

---

# **Golden Arrow Resources Corporation**

## **CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEARS ENDED  
DECEMBER 31, 2021 AND 2020

*(Expressed in Canadian Dollars)*

---



## Renew cIndependent auditor's report

To the Shareholders of Golden Arrow Resources Corporation

---

### Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Golden Arrow Resources Corporation and its subsidiaries (together, the Company) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

#### What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2021 and 2020;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

---

### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

---

### Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

PricewaterhouseCoopers LLP  
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7  
T: +1 604 806 7000, F: +1 604 806 7806



In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

---

### **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

---

### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Craig McMillan.

**/s/PricewaterhouseCoopers LLP**

Chartered Professional Accountants

Vancouver, British Columbia  
April 7, 2022

**Golden Arrow Resources Corporation**  
**Consolidated Statements of Financial Position**

(Expressed in Canadian Dollars)

	Note	December 31, 2021 \$	December 31, 2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		903,568	6,607,721
Investments	6	15,126,236	17,267,825
Amounts receivable	8	73,161	358,517
Prepaid expenses		96,158	134,853
<b>Total current assets</b>		16,199,123	24,368,916
<b>Non-current assets</b>			
Equipment	3	66,435	83,105
Right-of-use assets	4	334,157	167,929
Mineral property interests	5	637,968	382,680
<b>Total non-current assets</b>		1,038,560	633,714
<b>Total Assets</b>		17,237,683	25,002,630
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	8	387,255	268,556
Current portion of lease liabilities		109,870	110,322
<b>Total current liabilities</b>		497,125	378,878
Lease liabilities		237,008	71,999
<b>Total liabilities</b>		734,133	450,877
<b>EQUITY</b>			
Share capital	7	38,088,211	38,292,860
Reserves	7	26,722,172	28,514,669
Deficit		(48,306,833)	(42,255,776)
<b>Total equity</b>		16,503,550	24,551,753
<b>Total Equity and Liabilities</b>		17,237,683	25,002,630

**SUBSEQUENT EVENTS (Note 14)**

These consolidated financial statements are authorized for issue by the Board of Directors on April 7, 2021. They are signed on the Company's behalf by:

“Nikolaos Cacos” \_\_\_\_\_, Director

“David Terry” \_\_\_\_\_, Director

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

		<b>Year ended December 31,</b>	
	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
<b>Expenses</b>			
Administration and management services	8	460,000	460,000
Corporate development and investor relations		758,075	877,783
Depreciation		111,275	111,275
Exploration	5	3,634,655	1,919,529
Office and sundry	8	273,387	296,078
Professional fees		287,585	318,313
Rent, parking and storage		26,584	38,925
Salaries and employee benefits	8	866,239	873,056
Share-based compensation		349,092	-
Transfer agent and regulatory fees		34,287	35,827
Travel and accommodation		-	36,861
<b>Loss from operating activities</b>		<b>(6,801,179)</b>	<b>(4,967,647)</b>
Foreign exchange gain (loss)		590,754	(397,946)
Interest expense		(17,036)	(27,519)
Dividend income	6	167,328	-
Interest income		9,076	7,530
Impairment of exploration and evaluation assets	5	-	(418,774)
<b>Loss for the year</b>		<b>(6,051,057)</b>	<b>(5,804,356)</b>
<b>Other comprehensive income (loss)</b>			
Items that will not be reclassified to profit or loss			
Change in fair value of marketable securities	6,12a	(2,141,589)	1,617,988
<b>Other comprehensive (loss) income for the year</b>		<b>(2,141,589)</b>	<b>1,617,988</b>
<b>Comprehensive loss for the year</b>		<b>(8,192,646)</b>	<b>(4,186,368)</b>
<b>Basic and diluted loss per common share (\$)</b>	<b>9</b>	<b>(0.05)</b>	<b>(0.05)</b>

