit consisted 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 $0.25 per share for two years from the date of issue of the warrant. The Company is entitled to accelerate the expiry date of the warrants if the 15-day volume weighted average stock price of the Company trades $0.35 or higher, then, on notice from the Company, the warrant holders will have 20 days to exercise their warrants; otherwise, the warrants will expire on the 21$^{st}$ date. Finders' fees were $2,480 in cash and 12,400 in warrants exercisable into common shares at $0.25 per share for two years having a fair value of $1,404. Fair value was calculated using the following Black-Scholes pricing model variables: risk-free interest rate – 0.89%; expected stock price volatility – 95.86%; dividend yield of 0%; and expected warrant life of 1.44 years.

On January 27, 2015, the Company completed a non-brokered private placement consisting of 442,056 common shares at a price of US$1.214777 (CDN$1.456033) per share for gross proceeds of US$537,000 (CDN$643,648).

On February 17, 2015, pursuant to the terms of a shares for services agreement (the "Agreement"), the Company obtained TSX Venture Exchange approval to issue 420,168 common shares of the Company as payment for completion for certain drilling services. The issued shares will be escrowed pursuant to the terms of a voluntary escrow agreement, and will be released upon the date of completion of the drilling services or the expiry of three years following the date of the Agreement. See Note 11 for further information.

## 6. CAPITAL AND RESERVES (continued)

On February 23, 2015, the Company completed a private placement consisting of 100,000 units at a price of $0.20 per unit for gross proceeds of $20,000. Each unit consisted 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 $0.26 per share for two years from the date of issue of the warrant. The Company is entitled to accelerate the expiry date of the warrants if the 15-day volume weighted average stock price of the Company trades $0.35 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 day. Fair value was calculated using the following Black-Scholes pricing model variables: risk-free interest rate – 0.38%; expected stock price volatility – 97.03%; dividend yield of 0%; and expected warrant life of 1.45 years.

On June 4, 2015, the Company completed a private placement consisting of 4,285,714 common shares at a price of $0.35 per share. Upon closing, the Company received non-cash consideration of 214,592 common shares of Pretium Resources Inc. (TSX: PVG) at a price of $7.66 per share for gross proceeds of $1,643,775.

On July 9, 2015, the Company completed a non-brokered private placement consisting of 442,056 common shares at a price of US$1.214777 (CDN$1.50) per share for gross proceeds of US$537,000 (CDN$663,033).

On July 9, 2015, pursuant to the terms of a shares for services agreement (the “Agreement”), the Company obtained TSX Venture Exchange approval to issue 504,201 common shares of the Company as payment for completion for certain drilling services. The issued shares will be escrowed pursuant to the terms of a voluntary escrow agreement, and will be released upon the date of completion of the drilling services or the expiry of three years following the date of the Agreement. See Note 10 for further information.

On July 9, 2015, pursuant to the terms of a shares for heavy equipment services agreement (the “Contract”), the Company obtained TSX Venture Exchange approval to issue 98,783 common shares of the Company as payment for completion of US$120,000 of drilling and heavy equipment services. The issued shares will be escrowed pursuant to the terms of a voluntary escrow agreement, and will be released upon the date of completion of the drilling services or the expiry of three years following the date of the Contract. 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.

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)*

## 6. CAPITAL AND RESERVES (continued)

The continuity of share purchase options for the nine months ended September 30, 2015 is as follows:

