
GOLDEN ARROW RESOURCES CORPORATION

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2007 AND 2006

(Expressed in Canadian Dollars)

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Company have been prepared by management in accordance with accounting principles generally accepted in Canada, and contain estimates based on management's judgment. Management maintains an appropriate system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records maintained.

The Audit Committee of the Board of Directors has met with the Company's independent auditors to review the scope and results of the annual audit, and to review the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

The Company's independent auditors, PricewaterhouseCoopers LLP, are appointed by the shareholders to conduct an audit in accordance with generally accepted auditing standards in Canada and their report follows.

"Joseph Grosso"

Joseph Grosso
President

"Art Lang"

Art Lang
Chief Financial Officer

April 23, 2008

Auditors' Report

To the Shareholders of Golden Arrow Resources Corporation

We have audited the consolidated balance sheets of Golden Arrow Resources Corporation as at December 31, 2007 and 2006 and the consolidated statements of loss and deficit, comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(signed) PricewaterhouseCoopers LLP

Chartered Accountants
Vancouver, British Columbia
April 28, 2008

GOLDEN ARROW RESOURCES CORPORATION
(An Exploration Stage Company)

CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31
(Expressed in Canadian Dollars)

	2007	2006
	\$	\$
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	289,842	622,834
Short-term investments (Note 3)	5,091,243	1,078,251
Amounts receivable, prepaids and deposits (Note 9)	221,336	137,562
Marketable securities (Note 4)	415,782	549,861
	<u>6,018,203</u>	<u>2,388,508</u>
LONG-TERM INVESTMENT (Note 5)	186,392	-
MINERAL PROPERTIES AND DEFERRED COSTS (Note 6)	<u>9,272,032</u>	<u>7,172,472</u>
	<u><u>15,476,627</u></u>	<u><u>9,560,980</u></u>
L I A B I L I T I E S		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	353,023	116,990
FUTURE INCOME TAX LIABILITY (Note 10)	<u>888,564</u>	<u>829,350</u>
	<u>1,241,587</u>	<u>946,340</u>
S H A R E H O L D E R S ' E Q U I T Y		
SHARE CAPITAL (Note 7)	8,936,344	2,347,138
WARRANTS (Note 7)	835,439	-
CONTRIBUTED SURPLUS (Note 8)	12,498,644	12,219,252
ACCUMULATED OTHER COMPREHENSIVE LOSS	(467,079)	-
DEFICIT	<u>(7,568,308)</u>	<u>(5,951,750)</u>
	<u>14,235,040</u>	<u>8,614,640</u>
	<u><u>15,476,627</u></u>	<u><u>9,560,980</u></u>

NATURE OF OPERATIONS (Note 1)

COMMITMENTS (Note 6)

APPROVED BY THE BOARD OF DIRECTORS

_____, Director
"Joseph Grosso"

_____, Director
"Arthur Lang"

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

GOLDEN ARROW RESOURCES CORPORATION
(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Expressed in Canadian Dollars)

	2007	2006
	\$	\$
EXPENSES		
Administrative and management services (Note 9)	58,889	8,637
Corporate development and investor relations (Note 9)	248,881	88,549
General exploration	834,973	379,655
Office and sundry (Note 9)	140,124	37,074
Printing	14,049	8,398
Professional fees	37,763	35,240
Rent, parking and storage (Note 9)	56,790	67,908
Salaries and employee benefits	356,624	159,479
Stock-based compensation (Note 7)	283,035	-
Transfer agent and regulatory fees	20,323	21,948
Travel and accommodation	110,018	13,874
	<u>2,161,469</u>	<u>820,762</u>
LOSS BEFORE OTHER ITEMS	<u>(2,161,469)</u>	<u>(820,762)</u>
OTHER INCOME (EXPENSE)		
Foreign exchange gain (loss)	56,458	(5,353)
Gain on disposition of marketable securities	-	461,226
Write-down of marketable securities (Note 4)	-	(66,644)
Write-down of asset-backed commercial paper (Note 5)	(20,710)	-
Gain on disposition of mineral properties (Note 6(d))	333,000	126,000
Interest and other income	176,163	66,918
Write-off of mineral properties	-	(716,249)
	<u>544,911</u>	<u>(134,102)</u>
LOSS BEFORE INCOME TAXES	(1,616,558)	(954,864)
FUTURE INCOME TAX RECOVERY	<u>-</u>	<u>241,724</u>
LOSS FOR THE YEAR	(1,616,558)	(713,140)
DEFICIT - BEGINNING OF YEAR	<u>(5,951,750)</u>	<u>(5,238,610)</u>
DEFICIT - END OF YEAR	<u>(7,568,308)</u>	<u>(5,951,750)</u>
BASIC AND DILUTED LOSS PER COMMON SHARE		
	<u>\$(0.13)</u>	<u>\$(0.09)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		
	<u>12,294,948</u>	<u>8,033,446</u>