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

**Golden Arrow Resources Corporation**  
**Consolidated Statements of Cash Flows**  
*(Expressed in Canadian Dollars)*

		<b>Year ended December 31,</b>	
	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Loss for the year		(6,051,057)	(5,804,356)
Adjustments for:			
Depreciation		111,275	111,275
Depreciation of property and equipment included in exploration expenses		15,418	41,993
Interest expense		17,036	27,519
Share-based compensation		349,092	-
Dividend income		(167,328)	-
Impairment of exploration and evaluation assets	5	-	418,774
		<u>(5,725,564)</u>	<u>(5,204,795)</u>
Change in non-cash working capital items:			
Decrease (increase) in amounts receivable		285,356	(163,167)
Decrease in prepaid expenses		38,695	35,527
Increase (decrease) in accounts payable and accrued liabilities		118,699	(90,344)
Net cash used in operating activities		<u>(5,282,814)</u>	<u>(5,422,779)</u>
<b>Cash flows from investing activities</b>			
Expenditures on mineral property interests		(255,288)	(450,001)
Expenditures on equipment		(1,372)	(95,755)
Dividend income		167,328	-
Proceeds of marketable securities, net of transactions costs	6	-	10,479,208
Net cash (used in) generated by investing activities		<u>(89,332)</u>	<u>9,933,452</u>
<b>Cash flows from financing activities</b>			
Repurchases of shares, including share repurchases costs	7	(204,649)	(527,522)
Lease payments		(127,358)	(125,559)
Net cash used in financing activities		<u>(332,007)</u>	<u>(653,081)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(5,704,153)</b>	<b>3,857,592</b>
Cash and cash equivalents at beginning of year		6,607,721	2,750,129
<b>Cash and cash equivalents at end of year</b>		<b>903,568</b>	<b>6,607,721</b>

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

**Golden Arrow Resources Corporation**  
**Consolidated Statements of Changes in Equity**

*(Expressed in Canadian Dollars)*

	Share capital		Reserves							Total
	Number of shares	Amount \$	Contributed surplus \$	Equity settled share-based payments \$	Warrants \$	Accumulated other comprehensive income \$	Cumulative translation adjustment \$	Subscriptions payable \$	Deficit \$	
Balance at December 31, 2019	119,505,315	38,820,382	16,187,002	2,542,865	1,186,897	6,979,917	-	-	(36,451,420)	29,265,643
Repurchases of common shares	(3,147,076)	(521,546)	-	-	-	-	-	-	-	(521,546)
Share repurchase costs	-	(5,976)	-	-	-	-	-	-	-	(5,976)
Stock options cancelled/expired	-	-	293,190	(293,190)	-	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	-	-	1,617,988	-	-	(5,804,356)	(4,186,368)
Balance at December 31, 2020	116,358,239	38,292,860	16,480,192	2,249,675	1,186,897	8,597,905	-	-	(42,255,776)	24,551,753
Repurchases of common shares	(1,191,000)	(202,470)	-	-	-	-	-	-	-	(202,470)
Share repurchase costs	-	(2,179)	-	-	-	-	-	-	-	(2,179)
Share-based compensation	-	-	-	349,092	-	-	-	-	-	349,092
Stock options expired	-	-	333,602	(333,602)	-	-	-	-	-	-
Agents' warrants expired	-	-	15,905	-	(15,905)	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	(2,141,589)	-	-	(6,051,057)	(8,192,646)
Balance at December 31, 2021	115,167,239	38,088,211	16,829,699	2,265,165	1,170,992	6,456,316	-	-	(48,306,833)	16,503,550

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



# Golden Arrow Resources Corporation

## Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

### 1. NATURE OF OPERATIONS

Golden Arrow Resources Corporation (the “Company” or “We”) was incorporated on September 22, 2015, under the Business Corporations Act in the province of British Columbia. The address of the Company’s registered office is Suite 312 – 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6.

The Company is a natural resource company engaged in the acquisition, exploration and development of resource properties in South America. The Company’s mineral property interests presently have no proven or probable reserves and, on the basis of information to date, it has not yet determined whether these properties contain economically recoverable resources. The recoverability of amounts shown for mineral property interests are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves, and upon future profitable production.

These consolidated financial statements were approved by the Board of Directors of the Company on April 7, 2022.

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

#### a) Statement of compliance

The Company’s consolidated financial statements have been prepared in accordance with and using accounting policies in compliance with the International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”).

