
Golden Arrow Resources Corporation

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED
MARCH 31, 2015 AND 2014

(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 consolidated interim financial statements they must be accompanied by a notice indicating that these condensed consolidated 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 consolidated interim financial statements.

Golden Arrow Resources Corporation

(An Exploration Stage Company)

Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars)

		March 31, 2015 \$	December 31, 2014 \$
	Note		
ASSETS			
Non-current assets			
Property and equipment	3	23,365	33,327
Mineral property interests	4	1,785,763	1,742,095
Total non-current assets		1,809,128	1,775,422
Current assets			
Cash and cash equivalents		441,364	1,252,471
Investments	5	319,913	8,085
Amounts receivable		55,023	48,712
Prepaid expenses		137,891	123,989
Total current assets		954,191	1,433,257
Total Assets		2,763,319	3,208,679
EQUITY			
Share capital	6	12,123,135	9,953,493
Commitment to issue shares	10	2,212,107	1,750,444
Reserves	6	15,070,661	14,893,400
Deficit		(26,973,100)	(23,810,048)
Total equity		2,432,803	2,787,289
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	330,516	421,390
Total current liabilities		330,516	421,390
Total Equity and Liabilities		2,763,319	3,208,679

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

COMMITMENTS (Note 10)

SUBSEQUENT EVENTS (Note 13)

These consolidated financial statements are authorized for issue by the Board of Directors on May 22, 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)

		Three months ended March 31,	
	Note	2015	2014
		\$	\$
Expenses			
Administration and management services	7	176,500	101,500
Corporate development and investor relations		190,823	126,072
Depreciation		-	7,059
Exploration	4	2,421,254	1,416,453
Office and sundry	7	69,786	64,361
Professional fees	7	221,547	36,423
Rent, parking and storage	7	71,114	58,838
Salaries and employee benefits	7	126,308	142,966
Share-based compensation	7	3,113	264,903
Transfer agent and regulatory fees		26,800	7,347
Travel and accommodation		26,531	21,195
Loss from operating activities		3,333,776	2,247,117
Foreign exchange gain		(194,611)	(261,722)
Interest income		(849)	(12,896)
Loss on sale of marketable securities	5,12	4,158	24,902
Realized loss on marketable securities	5,12	20,578	-
Loss for the period		3,163,052	1,997,401
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Unrealized loss on available-for-sale marketable securities	12	1,925	1,155
Other comprehensive loss for the period		1,925	1,155
Comprehensive loss for the period		3,164,977	1,998,556
Basic and diluted loss per common share (\$)	8	0.06	0.05

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)

	Three months ended March 31,	
	2015	2014
	\$	\$
Cash flows from operating activities		
Loss for the period	(3,163,052)	(1,997,401)
Adjustments for:		
Depreciation of property and equipment included in exploration expenses	9,962	9,962
Depreciation	-	7,059
Drilling services received for common shares	76,355	-
Drilling services received for common shares to be issued	1,736,604	-
Foreign exchange gain on marketable securities	(161,065)	(255,652)
Loss on sale of marketable securities	4,158	24,902
Realized loss on marketable securities	20,578	-
Share-based compensation	3,113	264,903
	<u>(1,473,347)</u>	<u>(1,946,227)</u>
Change in non-cash working capital items:		
(Increase) decrease in amounts receivable	(6,311)	18,279
(Increase) in prepaid expenses	(13,902)	(64,543)
(Decrease) increase in accounts payable and accrued liabilities	(90,874)	378,891
Net cash used in operating activities	<u>(1,584,434)</u>	<u>(1,613,600)</u>
Cash flows from investing activities		
Mineral property interests	(43,668)	(26,463)
Purchase of marketable securities, net of transaction costs	(357,909)	(883,372)
Disposal of marketable securities, net of transaction costs	180,485	1,114,122
Net cash utilized by investing activities	<u>(221,092)</u>	<u>204,287</u>
Cash flows from financing activities		
Issuance of common shares and warrants	567,800	-
Share issue costs	(2,480)	-
Subscription receipts	429,099	-
Repurchases of common shares	-	(154,655)
Share repurchase costs	-	(1,720)
Net cash generated by financing activities	<u>994,419</u>	<u>(156,375)</u>
Net (decrease) in cash and cash equivalents	<u>(811,107)</u>	<u>(1,565,688)</u>
Cash and cash equivalents at beginning of period	<u>1,252,471</u>	<u>5,052,392</u>
Cash and cash equivalents at end of period	<u>441,364</u>	<u>3,486,704</u>

