
Golden Arrow Resources Corporation

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

JUNE 30, 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)

		June 30, 2015 \$	December 31, 2014 \$
	Note		
ASSETS			
Non-current assets			
Property and equipment	3	17,972	33,327
Mineral property interests	4	2,158,014	1,742,095
Total non-current assets		2,175,986	1,775,422
Current assets			
Cash and cash equivalents		517,513	1,252,471
Investments	5	442,032	8,085
Amounts receivable		67,748	48,712
Prepaid expenses		97,630	123,989
Total current assets		1,124,923	1,433,257
Total Assets		3,300,909	3,208,679
EQUITY			
Share capital	6	13,766,910	9,953,493
Commitment to issue shares	10	2,470,169	1,750,444
Reserves	6	15,503,620	14,893,400
Deficit		(29,125,658)	(23,810,048)
Total equity		2,615,041	2,787,289
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	485,868	421,390
Related party loan payable	7	200,000	-
Total current liabilities		685,868	421,390
Total Equity and Liabilities		3,300,909	3,208,679

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

COMMITMENTS (Note 10)

SUBSEQUENT EVENTS (Note 13)

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on August 27, 2015. They are signed on the Company's behalf by:

"Joseph Grosso" , Director

"David Terry" , Director

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

Golden Arrow Resources Corporation

(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

	Note	Three months ended June 30,		Six months ended June 30,	
		2015 \$	2014 \$	2015 \$	2014 \$
Expenses					
Administration and management services	7	200,050	136,525	376,550	238,025
Corporate development and investor relations		137,107	99,782	327,930	225,854
Depreciation		-	7,059	-	14,118
Exploration	4	811,894	2,556,806	3,233,148	3,973,259
Office and sundry	7	62,997	51,195	132,783	115,556
Professional fees	7	184,660	48,647	406,207	85,070
Rent, parking and storage	7	70,582	55,547	141,696	114,385
Salaries and employee benefits	7	145,308	140,119	271,616	283,085
Share-based compensation	7	433,729	43,056	436,842	307,959
Transfer agent and regulatory fees		22,986	4,370	49,786	11,717
Travel and accommodation		20,761	52,944	47,292	74,139
Loss from operating activities		2,090,074	3,196,050	5,423,850	5,443,167
Foreign exchange gain		(45,764)	(211,601)	(240,375)	(473,323)
Interest income		(8,810)	(4,274)	(9,659)	(17,170)
Loss on sale of marketable securities	5,12	79,503	18,637	83,661	43,539
Unrealized loss on marketable securities	5,12	37,555	-	58,133	-
Loss for the period		2,152,558	2,998,812	5,315,610	4,996,213
Other comprehensive loss					
Items that may be reclassified to profit or loss					
Unrealized loss (gain) on available-for-sale marketable securities	12	770	(11,549)	2,695	(10,394)
Other comprehensive loss for the period		770	(11,549)	2,695	(10,394)
Comprehensive loss for the period		2,153,328	2,987,263	5,318,305	4,985,819
Basic and diluted loss per common share (\$)	8	0.04	0.07	0.10	0.12

