Golden Arrow Resources Corporation

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED
MARCH 31, 2020 AND 2019

(Unaudited - Expressed in Canadian Dollars)

Golden Arrow Resources Corporation
Consolidated Interim Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars)

	Note	March 31, 2020 $	December 31, 2019 $
ASSETS			
Current assets			
Cash and cash equivalents		3,416,007	2,750,129
Investments	6	15,176,559	26,129,044
Amounts receivable	9	197,162	195,350
Prepaid expenses		232,473	170,380
Total current assets		19,022,201	29,244,903
Non-current assets			
Equipment		126,264	31,967
Right-of-use assets	4	249,417	276,579
Mineral property interests	5	561,847	351,453
Total non-current assets		937,528	659,999
Total Assets		19,959,729	29,904,902
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	618,423	358,899
Current portion of lease liabilities		99,687	98,039
Total current liabilities		718,110	456,938
Lease liabilities		155,951	182,321
Total liabilities		874,061	639,259
EQUITY			
Share capital	8	38,820,382	38,820,382
Reserves	8	18,162,841	26,896,681
Deficit		(37,897,555)	(36,451,420)
Total equity		19,085,668	29,265,643
Total Equity and Liabilities		19,959,729	29,904,902

SUBSEQUENT EVENTS (Note 15)

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on May 21, 2020. They are signed on the Company's behalf by:

"Nikolaos Cacos" , Director

"*David Terry*" , Director

Golden Arrow Resources Corporation
Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

	Note	Three months ended March 31, 2020 $	2019 $
Expenses			
Administration and management services	9	115,000	114,595
Corporate development and investor relations		172,580	305,875
Depreciation		27,819	903
Exploration	5	944,464	510,334
Office and sundry	9	76,468	74,836
Professional fees		63,071	97,554
Rent, parking and storage		7,155	44,653
Salaries and employee benefits	9	210,696	214,737
Transfer agent and regulatory fees		9,063	34,555
Travel and accommodation		27,215	31,002
Loss from operating activities		(1,653,531)	(1,429,044)
Foreign exchange gain		214,063	223,781
Interest expense		(6,667)	(8,581)
Interest income		-	2,893
After tax net loss from POI	3	-	(1,230,165)
Interest expense – SSR Credit Facility	7	-	(338,522)
Loss for the period		(1,446,135)	(2,779,638)
Other comprehensive loss			
Items that will not be reclassified to profit or loss			
Gain on sale of marketable securities	6	341,645	-
Unrealized (loss) gain on marketable securities	6	(9,075,485)	96
Items that may be reclassified to profit or loss			
Unrealized (loss) gain on translation to reporting currency	3	-	(970,865)
Other comprehensive loss for the period		(8,733,840)	(970,769)
Comprehensive loss for the period		(10,179,975)	(3,750,407)
Basic and diluted loss per common share ($)	10	(0.01)	(0.03)

Golden Arrow Resources Corporation
Consolidated Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

	Three months ended March 31, 2020 $	2019 $
Cash flows from operating activities		
Loss for the period	(1,446,135)	(2,779,638)
Adjustments for:		
After tax net loss from POI	-	1,230,165
Depreciation	27,819	903
	(1,418,316)	(1,548,570)
Change in non-cash working capital items:		
Increase in amounts receivable	(1,812)	(17,894)
(Increase) decrease in prepaid expenses	(62,093)	69,023
Increase in interest payable	-	336,895
Increase in accounts payable and accrued liabilities	259,523	52,504
Net cash used in operating activities	(1,222,698)	(1,108,042)
Cash flows from investing activities		
Expenditures on mineral property interests	(210,394)	(168,761)
Expenditures on equipment	(94,953)	-
Proceeds of marketable securities, net of transactions costs	2,218,645	-
Investments in POI	-	(4,950,999)
Net cash generated by (used in) investing activities	1,913,298	(5,119,760)
Cash flows from financing activities		
Issuance of shares and warrants, net of share issue costs	-	4,491,204
Credit Facility proceeds received	-	2,404,287
Loan proceeds received	-	110,000
Loan repayment	-	(560,000)
Lease payments	(24,722)	-
Share and warrant issue costs	-	(60,091)
Net cash (used in) generated by financing activities	(24,722)	6,385,400
Net increase in cash and cash equivalents	665,878	157,598
Cash and cash equivalents at beginning of period	2,750,129	437,221
Cash and cash equivalents at end of period	3,416,007	594,819

