
Golden Arrow Resources Corporation

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020

(Unaudited - Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements they must be accompanied by a notice indicating that these condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's external auditors have not performed a review of these condensed interim financial statements.

Golden Arrow Resources Corporation
Consolidated Interim Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars)

	Note	June 30, 2021 \$	December 31, 2020 \$
ASSETS			
Current assets			
Cash and cash equivalents		4,383,911	6,607,721
Investments	6	13,079,229	17,267,825
Amounts receivable	8	160,388	358,517
Prepaid expenses		185,869	134,853
Total current assets		17,809,397	24,368,916
Non-current assets			
Equipment	3	75,173	83,105
Right-of-use assets	4	113,603	167,929
Mineral property interests	5	577,217	382,680
Total non-current assets		765,993	633,714
Total Assets		18,575,390	25,002,630
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	260,678	268,556
Current portion of lease liabilities		95,252	110,322
Total current liabilities		355,930	378,878
Lease liabilities		33,538	71,999
Total liabilities		389,468	450,877
EQUITY			
Share capital	7	38,292,860	38,292,860
Reserves	7	24,675,165	28,514,669
Deficit		(44,782,103)	(42,255,776)
Total equity		18,185,922	24,551,753
Total Equity and Liabilities		18,575,390	25,002,630

SUBSEQUENT EVENTS (Note 13)

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on August 26, 2021. They are signed on the Company's behalf by:

"Nikolaos Cacos" , Director

"David Terry" , Director

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

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

		Three months ended June 30,		Six months ended June 30,	
	Note	2021	2020	2021	2020
		\$	\$	\$	\$
Expenses					
Administration and management services	8	115,000	115,000	230,000	230,000
Corporate development and investor relations		110,819	76,357	251,489	248,937
Depreciation		27,818	27,818	55,637	55,637
Exploration	5	571,967	481,488	1,197,903	1,425,952
Office and sundry	8	66,573	62,085	132,691	138,553
Professional fees		58,766	57,893	102,956	120,964
Rent, parking and storage		8,436	7,504	6,122	14,659
Salaries and employee benefits	8	215,787	236,878	434,665	447,574
Transfer agent and regulatory fees		5,017	8,920	349,092	17,983
Travel and accommodation			7,529	19,030	34,744
Loss from operating activities		(1,180,183)	(1,081,472)	(2,779,585)	(2,735,003)
Foreign exchange gain		13,474	48,520	177,584	262,583
Interest expense		(4,678)	(7,670)	(10,148)	(14,337)
Interest income		50	-	2,746	-
Dividend income		40,449	-	83,076	-
Impairment of exploration and evaluation assets	5	-	(418,774)	-	(418,774)
Loss for the period		(1,130,888)	(1,459,396)	(2,526,327)	(2,905,531)
Other comprehensive income (loss)					
Items that will not be reclassified to profit or loss					
Change in fair value of marketable securities	6	939,056	12,179,070	(4,188,596)	3,445,230
Other comprehensive income (loss) for the period		939,056	12,179,070	(4,188,596)	3,445,230
Comprehensive income (loss) for the period		(191,832)	10,719,674	(6,714,923)	539,699
Basic and diluted loss per common share (\$)	9	(0.01)	(0.01)	(0.02)	(0.02)

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

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

	Six months ended June 30,	
	2021	2020
	\$	\$
Cash flows from operating activities		
Loss for the period	(2,526,327)	(2,905,531)
Adjustments for:		
Depreciation	55,637	55,637
Depreciation of property and equipment included in exploration expenses	7,229	24,290
Share-based compensation	349,092	-
Impairment of exploration and evaluation assets	-	418,774
	<u>(2,114,369)</u>	<u>(2,406,830)</u>
Change in non-cash working capital items:		
(Increase) decrease in amounts receivable	198,129	(61,948)
(Increase) decrease in prepaid expenses	(51,016)	28,885
Decrease in accounts payable and accrued liabilities	(7,878)	(104,641)
Net cash used in operating activities	<u>(1,975,134)</u>	<u>(2,554,534)</u>
Cash flows from investing activities		
Expenditures on mineral property interests	(194,537)	(349,739)
Expenditures on equipment	(609)	(96,279)
Proceeds from disposal of marketable securities, net of transactions costs	-	2,218,645
Net cash (used in) generated by investing activities	<u>(195,146)</u>	<u>1,772,627</u>
Cash flows from financing activities		
Repurchases of shares, net of share repurchase costs	-	(35,940)
Lease payments	(53,530)	(48,443)
Net cash used in financing activities	<u>(53,530)</u>	<u>(84,383)</u>
Net decrease in cash and cash equivalents	(2,223,810)	(856,290)
Cash and cash equivalents at beginning of period	6,607,721	2,750,129
Cash and cash equivalents at end of period	4,383,911	1,893,839