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 June 30,		Six months ended June 30,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Cash flows from operating activities				
Loss for the period	(2,152,558)	(2,998,812)	(5,315,610)	(4,996,213)
Adjustments for:				
Depreciation of property and equipment included in exploration expenses	5,393	5,393	15,355	15,355
Depreciation	-	7,059	-	14,118
Drilling services received for common shares	-	-	76,355	-
Drilling services received for common shares to be issued	24,128	1,140,785	1,760,732	1,140,785
Foreign exchange gain on marketable securities	(71,725)	(184,111)	(216,369)	(439,761)
Loss on sale of marketable securities	75,346	18,637	83,661	43,539
Unrealized loss on marketable securities	58,133	-	58,133	-
Share-based compensation	433,729	43,056	436,842	307,959
	(1,627,554)	(1,967,993)	(3,100,901)	(3,914,218)
Change in non-cash working capital items:				
(Increase) decrease in amounts receivable	(12,725)	(1,108)	(19,036)	17,171
Decrease (increase) in prepaid expenses	40,261	14,725	26,359	(49,818)
Increase (decrease) in accounts payable and accrued liabilities	155,352	(89,594)	64,478	289,297
Net cash used in operating activities	(1,444,666)	(2,043,970)	(3,029,100)	(3,657,568)
Cash flows from investing activities				
Mineral property interests	(372,251)	(21,368)	(415,919)	(47,831)
Purchase of marketable securities, net of transaction costs	(243,645)	(929,922)	(601,554)	(1,813,295)
Disposal of marketable securities, net of transaction costs	1,702,777	1,095,396	1,883,262	2,209,517
Net cash generated by investing activities	1,086,881	144,106	865,789	348,391
Cash flows from financing activities				
Issuance of common shares and warrants	-	-	567,800	-
Share issue costs	-	-	(2,480)	-
Subscription receipts	233,934	-	663,033	-
Loan received	200,000	-	200,000	-
Repurchases of common shares	-	(17,579)	-	(172,234)
Share repurchase costs	-	(189)	-	(1,909)
Net cash generated by financing activities	433,934	(17,768)	1,428,353	(174,143)
Net increase (decrease) in cash and cash equivalents	76,149	(1,917,632)	(734,958)	(3,483,320)
Cash and cash equivalents at beginning of period	441,364	3,486,704	1,252,471	5,052,392
Cash and cash equivalents at end of period	517,513	1,569,072	517,513	1,569,072

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	(763,500)	(172,234)	-	-	-	-	-	-	-	(172,234)
Share repurchase costs	-	(1,909)	-	-	-	-	-	-	-	(1,909)
Share-based compensation	-	-	-	-	-	307,959	-	-	-	307,959
Stock options expired	-	-	-	-	208,219	(208,219)	-	-	-	-
Treasury stock cancelled under normal course issuer bid	-	(48,005)	48,005	-	-	-	-	-	-	-
Total comprehensive (loss) for the period	-	-	-	-	-	-	-	10,394	(4,996,213)	(4,985,819)
Balance at June 30, 2014	40,823,655	8,428,469	-	-	13,618,141	953,464	-	1,155	(20,274,413)	2,726,816
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
Share-based compensation	-	-	-	-	-	11,943	-	-	-	11,943
Commitment to issue shares	-	-	-	1,750,444	-	-	-	-	-	1,750,444
Total comprehensive (loss) for the period	-	-	-	-	-	-	-	(9,239)	(3,535,635)	(3,544,874)
Balance at December 31, 2014	46,239,789	9,953,493	-	1,750,444	13,618,141	965,407	317,936	(8,084)	(23,810,048)	2,787,289
Private placements (Note 6)	7,566,770	2,680,554	-	(643,648)	-	-	174,669	-	-	2,211,575
Share issue costs	-	(3,884)	-	-	-	-	-	-	-	(3,884)
Agent warrants granted	-	-	-	-	-	-	1,404	-	-	1,404
Shares issued for drilling services (Note 6)	420,168	1,136,747	-	(1,136,747)	-	-	-	-	-	-
Share-based compensation	-	-	-	-	-	436,842	-	-	-	436,842
Stock options expired	-	-	-	-	38,173	(38,173)	-	-	-	-
Commitment to issue shares (Note 10)	-	-	-	2,500,120	-	-	-	-	-	2,500,120
Total comprehensive (loss) for the period	-	-	-	-	-	-	-	(2,695)	(5,315,610)	(5,318,305)
Balance at June 30, 2015	54,226,727	13,766,910	-	2,470,169	13,656,314	1,364,076	494,009	(10,779)	(29,125,658)	2,615,041

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 six months ended June 30, 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 condensed consolidated interim 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 \$29,125,658 at June 30, 2015 (December 31, 2014 - \$23,810,048) and equity of \$2,615,041 at June 30, 2015 (December 31, 2014 – \$2,787,289). In addition, the Company has working capital of \$439,055 at June 30, 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 six months ended June 30, 2015.

Golden Arrow Resources Corporation

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Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 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.