SUPPLEMENTARY CASH FLOW INFORMATION (Note 12)

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

Golden Arrow Resources Corporation
Consolidated Interim Statements of Changes in Equity

(Unaudited - Expressed in Canadian Dollars)

	Share capital		Reserves							
	Number of shares	Amount $	Contributed surplus $	Equity settled share-based payments $	Warrants $	Accumulated other comprehensive income (loss) $	Cumulative translation adjustment $	Subscriptions payable $	Retained earnings (deficit) $	Total $
Balance at December 31, 2018	101,974,517	34,847,881	14,709,865	2,692,660	1,327,342	34,919	1,078,960	250,000	(16,612,236)	38,329,391
Private placement	15,804,012	3,780,178	-	-	961,026	-	-	(250,000)	-	4,491,204
Share issue costs	-	(60,091)	-	-	-	-	-	-	-	(60,091)
Agent warrants granted	-	(15,905)	-	-	15,905	-	-	-	-	-
Warrants expired	-	-	1,327,342	-	(1,327,342)	-	-	-	-	-
Total comprehensive (loss) income for the period	-	-	-	-	-	96	(970,865)	-	(2,779,638)	(3,750,407)
Balance at March 31, 2019	117,778,529	38,552,063	16,037,207	2,692,660	976,931	35,015	108,095	-	(19,391,874)	39,010,097
Private placement	6,012,500	1,000,178	-	-	202,321	-	-	-	-	1,202,499
Share issue costs	-	(38,500)	-	-	-	-	-	-	-	(38,500)
Agent warrants granted	-	(7,645)	-	-	7,645	-	-	-	-	-
Stock options expired	-	-	149,795	(149,795)	-	-	-	-	-	-
Returned to treasury for cancellation (Note 3)	(4,285,714)	(685,714)	-	-	-	-	-	-	-	(685,714)
Total comprehensive (loss) income for the period	-	-	-	-	-	6,944,902	(108,095)	-	(17,059,546)	(10,222,739)
Balance at December 31, 2019	119,505,315	38,820,382	16,187,002	2,542,865	1,186,897	6,979,917	-	-	(36,451,420)	29,265,643
Total comprehensive loss for the period	-	-	-	-	-	(8,733,840)	-	-	(1,446,135)	(10,179,975)
Balance at March 31, 2020	119,505,315	38,820,382	16,187,002	2,542,865	1,186,897	(1,753,923)	-	-	(37,897,555)	19,085,668

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

1. NATURE OF OPERATIONS

Golden Arrow Resources Corporation (the "Company" or "We") 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 is a natural resource company engaged in the acquisition, exploration and development of resource properties in South America. 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. 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.

On March 11, 2020, the World Health Organization declared the global outbreak of a novel coronavirus identified as "COVID-19" as a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. Impact of COVID-19 outbreak include, but are not limited the fair value of its investment in SSR Mining Inc. ("SSRM") (see Note 6), the Company's ability to raise financing in current capital markets and ability to continue exploration of mineral properties as intended. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

2. SIGNIFICANT ACCOUNTING POLICIES

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

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and note disclosure included in the annual consolidated financial statements prepared in accordance with IFRS have been omitted or condensed. These condensed consolidated interim financial statements should be read in conjunction with the Company's December 31, 2019 audited annual consolidated financial statements.

b) Basis of presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for marketable securities, which are carried at fair value.

c) Basis of consolidation

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

	Place of Incorporation	Principal Activity
IMPSA Resources Corporation	BC, Canada	Holding company
New Golden Explorations Inc.	BC, Canada	Holding company
New Golden Explorations Atlantida Ltd.	BC, Canada	Holding company
New Golden Explorations Indiana Ltd.	BC, Canada	Holding company
New Golden Explorations Indiana Chile SpA	Chile	Exploration company
New Golden Explorations Chile SpA	Chile	Exploration company
Lucca Sociedad Anonima S.A.	Paraguay	Exploration 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.

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

These condensed consolidated interim 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 events. 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 expected 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 period 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:

- 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.

The areas involving critical accounting judgments are:

- 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.

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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.