#### b) Basis of presentation

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

#### c) Basis of consolidation

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

	Place of Incorporation	Principal Activity
IMPISA Resources Corporation	BC, Canada	Holding company
New Golden Explorations Inc.	BC, Canada	Holding company
New Golden Explorations Atlantida Ltd.	BC, Canada	Holding company
New Golden Explorations Indiana Ltd.	BC, Canada	Holding company
New Golden Explorations Indiana Chile SpA	Chile	Exploration company
New Golden Explorations Chile SpA	Chile	Exploration company
Lucca S.A.	Paraguay	Exploration company
Desarrollo de Recursos S.A.	Argentina	Exploration company

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

## Golden Arrow Resources Corporation

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars Unless Otherwise Noted)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (i) Subsidiaries

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.

#### *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.

The right-of-use asset is depreciated over the lease period. Depreciation of an asset begins once it is available for use. At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease liability is recognized at the commencement date of a lease.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognized in profit or loss (a) interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs.

#### *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.

The Company recognizes in income, costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount. 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.

## Golden Arrow Resources Corporation

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### *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 of disposal and value in use.

Fair value is determined as the amount that would be obtained by the sale of the asset in any 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 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 assessed at the level of cash-generating units ("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.

### *Financial instruments*

Financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows.

Cash and accounts receivable are classified as measured at amortized cost. The Company has made an irrevocable election to classify its equity investment in SSR Mining Inc. ("SSRM") at fair value through other comprehensive income ("FVOCI"). The Company may acquire and transfer marketable securities from time to time, to facilitate intragroup funding transfers between the Canadian parent and its Argentine subsidiaries. As the marketable securities are acquired with the intention of immediate sale, they are considered financial instruments that are held for trading, all changes in the fair value of the instruments between acquisition and disposition are recognized through profit or loss.

Financial liabilities, including accounts payable and accrued liabilities and loans payable, are classified and measured at amortized cost.

## Golden Arrow Resources Corporation

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *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. In the event of modification in warrants issued as private placement units, no re-measurement adjustment is recognized within equity.

#### *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.

#### *Earnings and Loss per Share*

The Company presents basic and diluted earnings and 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 earnings or loss per share does not adjust the earnings or 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 recognized 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 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.

## Golden Arrow Resources Corporation

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars Unless Otherwise Noted)

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Estimation uncertainty and Accounting policy judgments

The Company's management makes judgments in its process of applying the Company's accounting policies in preparations of these consolidated financial statements. In addition, these consolidated financial statements include estimates which, require management to make estimates of future uncertain events on the carrying amount of the Company's assets and liabilities at the end of the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. 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. 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. There are no material areas of estimation uncertainty as at December 31, 2021.

Accounting policy judgments:

- 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.

## 3. EQUIPMENT

	Vehicles \$	Other \$	Total \$
<b>Cost</b>			
Balance at December 31, 2019	-	143,963	143,963
Additions	88,153	7,602	95,755
Balance at December 31, 2020	88,153	151,565	239,718
Additions	-	1,372	1,372
Balance at December 31, 2021	88,153	152,937	241,090
<b>Accumulated Depreciation</b>			
Balance at December 31, 2019	-	111,996	111,996
Depreciation	15,386	29,231	44,617
Balance at December 31, 2020	15,386	141,227	156,613
Depreciation	12,012	6,030	18,042
Balance at December 31, 2021	27,398	147,257	174,655
<b>Carrying Amount</b>			
At December 31, 2020	72,767	10,338	83,105
At December 31, 2021	60,755	5,680	66,435

## Golden Arrow Resources Corporation

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars Unless Otherwise Noted)

### 4. RIGHT-OF-USE ASSETS

The Company capitalized two office lease arrangements in accordance with IFRS 16. The continuity schedule of right-of-use assets for year ended December 31, 2021 is as follows:

	<b>Total</b>
	<b>\$</b>
<b>Cost</b>	
Balance at December 31, 2019 and December 31, 2020	303,597
Additions	274,879
Balance at December 31, 2021	578,476
<b>Accumulated Depreciation</b>	
Balance at December 31, 2019	27,018
Depreciation	108,650
Balance at December 31, 2020	135,668
Depreciation	108,651
Balance at December 31, 2021	244,319
<b>Carrying Amount</b>	
<b>At December 31, 2020</b>	167,929
<b>At December 31, 2021</b>	334,157