Golden Arrow Resources Corporation

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Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 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

For the six months ended June 30, 2015 and 2014

(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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(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

For the six months ended June 30, 2015 and 2014

(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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Notes to the Condensed Consolidated Interim Financial Statements

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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 June 30, 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	-	-	15,355	15,355
Balance at June 30, 2015	26,471	95,683	78,819	200,973
Carrying Amount				
At December 31, 2014	-	-	33,327	33,327
At June 30, 2015	-	-	17,972	17,972

Golden Arrow Resources Corporation

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Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 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 June 30, 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	6,618	7,500	15,355	29,473
Balance at June 30, 2014	26,471	88,183	52,676	167,330
Carrying Amount				
At December 31, 2013	6,618	15,000	59,470	81,088
At June 30, 2014	-	7,500	44,115	51,615

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 June 30, 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	-	-	-	415,919	-	-	415,919
Balance – June 30, 2015	656,124	14,853	2,431	1,350,805	33,076	100,725	2,158,014

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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	-	-	219,505	-	-	-	-	219,505	
Drilling	-	-	1,837,087	-	-	-	-	1,837,087	
Office	-	-	158,788	-	-	-	-	158,788	
Preliminary economic assessment	-	-	12,310	-	-	-	-	12,310	
Property maintenance payments	-	-	21,576	235	-	-	6,139	27,950	
Salaries and contractors	-	-	755,869	-	-	-	-	755,869	
Supplies and equipment	-	-	108,927	-	-	3,491	-	112,418	
Transportation	-	-	42,508	-	-	-	-	42,508	
Value added taxes	-	-	66,644	4	-	65	-	66,714	
	-	-	3,223,214	239	-	3,556	6,139	3,233,148	
Cumulative exploration expenses – June 30, 2015	4,329,321	1,606,601	16,109,070	317,817	844,344	837,292	48,322	24,092,767	

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 June 30, 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	842	-	-	39,919	-	449	6,621	47,831
Balance – June 30, 2014	656,148	14,853	2,431	688,705	100,050	33,089	100,785	1,596,061

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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	-	-	289,754	-	-	2,094	-	291,848
Drilling	-	-	1,840,091	-	-	-	-	1,840,091
Geophysics and metallurgy	-	-	117,210	-	-	-	-	117,210
Imagery and base maps	-	-	5,347	-	-	-	-	5,347
Office	-	-	146,475	-	-	10,682	-	157,157
Preliminary economic assessment	-	-	45,078	-	-	-	-	45,078
Property maintenance payments	-	-	24,408	-	-	397	9,515	34,320
Rehabilitation review	-	-	-	-	-	5,749	-	5,749
Salaries and contractors	-	-	743,277	-	-	41,443	-	784,720
Supplies and equipment	-	-	348,056	-	-	6,098	-	354,154
Transportation	-	-	67,996	-	-	1,796	-	69,792
Statutory taxes	60	-	262,345	-	32	5,356	-	267,793
	60	-	3,890,037	-	32	73,615	9,515	3,973,259
Cumulative exploration expenses – June 30, 2014	4,329,335	1,606,601	10,630,025	316,544	844,351	800,011	42,183	18,569,050

(a) Chinchillas, Jujuy, Argentina

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

Under the terms of the Option Agreement, Golden Arrow acquired a 100% interest in the Chinchillas project 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)
6,000	May 21, 2015 (paid)
6,000	June 21, 2015 (paid)
250,000	July 6, 2015 (paid)
900,000	July 21, 2015 (paid subsequent to June 30, 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 June 30, 2015, the Company held the following:

	Quantity	Fair Value
Iron South Mining Corp. common shares ("Iron South")	76,996 ⁽¹⁾	\$5,390
Pretium Resources Inc. ("Pretium Resources")	64,592	\$436,642
		<u>\$442,032</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 \$770 was recorded for the three months ended June 30, 2015 (three months ended June 30, 2014 – unrealized gain of \$11,549). An unrealized loss of \$2,695 was recorded for the six months ended June 30, 2015 (six months ended June 30, 2014 – unrealized gain of \$10,394).