3. INVESTMENT IN PUNA OPERATIONS JOINT VENTURE

On September 18, 2019, the Company sold its 25% interest in Puna Operations Inc. ("POI") to SSRM (the "Transaction"). As consideration for the sale of its 25% interest in POI, the Company received: (i) cash consideration of $3 million; (ii) 1,245,580 common shares of SSRM representing a value of C$23,379,536; (iii) settlement of $15,086,218, the outstanding principal and accrued interest owing under the US$10 million non-revolving term loan made by SSRM to the Company pursuant to the credit agreement entered into in July 2018 with SSRM; and (iv) the return of 4,285,714 common shares in the capital of the Company held by SSRM representing a value of $685,714. These common shares were returned to the treasury by the Company for cancellation. In aggregate, the Company received a total consideration of $42,151,468.

The following table summarizes the change in investment in POI for the period ended September 18, 2019 and the year ended December 31, 2018:

Balance, December 31, 2018	$	48,833,847
Equity contributions to POI		4,950,999
Company's share of comprehensive loss of POI, net of tax		(3,024,031)
Translation adjustment		(2,061,909)
Subtotal	$	48,698,906
Total Consideration received		(42,151,468)
Loss on disposition of investment in POI		(6,547,438)
Balance, September 18, 2019	$	-

4. RIGHT-OF-USE ASSETS

During the year ended December 31, 2019, the Company capitalized two office lease arrangements in accordance with IFRS 16. The continuity schedule of right-of-use assets for the three months ended March 31, 2020 is as follows:

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

4. RIGHT-OF-USE ASSETS (continued)

	Total $
Cost	
Balance at December 31, 2018	-
Additions	303,597
Balance at December 31, 2019 and March 31, 2020	303,597
Accumulated Depreciation	
Balance at December 31, 2018	-
Depreciation	27,018
Balance at December 31, 2019	27,018
Depreciation	27,162
Balance at March 31, 2020	54,180
Carrying Amount	
At March 31, 2020	249,417

5. 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 March 31, 2020:

Acquisition Costs

	Argentina					Chile		Paraguay		
	Antofalla $	**La Rioja $**	**Caballos $**	**Pescado $**	**Flecha de Oro $**	**Atlantida $**	**Indiana $**	**Tierra Dorada $**	**Other $**	**Total $**
Balance – December 31, 2018	-	1	1	1	-	534,341	128,098	-	7,236	669,678
Additions										
Staking costs, land payments and acquisition costs	-	-	-	-	-	-	120,355	48,406	-	168,761
Balance – March 31, 2019	-	1	1	1	-	534,341	248,453	48,406	7,236	838,439
Additions										
Staking costs, land payments and acquisition costs	-	-	-	-	19,864	132,674	(27,492)	54,982	-	180,028
Impairment of exploration and evaluation assets	-	-	-	-	-	(667,014)	-	-	-	(667,014)
Balance – December 31, 2019	-	1	1	1	19,864	1	220,961	103,388	7,236	351,453
Additions										
Staking costs, land payments and acquisition costs	-	-	-	-	2,108	-	197,813	10,473	-	210,394
Balance – March 31, 2020	-	1	1	1	21,972	1	418,774	113,861	7,236	561,847

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

5. MINERAL PROPERTY INTERESTS (continued)

	Argentina					Chile		Paraguay		
	Antofalla $	La Rioja $	Caballos $	Pescado $	Flecha de Oro $	Atlantida $	Indiana $	Tierra Dorada $	Other $	Total $
Cumulative exploration expenses December 31, 2019	5,413,789	1,615,263	335,577	1,386,568	215,177	550,625	385,581	31,014	1,275,182	11,208,776
Expenditures during the period										
Assays	-	-	-	-	17,070	-	-	-	-	17,070
Geophysics	-	-	-	-	1,997	-	-	-	-	1,997
Office	42,980	-	-	4,776	2,877	133,375	135,674	9,288	-	328,970
Property maintenance payments	2,266	1,539	4,377	1,056	131	2,258	21,474	-	2,687	35,788
Salaries and contractors	38,108	-	-	4,234	123,647	1,887	266,050	37,046	-	470,972
Social and community	(8,532)	-	-	(948)	12,489	-	-	-	-	3,009
Supplies and equipment	2,554	-	-	284	15,594	2,400	1,635	2,376	740	25,583
Transportation	8,621	-	-	958	18,840	-	1,706	10,745	-	40,870
Value added taxes	5,310	103	294	644	13,624	-	-	-	230	20,205
	91,307	1,642	4,671	11,004	206,269	139,920	426,539	59,455	3,657	944,464
Cumulative exploration expenses March 31, 2020	5,505,096	1,616,905	340,248	1,397,572	421,446	690,545	812,120	90,469	1,278,839	12,153,240