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

GOLDEN ARROW RESOURCES CORPORATION
(An Exploration Stage Company)

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEAR ENDED DECEMBER 31, 2007

(Expressed in Canadian Dollars)

	<u>Year Ended December 31,</u> 2007 \$
LOSS FOR YEAR	(1,616,558)
OTHER COMPREHENSIVE LOSS	
Unrealized loss on available-for-sale marketable securities	(467,079)
COMPREHENSIVE LOSS FOR THE YEAR	<u><u>(2,083,637)</u></u>

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

GOLDEN ARROW RESOURCES CORPORATION
(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Expressed in Canadian Dollars)

	2007	2006
	\$	\$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Net loss for the year	(1,616,558)	(713,140)
Items not affecting cash		
Gain on disposition of mineral properties	(333,000)	(126,000)
Stock-based compensation	283,035	-
Accrued interest	(91,243)	-
Write-off of mineral properties	-	716,249
Future income tax recovery	-	(241,724)
Write-down of marketable securities	20,710	66,644
Gain on sale of marketable securities	-	(461,226)
	(1,737,056)	(759,197)
Changes in non-cash working capital balances		
Other receivables and prepaids	(83,774)	6,513
Accounts payable and other accrued liabilities	45,188	(10,336)
	(1,775,642)	(763,020)
INVESTING ACTIVITIES		
Expenditures on mineral properties and deferred costs	(1,849,501)	(388,406)
Increase in short-term investments	(3,921,759)	(78,251)
Increase in asset-backed commercial paper	(207,092)	-
Net proceeds on sale of marketable securities	-	654,436
	(5,978,352)	188,779
FINANCING ACTIVITIES		
Issuance of common shares and warrants	7,833,695	347,110
Share issue costs	(412,693)	-
	7,421,002	347,110
DECREASE IN CASH AND CASH EQUIVALENTS	(332,992)	(228,131)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	622,834	850,965
CASH AND CASH EQUIVALENTS - END OF YEAR	289,842	622,834
CASH AND CASH EQUIVALENTS IS COMPRISED OF:		
Cash	289,842	422,255
Money market investments	-	200,579
	289,842	622,834

SUPPLEMENTARY CASH FLOW INFORMATION (Note 12)

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

GOLDEN ARROW RESOURCES CORPORATION
(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Expressed in Canadian Dollars)

	2007 \$	2006 \$
SHARE CAPITAL		
Balance at beginning of year	2,347,138	2,000,028
Private placements	7,782,500	-
Warrant valuation	(882,553)	-
Exercise of warrants	45,120	347,110
Exercise of options	6,075	-
Reallocation of contributed surplus on the exercise of stock options	3,643	-
Reallocation of warrant equity on exercise of warrants	11,528	-
Share issue costs	(377,107)	-
Balance at end of year	<u>8,936,344</u>	<u>2,347,138</u>
WARRANTS		
Balance at beginning of year	-	-
Warrants issued	882,553	-
Warrant issue costs	(35,586)	-
Reallocation of warrant equity on the exercise of warrants	(11,529)	-
Balance at end of year	<u>835,439</u>	<u>-</u>
CONTRIBUTED SURPLUS		
Balance at beginning of year	12,219,252	12,219,252
Contributed surplus as a result of stock options granted	283,035	-
Reallocation of contributed surplus on the exercise of stock options	(3,643)	-
Balance at end of year	<u>12,498,644</u>	<u>12,219,252</u>
DEFICIT		
Balance at beginning of year	(5,951,750)	(5,238,610)
Loss for the year	(1,616,558)	(713,140)
Balance at end of year	<u>(7,568,308)</u>	<u>(5,951,750)</u>
ACCUMULATED OTHER COMPREHENSIVE LOSS		
Balance at beginning of year	-	-
Unrealized loss on available-for-sale marketable securities	(467,079)	-
Balance at end of year	<u>(467,079)</u>	<u>-</u>
TOTAL SHAREHOLDERS' EQUITY	<u><u>14,235,040</u></u>	<u><u>8,614,640</u></u>

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

GOLDEN ARROW RESOURCES CORPORATION
(An Exploration Stage Company)
CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES AND DEFERRED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Expressed in Canadian Dollars)