The marketable securities in Pretium Resources Inc. 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 \$37,555 was recorded for the three months ended June 30, 2015 (three months ended June 30, 2014 - \$Nil). A loss of \$58,133 was recorded for the six months ended June 30, 2015 (six months ended June 30, 2015 - \$Nil).

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6. CAPITAL AND RESERVES

Authorized Share Capital

At June 30, 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.

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

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6. CAPITAL AND RESERVES (continued)

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.

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 six months ended June 30, 2015 is as follows:

Expiry date	Exercise Price	December 31, 2014	Granted	Exercised	Expired/ Forfeited	June 30, 2015	Options exercisable
March 31, 2015	\$0.36	100,000	-	-	(100,000)	-	-
April 22, 2015	\$0.36	150,000	-	-	(150,000)	-	-
October 1, 2015	\$0.35	835,000	-	-	-	835,000	835,000
October 29, 2015	\$0.38	75,000	-	-	-	75,000	75,000
November 4, 2015	\$0.40	820,000	-	-	-	820,000	820,000
November 25, 2015	\$0.32	150,000	-	-	-	150,000	150,000
June 24, 2017	\$0.30	50,000	-	-	-	50,000	50,000
November 25, 2017	\$0.32	200,000	-	-	-	200,000	200,000
November 29, 2017	\$0.31	200,000	-	-	-	200,000	200,000
May 28, 2018	\$0.35	200,000	-	-	-	200,000	200,000
March 25, 2019	\$0.35	2,505,000	-	-	-	2,505,000	2,505,000
April 16, 2019	\$0.35	380,000	-	-	-	380,000	380,000
April 30, 2019	\$0.35	20,000	-	-	-	20,000	20,000
June 11, 2020	\$0.35	-	2,595,000	-	-	2,595,000	2,538,750
		5,685,000	2,595,000	-	(250,000)	8,030,000	7,973,750
Weighted average exercise price \$		0.36	0.35	-	0.36	0.35	0.35
Weighted average contractual remaining life (years)		2.77	4.95	-	-	3.23	3.22

The continuity of share purchase options for the six months ended June 30, 2014 is as follows:

Expiry date	Exercise Price	December 31, 2013	Granted	Exercised	Expired/ Forfeited	June 30, 2014	Options exercisable
May 7, 2014	\$0.35	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
April 16, 2019	\$0.35	-	380,000	-	-	380,000	267,500
April 30, 2019	\$0.35	-	20,000	-	-	20,000	20,000
		4,075,000	2,905,000	-	(1,295,000)	5,685,000	5,460,000
Weighted average exercise price \$		0.36	0.35	-	0.35	0.35	0.37
Weighted average contractual remaining life (years)		1.66	4.75	-	-	3.30	3.24

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6. CAPITAL AND RESERVES (continued)

The weighted average fair value of share purchase options granted during the six months ended June 30, 2015 is \$0.17 (2014 - \$0.11). Options were priced based on the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of options granted:

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

Warrants

The continuity of warrants for the six months ended June 30, 2015 is as follows:

Expiry date	Exercise Price	December 31, 2014	Granted	Exercised	Expired/ Forfeited	June 30, 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 June 30, 2014.

7. RELATED PARTY BALANCES AND TRANSACTIONS

On April 1, 2010, the Company entered into a Management Services Agreement (“Agreement”) with Grosso Group to provide services and facilities to the Company. Grosso Group is a private company that is owned by an officer and director of the Company and also has another common director with the Company. Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group’s costs including its staff and overhead costs among the member companies. This fee is reviewed and adjusted quarterly based on the level of services required. The Agreement expired on December 31, 2014 and was automatically renewed for a period of two years pursuant to the terms of the Agreement. The Agreement contains termination and early termination fees in the event the services are terminated by the Company. The termination fee includes three months of compensation and any contractual obligations that Grosso Group undertook for the Company, up to a maximum of \$750,000. The early termination fees are the aggregate of the termination fee in addition to the lesser of the monthly fees calculated to the end of the term and the monthly fees calculated for eighteen months, up to a maximum of \$1,000,000.