Exploration Expenditures

The schedule below summarize all exploration expenditures incurred to date for each mineral property interest that the Company was continuing to explore as at March 31, 2019:

	Argentina				Chile			
	Antofalla $	La Rioja $	Caballos $	Pescado $	Atlantida $	Indiana $	Other $	Total $
Cumulative exploration expenses December 31, 2018	4,843,596	1,613,101	329,474	1,321,927	36,528	47,837	1,259,688	9,452,151
Expenditures during the period								
Assays	1,379	-	-	153	-	-	19,625	21,157
Environmental reports	-	-	-	431	-	-	-	431
Office	27,740	-	-	3,082	-	-	746	31,568
Property maintenance payments	-	-	-	-	-	-	4,187	4,187
Salaries and contractors	52,174	-	-	5,797	75,746	248,047	20,333	402,097
Social and community	-	-	-	-	-	-	12	12
Supplies and equipment	2,300	-	-	240	3,474	6,098	6,067	18,179
Transportation	5,675	-	-	590	61	4,938	2,833	14,097
Value added taxes	10,355	-	-	1,199	-	-	7,052	18,606
	99,623	-	-	10,429	79,281	259,083	71,488	510,334
Cumulative exploration expenses March 31, 2019	4,923,219	1,613,101	329,474	1,333,419	115,809	306,920	1,320,543	9,962,485

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

5. MINERAL PROPERTY INTERESTS (continued)

(a) Indiana Project, Chile

The Company executed a definitive agreement with Mineria Activa SpA. ("MSA") to acquire up to 100% of the Indiana gold-copper project in Chile. Terms include cash payments of US$100,000 payment on signing, followed by US$15,070,000 in payments staged over 74 months.

Option Payment USD $	Year
100,000 (paid)	2018
70,000 (paid)	2019
150,000 (paid)	2020
150,000	2020
200,000	2021
3,000,000	2022
5,000,000	2023
6,500,000	2024
15,170,000	

(b) Tierra Dorada Project, Paraguay

The Company entered into an option agreement to acquire a 100% interest in the Tierra Dorada gold project in Paraguay (the "Property"). The terms of the option agreement include staged payments over six years totaling US$2,000,000 and an additional payment of US$2,000,000 thirty (30) working days following the date of commencement of commercial production on the Property, for a 100% interest in the Property.

Option Payment USD $	Year
36,000 (paid)	2018
75,000 (paid)	2020
100,000	2020
200,000	2021
300,000	2022
400,000	2023
889,000	2024
2,000,000	Thirty working days following the date of commencement of commercial production
4,000,000	

(c) Flecha de Oro Project, Rio Negro, Argentina

The Company entered into an option agreement to acquire up to 100% of the Flecha de Oro Gold Project that includes Puzzle and Esperanza exploration properties. The terms of the option agreement include staged payments over seven years totaling US$2,090,000 for a 100% interest in both properties. The vendor retains 1% royalty, which can be reduced to 0.25% for an additional US$1,000,000.

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

5. MINERAL PROPERTY INTERESTS (continued)

Option Payment USD $	Year
10,000 (paid)	2019
30,000	2020
50,000	2021
100,000	2022
200,000	2023
400,000	2024
500,000	2025
800,000	2026
2,090,000	

6. INVESTMENTS

At March 31, 2020, the Company held the following:

	Quantity	Fair Value
SSR Mining Inc. common shares (“SSRM”)	945,580	$15,176,559
		$15,176,559

At December 31, 2019, the Company held the following:

	Quantity	Fair Value
SSR Mining Inc. common shares (“SSRM”)	1,045,580	$26,129,044
		$26,129,044

The Company has elected to classify its marketable securities at FVOCI and accordingly, changes in fair value are recorded in other comprehensive income in the period in which they occur. A realized gain of $341,645 is recognized in other comprehensive loss for the three months ended March 31, 2020 (three months ended March 31, 2019 - $Nil). An unrealized loss of $9,075,485 was recorded for the three months ended March 31, 2020 (three months ended March 31, 2019 – gain of $96).

7. CREDIT FACILITY

On July 6, 2018, the Company entered into a credit agreement with SSRM for a non-revolving term loan in an aggregate principal amount equal to US$10,000,000. The loan was to mature on July 22, 2020, the date which is 24 months from the first delivery of ore from the Chinchillas property to the Pirquitas mill.