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						Total
	Number of shares	Amount \$	Treasury Stock \$	Commitment to issue shares \$	Contributed surplus \$	Equity settled share-based payments \$	Warrants \$	Accumulated other comprehensive income (loss) \$	Deficit \$	
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	(688,000)	(124,529)	(30,126)	-	-	-	-	-	-	(154,655)
Share repurchase costs	-	(1,720)	-	-	-	-	-	-	-	(1,720)
Share-based compensation	-	-	-	-	-	264,903	-	-	-	264,903
Treasury stock cancelled under normal course issuer bid	-	(48,005)	48,005	-	-	-	-	-	-	-
Total comprehensive (loss) for the period	-	-	-	-	-	-	-	(1,155)	(1,997,401)	(1,998,556)
Balance at March 31, 2014	40,899,155	8,476,363	(30,126)	-	13,409,922	1,118,627	-	(10,394)	(17,275,601)	5,688,791
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
Shares issued for drilling services	336,134	853,600	-	-	-	-	-	-	-	853,600
Stock options expired	-	-	-	-	208,219	(208,219)	-	-	-	-
Share-based compensation	-	-	-	-	-	54,999	-	-	-	54,999
Repurchases of common shares	(75,500)	(47,705)	30,126	-	-	-	-	-	-	(17,579)
Share repurchase costs	-	(189)	-	-	-	-	-	-	-	(189)
Commitment to issue shares	-	-	-	1,750,444	-	-	-	-	-	1,750,444
Total comprehensive (loss) for the period	-	-	-	-	-	-	-	2,310	(6,534,447)	(6,532,137)
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 placement (Note 6)	3,281,056	1,036,779	-	(643,648)	-	-	174,669	-	-	567,800
Share issue costs	-	(3,884)	-	-	-	-	-	-	-	(3,884)
Agent warrants granted	-	-	-	-	-	-	1,404	-	-	1,404
Shares issued for drilling services (Note 6)	420,168	1,136,747	-	(1,136,747)	-	-	-	-	-	-
Share-based compensation	-	-	-	-	-	3,113	-	-	-	3,113
Commitment to issue shares (Note 10)	-	-	-	2,242,058	-	-	-	-	-	2,242,058
Total comprehensive (loss) for the period	-	-	-	-	-	-	-	(1,925)	(3,163,052)	(3,164,977)
Balance at March 31, 2015	49,941,013	12,123,135	-	2,212,107	13,618,141	968,520	494,009	(10,009)	(26,973,100)	2,432,803

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

Golden Arrow Resources Corporation

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2015 and 2014

(Expressed in Canadian Dollars Unless Otherwise Noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

Golden Arrow Resources Corporation (the “Company”) 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.). Shareholders of Kobex were issued one share of the Company for every ten shares of Kobex held. The address of the Company’s registered office is Suite 709 – 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 ore reserves. 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable 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 \$26,973,100 at March 31, 2015 (December 31, 2014 - \$23,810,048) and equity of \$2,432,803 at March 31, 2015 (December 31, 2014 – \$2,787,289). In addition, the Company has working capital of \$623,675 at March 31, 2015 (December 31, 2014 – \$1,011,867). 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 factors 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 (Note 12). 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

The Company’s condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 “Interim Financial reporting” (“IAS 34”) and using accounting policies in full compliance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee (“IFRIC”), effective for the Company’s reporting for the three months ended March 31, 2015.

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Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2015 and 2014

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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
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.

Foreign currencies

The presentation and functional currency of the Company and each of its subsidiaries is considered to be the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Non-derivative financial assets

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

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Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2015 and 2014

(Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

ii. Available-for-sale assets

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

iii. Loans and receivables

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

Loans and receivables comprise cash and amounts receivable.

Other financial liabilities

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

Other financial liabilities comprise accounts payable and accrued liabilities.