The outstanding balances of lease liabilities are calculated using an implied rate of 12% p.a. The following is a schedule of the Company's future minimum lease payments related to the lease obligations:

	<b>Total</b>
	<b>\$</b>
	2022
	2023-2027
Total minimum lease payments	449,015
Less: Imputed interest	(102,137)
Total present value of minimum lease payments	346,878
Less: Current portion	(109,870)
Non-current portion	237,008

### 5. MINERAL PROPERTY INTERESTS

The schedules below summarize the carrying costs of acquisition costs and all exploration expenditures incurred to date for each mineral property interest that the Company is continuing to explore as at December 31, 2021 (see also Note 14):

## Golden Arrow Resources Corporation

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars Unless Otherwise Noted)

## 5. MINERAL PROPERTY INTERESTS (continued)

### Acquisition Costs

	Argentina	Chile		Paraguay		Total \$
	Flecha de Oro \$	Indiana \$	Rosales \$	Tierra Dorada \$	Other \$	
Balance – December 31, 2019	19,864	220,961	-	103,388	7,240	351,453
Additions						
Staking costs, land payments and acquisition costs	32,889	197,813	74,285	145,014	-	450,001
Impairment of exploration and evaluation assets	-	(418,774)	-	-	-	(418,774)
Balance – December 31, 2020	52,753	-	74,285	248,402	7,240	382,680
Additions						
Staking costs, land payments and acquisition costs	60,263	-	-	195,025	-	255,288
Balance – December 31, 2021	113,016	-	74,285	443,427	7,240	637,968

### Exploration Expenditures

	Argentina	Chile		Paraguay		Total \$
	Flecha de Oro \$	Indiana \$	Rosales \$	Tierra Dorada \$	Other \$	
Cumulative exploration expenses December 31, 2020	1,151,966	932,437	67,919	326,610	10,649,373	13,128,305
Expenditures during the year						
Assays	65,295	-	15,076	144,074	28,673	253,118
Drilling	14,503	-	396,250	248,115	926	659,794
Geophysics	-	-	271,339	-	-	271,339
Environmental	14,291	-	-	-	15,877	30,168
Office	133,454	-	34,376	101,757	71,969	341,556
Property maintenance payments	9,456	123	6,648	-	53,292	69,519
Salaries and contractors	412,650	-	85,406	310,312	207,495	1,015,863
Social and community	7,363	-	-	5,692	31,277	44,332
Supplies and equipment	160,637	-	34,812	34,338	60,878	290,665
Transportation	129,217	-	3,546	18,361	90,547	241,671
Value added taxes	108,382	5,222	149,116	93,546	60,364	416,630
	1,055,248	5,345	996,569	956,195	621,298	3,634,655
Cumulative exploration expenses December 31, 2021	2,207,214	937,782	1,064,488	1,282,805	11,270,671	16,762,960

## Golden Arrow Resources Corporation

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars Unless Otherwise Noted)

#### 5. MINERAL PROPERTY INTERESTS (continued)

The schedule below summarizes all exploration expenditures incurred to date for each mineral property interest that the Company was continuing to explore as at December 31, 2020:

	Argentina		Chile		Paraguay	
	Flecha de Oro \$	Indiana \$	Rosales \$	Tierra Dorada \$	Other \$	Total \$
Cumulative exploration expenses December 31, 2019	215,177	385,581	-	31,014	10,577,004	11,208,776
Expenditures during the year						
Drilling	-	329,029	-	79,632	-	408,661
Geophysics	1,757	-	-	3,550	-	5,307
Metallurgy	-	-	-	368	-	368
Environmental	288	-	-	-	-	288
Office	117,480	30,400	(7,474)	65,217	6,516	212,139
Property maintenance payments	27,843	21,874	2,288	-	57,576	109,581
Salaries and contractors	575,156	82,434	33,479	43,069	-	734,138
Social and community	48,109	-	-	-	-	48,109
Supplies and equipment	73,859	1,439	2,400	25,468	3,993	107,159
Transportation	34,890	3,048	-	25,276	-	63,214
Value added taxes	57,407	78,632	37,226	53,016	4,284	230,565
	936,789	546,856	67,919	295,596	72,369	1,919,529
Cumulative exploration expenses December 31, 2020	1,151,966	932,437	67,919	326,610	10,649,373	13,128,305

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

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

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



## Golden Arrow Resources Corporation

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars Unless Otherwise Noted)

#### 5. MINERAL PROPERTY INTERESTS (continued)

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

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

During 2021, the Company entered into a definitive agreement to acquire 75% undivided interest in Libanesa silver-gold project in Santa Cruz province, Argentina. Terms of the option include cash payments totaling US\$1,000,000, and firm commitments of US\$4,000,000 over six years.