	<u>Argentina</u>						<u>Peru</u>	<u>Total</u>
	<u>Valle de Cura \$</u>	<u>Poncha \$</u>	<u>Jujuy \$</u>	<u>Gualcamayo \$</u>	<u>Neuquen \$</u>	<u>Other \$</u>	<u>Rio Tabaconas \$</u>	<u>\$</u>
Balance - beginning of year	2,120,797	-	306,267	281,026	-	221,216	4,243,166	7,172,472
Expenditures								
Acquisition costs	26,575	-	-	-	-	-	135,132	161,707
Assays	-	11,333	1,436	22,332	7,393	-	-	42,494
Drilling	-	506,439	-	-	-	-	-	506,439
Environmental	-	2,256	30,057	8,979	12,218	-	-	53,510
Office	528	272,829	52,791	77,743	41,670	1,354	12,373	459,288
Options	-	-	-	-	-	-	35,398	35,398
Salaries and contractors	-	33,472	55,871	5,320	10,089	12,089	178,534	295,375
Supplies and equipment	-	54,077	-	-	-	-	-	54,077
Transportation	-	80,135	47,702	20,759	20,415	-	2,192	171,203
Foreign value added tax	4,993	176,968	34,610	24,897	16,910	2,477	-	260,855
	32,096	1,137,509	222,467	160,030	108,695	15,920	363,629	2,040,346
Future income tax liability	1,134	40,171	7,856	5,652	3,839	562	-	59,214
Balance - end of year	<u>2,154,027</u>	<u>1,177,680</u>	<u>536,590</u>	<u>446,708</u>	<u>112,534</u>	<u>237,698</u>	<u>4,606,795</u>	<u>9,272,032</u>

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

GOLDEN ARROW RESOURCES CORPORATION
(An Exploration Stage Company)
CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES AND DEFERRED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Expressed in Canadian Dollars)

	<u>Argentina</u>					<u>Peru</u>	<u>Total</u>
	<u>Valle de Cura \$</u>	<u>Jujuy \$</u>	<u>Gualcamayo \$</u>	<u>Chubut \$</u>	<u>Other \$</u>	<u>Rio Tabaconas \$</u>	<u>\$</u>
Balance -beginning of year	2,108,984	39,768	271,989	716,249	220,359	4,204,715	7,562,064
Expenditures							
Acquisition costs	8,131	-	5,933	-	-	92,071	106,135
Assays	-	61,458	-	-	-	-	61,458
Environmental	1,297	11,308	-	-	649	-	13,254
Office	-	19,916	600	-	-	-	20,516
Salaries and contractors	809	85,351	809	-	-	39,062	126,031
Supplies and equipment	-	-	-	-	-	-	-
Transportation	-	16,252	76	-	-	2,710	19,038
Foreign value added tax	1,339	25,418	971	-	85	14,161	41,974
	11,576	219,703	8,389	-	734	148,004	388,406
Future income tax liability	237	46,796	648	-	123	(109,553)	(61,749)
Write-down of mineral properties	-	-	-	(716,249)	-	-	(716,249)
Balance - end of year	<u>2,120,797</u>	<u>306,267</u>	<u>281,026</u>	<u>-</u>	<u>221,216</u>	<u>4,243,166</u>	<u>7,172,472</u>

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

GOLDEN ARROW RESOURCES CORPORATION
(An Exploration Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Golden Arrow Resources Corporation (the “Company”) was created on July 7, 2004, as a result of a corporate restructuring plan (the “Reorganization”) completed by IMA Exploration Inc. (“IMA”). Shareholders of IMA were issued one share of the Company for every ten shares of IMA held.

The Company is in the process of exploring its mineral properties and evaluating other mineral properties in South America. The Company presently has 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. The Company has not generated any revenues from its operations to date and consequently is considered to be in the exploration stage. The amounts shown as mineral properties and deferred costs represent expenditures incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values. The underlying value of the mineral properties and deferred costs are 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 complete development, and future profitable production.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”).

Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from these estimates.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and all of its subsidiaries. The principal subsidiaries are IMPSA Resources (BVI) Inc. (100%), Inversiones Mineras Australes Holdings (BVI) Inc. (100%), IMPSA Resources Corporation (80.69%), Inversiones Mineras Australes SA (100%) and Minera IMP - Peru S.A.C. (100%). All inter-company transactions and balances have been eliminated.

Cash and Cash Equivalents

Cash and cash equivalents include cash and money market investments, maturing less than 3 months from the date of initial investment. Cash and cash equivalents are designated as available-for-sale and recorded at fair value, with changes in fair value recorded in the statement of other comprehensive income.

Short-term investments

Short-term investments include term deposits and money market investments maturing between 3 and 12 months from the date of initial investment. Short-term investments are designated as available-for-sale and recorded at fair value with changes in fair value, recorded in the statement of other comprehensive income.

GOLDEN ARROW RESOURCES CORPORATION
(An Exploration Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Marketable Securities

Marketable securities are designated as available-for-sale and recorded at fair value, with changes in fair value recorded in the statement of other comprehensive income.

The fair value of marketable securities is obtained by reference to the current quoted bid price on the balance sheet date.

Mineral Properties and Deferred Costs

Direct costs related to the acquisition and exploration of mineral properties held or controlled by the Company, are deferred on an individual property basis until the viability of a property is determined. Administration costs and general exploration costs are expensed as incurred. When a property is placed in commercial production, deferred costs will be depleted using the units-of-production method. Management of the Company periodically reviews the recoverability of the capitalized mineral properties. Management takes into consideration various information including, but not limited to, results of exploration activities conducted to date, estimated future metal prices, and reports and opinions of outside geologists, mine engineers and consultants. When it is determined that a project or property will be abandoned then the costs are written-off, or if its carrying value has been impaired, then its carrying value is written down to fair value.