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7. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Transactions	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Services rendered:				
Grosso Group Management Ltd.				
Administration and management services	165,000	101,400	300,000	164,400
Rent, parking and storage	67,500	51,600	135,000	106,200
Office & sundry	33,000	25,500	78,000	64,200
Total for services rendered	265,500	178,500	513,000	334,800

Mr. Joseph Grosso

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

Oxbow International Marketing Corp. ("Oxbow") is a private company controlled by Mr. Joseph Grosso. For the three months ended June 30, 2015, Oxbow was paid \$31,250 (three months ended June 30, 2014 - \$31,250) for management consulting services. For the six months ended June 30, 2015, Oxbow was paid \$62,500 (six months ended June 30, 2014 - \$62,500) for management consulting services. Amounts paid to Oxbow are classified as salaries and employee benefits in the consolidated statements of loss and comprehensive loss.

At June 30, 2015, the Company had \$24,960 (June 30, 2014 - \$Nil) included in accounts payable and accrued liabilities to Oxbow.

Mr. Nikolaos Cacos

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

Cacos Consulting Ltd. ("Cacos Consulting") is a private company controlled by Mr. Nikolaos Cacos. For the three months ended June 30, 2015, Cacos Consulting was paid \$48,750 (three months ended June 30, 2014 - \$30,000) for management consulting services. For the six months ended June 30, 2015, Cacos Consulting was paid \$97,500 (six months ended June 30, 2014 - \$60,000) 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.

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 June 30, 2015 (three months ended June 30, 2014 - \$4,000). Dr. David Terry was paid directors and audit committee chair fees of \$8,000 for the six months ended June 30, 2015 (six months ended June 30, 2014 - \$8,000) and received share-based benefits of \$34,053 for the six months ended June 30, 2015 (six months ended June 30, 2014 - \$11,060).

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7. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Vinland Holdings Ltd. (“Vinland”) is a private company controlled by Dr. David Terry. For the three months ended June 30, 2015, Vinland was paid \$1,050 (three months ended June 30, 2014 - \$1,125) for geological services. For the six months ended June 30, 2015, Vinland was paid \$8,550 (six months ended June 30, 2014 - \$5,625) for geological services. Amounts paid to Vinland are classified as administration and management services in the consolidated statements of loss and comprehensive loss.

At June 30, 2015, the Company had \$2,100 (June 30, 2014 - \$2,453) 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 June 30, 2015 (three months ended June 30, 2014 - \$3,000). Mr. Louis Salley was paid directors fees of \$6,000 for the six months ended June 30, 2015 (six months ended June 30, 2014 - \$6,000) and received share-based benefits of \$34,053 for the six months ended June 30, 2015 (six months ended June 30, 2014 - \$16,589). Amounts paid to Mr. Louis Salley are classified as salaries and employee benefits in the consolidated statements of loss and comprehensive loss.

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 June 30, 2015, Salley Bowes Harwardt was paid \$8,797 (three months ended June 30, 2014 - \$10,611) for legal services. For the six months ended June 30, 2015, Salley Bowes Harwardt was paid \$18,696 (six months ended June 30, 2014 - \$37,304) for legal services. Amounts paid to Salley Bowes Harwardt are classified as professional fees in the consolidated statements of loss and comprehensive loss.

At June 30, 2014, the Company had \$8,797 (June 30, 2014 - \$10,611) included in accounts payable and accrued liabilities to Salley Bowes Harwardt.

Mr. John Gammon

Mr. John Gammon, a director of the Company, was paid directors fees of \$3,000 for the three months ended June 30, 2015 (three months ended June 30, 2014 - \$3,000). For the six months ended, Mr. John Gammon was paid directors fees of \$6,000 (six months ended June 30, 2014 - \$6,000) and received share-based benefits of \$17,026 for the six months ended June 30, 2015 (six months ended June 30, 2014 - \$8,295).

Related Party Loan Payable

At June 30, 2015, the Company had the following related party loan payable:

	June 30, 2015		
	Maturity	Currency	Fair value
Unsecured, non-interest bearing	On demand	Canadian dollar	\$200,000

On April 29, 2015, the Company entered into a loan agreement with the spouse of the Chief Executive Officer of the Company. 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.