Property and Equipment

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

Exploration, Evaluation and Development Expenditures

Exploration and evaluation expenditures are expensed as incurred, until the property reaches the development stage. The development stage is considered to begin once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable. All direct costs related to the acquisition of resource property interests are capitalized. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves. Proceeds received for farm-out arrangements or recoveries of costs are credited against the cost of the related claims. The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

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Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mineral property acquisition costs include cash costs and the fair market value of common shares issued, based on the trading price of the shares issued for mineral property interests, pursuant to the terms of the related property agreements. Payments related to a property acquired under an option or joint venture agreement are made at the sole discretion of the Company, and are recorded as mineral property acquisition costs upon payment.

Cash and Cash Equivalents

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

Impairment

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

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

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

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

Valuation of equity units issued in private placements

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

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Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars Unless Otherwise Noted)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based Payment Transactions

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

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

Loss per Share

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

Income Taxes

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

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

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

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

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.

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Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars Unless Otherwise Noted)

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, but are not limited 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.
- v. The decision to recognize a deferred tax asset is based on management's judgment of whether it is considered probable that future taxable profits will be available against which unused tax losses, tax credits or deductible temporary differences can be utilized

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(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, 2017. 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. PROPERTY AND EQUIPMENT

	Computer Software	Geological Equipment	Vehicles	Total \$
Cost				
Balance at December 31, 2014	26,471	95,683	96,791	218,945
Balance at March 31, 2015	26,471	95,683	96,791	218,945
Accumulated Depreciation				
Balance at December 31, 2014	26,471	95,683	63,464	185,618
Depreciation	-	-	9,962	9,962
Balance at March 31, 2015	26,471	95,683	73,426	195,580
Carrying Amount				
At December 31, 2014	-	-	33,327	33,327
At March 31, 2015	-	-	23,365	23,365

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Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2015 and 2014

(Expressed in Canadian Dollars Unless Otherwise Noted)

3. PROPERTY AND EQUIPMENT (continued)

	Computer Software	Geological Equipment	Vehicles	Total \$
Cost				
Balance at December 31, 2013	26,471	95,683	96,791	218,945
Balance at March 31, 2014	26,471	95,683	96,791	218,945
Accumulated Depreciation				
Balance at December 31, 2013	19,853	80,683	37,321	137,857
Depreciation	3,309	3,750	9,962	17,021
Balance at March 31, 2014	23,162	84,433	47,283	154,878
Carrying Amount				
At December 31, 2013	6,618	15,000	59,470	81,088
At March 31, 2014	3,309	11,250	49,508	64,067

4. 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, 2015:

Acquisition Costs

	Argentina						Total \$
	Fronterra						
	District \$	La Rioja \$	Caballos \$	Chinchillas \$	Pescado \$	Other \$	
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	-	-	-	43,668	-	-	43,668
Balance – March 31, 2015	656,124	14,853	2,431	987,554	33,076	100,725	1,785,763

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4. MINERAL PROPERTY INTERESTS (continued)

Exploration Expenditures

	Argentina							Chile	Total
	Fronterra	La Rioja	Chinchillas	Caballos	Pescado	Other	Mogote	\$	
	District								
	\$	\$	\$	\$	\$	\$	\$	\$	
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	-	-	11,304	-	-	-	-	11,304	
Drilling	-	-	1,812,959	-	-	-	-	1,812,959	
Office	-	-	74,888	-	-	-	-	74,888	
Preliminary economic assessment	-	-	12,310	-	-	-	-	12,310	
Property maintenance payments	-	-	617	240	-	-	6,139	6,996	
Salaries and contractors	-	-	384,603	-	-	-	-	384,603	
Supplies and equipment	-	-	83,868	-	-	2,135	-	86,003	
Transportation	-	-	6,911	-	-	-	-	6,911	
Value added taxes	-	-	25,256	2	-	22	-	25,280	
	-	-	2,412,716	242	-	2,157	6,139	2,421,254	
Cumulative exploration expenses – March 31, 2015	4,329,321	1,606,601	15,298,572	317,820	844,344	835,893	48,322	23,280,873	

The schedules below summarize the carrying costs of acquisition costs and all exploration expenditures incurred to date for each mineral property interest that the Company was continuing to explore as at March 31, 2014:

Acquisition Costs

	Argentina							Total
	Fronterra	La Rioja	Caballos	Chinchillas	Darmar	Pescado	Other	
	District							
	\$	\$	\$	\$	\$	\$	\$	\$
Balance – December 31, 2013	655,306	14,853	2,431	648,786	100,050	32,640	94,164	1,548,230
Additions								
Staking costs, land payments and acquisition costs	873	-	-	18,263	-	466	6,861	26,463
Balance – March 31, 2014	656,179	14,853	2,431	667,049	100,050	33,106	101,025	1,574,693

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4. 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	-	-	17,717	-	-	868	-	18,585
Drilling	-	-	489,707	-	-	-	-	489,707
Geophysics and metallurgy	-	-	177,356	-	-	70	-	117,426
Office	-	-	60,193	-	-	4,499	-	64,692
Preliminary economic assessment	-	-	45,078	-	-	-	-	45,078
Property maintenance payments	-	-	-	-	-	-	9,515	9,515
Rehabilitation review	-	-	-	-	-	5,749	-	5,749
Salaries and contractors	-	-	333,911	-	-	20,127	-	354,038
Supplies and equipment	-	-	201,896	-	-	2,839	-	204,735
Transportation	-	-	30,010	-	-	268	-	30,278
Statutory taxes	49	-	74,243	-	26	2,332	-	76,650
	49	-	1,370,711	-	26	36,752	9,515	1,416,453
Cumulative exploration expenses – March 31, 2014	4,329,324	1,606,601	8,110,099	316,544	844,345	763,148	42,183	16,012,244

(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 to be paid monthly until the remaining USD \$250,000 is paid. The Company has 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 may acquire a 100% interest in the Chinchillas project by making the cash payments to the vendor totaling USD \$1,866,000 over four years, as shown below:

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4. MINERAL PROPERTY INTERESTS (continued)

Option Payment USD \$	Date
20,000	August 3, 2011 (paid)
80,000	February 3, 2012 (paid)
150,000	August 3, 2012 (paid)
250,000	August 3, 2013 (paid)
150,000	July 21, 2014 (paid)
6,000	August 21, 2014 (paid)
6,000	September 21, 2014 (paid)
6,000	October 21, 2014 (paid)
6,000	November 21, 2014 (paid)
6,000	December 21, 2014 (paid)
6,000	January 21, 2015 (paid)
6,000	February 21, 2015 (paid)
6,000	March 21, 2015 (paid)
6,000	April 21, 2015 (paid subsequent to March 31, 2015)
6,000	May 21, 2015 (paid subsequent to March 31, 2015)
6,000	June 21, 2015
250,000	July 6, 2015
900,000	July 21, 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.

(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

On June 3, 2009, the Company announced that it had entered into an agreement to acquire from Iron South Mining Corp. the remaining 51% interest in the Mogote property not already held by the Company and four Peruvian property concessions for consideration of \$168,870 (USD \$150,000) and a 1% NSR. The amount allocated to acquisition costs for Mogote was \$159,763.

On September 9, 2010, the Company announced that it has entered into an option agreement with Vale Exploracion Argentina, S.A. ("Vale"), a wholly-owned subsidiary of Vale S.A., on its Mogote project in San Juan Province and its Purulla project in Catamarca Province, Argentina.

On June 18, 2012, Vale terminated its option on the Purulla project and on July 5, 2013, Vale terminated its option on the Mogote project.

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4. 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.

5. INVESTMENTS

At March 31 2015, the Company held the following:

	Quantity	Fair Value
Iron South Mining Corp. common shares ("Iron South")	76,996 ⁽¹⁾	\$6,160
Argentinean Government Bond R015	1,898.50	\$313,753
		<u>\$319,913</u>

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
		<u>\$8,085</u>

⁽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 \$1,925 (2014 -\$1,155) was recorded for the three months ended March 31, 2015.

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 \$20,578 (2013 - \$Nil) was recorded for the three months ended March 31, 2015.

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6. CAPITAL AND RESERVES

Authorized Share Capital

At March 31, 2015, 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 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 21st 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 10 for further information.

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.

Details of Issues of Common Shares in 2014

On August 15, 2014, pursuant to the terms of a shares for services agreement (the "Agreement"), the Company obtained TSX Venture Exchange approval to issue 336,134 common shares of the Company as payment for completion for certain drilling services. The issued shares were 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.