The Company accounts for foreign value added taxes paid as part of mineral properties and deferred costs. The recovery of these taxes will commence on the beginning of foreign commercial operations. Should these amounts be recovered they would be treated as a reduction in carrying costs of mineral properties and deferred costs.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects. From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After costs are recovered, the balance of the payments is recorded as a gain on option or disposition of mineral property.

Asset Retirement Obligations

Asset retirement obligations are recognized when a legal or constructive obligation arises. This liability is recognized at the fair value of the asset retirement obligation. When the liability is initially recorded the Company capitalizes the cost by increasing the carrying amount of the related long-lived assets. Over time the liability is accreted to its present value each period, and the capitalized cost is amortized over the useful life of the related asset. Upon settlement of the liability, the Company may incur a gain or loss. As at December 31, 2007 the Company does not have any asset retirement obligations.

GOLDEN ARROW RESOURCES CORPORATION
(An Exploration Stage Company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when changes in circumstances suggest their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the estimated undiscounted future projected cash flows to result from the use of the asset and its eventual disposition. If impairment is deemed to exist, the assets will be written down to fair value. Fair value is generally determined using a discounted cash flow analysis.

Translation of Foreign Currencies

The Company's foreign operations are integrated and are translated using the temporal method. Under this method, the Company translates monetary assets and liabilities denominated in foreign currencies at period-end rates. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average rates in effect during the period except for depreciation which is translated at historical rates. The resulting gains or losses are reflected in the operating results in the period of translation.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents, short-term investments, asset-backed commercial paper and other receivables. The Company limits its exposure to credit loss by placing its cash and cash-equivalents with major financial institutions.

Fair Values of Financial Instruments

The fair value of accounts receivables and deposits and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of those instruments.

Income Taxes

The Company uses the asset and liability method of accounting for future income taxes. Under this method of tax allocation, future income tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the amounts reported in the consolidated financial statements and their respective tax bases, using substantively enacted tax rates and laws that are expected to be in effect in the periods in which the future income tax assets or liabilities are expected to be settled or realized. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

GOLDEN ARROW RESOURCES CORPORATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss Per Share

Loss per share is calculated based on the weighted average number of common shares issued and outstanding during the year. The Company follows the treasury stock method in the calculation of diluted earnings per share. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period. Since the Company has losses, the exercise of outstanding stock options and warrants has not been included in this calculation as it would be antidilutive. Information regarding securities that could potentially dilute basic earnings per share in the future is presented in Note 7.

Stock-based Compensation

The Company has an employee stock option plan. The Company recognizes an expense arising from stock options granted to both employees and non-employees using the fair value method. The fair value of option grants is generally established at the date of grant using a Black-Scholes option pricing model and the expense is recognized over the vesting period. Options granted to individuals working directly on mineral projects are capitalized to mineral properties.

New accounting policies

Effective January 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (“CICA”).

- (a) Section 3855, *Financial Instruments – Recognition and Measurement* and Section 3861, *Financial Instruments – Disclosure and Presentation*, prescribe the criteria for recognition and presentation of financial instruments on the balance sheet and the measurement of financial instruments according to prescribed classifications. These sections also address how financial instruments are measured subsequent to initial recognition and how the gains and losses are recognized.

The Company is required to designate its financial instruments into one of the following five categories: held for trading; available-for-sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments are to be initially measured at fair value. Financial instruments classified as held for trading or available-for-sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

The Company has designated its financial instruments as follows:

- (i) Cash and short-term investments are classified as “*Available-for-sale*”, and recorded at fair value with changes in fair value recorded in the statement of other comprehensive income.
- (ii) Marketable securities are classified as “*Available-for-sale*”, and recorded at fair value with changes in fair value recorded in the statement of other comprehensive income. The fair value of marketable securities is obtained by reference to the closing quoted market price on the balance sheet date.
- (iii) Amounts receivable and deposits are classified as “*Loans and Receivables*”. These financial assets are recorded at values that approximate their amortized cost using the effective interest method.

GOLDEN ARROW RESOURCES CORPORATION
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- (iv) Accounts payable and accrued liabilities are classified as “*Other Financial Liabilities*”. These financial liabilities are recorded at values that approximate their amortized cost using the effective interest method.