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

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7. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Key management personnel compensation

Compensation	Three months ended June 30, 2015			Three months ended June 30, 2014		
	Salaries	Share- based benefits	Total	Salaries	Share- based benefits	Total
	\$	\$	\$	\$	\$	\$
Chief Executive Officer	31,250	119,184	150,434	31,250	-	31,250
Chief Financial Officer	15,000	8,513	23,513	14,000	9,717	23,717
Total	46,250	127,697	173,947	45,250	9,717	54,967

Compensation	Six months ended June 30, 2015			Six months ended June 30, 2014		
	Salaries	Share- based benefits	Total	Salaries	Share- based benefits	Total
	\$	\$	\$	\$	\$	\$
Chief Executive Officer	62,500	119,184	181,684	62,500	55,298	117,798
Chief Financial Officer	30,000	8,513	38,513	26,000	9,717	35,717
Total	92,500	127,697	220,197	88,500	65,015	153,515

8. BASIC AND DILUTED LOSS PER SHARE

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

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Loss attributable to common shareholders (\$)	2,152,558	2,998,812	5,315,610	4,996,213
Weighted average number of common shares outstanding	51,212,598	40,827,682	50,151,444	41,082,265

Diluted loss per share did not include the effect of 8,030,000 (2014 – 5,685,000) share purchase options and 8,064,600 (2014 – Nil) common share purchase warrants as they are anti-dilutive.

9. SEGMENTED INFORMATION

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

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

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9. SEGMENTED INFORMATION (continued)

	Argentina	
	June 30, 2015	December 31, 2014
Mineral property interests (\$)	2,158,014	1,742,095
Property and equipment (\$)	17,972	33,327
	2,175,986	1,775,422

10. COMMITMENTS

Management Services Agreement

	1 Year	2 Years	3 Years	4-5 Years	More than 5 Years
	\$	\$	\$	\$	\$
Management Services Agreement	507,000	1,014,000	-	-	-

On April 1, 2010, the Company entered into an Agreement with Grosso Group to provide services and facilities to the Company. Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group's costs including its staff and overhead costs among the member companies. The current monthly fee is \$84,500 per month. This fee is reviewed and adjusted quarterly based on the level of services required.

Chinchillas Option Agreement

Under the terms of the Chinchillas Option Agreement, signed August 3, 2011, Golden Arrow acquired a 100% interest in the Chinchillas project by making additional cash payments to the vendor totaling USD \$1,150,000 through 2015, as shown below:

Option Payment USD \$	Date
250,000	July 6, 2015 (paid)
900,000	July 21, 2015 (paid subsequent to June 30, 2015)
1,150,000	

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

See subsequent events (Note 13) for further information.

Shares for Services

	1 Year	2 Years	3 Years	4-5 Years	More than 5 Years
	\$	\$	\$	\$	\$
Drilling Services	1,656,348	-	-	-	-
Heavy Equipment Services	150,788	-	-	-	-
Subscription receipts	663,033	-	-	-	-
	2,470,169	-	-	-	-

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10. COMMITMENTS (continued)

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 six months ended June 30, 2015, the Company had issued 420,168 (six months ended June 30, 2014 – Nil) common shares in respect of drilling services received prior to December 31, 2014 and has recognized \$1,656,348 (six months ended June 30, 2014 - \$1,140,785) for 6,539 meters drilled up to June 30, 2015 (5,346 meters drilled up to June 30, 2014) to be paid for by issuing common shares of the Company subject to TSX Venture exchange approval in accordance with the terms of the Agreement.

At June 30, 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.

See subsequent events (Note 13) for further information.

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 June 30, 2015, the Company has recognized \$150,788 (2014 - \$46,404) for 1,100 (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.

See subsequent events (Note 13) for further information.

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 June 30, 2015, the Company was advanced US\$537,000 (CDN\$663,033) representing 442,056 common shares of the Company to be issued at a price of US\$1.214777 per share subject to TSX Venture exchange approval.

See subsequent events (Note 13) for further information.