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							Total
	Number of shares	Amount \$	Contributed surplus \$	Equity settled share-based payments \$	Warrants \$	Accumulated other comprehensive income \$	Cumulative translation adjustment \$	Subscriptions payable \$	Deficit \$	
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
Repurchases of common shares	(319,000)	(35,584)	-	-	-	-	-	-	-	(35,584)
Share repurchase costs	-	(356)	-	-	-	-	-	-	-	(356)
Stock options cancelled/expired	-	-	293,190	(293,190)	-	-	-	-	-	-
Total comprehensive (loss) income for the period	-	-	-	-	-	3,445,230	-	-	(2,905,531)	539,699
Balance at June 30, 2020	119,186,315	38,784,442	16,480,192	2,249,675	1,186,897	10,425,147	-	-	(39,356,951)	29,769,402
Total comprehensive income (loss) for the period	-	-	-	-	-	10,351,828	-	-	(4,358,221)	5,993,607
Balance at December 31, 2020	116,358,239	38,292,860	16,480,192	2,249,675	1,186,897	8,597,905	-	-	(42,255,776)	24,551,753
Share-based compensation	-	-	-	349,092	-	-	-	-	-	349,092
Stock options cancelled/expired	-	-	333,602	(333,602)	-	-	-	-	-	-
Warrants and agents' warrants expired	-	-	15,905	-	(15,905)	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(4,188,596)	-	-	(2,526,327)	(6,714,923)
Balance at June 30, 2021	116,358,239	38,292,860	16,829,699	2,265,165	1,170,992	4,409,309	-	-	(44,782,103)	18,185,922

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

Golden Arrow Resources Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

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. Impacts of the COVID-19 outbreak on the Company include, but are not limited the fair value of its investment in SSR Mining Inc. (“SSRM”) (see Note 7), the Company’s ability to raise financing in current capital markets and ability to continue exploration of mineral properties as intended. However, 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 remains uncertain.

These condensed consolidated interim financial statements were approved by the Board of Directors of the Company on August 26, 2021.

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, 2020 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.

Golden Arrow Resources Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Basis of consolidation

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

	Place of Incorporation	Principal Activity
IMPISA 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 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 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 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.

Golden Arrow Resources Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. EQUIPMENT

	Vehicles \$	Other \$	Total \$
Cost			
Balance at December 31, 2019	-	143,963	143,963
Additions	88,153	7,602	95,755
Balance at December 31, 2020	88,153	151,565	239,718
Additions	-	609	609
Balance at June 30, 2021	88,153	152,174	240,327
Accumulated Depreciation			
Balance at December 31, 2019	-	111,996	111,996
Depreciation	15,386	29,579	44,617
Balance at December 31, 2020	15,386	141,227	156,613
Depreciation	5,623	2,918	8,541
Balance at June 30, 2021	21,009	144,145	165,154
Carrying Amount			
At December 31, 2020	72,767	10,338	83,105
At June 30, 2021	67,144	8,029	75,173

Golden Arrow Resources Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

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 six months ended June 30, 2021 is as follows:

	Total \$
Cost	
Balance at December 31, 2019	303,597
Additions	-
Balance at December 31, 2020 and June 30, 2021	303,597
Accumulated Depreciation	
Balance at December 31, 2019	27,018
Depreciation	108,650
Balance at December 31, 2020	135,668
Depreciation	54,326
Balance at June 30, 2021	189,994
Carrying Amount	
At December 31, 2020	167,929
At June 30, 2021	113,603

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 June 30, 2021:

Acquisition Costs

	Argentina		Chile		Paraguay	Other \$	Total \$
	Flecha de Oro \$		Indiana \$	Rosales \$	Tierra Dorada \$		
Balance – December 31, 2019	19,864		220,961	-	103,388	7,240	351,453
Additions							
Staking costs, land payments and acquisition costs	2,046		197,813	-	149,880	-	349,739
Impairment of exploration and evaluation assets	-		(418,774)	-	-	-	(418,774)
Balance – June 30, 2020	21,910		-	-	253,268	7,240	282,418
Additions							
Staking costs, land payments and acquisition costs	30,843		-	74,285	(4,866)	-	100,262
Balance – December 31, 2020	52,753		-	74,285	248,402	7,240	382,680
Additions							
Staking costs, land payments and acquisition costs	8,894		-	-	185,643	-	194,537
Balance – June 30, 2021	61,647		-	74,285	434,045	7,240	577,217