As a result of adopting Section 3855, on January 1, 2007:

- interest accrued from short-term investments in the amount of \$91,243 was reclassified from amounts receivable, prepaids and deposits to short-term investments.
 - interest accrued from cash and cash equivalents in the amount of \$380 was reclassified from amounts receivable, prepaids and deposits to cash and cash equivalents.
- (b) Section 1530, *Comprehensive Income*, introduces a new financial statement “Statement of Comprehensive Income” and provides guidance for the reporting and display of other comprehensive income. Comprehensive income represents the change in equity of an enterprise during a period from transactions and other events arising from non-owner sources including gains and losses arising on translation of self-sustaining foreign operations, gains and losses from changes in fair value of available-for-sale financial assets and changes in the fair value of the effective portion of cash flow hedging instruments. This standard did not impact the Company at transition date. As a result of adopting Sections 3855 and 1530, the Company has recorded an unrealized loss of \$467,079 on its available-for-sale marketable securities in other comprehensive income for the year ended December 31, 2007.
- (c) Section 3865, *Hedges*, specifies the criteria under which hedge accounting may be applied, how hedge accounting should be performed under permitted hedging strategies and the required disclosures. This standard did not impact the Company for the year ended December 31, 2007.

Accounting Changes

Effective January 1, 2007, the Company adopted the revised CICA Handbook Section 1506 “Accounting Changes”, which requires that: (a) a voluntary change in accounting principals can be made if, and only if, the changes result in more reliable and relevant information, (b) changes in accounting policies are accompanied with disclosures of prior period amounts and justification for the change and (c) for changes in estimates, the nature and amount of the change should be disclosed. The Company has not made any voluntary change in accounting principles since the adoption of the revised standard.

General Standards on Financial Statement Presentation

CICA Handbook Section 1400, General Standards on Financial Statement Presentation, has been amended to include requirements to assess and disclose a company’s ability to continue as a going concern. The changes are effective for interim and annual financial statements beginning January 1, 2008. The Company does not expect the adoption of these changes to have an impact on its financial statements.

GOLDEN ARROW RESOURCES CORPORATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Disclosures

CICA Handbook Section 1535, Capital Disclosures, establishes standards for disclosing information about the company's capital and how it is managed. Under this standard the Company will be required to disclose the following, based on the information provided internally to the company's key management personnel:

- (i) qualitative information about its objectives, policies and processes for managing capital.
- (ii) summary quantitative data about what it manages as capital.
- (iii) whether during the period it complied with any externally imposed capital requirements to which it is subject.
- (iv) when the company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

This standard is effective for interim and annual financial statements beginning on January 1, 2008. The Company has not yet determined the impact of the adoption of this change on the disclosure in the financial statements.

Goodwill and Intangible Assets

CICA Handbook Section 3064, Goodwill and Intangible Assets, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and Expenses during the preoperating period. As a result of the withdrawal of EIC 27, companies will no longer be able to defer costs and revenues incurred prior to commercial production at new mine operations. The changes are effective for interim and annual financial statements beginning January 1, 2009. The Company does not expect the adoption of the revised standard to have an impact on its financial statements.

Financial Instruments Disclosures

In March 2007, the CICA issued section 3862 *Financial Instruments – Disclosures* and Section 3863 *Financial Instruments – Presentation*, which together comprise a complete set of disclosure and presentation requirements that revise and enhance current disclosure requirements. Section 3862 requires disclosure of additional detail by financial asset and liability categories. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. The standard deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. These sections are effective January 1, 2008 but are not expected to have an impact on the Company's disclosure and presentation.

Comparative Figures

Certain of the prior year comparative figures have been reclassified to conform to the current year's presentation.

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3. SHORT-TERM INVESTMENTS

As at December 31, 2007 and 2006, the Company held the following short-term investments:

		December 31, 2007	
		Maturity	Fair Value \$
12 month term deposit			
- 4.45% annual interest rate (\$5,000,000 principal)	August 13, 2008		5,091,243
		December 31, 2006	
		Maturity	Principal \$
12 month term deposit			
- 4.0% annual interest rate	December 4, 2007		600,000
105 day money market investment			
- 3.5% annualized interest rate	January 11, 2007		478,251
			1,078,251

All term deposits are redeemable in full or portion at the Company's option without penalty. Interest is paid on amounts redeemed subsequent to 30 days from the date of investment. The principal and interest are unconditionally guaranteed by the Bank of Montreal.

4. MARKETABLE SECURITIES

At December 31, 2007, the Company held 2,309,900 (2006 – 1,409,900) common shares of Amera Resources Corporation (“Amera”) which had a quoted market value of \$415,782 (December 31, 2006 - \$549,861). For the year ended December 31, 2006 marketable securities were written-down by \$66,644 to fair market value. The Company has designated its marketable securities as available-for-sale financial assets and accordingly, changes in fair value are recorded in other comprehensive income in the period they occur (see Note 2). An unrealized loss of \$467,079 was recorded for the year ended December 31, 2007. The Company holds these marketable securities as a result of entering into option and sale agreements for certain of its mineral property holdings in Argentina.