Option Payment US\$	Exploration Expenditure Commitments US\$	Year
-	500,000	2022
100,000	500,000	2023
100,000	750,000	2024
100,000	750,000	2025
250,000	750,000	2026
450,000	750,000	2027
1,000,000	4,000,000	

(b) Indiana Project, Chile

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

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

(c) Rosales Copper Project, Chile

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

(d) Tierra Dorada Project, Paraguay

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

## Golden Arrow Resources Corporation

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars Unless Otherwise Noted)

#### 5. MINERAL PROPERTY INTERESTS (continued)

Option Payment USD \$	Year
36,000 (paid)	2018
75,000 (paid)	2020
100,000 (paid)	2021
500,000	2022
400,000	2023
889,000	2024
2,000,000	Thirty working days following the date of commencement of commercial production
4,000,000	

#### 6. INVESTMENTS

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

	Year ended December 31,	
	2021 \$	2020 \$
Investments, beginning of year	17,267,825	26,129,044
Disposition of marketable securities	-	(10,479,208)
Change in fair value of marketable securities	(2,141,589)	1,617,988
Investments, end of year	15,126,236	17,267,824

The Company held 675,580 common shares of SSRM at December 31, 2021 with a value of \$22.39 per share (December 31, 2020 – 675,580 – \$25.56 per share). The Company realized a cumulative loss of \$3,534,308 in other comprehensive income (loss) on disposal of marketable securities for the year ended December 31, 2020. During the year ended December 31, 2021, the Company received \$167,328 (2020 - \$Nil) in dividends from its investment in SSRM. Refer to Note 14 for further information.

#### 7. CAPITAL AND RESERVES

##### *Authorized Share Capital*

At December 31, 2021, the authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

There were no share issuances during the year ended December 31, 2021 and 2020.

##### *Details of Common Shares Repurchases in 2021*

On August 27, 2021, the TSX Venture Exchange accepted a notice of intention whereby the Company made a Normal Course Issuer Bid (“NCIB”) to purchase its own common shares for cancellation through the facilities of the Exchange or other recognized marketplaces at the prevailing market price. The Company can repurchase up to 10,132,012 common shares of the 116,358,239 issued and outstanding common shares available at the date the NCIB commenced.

During the year ended December 31, 2021, the Company acquired and cancelled 1,191,000 of its own common shares for an aggregate purchase price of \$202,470 and common share repurchase costs of \$2,179.

## Golden Arrow Resources Corporation

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars Unless Otherwise Noted)

#### 7. CAPITAL AND RESERVES (continued)

##### *Details of Common Shares Repurchases in 2020*

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

During the year ended December 31, 2020, the Company acquired and cancelled 3,147,076 of its own common shares for an aggregate purchase price of \$521,546 and common share repurchase costs of \$5,976.

##### *Share Purchase Option Compensation Plan*

The Company has a share purchase option plan (the “Plan”) approved by the Company’s shareholders that allows it to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, employees and service providers. The Plan is based on a fixed number of eligible shares equaling 20% of the Company’s outstanding common shares calculated at June 25, 2013, totaling a maximum of 8,364,371 share purchase options. On January 9, 2018, the Stock Option Plan was amended allowing for a maximum total share purchase options of 9,740,920.

The exercise price of each share purchase option is set by the Board of Directors at the time of grant but cannot be less than the market price less allowable discounts in accordance with the policies of the TSX Venture Exchange. Share purchase options granted generally vest immediately, are subject to a four-month hold period and are generally exercisable for a period of five years.