Golden Arrow Resources Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

5. MINERAL PROPERTY INTERESTS (continued)

Exploration Expenditures

	Argentina	Chile		Paraguay	Other	Total
	Flecha de Oro \$	Indiana \$	Rosales \$	Tierra Dorada \$		
Cumulative exploration expenses December 31, 2020	1,151,966	932,437	67,919	326,610	10,649,373	13,128,305
Expenditures during the period						
Assays	37,202	-	-	67,764	1,113	106,079
Drilling	15,026	-	-	-	960	15,986
Office	89,817	16,545	26,767	36,854	900	170,883
Property maintenance payments	5,406	130	6,958	-	16,026	28,520
Salaries and contractors	264,661	-	8,201	142,157	6,645	421,664
Social and community	16,443	-	-	2,494	-	18,937
Supplies and equipment	205,207	-	-	7,704	7,918	220,829
Transportation	39,774	-	-	4,387	1,575	45,736
Value added taxes	74,715	1,867	54,113	34,832	3,742	169,269
	748,251	18,542	96,039	296,192	38,879	1,197,903
Cumulative exploration expenses June 30, 2021	1,900,217	950,979	163,958	622,802	10,688,252	14,326,208

The schedule below summarizes all exploration expenditures incurred to date for each mineral property interest that the Company was continuing to explore as at June 30, 2020:

	Argentina	Chile		Paraguay	Other	Total
	Flecha de Oro \$	Indiana \$	Atlantida \$	Tierra Dorada \$		
Cumulative exploration expenses December 31, 2019	215,177	385,581	550,625	31,014	10,026,379	11,208,776
Expenditures during the period						
Assays	17,685	-	-	-	2,666	20,351
Geophysics	1,938	-	-	9,354	-	11,292
Environmental reports	-	-	-	-	318	318
Office	5,925	160,319	91,456	20,251	58,000	335,951
Property maintenance payments	127	21,556	2,266	-	13,218	37,167
Salaries and contractors	211,442	344,935	27,235	70,574	100,777	754,963
Social and community	33,223	-	-	-	(18,611)	14,612
Supplies and equipment	22,652	1,587	2,400	3,481	4,728	34,848
Transportation	20,014	2,663	-	11,186	10,906	44,769
Value added taxes	19,569	76,327	35,361	29,741	10,683	171,681
	332,575	607,387	158,718	144,587	182,685	1,425,952
Cumulative exploration expenses June 30, 2020	547,752	992,968	709,343	175,601	10,209,064	12,634,728

Golden Arrow Resources Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

5. MINERAL PROPERTY INTERESTS (continued)

(a) 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.

Option Payment USD \$	Year
10,000 (paid)	2019
15,000 (paid)	2020
15,000 ⁽¹⁾	2021
50,000	2022
100,000	2023
200,000	2024
400,000	2025
500,000	2026
800,000	2027
2,090,000	

(1) Refer to Note 13 for further information.

The terms of the Maquinchao option agreement include staged payments over four years totaling US\$630,000 for a 100% in the property. The vendor retains 1% net smelter royalty.

Option Payment USD \$	Year
5,000 (paid)	2019
5,000 (paid)	2020
20,000 (paid)	2021
50,000	2022
250,000	2023
300,000	2024
630,000	

(b) Indiana Project, Chile

The Company executed a definitive agreement with Minería 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	

Golden Arrow Resources Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

5. MINERAL PROPERTY INTERESTS (continued)

During the year ended December 31, 2020, the Company determined that it would not be exploring the Indiana project further based on the exploration work during the year and would discontinue option payments. The Company recorded an impairment of \$418,774 related to previously capitalized acquisition costs.

(c) Rosales Copper Project, Chile

The Company owns a 100% interest in the Rosales Copper Project in Region III, Chile.