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6. CAPITAL AND RESERVES (continued)

On December 22, 2014, the Company completed the first tranche of a non-brokered private placement consisting of 5,080,000 units at a price of \$0.20 per unit for gross proceeds of \$1,016,000. 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 \$0.25 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 21st day. Finders' fees were \$26,640 in cash and 132,200 in warrants exercisable into common shares at \$0.25 per share for two years having a fair value of \$13,667. Fair value was calculated using the following Black-Scholes pricing model variables: risk-free interest rate – 1.01%; expected stock price volatility – 94.87%; dividend yield of 0%; and expected warrant life of 1.47 years.

Details of Common Share Repurchases in 2015 and 2014

On November 19, 2013, 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 at the prevailing market price. The number of common shares purchased by the Company was in no event to be in excess of 5% of the issued and outstanding common shares, such amount not to exceed 1,000,000 common shares of the 41,823,655 issued and outstanding at the date the NCIB commenced.

The Company completed its share repurchase program in fiscal 2014. During 2015, the Company acquired and cancelled Nil (2014 – 763,500) of its own common shares for an aggregate purchase price of \$Nil (2014 - \$174,143) and common share repurchase costs of \$Nil (2014 - \$1,909).

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.

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6. CAPITAL AND RESERVES (continued)

The continuity of share purchase options for the three months ended March 31, 2015 is as follows:

Expiry date	Exercise Price	December 31, 2014	Granted	Exercised	Expired/ Forfeited	March 31, 2015	Options exercisable
March 31, 2015	\$0.36	100,000	-	-	-	100,000	100,000
April 22, 2015	\$0.36	150,000	-	-	-	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	342,500
April 30, 2019	\$0.35	20,000	-	-	-	20,000	20,000
		5,685,000	-	-	-	5,685,000	5,685,000
Weighted average exercise price \$		0.36	-	-	-	0.35	0.35
Weighted average contractual remaining life (years)		2.77	-	-	-	2.55	2.55

The continuity of share purchase options for the three months ended March 31, 2014 is as follows:

Expiry date	Exercise Price	December 31, 2013	Granted	Exercised	Expired/ Forfeited	March 31, 2014	Options exercisable
May 7, 2014	\$0.35	1,295,000	-	-	-	1,295,000	1,295,000
March 31, 2015	\$0.36	100,000	-	-	-	100,000	100,000
April 22, 2015	\$0.36	150,000	-	-	-	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	2,392,500
		4,075,000	2,505,000	-	-	6,580,000	6,467,500
Weighted average exercise price \$		0.36	0.35	-	-	0.35	0.35
Weighted average contractual remaining life (years)		1.66	4.99	-	-	2.74	2.74

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6. CAPITAL AND RESERVES (continued)

The weighted average fair value of share purchase options granted during the three months ended March 31, 2015 is \$Nil (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:

	Three months ended March 31,	
	2015	2014
Risk-free interest rate	-	1.47%
Expected option life in years	-	3.6
Expected share price volatility	-	82%
Grant date share price	-	\$0.23
Expected forfeiture rate	-	-
Expected dividend yield	Nil	Nil

Warrants

The continuity of warrants for the three months ended March 31, 2015 is as follows:

Expiry date	Exercise Price	December 31, 2014	Granted	Exercised	Expired/ Forfeited	March 31, 2015
December 18, 2016	\$0.25	5,213,200	-	-	-	5,213,200
January 15, 2017	\$0.25	-	2,751,400	-	-	2,751,400
February 22, 2017	\$0.26	-	100,000	-	-	100,000
		5,213,200	2,851,400	-	-	8,064,600
Weighted average exercise price \$		0.25	0.25	-	-	0.25

The Company did not have any warrants outstanding as at March 31, 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. The initial fee based on expected usage was \$50,000 per month. 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.

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7. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Transactions	Three months ended March 31,	
	2015	2014
	\$	\$
Services rendered:		
Grosso Group Management Ltd.		
Administration and management services	135,000	63,000
Rent, parking and storage	67,500	54,600
Office & sundry	45,000	38,700
Total for services rendered	247,500	156,300

Mr. Joseph Grosso

Mr. Joseph Grosso, a director and officer of the Company, received share-based benefits of \$Nil for the three months ended March 31, 2015 (three months ended March 31, 2014 - \$55,298).