The continuity of share purchase options for the year ended December 31, 2021 is as follows:

<b>Expiry date</b>	<b>Exercise Price</b>	<b>December 31, 2020</b>	<b>Granted</b>	<b>Expired</b>	<b>December 31, 2021</b>	<b>Options exercisable</b>
April 19, 2021	\$0.32	1,005,000	-	(1,005,000)	-	-
April 27, 2021	\$0.42	395,000	-	(395,000)	-	-
May 29, 2021	\$0.62	15,000	-	(15,000)	-	-
June 22, 2022	\$0.62	3,250,000	-	-	3,250,000	3,250,000
January 9, 2023	\$0.70	1,900,000	-	-	1,900,000	1,900,000
January 19, 2026	\$0.25	-	4,655,000	-	4,655,000	4,655,000
		6,565,000	4,655,000	(1,415,000)	9,805,000	9,805,000
Weighted average exercise price \$		0.59	0.25	0.35	0.46	0.46
Weighted average contractual remaining life (years)		1.38	4.05	-	2.28	2.28

## Golden Arrow Resources Corporation

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars Unless Otherwise Noted)

### 7. CAPITAL AND RESERVES (continued)

The continuity of share purchase options for the year ended December 31, 2020 is as follows:

Expiry date	Exercise Price	December 31, 2019	Expired	December 31, 2020	Options exercisable
June 11, 2020	\$0.35	1,270,000	(1,270,000)	-	-
April 19, 2021	\$0.32	1,005,000	-	1,005,000	1,005,000
April 27, 2021	\$0.42	395,000	-	395,000	395,000
May 29, 2021	\$0.62	15,000	-	15,000	15,000
June 22, 2022	\$0.62	3,390,000	(140,000)	3,250,000	3,250,000
January 9, 2023	\$0.70	1,970,000	(70,000)	1,900,000	1,900,000
		8,045,000	(1,480,000)	6,565,000	6,565,000
Weighted average exercise price \$		0.55	0.39	0.59	0.59
Weighted average contractual remaining life (years)		2.09	-	1.38	1.38

The weighted average fair value of share purchase options granted during the year ended December 31, 2021 is \$0.08 (2020 - \$Nil).

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

	Year ended December 31,	
	2021	2020
Risk-free interest rate	0.33%	-
Expected option life in years	3.52	-
Expected share price volatility <sup>(1)</sup>	71.33%	-
Grant date share price	\$0.18	-
Expected forfeiture rate	-	-
Expected dividend yield	Nil	Nil

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

#### Warrants

The continuity of warrants for the year ended December 31, 2021 is as follows:

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

## Golden Arrow Resources Corporation

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars Unless Otherwise Noted)

#### 7. CAPITAL AND RESERVES (continued)

11,051,611 warrants set to expire on February 25, 2021 were extended to February 25, 2023 during the year ended December 31, 2021. These warrants were originally issued on February 25, 2019 as part of the units issued under a private placement completed by the Company in February 2019. The exercise price of the warrants remains at \$0.40.

1,290,367 warrants set to expire on March 5, 2021 were extended to March 5, 2023 during the year ended December 31, 2021. These warrants were originally issued on March 5, 2019 as part of the units issued under a private placement completed by the Company in March 2019. The exercise price of the warrants remains at \$0.40.

3,462,034 warrants set to expire on March 21, 2021 were extended to March 21, 2023 during the year ended December 31, 2021. These warrants were originally issued on March 21, 2019 as part of the units issued under a private placement completed by the Company in March 2019. The exercise price of the warrants remains at \$0.40.

#### 8. RELATED PARTY BALANCES AND TRANSACTIONS

On June 1, 2017, the Company entered into a Management Services Agreement with Grosso Group to provide services and facilities to the Company. Grosso Group is a private company that is owned by an officer and director of the Company and also has another director in common with the Company. Grosso Group provides its member companies with administrative and management services. The member companies pay monthly fees to Grosso Group on a cost recovery basis. The fee is based upon a pro-rating of Grosso Group's costs including its staff and overhead costs among the member companies. The current monthly fee is \$31,000 per month. This fee is reviewed and adjusted quarterly based on the level of services required.