(d) 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 (paid)	2021
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	

6. INVESTMENTS

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

	Six months ended June 30,	
	2021	2020
	\$	\$
Investments, beginning of period	17,267,825	26,129,044
Disposition of marketable securities	-	(2,218,645)
Change in fair value of marketable securities	(4,188,596)	(8,733,840)
Investments, end of period	13,079,229	15,176,559

The Company held 675,580 common shares of SSRM at June 30, 2021 (December 31, 2020 – 675,580). The Company realized a cumulative gain of \$Nil in other comprehensive income (loss) on disposal of marketable securities for the six months ended June 30, 2021 (June 30, 2020 - \$341,645).

Golden Arrow Resources Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

7. CAPITAL AND RESERVES

Authorized Share Capital

At June 30, 2021, 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 2021

There were no share issuances during the six months ended June 30, 2021.

Details of Issues of Common Shares in 2020

There were no share issuances during the year ended December 31, 2020.

Details of Common Shares Repurchases in 2020

On March 12, 2020, the TSX Venture Exchange accepted a notice of intention whereby the Company made a Normal Course Issuer Bid ("NCIB") to purchase its own common shares for cancellation through the facilities of the Exchange or other recognized marketplaces at the prevailing market price. The Company can repurchase up to 10,658,050 common shares of the 119,505,315 issued and outstanding common shares available at the date the NCIB commenced.

The NCIB expired and there were no share repurchases during the six months ended June 30, 2021. During the year ended December 31, 2020, the Company acquired and cancelled 3,147,076 of its own common shares for an aggregate purchase price of \$521,546 and common share repurchase costs of \$5,976.

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.

Golden Arrow Resources Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

7. CAPITAL AND RESERVES (continued)

The continuity of share purchase options for the six months ended June 30, 2021 is as follows:

Expiry date	Exercise Price	December 31, 2020	Granted	Cancelled/ Expired	June 30, 2021	Options exercisable
April 19, 2021	\$0.32	1,005,000	-	(1,005,000)	-	-
April 27, 2021	\$0.42	395,000	-	(395,000)	-	-
May 29, 2021	\$0.62	15,000	-	(15,000)	-	-
June 22, 2022	\$0.62	3,250,000	-	-	3,250,000	3,250,000
January 9, 2023	\$0.70	1,900,000	-	-	1,900,000	1,900,000
January 19, 2026	\$0.25	-	4,655,000	-	4,655,000	4,655,000
		6,565,000	4,655,000	(1,415,000)	9,805,000	9,805,000
Weighted average exercise price \$		0.59	0.25	0.35	0.46	0.46
Weighted average contractual remaining life (years)		1.38	5.00	-	2.41	2.41

The continuity of share purchase options for the six months ended June 30, 2020 is as follows:

Expiry date	Exercise Price	December 31, 2019	Granted	Cancelled/ Expired	June 30, 2020	Options exercisable
June 11, 2020	\$0.35	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	3,390,000	-	(140,000)	3,250,000	3,250,000
January 9, 2023	\$0.70	1,970,000	-	(70,000)	1,900,000	1,900,000
		8,045,000	-	(1,480,000)	6,565,000	6,565,000
Weighted average exercise price \$		0.55	-	0.39	0.59	0.59
Weighted average contractual remaining life (years)		2.09	-	-	1.89	1.89

The weighted average fair value of share purchase options granted during the six months ended June 30, 2021 is \$0.08 (2020 - \$Nil).

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

	Six months ended June 30,	
	2021	2020
Risk-free interest rate	0.33%	-
Expected option life in years	3.52	-
Expected share price volatility ⁽¹⁾	71.33%	-
Grant date share price	\$0.18	-
Expected forfeiture rate	-	-
Expected dividend yield	Nil	Nil

(1) Expected volatility was estimated based on historical trading price.

Golden Arrow Resources Corporation

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For the six months ended June 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

7. CAPITAL AND RESERVES (continued)

Warrants

The continuity of warrants for the six months ended June 30, 2021 is as follows:

Expiry date	Exercise Price	December 31, 2020	Cancelled/ Expired	June 30, 2021
June 19, 2022	\$0.30	4,213,000	-	4,213,000
June 20, 2022	\$0.30	1,992,000	-	1,992,000
February 25, 2023	\$0.40	11,208,242	(156,631)	11,051,611
March 5, 2023	\$0.40	1,307,869	(17,502)	1,290,367
March 21, 2023	\$0.40	3,484,203	(22,169)	3,462,034
		22,205,314	(196,302)	22,009,012
Weighted average exercise price \$		0.37	0.40	0.37

11,051,611 warrants set to expire on February 25, 2021 were extended to February 25, 2023 during the six months ended June 30, 2021. These warrants were originally issued on February 25, 2019 as part of the units issued under a private placement completed by the Company in February 2019. The exercise price of the warrants remains at \$0.40.