5. LONG-TERM INVESTMENT

		December 31, 2007	
		Principal \$	Fair Value \$
Asset backed commercial paper		207,102	186,392

The non-bank asset-backed commercial paper (ABCP) shown above is the estimated fair value of the Company's investment in Structured Investment Trust III, Series A Canadian Trust (the “Trust”) with an original principal amount of \$207,102, originally maturing on September 13, 2007. When the Company acquired this investment it was rated R1 (High) by Dominion Bond Rating Service (“DBRS”), the highest credit rating issued for commercial paper and backed by R1 (High) rated assets and liquidity arrangements.

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5. LONG-TERM INVESTMENT (continued)

Since August of 2007, the market for ABCP has experienced significant liquidity problems. The demand for such paper has disappeared following the turmoil in credit markets and concerns regarding the quality and nature of underlying assets. The Trust has failed to redeem the ABCP at maturity and, along with 16 other ABCP conduits, is subject to restructuring under the Pan Canadian Investors Committee for the Third Party Asset Backed Commercial Paper (the "Pan Canadian Investors Committee").

On December 23, 2007, the Pan Canadian Investors Committee announced an agreement in principle to restructure the ABCP issued by 20 trusts, including the Trust. Under the proposal, holders of ABCP will exchange their paper for floating rate notes that have maturities based on the maturities of the assets underlying the ABCP. The notes are to be designed so that all available cash flow in the trusts will be paid to note holders.

The fair value of the Company's investment in the Trust was determined based on the management's judgment using available information and expectation of the assumptions market participants would use in pricing such ABCP as at the balance sheet date. The Company reviewed information including that provided by the Pan Canadian Investors Committee. In estimating fair value, the Company used a valuation approach based on the high likelihood of successful restructuring of the investment. It is estimated that the \$207,102 of ABCP which the Company has invested is represented by assets that will, on restructuring, be replaced by senior long-term floating rate notes. These senior notes are expected to obtain a AA credit rating.

Based on this assessment of fair value as at December 31, 2007, the Company recorded in income an impairment loss of \$20,710 related to this investment in 2007, representing a 10% valuation allowance of the original principal amount.

It is possible that further information will become available on the actual composition of the referenced assets. A change in the estimate of the composition of the referenced assets would effect the valuation.

On April 9, 2008 Canaccord Capital Corporation ("Canaccord") announced the Canaccord Relief Program, a repurchase plan that offers the Company the opportunity to sell the ABCP at par. This program is dependent on the successful restructuring of the ABCP market as has been proposed by the Pan-Canadian Investor Committee. Due to the uncertainties that the restructuring faces the Company has decided to continue to value this investment at 90% of the principal amount until the restructuring is complete.

The Company has sufficient liquidity in its cash and short-term investments that it is not dependent on realizing on its investment in the Trust in the near future. The investment has been classified as long-term, pending resolution of the Trust liquidity issue.

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6. MINERAL PROPERTIES AND DEFERRED COSTS

	December 31, 2007			December 31, 2006		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Argentina						
Valle de Cura	570,250	1,583,777	2,154,027	543,675	1,577,122	2,120,797
Poncha	-	1,177,680	1,177,680	-	-	-
Jujuy	1,864	534,726	536,590	1,864	304,403	306,267
Gualcamayo	26,301	420,407	446,708	26,301	254,725	281,026
Neuquen	-	112,534	112,534	-	-	-
Other	18,802	218,896	237,698	18,802	202,414	221,216
	617,217	4,048,020	4,665,237	590,642	2,338,664	2,929,306
Peru						
Rio Tabaconas	1,124,234	3,482,561	4,606,795	989,102	3,254,064	4,243,166
	1,741,451	7,530,581	9,272,032	1,579,744	5,592,728	7,172,472

(a) Argentinean Properties

The Company has either staked, fully paid or holds options to acquire 100% working interests in mineral properties in several provinces of Argentina.

(b) Valle de Cura Properties

As of December 31, 2007, the Company must make further payments with respect to option agreements on properties totalling US \$120,000. Payment has been postponed until the Company can obtain the necessary exploration permits

The Company has also agreed to pay net smelter return royalties ("NSR") of up to US \$7,000,000 once commercial production is achieved on the Valle de Cura properties. The US\$7,000,000 was calculated based on the following:

- 3 Properties - up to US \$1,000,000 in NSR each
- 5 Properties - up to US \$800,000 in NSR each

(c) Poncha Property

Effective March 30, 2007, the Company entered into an option agreement with Teck Cominco Limited through its subsidiary Teck Cominco Argentina Ltd. ("Teck Cominco") to earn an undivided 100% interest in Teck Cominco's 100% option for the 3,000 ha Poncha gold-copper project located in San Juan Province, Argentina.