| Expiry date | Exercise Price | December 31, 2014 | Granted | Exercised | Expired/ Forfeited | September 30, 2015 | Options exercisable |
|---|---|---|---|---|---|---|---|
| March 31, 2015 | $0.36 | 100,000 | - | - | (100,000) | - | - |
| April 22, 2015 | $0.36 | 150,000 | - | - | (150,000) | - | - |
| October 1, 2015 | $0.35 | 835,000 | - | - | - | 835,000 | 835,000 |
| October 29, 2015 | $0.38 | 75,000 | - | - | - | 75,000 | 75,000 |
| November 4, 2015 | $0.40 | 820,000 | - | - | - | 820,000 | 820,000 |
| November 25, 2015 | $0.32 | 150,000 | - | - | - | 150,000 | 150,000 |
| June 24, 2017 | $0.30 | 50,000 | - | - | - | 50,000 | 50,000 |
| November 25, 2017 | $0.32 | 200,000 | - | - | - | 200,000 | 200,000 |
| November 29, 2017 | $0.31 | 200,000 | - | - | - | 200,000 | 200,000 |
| May 28, 2018 | $0.35 | 200,000 | - | - | - | 200,000 | 200,000 |
| March 25, 2019 | $0.35 | 2,505,000 | - | - | - | 2,505,000 | 2,505,000 |
| April 16, 2019 | $0.35 | 380,000 | - | - | - | 380,000 | 380,000 |
| April 30, 2019 | $0.35 | 20,000 | - | - | - | 20,000 | 20,000 |
| June 11, 2020 | $0.35 | - | 2,595,000 | - | - | 2,595,000 | 2,557,500 |
| | | 5,685,000 | 2,595,000 | - | (250,000) | 8,030,000 | 7,992,500 |
| Weighted average exercise price $ | | 0.36 | 0.35 | - | 0.36 | 0.35 | 0.35 |
| Weighted average contractual remaining life (years) | | 2.79 | 4.70 | - | - | 2.98 | 3.00 |

The weighted average fair value of share purchase options granted during the nine months ended September 30, 2015 is $0.17 (2014 - $0.11). 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:

| | Nine months ended September 30, | |
|---|---|---|
| | 2015 | 2014 |
| Risk-free interest rate | 0.86% | 1.47% |
| Expected option life in years | 3.6 | 3.6 |
| Expected share price volatility | 87% | 82% |
| Grant date share price | $0.30 | $0.23 |
| Expected forfeiture rate | - | - |
| Expected dividend yield | Nil | Nil |

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

## 6. CAPITAL AND RESERVES (continued)

*Warrants*

The continuity of warrants for the nine months ended September 30, 2015 is as follows:

| Expiry date | Exercise Price | December 31, 2014 | Issued | Exercised | Expired/ Forfeited | September 30, 2015 |
|---|---|---|---|---|---|---|
| December 18, 2016 | $0.25 | 5,213,200 | - | - | - | 5,213,200 |
| January 15, 2017 | $0.25 | - | 2,751,400 | (110,000) | - | 2,641,400 |
| February 22, 2017 | $0.26 | - | 100,000 | - | - | 100,000 |
| | | 5,213,200 | 2,851,400 | (110,000) | - | 7,954,600 |
| Weighted average exercise price $ | | 0.25 | 0.25 | 0.25 | - | 0.25 |

The Company did not have any warrants outstanding as at September 30, 2014.

## 7. RELATED PARTY BALANCES AND TRANSACTIONS

On April 1, 2010, 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 common director 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 expired on December 31, 2014 and was automatically renewed for a period of two years pursuant to the terms of the Agreement. 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.

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| **Transactions** | $ | $ | $ | $ |
| Services rendered: | | | | |
| Grosso Group Management Ltd. | | | | |
| Administration and management services | 156,000 | 144,300 | 456,000 | 308,700 |
| Rent, parking and storage | 67,500 | 67,200 | 202,500 | 173,400 |
| Office & sundry | 30,000 | 36,000 | 108,000 | 100,200 |
| Total for services rendered | 253,500 | 247,500 | 766,500 | 582,300 |

At September 30, 2015, the Company had $137,975 (September 30, 2014 - $Nil) included in accounts payable and accrued liabilities to Grosso Group.

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

## 7. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

*Mr. Joseph Grosso*

Mr. Joseph Grosso, a director and chief executive officer of the Company, and his spouse, received share-based benefits of $144,723 for the nine months ended September 30, 2015 (nine months ended September 30, 2014 - $55,298).

Oxbow International Marketing Corp. ("Oxbow") is a private company controlled by Mr. Joseph Grosso. For the three months ended September 30, 2015, Oxbow was paid $31,250 (three months ended September 30, 2014 - $31,250) for management consulting services. For the nine months ended September 30, 2015, Oxbow was paid $93,750 (nine months ended September 30, 2014 - $93,750) for management consulting services. Amounts paid to Oxbow are classified as salaries and employee benefits in the consolidated statements of loss and comprehensive loss.

At September 30, 2015, the Company had $48,520 (September 30, 2014 - $32,949) included in accounts payable and accrued liabilities to Oxbow.