1,290,367 warrants set to expire on March 5, 2021 were extended to March 5, 2023 during the six months ended June 30, 2021. These warrants were originally issued on March 5, 2019 as part of the units issued under a private placement completed by the Company in March 2019. The exercise price of the warrants remains at \$0.40.

3,462,034 warrants set to expire on March 21, 2021 were extended to March 21, 2023 during the six months ended June 30, 2021. These warrants were originally issued on March 21, 2019 as part of the units issued under a private placement completed by the Company in March 2019. The exercise price of the warrants remains at \$0.40.

The continuity of warrants for the six months ended June 30, 2020 is as follows:

Expiry date	Exercise Price	December 31, 2019	June 30, 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	4,213,000	4,213,000
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

8. 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.

Golden Arrow Resources Corporation

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(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

8. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

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. The Company's commitment under this agreement is as follows:

	Year 1	Year 2	Year 3
	\$	\$	\$
Management Services Agreement	246,000	-	-

Transactions	Six months ended June 30,	
	2021	2020
	\$	\$
Services rendered:		
Grosso Group Management Ltd.		
Administration and management services	186,000	186,000
Office & sundry	60,000	80,100
Total for services rendered	246,000	266,100

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.

Transactions	Position	Six months ended June 30,	
		2021	2020
		\$	\$
Consulting, salaries, and professional fees:			
Joseph Grosso	Chairman/President/CEO	137,500	137,500
Darren Urquhart	CFO	30,000	30,000
Nikolaos Cacos	Director/VP – Corp. Development	60,000	60,000
Brian McEwen	VP Exploration	95,000	95,000
Connie Norman	Corporate Secretary	36,000	36,000
Louis Salley	Director	6,000	6,000
David Terry	Director	44,000	44,000
John Gammon	Director	8,000	12,000
Alfred Hills	Director	6,000	16,000
Total for services rendered		422,500	436,500

As at June 30, 2021, there was \$127,237 (2020 – \$228,645) of costs receivable from related corporations for shared services paid by the Company.

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9. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the six months ended June 30, 2021 and 2020 was based on the following:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
(Loss) earnings attributable to common shareholders (\$)	(1,130,888)	(1,459,396)	(2,526,327)	(2,905,531)
Weighted average number of common shares outstanding	116,358,239	119,186,315	116,358,239	119,327,848

The Company incurred a loss attributable to common shareholders for the three and six months ended June 30, 2021 and 2020, therefore the impact of dilutive securities is anti-dilutive.

10. 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:

	June 30, 2021				
	Canada	Argentina	Chile	Paraguay	Total
	\$	\$	\$	\$	\$
Equipment (\$)	1,312	-	-	73,861	75,173
Mineral property interests (\$)	-	68,886	74,286	434,045	577,217
	1,312	68,886	74,286	507,906	652,390

	December 31, 2020				
	Canada	Argentina	Chile	Paraguay	Total
	\$	\$	\$	\$	\$
Equipment (\$)	2,624	-	-	80,481	83,105
Mineral property interests (\$)	-	59,992	74,286	248,402	382,680
	2,624	59,992	74,286	328,881	465,784

11. 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.

Golden Arrow Resources Corporation

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For the six months ended June 30, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

11. FINANCIAL INSTRUMENTS (continued)

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

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

The Company's financial assets consist of cash and cash equivalents, amounts receivable and investments. 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.

(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 June 30, 2021, the Company had working capital of \$17,453,467 (December 31, 2020 - \$23,990,038). 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	260,678	-

Golden Arrow Resources Corporation

Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

11. 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 \$1,308,000. 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 June 30, 2021 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 \$376,000.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by \$18,000.
- A 10% change in the Chilean peso exchange rate relative to the Canadian dollar would change the Company's net loss by \$14,800.
- A 10% change in the Paraguayan Guarani exchange rate relative to the Canadian dollar would change the Company's net loss by \$500.

(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.

12. 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.

Golden Arrow Resources Corporation

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(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

12. 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 monitors and reviews 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.

13. SUBSEQUENT EVENTS

Option payment Flecha de Oro Project

- The Company paid US\$15,000 of the option payment for the Puzzle and Esperanza option agreement.