The proceeds borrowed under the credit facility were required to be used by the Company to fund its contributions under the shareholders' agreement the Company entered into with SSRM on May 31, 2017, as the sole shareholders of POI. The loan was secured by the Company’s ownership and equity interests in POI.

On September 18, 2019, pursuant to the Transaction, the Company settled all outstanding principal and accrued interest of $15,086,219 owed to SSRM. At September 18, 2019, the Company had drawn USD $10,000,000 (CAD $13,271,000) of the credit facility, and accrued USD $1,368,509 (CAD $1,815,219) interest. Interest was calculated using the US base rate of 5.75%, established by Canadian banks for US dollar loans made by the banks in Canada, plus 10%.

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

7. CREDIT FACILITY (continued)

		December 31, 2019		
Balance – January 1, 2019	CAD	$ 11,205,397	USD	$8,213,896
Drawdowns		2,611,788		1,966,931
Foreign exchange gain		(299,501)		-
Interest accrued till September 18, 2019		1,568,534		1,187,682
Principal and interest settled on September 18, 2019		(15,086,218)		(11,368,509)
Balance – December 31, 2019	CAD	$ -	USD	$ -

8. CAPITAL AND RESERVES

Authorized Share Capital

At March 31, 2020, 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 2020

There were no share issuances during the three months ended March 31, 2020. Refer to Note 15 for further information.

Details of Issues of Common Shares in 2019

On June 20, 2019, the Company closed a non-brokered private placement financing through two tranches and issued a total of 6,012,500 units at a price of $0.20 per unit for gross proceeds of $1,202,500. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at $0.30 per share for three years from the date of issue. Finders' fees were paid of $38,500 cash and 192,500 non-transferable warrants exercisable into common shares at $0.30 for three years from the date of issue with a fair value of $7,645. Fair value was calculated using the Black-Scholes pricing model and the following variables for tranche 1: risk-free interest rate – 1.45%, expected stock price volatility – 69.58%, dividend yield – 0%, and expected warrant life – 1.427 years; the following variables for tranche 2: risk-free interest rate – 1.45%, expected stock price volatility – 69.78%, dividend yield – 0%, and expected warrant life – 1.429 years.

On March 21, 2019, the Company closed a non-brokered private placement financing through three tranches and issued a total of 15,804,012 units at a price of $0.30 per unit for gross proceeds of $4,741,204. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at $0.40 per share for two years from the date of issue. Included in the first tranche were $250,000 of subscription proceeds that were received prior to December 31, 2018. Finders' fees were paid of $60,091 cash and 196,302 non-transferable warrants exercisable into common shares at $0.40 for two years from the date of issue with a fair value of $15,905. Fair value was calculated using the Black-Scholes pricing model and the following variables for tranche 1: risk-free interest rate – 1.78%, expected stock price volatility – 70.01%, dividend yield – 0%, and expected warrant life – 1.417 years; the following variables for tranche 2: risk-free interest rate – 1.74%, expected stock price volatility – 70.4%, dividend yield – 0%, and expected warrant life – 1.411 years; and the following variables for tranche 3: risk-free interest rate – 1.61%, expected stock price volatility – 70.29%, dividend yield – 0%, and expected warrant life – 1.394 years.

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

8. CAPITAL AND RESERVES (continued)

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.

The continuity of share purchase options for the three months ended March 31, 2020 is as follows:

Expiry date	Exercise Price	December 31, 2019	Granted	Exercised	Cancelled/ Expired	March 31, 2020	Options exercisable
June 11, 2020	$0.35	1,270,000	-	-	-	1,270,000	1,270,000
April 19, 2021	$0.32	1,005,000	-	-	-	1,005,000	1,005,000
April 27, 2021	$0.42	395,000	-	-	-	395,000	395,000
May 29, 2021	$0.62	15,000	-	-	-	15,000	15,000
June 22, 2022(1)	$0.62	3,390,000	-	-	-	3,390,000	3,390,000
January 9, 2023(2)	$0.70	1,970,000	-	-	-	1,970,000	1,970,000
		8,045,000	-	-	-	8,045,000	8,045,000
Weighted average exercise price $		0.55	-	-	-	0.55	0.55
Weighted average contractual remaining life (years)		2.09	-	-	-	1.84	1.84

(1) 140,000 stock options with an exercise price of $0.62 per stock option were cancelled on April 24, 2020.
(2) 70,000 stock options with an exercise price of $0.70 per stock option were cancelled on April 24, 2020.