*Related Party Loans Payable*

At September 30, 2015, the Company had the following related party loans payable:

| | September 30, 2015 | | |
|---|---|---|---|
| | Maturity | Currency | Amount |
| Unsecured, non-interest bearing | On demand | Canadian dollar | $200,000 |
| Unsecured, 12% annual interest rate | On demand | Canadian dollar | $300,000 |
| Unsecured, 12% annual interest rate | On demand | Canadian dollar | $50,000 |
| Unsecured, 12% annual interest rate | On demand | Canadian dollar | $147,000 |
| | | | $697,000 |

During the nine months ended September 30, 2015, the Company entered into loan agreements with the spouse of the Chief Executive Officer of the Company. The principal amount of the loans is used for working capital purposes. The principal balance of the loans, together with all accrued and unpaid interest thereon shall become due and payable in full on the maturity date. The Company may repay the loans in whole or in part at any time, without notice or penalty.

At September 30, 2015, the Company had $9,969 (September 30, 2014 - $Nil) included in interest payable to a related party.

At December 31, 2014, the Company did not have any related party loans outstanding.

## 7. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

*Mr. Nikolaos Cacos*

Mr. Nikolaos Cacos, a director of the Company, received share-based benefits of $68,105 for the nine months ended September 30, 2015 (nine months ended September 30, 2014 - $22,120).

Cacos Consulting Ltd. ("Cacos Consulting") is a private company controlled by Mr. Nikolaos Cacos. For the three months ended September 30, 2015, Cacos Consulting was paid $48,750 (three months ended September 30, 2014 - $43,750) for management consulting services. For the nine months ended September 30, 2015, Cacos Consulting was paid $146,250 (nine months ended September 30, 2014 - $103,750) for management consulting services. Amounts paid to Cacos Consulting are classified as administration and management services in the consolidated statements of loss and comprehensive loss.

At September 30, 2015, the Company had $26,250 (September 30, 2014 - $Nil) included in accounts payable and accrued liabilities to Cacos Consulting.

*Dr. David Terry*

Dr. David Terry, a director and former officer to the Company, was paid director and audit committee chair fees of $4,000 for the three months ended September 30, 2015 (three months ended September 30, 2014 - $4,000). Dr. David Terry was paid director and audit committee chair fees of $12,000 for the nine months ended September 30, 2015 (nine months ended September 30, 2014 - $12,000) and received share-based benefits of $34,053 for the nine months ended September 30, 2015 (nine months ended September 30, 2014 - $11,060).

Vinland Holdings Ltd. ("Vinland") is a private company controlled by Dr. David Terry. For the three months ended September 30, 2015, Vinland was paid $1,425 (three months ended September 30, 2014 - $5,550) for geological services. For the nine months ended September 30, 2015, Vinland was paid $9,975 (nine months ended September 30, 2014 - $11,175) for geological services. Amounts paid to Vinland are classified as administration and management services in the consolidated statements of loss and comprehensive loss.

At September 30, 2015, the Company had $5,824 (September 30, 2014 - $3,125) included in accounts payable and accrued liabilities to Vinland.

*Mr. Louis Salley*

Mr. Louis Salley, a director of the Company, was paid director fees of $3,000 for the three months ended September 30, 2015 (three months ended September 30, 2014 - $3,000). Mr. Louis Salley was paid director fees of $9,000 for the nine months ended September 30, 2015 (nine months ended September 30, 2014 - $9,000) and received share-based benefits of $34,053 for the nine months ended September 30, 2015 (nine months ended September 30, 2014 - $16,589). Amounts paid to Mr. Louis Salley are classified as salaries and employee benefits in the consolidated statements of loss and comprehensive loss.

At September 30, 2015, the Company had $1,026 (September 30, 2014 - $Nil) included in accounts payable and accrued liabilities to Mr. Louis Salley.

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

## 7. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Salley Bowes Harwardt Law Corp. ("Salley Bowes Harwardt") is a private company of which Mr. Louis Salley is an owner. For the three months ended September 30, 2015, Salley Bowes Harwardt was paid $Nil (three months ended September 30, 2014 - $4,765) for legal services. For the nine months ended September 30, 2015, Salley Bowes Harwardt was paid $18,696 (nine months ended September 30, 2014 - $36,824) for legal services. Amounts paid to Salley Bowes Harwardt are classified as professional fees in the consolidated statements of loss and comprehensive loss.

At September 30, 2015, the Company had $8,797 (September 30, 2014 - $Nil) included in accounts payable and accrued liabilities to Salley Bowes Harwardt.