The Management Services Agreement contains termination and early termination fees in the event the services are terminated by the Company. The termination fee includes three months of compensation and any contractual obligations that Grosso Group undertook for the Company, up to a maximum of \$750,000. The early termination fees are the aggregate of the termination fee in addition to the lesser of the monthly fees calculated to the end of the term and the monthly fees calculated for eighteen months, up to a maximum of \$1,000,000. The agreement expired on December 31, 2021 and is automatically renewed for additional terms of two years unless otherwise terminated pursuant to the terms of the agreement. The Company's commitment under this agreement is as follows:

	Year 1	Year 2	Year 3
	\$	\$	\$
Management Services Agreement	372,000	372,000	-

Transactions	Year ended December 31,	
	2021	2020
	\$	\$
Services rendered:		
Grosso Group Management Ltd.		
Administration and management services	372,000	372,000
Office & sundry	105,000	140,100
Total for services rendered	477,000	512,100

## Golden Arrow Resources Corporation

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars Unless Otherwise Noted)

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

### Key management personnel compensation

Key management personnel of the company are members of the Board of Directors, as well as the Executive Chairman, President and CEO, CFO, Vice President of Corporate Development and Corporate Secretary.

Transactions	Position	Year ended December 31,	
		2021 \$	2020 \$
Consulting, salaries, and professional fees:			
Joseph Grosso	Chairman/President/CEO	275,000	275,000
Darren Urquhart	CFO	60,000	60,000
Nikolaos Cacos	Director/VP – Corp. Development	120,000	120,000
Brian McEwen	VP Exploration	190,000	190,000
Connie Norman	Corporate Secretary	72,000	72,000
Louis Salley	Director	12,000	12,000
David Terry	Director	88,000	88,000
John Gammon	Director	16,000	22,000
Alfred Hills	Director	12,000	22,000
Total for services rendered		845,000	861,000

As at December 31, 2021, there was \$47,803 (2020 – \$321,217) of costs owed from related corporations for shared services paid by the Company. At December 31, 2021, there was \$30,166 (2020 - \$5,927) in accounts payable and accrued liabilities that was due to related corporations.

## 9. BASIC AND DILUTED LOSS PER SHARE

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

	Year ended December 31,	
	2021	2020
Loss attributable to common shareholders (\$)	(6,051,057)	(5,804,356)
Weighted average number of common shares outstanding	116,050,636	119,072,661

The Company incurred a loss attributable to common shareholders for the year ended December 31, 2021 and 2020, therefore the impact of dilutive securities is anti-dilutive.

## 10. SEGMENTED INFORMATION

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

## Golden Arrow Resources Corporation

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars Unless Otherwise Noted)

#### 10. SEGMENTED INFORMATION (continued)

<b>December 31, 2021</b>					
	<b>Canada</b>	<b>Argentina</b>	<b>Chile</b>	<b>Paraguay</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Equipment (\$)	-	-	-	66,435	66,435
Right-of-use assets	334,157	-	-	-	334,157
Mineral property interests (\$)	-	120,255	74,286	443,427	637,968
	<u>334,157</u>	<u>120,255</u>	<u>74,286</u>	<u>509,862</u>	<u>1,038,560</u>

  

<b>December 31, 2020</b>					
	<b>Canada</b>	<b>Argentina</b>	<b>Chile</b>	<b>Paraguay</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Equipment (\$)	2,624	-	-	80,481	83,105
Right-of-use assets	167,929	-	-	-	167,929
Mineral property interests (\$)	-	59,992	74,286	248,402	382,680
	<u>170,553</u>	<u>59,992</u>	<u>74,286</u>	<u>328,881</u>	<u>633,714</u>

#### 11. INCOME TAXES

The recovery of income taxes shown in the consolidated statements of loss and comprehensive loss differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	<b>2021</b>	<b>2020</b>
Statutory tax rate	<u>27.00%</u>	<u>27.00%</u>
	<b>\$</b>	<b>\$</b>
Loss before income taxes	<u>(6,051,058)</u>	<u>(5,804,356)</u>
Income tax recovery at Canadian statutory rates	(1,633,786)	(1,567,176)
Non-deductible differences and others	(13,596)	(12,915)
Difference between Canadian and foreign tax rates	177,241	108,372
Unrecognized deferred tax assets	<u>1,470,141</u>	<u>1,471,719</u>
Income tax recovery	<u>-</u>	<u>-</u>