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11. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended		Six months ended	
	June 30,		June 30,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Non-cash investing and financing activities				
Marketable securities received for private placement	1,643,775	-	1,643,775	-
Commitment to issue shares for drilling services	24,128	1,140,785	1,760,732	1,140,785
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 unrealized gain or loss recognized in profit or loss.

The following table outlines the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy described below. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

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

	Carrying amount June 30, 2015	Level 1	Level 2	Level 3
		\$	\$	\$
		Fair value June 30, 2015		
Recurring measurements				
Financial Assets				
Marketable securities	442,032	442,032	-	-

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

A	Carrying amount December 31, 2014	Level 1	Level 2	Level 3
		\$	\$	\$
		Fair value December 31, 2014		
Recurring measurements				
Financial Assets				
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		Six months ended	
	June 30,		June 30,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Marketable securities, beginning of period	319,913	5,775	8,085	6,930
Marketable securities received for private placement	1,643,775	-	1,643,775	-
Purchase of marketable securities	243,645	929,922	601,554	1,813,295
Disposition of marketable securities	(1,702,777)	(1,095,396)	(1,883,262)	(2,209,517)
Foreign exchange gain on marketable securities	71,725	184,111	216,369	439,761
Realized (loss) on marketable securities	(75,346)	(18,637)	(83,661)	(43,539)
Unrealized (loss) on marketable securities	(58,133)	-	(58,133)	-
Unrealized (loss) included in other comprehensive income	(770)	11,549	(2,695)	10,394
Marketable securities, end of period	442,032	17,324	442,032	17,324

(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.

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12. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (continued)

The Company has \$485,868 in accounts payable and accrued liabilities that are due within one year of the date of the statement of financial position.

Market risk

(i) *Currency risk*

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include: US dollars and Argentine Pesos, all denominated in cash, amounts receivable and accounts payable. The sensitivity of the Company's net earnings and other comprehensive income to changes in the exchange rate between the Canadian dollar and the United States dollar and between the Canadian dollar and the Argentine Peso at June 30, 2015 is summarized as follows:

- A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by \$1,454.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by \$5,171.

(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.

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13. SUBSEQUENT EVENTS

Warrants Exercised

On July 2, 2015, 110,000 warrants were exercised at a price of \$0.25 per warrant for gross proceeds of \$27,500.

Private Placement

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

Issuance of Shares for Services

- (i) On July 9, 2015, pursuant to the terms of a shares for services agreement (the "Agreement"), the Company obtained TSX Venture Exchange approval to issue 504,201 common shares of the Company as payment for completion for certain drilling services. The issued shares will be escrowed pursuant to the terms of a voluntary escrow agreement, and will be released upon the date of completion of the drilling services or the expiry of three years following the date of the Agreement.
- (ii) On July 9, 2015, pursuant to the terms of a shares for heavy equipment services agreement (the "Contract"), the Company obtained TSX Venture Exchange approval to issue 98,783 common shares of the Company as payment for completion of US\$120,000 of drilling and heavy equipment services. The issued shares will be escrowed pursuant to the terms of a voluntary escrow agreement, and will be released upon the date of completion of the drilling services or the expiry of three years following the date of the Contract.

Related Party Loans

- (iii) On July 7, 2015, the Company entered into a loan agreement with a spouse of an officer of the Company in the amount of \$300,000. The principal amount of the loan is to be used for working capital purposes, is unsecured and bears interest at 12% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on demand. The Company may repay the loan in whole or in part at any time, without notice or penalty.
- (iv) On July 22, 2015, the Company entered into a loan agreement with a spouse of an officer of the Company in the amount of \$50,000. The principal amount of the loan is to be used for working capital purposes, is unsecured and bears interest at 12% per annum. The principal balance of the loan, together with all accrued and unpaid interest thereon shall become due and payable in full on demand. The Company may repay the loan in whole or in part at any time, without notice or penalty.

Chinchillas Silver Project, Jujuy, Argentina

On July 22, 2015, the Company made the final payment of US\$900,000 in accordance with its amended option agreement to complete the 100% acquisition of the Chinchillas Silver Project in Jujuy Argentina.