*Mr. John Gammon*

Mr. John Gammon, a director of the Company, was paid director and corporate governance committee chair fees of $7,000 for the three months ended September 30, 2015 (three months ended September 30, 2014 - $7,000). For the nine months ended, Mr. John gammon was paid director and corporate governance committee chair fees of $13,000 (nine months ended September 30, 2014 - $13,000) and received share-based benefits of $17,026 for the nine months ended September 30, 2015 (nine months ended September 30, 2014 - $8,295).

At September 30, 2015, the Company had $5,026 (September 30, 2014 - $Nil) included in accounts payable and accrued liabilities to Mr. John Gammon.

### Key management personnel compensation

| | Three months ended September 30, 2015 | | | Three months ended September 30, 2014 | | |
|---|---|---|---|---|---|---|
| **Compensation** | Salaries $ | Share-based benefits $ | Total $ | Salaries $ | Share-based benefits $ | Total $ |
| Chief Executive Officer | 31,250 | - | 31,250 | 31,250 | - | 31,250 |
| Chief Financial Officer | 15,000 | - | 15,000 | 15,000 | - | 15,000 |
| Total | 46,250 | - | 46,250 | 46,250 | - | 46,250 |

| | Nine months ended September 30, 2015 | | | Nine months ended September 30, 2014 | | |
|---|---|---|---|---|---|---|
| **Compensation** | Salaries $ | Share-based benefits $ | Total $ | Salaries $ | Share-based benefits $ | Total $ |
| Chief Executive Officer | 93,750 | 119,184 | 212,934 | 93,750 | 55,298 | 149,049 |
| Chief Financial Officer | 45,000 | 8,513 | 53,513 | 41,000 | 9,717 | 50,717 |
| Total | 138,750 | 127,697 | 266,447 | 134,750 | 65,015 | 199,765 |

The tables do not include amounts paid to non-executive directors.

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

## 8. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the three and nine months ended September 30, 2015 and 2014 was based on the following:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Loss attributable to common shareholders ($) | 1,186,324 | 1,195,201 | 6,501,934 | 6,191,414 |
| Weighted average number of common shares outstanding | 55,289,698 | 40,995,376 | 51,883,017 | 41,017,182 |

Diluted loss per share did not include the effect of 8,030,000 (September 30, 2014 – 5,685,000) share purchase options and 7,954,600 (September 30, 2014 – Nil) common share purchase warrants as they are anti-dilutive.

## 9. SEGMENTED INFORMATION

The Company is primarily involved in mineral exploration activities in Argentina. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating revenues for the nine months ended September 30, 2015.

The Company's total non-current assets are segmented geographically as follows:

| | Argentina | |
|---|---|---|
| | September 30, 2015 | December 31, 2014 |
| Mineral property interests ($) | 2,848,131 | 1,742,095 |
| Property and equipment ($) | 12,578 | 33,327 |
| | 2,860,709 | 1,775,422 |

## 10. COMMITMENTS

*Management Services Agreement*

| | 1 Year $ | 2 Years $ | 3 Years $ | 4-5 Years $ | More than 5 Years $ |
|---|---|---|---|---|---|
| Management Services Agreement | 253,500 | 1,014,000 | - | - | - |

On April 1, 2010, the Company entered into an Agreement with Grosso Group to provide services and facilities to 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. The current monthly fee is $84,500 per month. This fee is reviewed and adjusted quarterly based on the level of services required.

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

## 10. COMMITMENTS (continued)

*Chinchillas Option Agreement*

Under the terms of the Chinchillas Option Agreement, signed August 3, 2011, Golden Arrow acquired a 100% interest in the Chinchillas project on July 21, 2015 by making cash payments over four years to the vendor totaling USD$1,866,000 (see Note 3a).

Furthermore the Company must make an additional payment of USD$1,200,000 to the vendor upon the commencement of commercial production.

*Shares for Services*

| | 1 Year<br>$ | 2 Years<br>$ | 3 Years<br>$ | 4-5 Years<br>$ | More than 5 Years<br>$ |
|---|---|---|---|---|---|
| Drilling Services | 136,428 | - | - | - | - |
| Subscription receipts | 227,500 | - | - | - | - |
| | 363,928 | - | - | - | - |

*Drilling Services*

Under the terms of a shares for services agreement (the "Agreement") signed March 10, 2014 and as amended on November 1, 2014, up to 16,000 meters of drilling shall be paid for by issuing up to a total of 2,378,404 common shares of the Company subject to TSX Venture exchange approval. The issued shares will be escrowed pursuant to the terms of a voluntary escrow agreement, and will be released upon the date of completion of the drilling services or the expiry of three years following the date of the Agreement.