The continuity of share purchase options for three months ended March 31, 2019 is as follows:

Expiry date	Exercise Price	December 31, 2018	Granted	Exercised	Cancelled/ Expired	March 31, 2019	Options exercisable
March 25, 2019	$0.35	725,000	-	-	(725,000)	-	-
April 16, 2019	$0.35	55,000	-	-	-	55,000	55,000
June 11, 2020	$0.35	1,270,000	-	-	-	1,270,000	1,270,000
April 19, 2021	$0.32	1,005,000	-	-	-	1,005,000	1,005,000
April 27, 2021	$0.42	395,000	-	-	-	395,000	395,000
May 29, 2021	$0.62	15,000	-	-	-	15,000	15,000
June 22, 2022	$0.62	3,490,000	-	-	-	3,490,000	3,490,000
January 9, 2023	$0.70	2,045,000	-	-	-	2,045,000	2,045,000
		9,000,000	-	-	(725,000)	8,275,000	8,275,000
Weighted average exercise price $		0.53	-	-	0.35	0.55	0.55
Weighted average contractual remaining life (years)		2.85	-	-	-	2.83	2.83

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

8. CAPITAL AND RESERVES (continued)

Warrants

The continuity of warrants for the three months ended March 31, 2020 is as follows:

Expiry date	Exercise Price	December 31, 2019	Issued	Exercised	Expired/ Forfeited	March 31, 2020
February 25, 2021	$0.40	11,208,242	-	-	-	11,208,242
March 5, 2021	$0.40	1,307,869	-	-	-	1,307,869
March 21, 2021	$0.40	3,484,203	-	-	-	3,484,203
June 19, 2022	$0.30	4,213,500	-	-	-	4,213,500
June 20, 2022	$0.30	1,992,000	-	-	-	1,992,000
		22,205,314	-	-	-	22,205,314
Weighted average exercise price $		0.37		-	-	0.37

The continuity of warrants for the three months ended March 31, 2019 is as follows:

Expiry date	Exercise Price	December 31, 2018	Issued	Exercised	Expired/ Forfeited	March 31, 2019
January 28, 2019	$1.00	4,509,996	-	-	(4,509,996)	-
February 25, 2021	$0.40	-	11,208,242	-	-	11,208,242
March 5, 2021	$0.40	-	1,307,869	-	-	1,307,869
March 21, 2021	$0.40	-	3,484,203	-	-	3,484,203
		4,509,996	16,000,314	-	(4,509,996)	16,000,314
Weighted average exercise price $		1.00	0.40	-	1.00	0.40

9. RELATED PARTY BALANCES AND TRANSACTIONS

On June 1, 2017, the Company entered into a Management Services 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. The current monthly fee is $41,000 per month. This fee is reviewed and adjusted quarterly based on the level of services required.

The Management Services 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. The agreement expires on December 31, 2021 and is automatically renewed for additional terms of two years unless otherwise terminated pursuant to the terms of the agreement.

	Year 1 $	Year 2 $	Year 3 $
Management Services Agreement	369,000	492,000	-

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

9. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

	Three months ended March 31,	
Transactions	2020 $	2019 $
Services rendered:		
Grosso Group Management Ltd.		
Administration and management services	93,000	92,400
Office & sundry	50,100	46,300
Total for services rendered	143,100	138,700

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, Vice President of Corporate Development and Corporate Secretary.

		Three months ended March 31,	
Transactions	**Position**	2020 $	2019 $
Consulting, salaries, and professional fees:			
Joseph Grosso	Chairman/President/CEO	68,750	68,750
Darren Urquhart	CFO	15,000	15,000
Nikolaos Cacos	Director/VP – Corp. Development	30,000	30,000
Brian McEwen	VP Exploration	47,500	47,500
Connie Norman	Corporate Secretary	18,000	18,000
Louis Salley	Director	3,000	7,223
David Terry	Director	22,000	22,195
John Gammon	Director	4,000	3,000
Alfred Hills	Director	3,000	2,950
Total for services rendered		211,250	214,618

As at March 31, 2020, there was $167,893 (2019 – $53,355) of costs owed from related corporations for shared services paid by the Company.

10. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic and diluted loss per share for the three months ended March 31, 2020 and 2019 was based on the following:

	Three months ended March 31,	
	2020	2019
Loss attributable to common shareholders ($)	(1,446,135)	(2,779,638)
Weighted average number of common shares outstanding	119,505,315	100,726,127

The Company incurred a loss attributable to common shareholders for the three months ended March 31, 2020, therefore the impact of dilutive securities is anti-dilutive.

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

11. SEGMENTED INFORMATION

The Company's operations are limited to a single reportable segment, being mineral exploration and development. The Company's total non-current assets are segmented geographically as follows:

	March 31, 2020			
	Argentina $	Chile $	Paraguay $	Total $
Equipment ($)	28,773	-	97,491	126,264
Mineral property interests ($)	29,211	418,775	113,861	561,847
	57,984	418,775	211,352	688,111

	December 31, 2019			
	Argentina $	Chile $	Paraguay $	Total $
Equipment ($)	29,429	-	2,538	31,967
Mineral property interests ($)	27,103	220,962	103,388	351,453
	56,532	220,962	105,925	383,420

12. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended March 31,	
	2020 $	2019 $
Non-cash investing and financing activities:		
Private placements – issuance of warrants	-	961,026
Share issue cost – issuance of warrants to agents	-	15,905
Warrants expired	-	1,327,342

13. FINANCIAL INSTRUMENTS

The Company 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).

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

13. FINANCIAL INSTRUMENTS (continued)

The Company's financial assets consist of cash and cash equivalents, amounts receivable and investments. Investments are carried at fair value and measured using Level 1 inputs. Fair value is determined using closing prices at the balance sheet date with any gains or losses recognized in other comprehensive income. The carrying values of cash and cash equivalents, receivables, and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

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

	Three months ended March 31,	
	2020 $	2019 $
Investments, beginning of period	26,129,044	1,732
Disposition of marketable securities	(2,218,645)	-
Realized gain included in other comprehensive income	341,645	-
Unrealized (loss) gain included in other comprehensive income	(9,075,485)	96
Investments, end of period	15,176,559	1,828

(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.

Overall the credit risk of the financial assets held by the Company has not changed significantly from the prior period. The Company places its cash and cash equivalents and short-term investments with financial institutions with high credit ratings. Accordingly, 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.

As of March 31, 2020, the Company had working capital of $18,290,205 (December 31, 2019 - 28,787,965). 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. The Company believes it has adequate working capital to maintain operations for the next 12 months.

	1 Year $	2 Years and more $
Accounts payable and accrued liabilities	618,423	-

13. FINANCIAL INSTRUMENTS (continued)

Market risk

(i) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in the market prices. Investments in marketable securities measured at fair value are exposed to changes in share prices that would result in gains or losses recognized in the Company's other comprehensive income. A 10% change in prices would change the Company's other comprehensive loss by $1,517,655. Volatility in securities market prices have increased as a result of the COVID-19 outbreak. Refer to Note 1 for further information.

(ii) ***Currency risk***

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include cash accounts, amounts receivable and accounts payable in: US dollars, Argentine Pesos, Chilean Pesos and Paraguayan Guarani. 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, Argentine Peso, Chilean Peso and Paraguayan Guarani at December 31, 2019 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 $8,000.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by $3,000.
- A 10% change in the Chilean peso exchange rate relative to the Canadian dollar would change the Company's net loss by $12,000.
- A 10% change in the Paraguayan Guarani exchange rate relative to the Canadian dollar would change the Company's net loss by $7,000.

(iii) 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. Effect of change in interest rate is not material.

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- To safeguard our ability to continue as a going concern in order to develop and operate our current projects
- Pursue strategic growth initiatives; and
- To maintain a flexible capital structure which lowers the cost of capital.

14. CAPITAL MANAGEMENT (continued)

In assessing our capital structure, we include in our assessment the components of shareholders' equity and loans. In order to facilitate the management of capital requirements, the Company prepares annual expenditure budgets and continuously monitor and review actual and forecasted cash flows. The annual and updated budgets are monitored and approved by the Board of Directors. To maintain or adjust the capital structure, the Company may, from time to time, issue new shares, issue new debt, repay debt or dispose of non-core assets. The Company is dependent upon the ability to raise additional funding to meet its obligations and commitments.

15. SUBSEQUENT EVENTS

Normal Course Issuer Bid

- The Company purchased 319,000 of its common shares pursuant to the normal course issuer bid. The shares were returned to the treasury for cancellation on April 24, 2020.