Oxbow International Marketing Corp. ("Oxbow") is a private company controlled by Mr. Joseph Grosso. For the three months ended March 31, 2015, Oxbow was paid \$31,250 (three months ended March 31, 2014 - \$31,250) for management consulting services. Amounts paid to Oxbow are classified as salaries and employee benefits in the consolidated statements of loss and comprehensive loss. See Note 13 for further information.

Mr. Nikolaos Cacos

Mr. Nikolaos Cacos, a director of the Company, received share-based benefits of \$Nil for the three months ended March 31, 2015 (three months ended March 31, 2014 - \$22,120).

Cacos Consulting Ltd. ("Cacos Consulting") is a private company controlled by Mr. Nikolaos Cacos. For the three months ended March 31, 2015, Cacos Consulting was paid \$48,750 (three months ended March 31, 2014 - \$30,000) 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 March 31, 2015, the Company had \$756 (March 31, 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 directors and audit committee chair fees of \$4,000 for the three months ended March 31, 2015 (three months ended March 31, 2014 - \$4,000) and received share-based benefits of \$Nil for the three months ended March 31, 2015 (three months ended March 31, 2014 - \$11,060).

Vinland Holdings Ltd. ("Vinland") is a private company controlled by Dr. David Terry. For the three months ended March 31, 2015, Vinland was paid \$7,500 (three months ended March 31, 2014 - \$4,500) for geological services. Amounts paid to Vinland are classified as administration and management services in the consolidated statements of loss and comprehensive loss.

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7. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

At March 31, 2015, the Company had \$6,235 (March 31, 2014 - \$2,278) included in accounts payable and accrued liabilities to Vinland.

Mr. Louis Salley

Mr. Louis Salley, a director of the Company, was paid directors fees of \$3,000 for the three months ended March 31, 2015 (three months ended March 31, 2014 - \$3,000) and received share-based benefits of \$Nil for the three months ended March 31, 2015 (three months ended March 31, 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.

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 March 31, 2015, Salley Bowes Harwardt was paid \$10,293 (three months ended March 31, 2014 - \$21,448) for legal services. Amounts paid to Salley Bowes Harwardt are classified as professional fees in the consolidated statements of loss and comprehensive loss.

Mr. John Gammon

Mr. John Gammon, a director of the Company, was paid directors and corporate governance committee chair fees of \$3,000 for the three months ended March 31, 2015 (three months ended March 31, 2014 - \$3,000) and received share-based benefits of \$Nil for the three months ended March 31, 2015 (three months ended March 31, 2014 - \$8,295).

Key management personnel compensation

	Three months ended March 31, 2015			Three months ended March 31, 2014		
	Salaries \$	Share- based benefits \$	Total \$	Salaries \$	Share- based benefits \$	Total \$
Compensation						
Chief Executive Officer	31,250	-	31,250	31,250	55,298	86,548
Chief Financial Officer	15,000	-	15,000	12,000	-	12,000
Total	46,250	-	46,250	43,250	55,298	98,548

8. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the three months ended March 31, 2015 and 2014 was based on the following:

	Three months ended March 31,	
	2015	2014
Loss attributable to common shareholders (\$)	3,163,052	1,997,401
Weighted average number of common shares outstanding	49,078,498	41,231,077

Diluted loss per share did not include the effect of 5,685,000 (2014 – 6,580,000) share purchase options and 8,064,600 (2014 – Nil) common share purchase warrants as they are anti-dilutive.

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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 three months ended March 31, 2015.

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

	Argentina	
	March 31, 2015	December 31, 2014
Mineral property interests (\$)	1,785,763	1,742,095
Property and equipment (\$)	23,365	33,327
	1,809,128	1,775,422

10. COMMITMENTS

Management Services Agreement

	1 Year	2 Years	3 Years	4-5 Years	More than 5 Years
	\$	\$	\$	\$	\$
Management Services Agreement	796,500	1,062,000	-	-	-

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 \$88,500 per month. This fee is reviewed and adjusted quarterly based on the level of services required.