For the nine months ended September 30, 2015, the Company issued 924,369 (nine months ended September 30, 2014 – 336,134) common shares in respect of drilling services received prior to December 31, 2014 and has recognized $1,656,348 (nine months ended September 30, 2014 - $1,140,785) for 6,539 meters drilled up to September 30, 2015 (5,346 meters drilled up to September 30, 2014) to be paid for by issuing common shares of the Company subject to TSX Venture exchange approval in accordance with the terms of the Agreement.

At September 30, 2015, the Company has cumulatively issued 1,260,503 common shares and has recognized $2,793,095 for a total of 11,539 meters of drilling services received since the commencement of the Agreement.

*Subscription Receipts*

As at September 30, 2015, the Company was advanced $227,500 representing 455,000 common shares of the Company to be issued at a price of $0.50 per share subject to TSX Venture exchange approval (see Note 13 for further information).

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

## 11. SUPPLEMENTARY CASH FLOW INFORMATION

| | Nine months ended September 30, 2015 $ | Nine months ended September 30, 2014 $ |
|---|---|---|
| Non-cash investing and financing activities | | |
| Marketable securities received for private placement | 1,643,775 | - |
| Commitment to issue shares for drilling services | 1,760,732 | - |
| Shares issued for drilling services | 2,554,135 | 1,140,785 |
| Agent warrants granted | 1,404 | - |

## 12. 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 instruments 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 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.

At September 30, 2015 the Company’s financial instruments measured at fair value are as follows:

| | Carrying amount September 30, 2015 | Level 1 $ | Level 2 $ | Level 3 $ |
|---|---|---|---|---|
| | | Fair value September 30, 2015 | | |
| **Recurring measurements** | | | | |
| Financial Assets | | | | |
| Investments | 92,506 | 92,506 | - | - |

At December 31, 2014 the Company’s financial instruments measured at fair value are as follows:

| A | Carrying amount December 31, 2014 | Level 1 $ | Level 2 $ | Level 3 $ |
|---|---|---|---|---|
| | | Fair value December 31, 2014 | | |
| **Recurring measurements** | | | | |
| Financial Assets | | | | |
| Investments | 8,085 | 8,085 | - | - |

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

## 12. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)

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).

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

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2015<br>$ | 2014<br>$ | 2015<br>$ | 2014<br>$ |
| Investments, beginning of period | 442,032 | 17,324 | 8,085 | 6,930 |
| Marketable securities received for private placement | - | - | 1,643,775 | - |
| Purchase of marketable securities | 1,065,295 | 1,125,885 | 1,666,849 | 2,939,180 |
| Disposition of marketable securities | (1,797,342) | (1,3,90,970) | (3,681,271) | (3,600,487) |
| Foreign exchange gain on marketable securities | 401,506 | 287,239 | 617,875 | 727,000 |
| Realized (loss) on marketable securities | (17,445) | (22,155) | (158,572) | (65,694) |
| Unrealized (loss) included in other comprehensive income | (1,540) | (3,464) | (4,235) | 6,930 |
| Investments, end of period | 92,506 | 13,859 | 92,506 | 13,859 |

**(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 and amounts receivable. The majority of the Company's receivables are with the government of Canada in the form of sales tax, the credit risk is minimal.

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.

## 12. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)

The Company has $1,198,158 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 September 30, 2015 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 $1,594.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by $13,364.

**(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.

## 13. SUBSEQUENT EVENTS

*Business Combination with Pirquitas Mine*

On October 1, 2015, the Company received its first option payment of CDN$500,000 from Silver Standard Resources Inc.

*Private Placement*

On October 16, 2015, the Company completed a non-brokered private placement financing of 455,000 common shares of the Company at a price of $0.50 per common share for gross proceeds of $227,500.

*Stock Options Expired*

- On October 1, 2015, 835,000 stock options expired with an exercise price of $0.35.
- On October 29, 2015, 75,000 stock options expired with an exercise price of $0.38.
- On November 4, 20115, 820,000 stock options expired with an exercise price of $0.40.