Deferred income taxes reflect the net tax effects of differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's future tax assets and liabilities are as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Deferred income tax assets		
Share issue costs	18,013	31,767
Non-capital tax loss carry forwards	6,495,172	4,325,060
Resource deductions	372,402	501,742
Capital assets	<u>945,158</u>	<u>708,828</u>
	<u>7,830,745</u>	<u>5,567,396</u>
Deferred income tax liabilities		
Marketable securities	<u>(510,738)</u>	<u>(799,580)</u>
Unrecognized deferred income tax assets	<u>(7,320,007)</u>	<u>(4,767,816)</u>
	<u>-</u>	<u>-</u>

## **Golden Arrow Resources Corporation**

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

#### **11. INCOME TAXES (continued)**

The Company has Canadian non-capital loss carryforwards of \$18,906,933 that may be available for tax purposes. The Company's non-capital losses expire in 2037 to 2041.

#### **12. FINANCIAL INSTRUMENTS**

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

##### **(a) Fair Values**

The Company's financial assets and liabilities are measured and recognized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs. The three levels of fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

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

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

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

##### **(b) Financial Instrument Risk Exposure**

###### ***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash, and amounts receivable.

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

###### ***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares and warrants to fund exploration programs and may require doing so again in the future.



## Golden Arrow Resources Corporation

### Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars Unless Otherwise Noted)

## 12. FINANCIAL INSTRUMENTS (continued)

As of December 31, 2021, the Company had working capital of \$15,701,998 (December 31, 2020 - \$23,990,038). Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year. The Company believes it has adequate working capital to maintain operations for the next 12 months.

	1 Year	2 Years and more
	\$	\$
Accounts payable and accrued liabilities	387,255	-

### *Market risk*

#### *(i) Price risk*

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in the market prices. Investments in marketable securities measured at fair value are exposed to changes in share prices that would result in gains or losses recognized in the Company's other comprehensive income. A 10% change in prices would change the Company's other comprehensive loss by \$1,512,624.

#### *(ii) Currency risk*

Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include cash accounts, amounts receivable and accounts payable in: US dollars, Argentine Pesos, Chilean Pesos and Paraguayan Guarani. The sensitivity of the Company's net earnings to changes in the exchange rate between the Canadian dollar and the United States dollar, Argentine Peso, Chilean Peso and Paraguayan Guarani at December 31, 2021 is summarized as follows:

- A 10% change in the US dollar exchange rate relative to the Canadian dollar would change the Company's net loss by \$26,500.
- A 10% change in the Argentinean peso exchange rate relative to the Canadian dollar would change the Company's net loss by \$18,500.

The Company may acquire and transfer marketable securities from time to time, to facilitate intragroup funding transfers between the Canadian parent and its Argentine subsidiaries. The Company does not acquire marketable securities and engage in these transactions for speculative purposes. In this regard, under this strategy, the Company generally uses marketable securities of large and well-established companies with high trading volumes and low volatility. Nonetheless, as the process to acquire, transfer and ultimately sell the marketable securities, some fluctuations are unavoidable. As the marketable securities are acquired with the intention of a near term sale, they are considered financial instruments that are held for trading, all changes in the fair value of the instruments between acquisition and disposition are recognized through profit or loss.

#### *(iii) Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash bears no interest and short-term investments are redeemable at any time without penalty, with interest paid from the date of purchase. The fair value of cash and short-term investments approximate their carrying values due to the immediate or short-term maturity of these financial instruments. Effect of the change in interest rate is not material.

## **Golden Arrow Resources Corporation**

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

*(Expressed in Canadian Dollars Unless Otherwise Noted)*

### **13. CAPITAL MANAGEMENT**

The Company's objectives when managing capital are:

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

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

### **14. SUBSEQUENT EVENTS**

#### *Sale of marketable securities*

- The Company sold 350,000 common shares of SSRM at an average gross price of US\$19.05 per share for net proceeds of US\$6,538,428.

#### *Purchase of San Pietro Project*

- The Company purchased a 100% interest in the San Pietro Iron-oxide Copper Gold Project including 18,448 hectares of exploration and exploitation concessions in the Atacama region of Chile from Sumitomo Metal Mining Chile Ltd for cash consideration of US\$3,350,000.