Chinchillas Option Agreement

Under the terms of the Chinchillas Option Agreement, signed August 3, 2011, Golden Arrow may acquire a 100% interest in the Chinchillas project by making additional cash payments to the vendor totaling USD \$1,168,000 through 2015, as shown below:

Option Payment USD \$	Date
6,000	April 21, 2015 (paid subsequent to March 31, 2015)
6,000	May 21, 2015 (paid subsequent to March 31, 2015)
6,000	June 21, 2015
250,000	July 6, 2015
900,000	July 21, 2015
1,168,000	

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

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(Expressed in Canadian Dollars Unless Otherwise Noted)

10. COMMITMENTS (continued)

Shares for Services

	1 Year	2 Years	3 Years	4-5 Years	More than 5 Years
	\$	\$	\$	\$	\$
Drilling Services	1,656,348	-	-	-	-
Heavy Equipment Services	126,660	-	-	-	-
Subscription receipts	429,099	-	-	-	-
	2,212,107	-	-	-	-

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 three months ended March 31, 2015, the Company had issued 420,168 (three months ended March 31, 2014 – Nil) common shares in respect of drilling services received prior to December 31, 2014 and has recognized \$1,656,348 (three months ended March 31, 2014 - \$259,456) for 6,539 meters drilled up to March 31, 2015 (1,173 meters drilled up to March 31, 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 March 31, 2015, the Company had cumulatively issued 756,302 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.

Heavy Equipment Services

Under the terms of a shares for heavy equipment services contract (the “Contract”) signed November 1, 2014, up to 1,200 hours of heavy equipment services shall be paid for by issuing up to a total of 98,783 common shares of the Company.

At March 31, 2015, the Company has recognized \$126,660 (2014 - \$46,404) for 1,000 (2014 – 400) hours of heavy equipment services to be paid for by issuing common shares of the Company subject to TSX Venture exchange approval in accordance with the terms of the Contract.

Subscription Receipts

On November 18, 2014, the Company announced that it had entered into a Memorandum of Understanding whereby the Company may be advanced up to \$1,120,445 in cash for the proposed issuance of 884,112 common shares of the Company at a price of US\$1.214777.

At March 31, 2015, the Company was advanced US\$358,000 (CDN\$429,099) representing 294,704 common shares of the Company to be issued at a price of US\$1.214777 per share subject to TSX Venture exchange approval.

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11. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended March 31,	
	2014	2014
	\$	\$
Non-cash investing and financing activities		
Commitment to issue shares for drilling and heavy equipment services	1,736,604	259,456
Shares issued for drilling services	76,355	-
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 marketable securities. For marketable securities 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 marketable securities classified as fair value through profit or loss, fair value is determined using closing prices at the balance sheet date with any realized 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 March 31, 2015 the Company's financial instruments measured at fair value are as follows:

	Carrying amount March 31, 2015	Level 1	Level 2	Level 3
		\$	\$	\$
Recurring measurements				
Financial Assets				
Marketable securities	319,913	319,913	-	-

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
		\$	\$	\$
Recurring measurements				
Financial Assets				
Marketable securities	8,085	8,085	-	-

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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 marketable securities including related gains and losses during the period is as follows:

	Three months ended March 31,	
	2015	2014
	\$	\$
Marketable securities, beginning of period	8,085	6,930
Purchase of marketable securities	357,909	883,372
Disposition of marketable securities	(180,485)	(1,114,122)
Foreign exchange gain on marketable securities	161,065	255,652
Realized (loss) on marketable securities	(24,736)	(24,902)
Unrealized (loss) included in other comprehensive income	(1,925)	(1,155)
Marketable securities, end of period	319,913	5,775

(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.

The Company has \$330,516 in accounts payable and accrued liabilities that are due within one year of the date of the statement of financial position.

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12. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)

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 March 31, 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 \$1,313.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by \$53,950.

(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.

(iii) *Capital Management*

The Company's objectives of capital management are intended to safeguard the entity's ability to support the Company's normal operating requirements on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, reserves and deficit. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets.

To effectively manage the entity's capital requirements, 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 to develop its mineral projects and may require doing so again in the future. See Note 1 for further information.

13. SUBSEQUENT EVENTS

On April 29, 2015, the Company entered into a loan agreement with a spouse of an officer of the Company. The principal amount of the loan is \$200,000 and is to be used for working capital purposes. The loan is unsecured, non-interest bearing and is payable in full on demand. The Company may repay the loan in whole or in part at any time, without notice or penalty.