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6. MINERAL PROPERTIES AND DEFERRED COSTS (continued)

The agreement requires the Company to undertake work expenditures on the property totaling US\$3,200,000 and make payments totaling US\$2,880,000 to the underlying property owner over three years as follows:

Exploration Expenditures US \$	Option Payments US \$	Date
650,000	-	April 1, 2008
-	125,000	May 10, 2008
1,000,000	-	April 1, 2009
-	250,000	May 10, 2009
1,550,000	-	April 1, 2010
-	750,000	May 10, 2010
-	1,755,000	May 10, 2011
<u>3,200,000</u>	<u>2,880,000</u>	

The underlying owner will retain a 1% NSR royalty in the property. Teck Cominco has an option to re-earn up to a 65% interest in the Poncha Property through a “Back-In” right and an “Additional Earn-In” right. In order to exercise its initial Back-In right to acquire a 55% interest, Teck Cominco is required to fund expenditures equal to twice the Company’s expenditures (to a maximum of US\$6,400,000). To increase its interest to 65% Teck Cominco would need to spend a further US\$10,000,000. The Agreement provides that under certain conditions Teck Cominco may contribute to a percentage of the payments to the underlying property owner. Also, Teck Cominco reserves a 1% NSR royalty if it chooses not to exercise its back-in right.

(d) Mogote Property, Argentina

The Company has agreements with Amera, a publicly traded company with common management and directors, whereby the Company optioned its Mogote Property in the NW San Juan Region of Argentina. Amera has exercised the option to earn a 51% interest in the Mogote Property. Amera has fulfilled the option requirements to issue a total of 1,650,000 of its common shares to the Company and to incur US \$1.25 million of expenditures.

During the year Amera issued 900,000 of its common shares to the Company (initially recorded at fair value of \$333,000) as the final share issuance under the option agreement.

On May 14, 2007, Amera gave notice to the Company that it will not incur the additional expenditures required in order to earn the additional 24% interest.

The carrying value for the Mogote mineral property is nil.

(e) Neuquén properties

In 2007, the company staked 100% interest in 3 claims totaling 29,877 hectares. Only preliminary work has been carried out on these properties.

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6. MINERAL PROPERTIES AND DEFERRED COSTS (continued)

(f) Rio Tabaconas, Peru

The Company holds an option to acquire a 100% interest in three concessions, in the Cajamarca Department of San Ignacio Province in northern Peru. Under the terms of the option agreement, the Company has paid US \$185,000 and is required to make further payments of US\$1,315,000 for a total of US\$1,500,000. On June 28, 2002, the Company suspended further exploration activities at the Rio Tabaconas project. This decision was made in response to the local community expressing its concerns with mineral exploration activities. The Company has deferred any further exploration until an agreement with the local community has been finalized. As a result the Company declared force majeure, as allowed under its option agreement. Accordingly, the Company and the optionor have deferred payment of the remaining option payments until the force majeure is discontinued. On August 1, 2003, the Company commenced paying US\$1,500 per month to the optionor as compensation during this waiting period. In 2006, the Company renegotiated the option agreement on Rio Tabaconas project and starting July 2006 commenced paying US\$3,000 per month to the optionor. The force majeure is still in effect as at December 31, 2007.

(g) Golden Amera Resources Inc. Joint Venture

On June 30, 2007 the Company entered into a 50/50 joint venture with Amera Resources Corporation to evaluate and acquire precious and base metal properties in Colombia. The joint venture has hired an operations manager and retained contract exploration personnel. In addition, the joint venture is in the process of evaluating a number of opportunities but has not acquired any mineral properties to date, accordingly the Company's proportionate share of costs incurred have been recorded as general exploration expense.

The Company has signed and will continue to sign joint venture agreements for certain of its properties with other junior exploration companies. The Company normally receives shares in these companies as compensation along with their commitments for exploration expenditures.

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7. SHARE CAPITAL

Authorized: unlimited common shares without par value

Issued:	December 31, 2007		December 31, 2006	
	Shares	Amount \$	Shares	Amount \$
Balance, beginning of year	8,224,155	2,347,138	7,790,267	2,000,028
Issued during the year for:				
Private placements	6,970,000	7,782,500	-	-
Warrant valuation	-	(882,553)	-	-
Share issue costs	-	(377,107)	-	-
Exercise of stock options	8,100	6,075	-	-
Reallocation of contributed surplus on the exercise of stock options	-	3,643	-	-
Reallocation of warrant equity on the exercise of warrants	-	11,528	-	-
Exercise of warrants	56,400	45,120	433,888	347,110
Balance, end of year	<u>15,258,655</u>	<u>8,936,344</u>	<u>8,224,155</u>	<u>2,347,138</u>

(a) During the year ended December 31, 2007:

- i) The Company completed a non-brokered private placement financing of 1,550,000 units at a price of \$0.65 per unit, for net proceeds of \$1,001,963 net of related share issue costs of \$5,537. Each unit consisted of one common share and one common share purchase warrant. Each warrant will entitle the holder to purchase one common share in the capital of the Company, exercisable at a price of \$0.80 during year one and \$1.00 during year two. The fair value assigned to the warrants was \$282,495. The warrants were valued using the Black-Scholes Pricing Model at \$0.18 per warrant on the following assumptions: dividend yield 0%, risk-free rate 4.0%, expected volatility 87% and expected life of 12 months.
- ii) The Company completed a non-brokered private placement of 5,420,000 units at \$1.25 per unit, for net proceeds of \$6,367,844 net of \$407,156 in finder's fees and related issue costs. Each unit consisted of one common share and one half of a common share purchase warrant. Each full warrant entitles the holder to purchase one common share in the capital of the Company, exercisable at a price of \$1.50 during year one and \$1.90 during year two. The fair value assigned to the warrants was \$600,058. The warrants were valued using the Black-Scholes Pricing Model at \$0.18 per warrant on the following assumptions: dividend yield 0%, risk-free rate 4.0%, expected volatility 68% and expected life of 12 months. In addition, \$35,586 of the issue costs were allocated to the warrants.

During the year ended December 31, 2006:

- i) The Company received proceeds of \$347,110 from the issue of 433,888 common shares on the exercise of warrants.

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7. SHARE CAPITAL (continued)

(b) Stock options and stock-based compensation

The Company has established a rolling stock option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The exercise price of the options is set at the Company's closing share price on the grant date, less allowable discounts in accordance with the policies of the TSX Venture Exchange.

A summary of the changes in the Company's outstanding stock options for the year ended December 31, 2007, is presented below:

	2007		2006	
	Options Outstanding and Exercisable	Weighted Average Exercise Price \$	Options Outstanding and Exercisable	Weighted Average Exercise Price \$
Balance, Beginning of year	749,000	0.75	779,000	0.75
Granted	738,000	0.98	-	-
Exercised	(8,100)	0.75	-	-
Cancelled / Forfeited	-	-	(30,000)	0.75
Balance, end of year	<u>1,478,900</u>	<u>0.86</u>	<u>749,000</u>	<u>0.75</u>

During the year ended December 31, 2007, the Company granted stock options to directors, employees and consultants to acquire 738,000 (2006 - Nil) common shares of the Company and recorded compensation expense of \$283,035 (2006 - \$Nil) with a corresponding increase in contributed surplus as a result. The fair value of stock options granted is estimated on the date of grant using the Black-Scholes Option Pricing Model with the following weighted average assumptions used for the grant made during the period:

Risk-free interest rate	4.15%
Estimated volatility	77%
Expected life	3.1 years
Expected dividend yield	0%

The weighted average fair value of the stock options granted during the year, calculated using the Black-Scholes Option Pricing Model, was \$0.38 (2006 - \$Nil) per share. Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's stock options.

Stock options outstanding and exercisable at December 31, 2007, are as follows:

Number	Exercise Price \$	Expiry Date
740,900	0.75	September 23, 2010
75,000	0.80	March 15, 2012
<u>663,000</u>	1.00	September 12, 2012
<u>1,478,900</u>		

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7. SHARE CAPITAL (continued)

(c) Warrants

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants and agents warrants outstanding at December 31, 2007 and 2006 and the changes for the years ending on those dates is as follows:

	Number	\$
Balance, December 31, 2005	3,674,900	-
Exercised	(433,888)	-
Expired	<u>(3,241,012)</u>	<u>-</u>
Balance, December 31, 2006	-	-
Warrants issued	4,260,000	882,553
Warrant issue costs	-	(35,586)
Warrants exercised	<u>(56,400)</u>	<u>(11,528)</u>
Balance, December 31, 2007	<u>4,203,600</u>	<u>835,439</u>

Common shares reserved pursuant to warrants outstanding at December 31, 2007 are as follows:

Number	Exercise Price \$	Expiry Date
1,493,600	0.80/1.00	April 2, 2009
<u>2,710,000</u>	1.50/1.90	June 12, 2009
<u>4,203,600</u>		

8. CONTRIBUTED SURPLUS

A continuity summary of contributed surplus is presented below:

	\$
Balance, December 31, 2006	12,219,252
Contributed surplus as a result of stock options granted	283,035
Reallocation of contributed surplus on the exercise of stock options	<u>(3,643)</u>
Balance, December 31, 2007	<u>12,498,644</u>

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9. RELATED PARTY TRANSACTIONS

The Company engages Grosso Group Management Ltd. (“Grosso Group”) to provide services and facilities to the Company. The Grosso Group is a private company owned by the Company, IMA, Amera, Astral Mining Corporation (“Astral”), Gold Point Energy Corp. (“GPE”) and Blue Sky Uranium Corp. (“Blue Sky”), each of which owns one share. The Grosso Group provides its shareholder companies with geological, corporate development, administrative and management services, office and sundry and rent, parking and storage. The shareholder companies pay monthly fees based upon a pro-rating of the Grosso Group’s costs including its staff and overhead costs among each shareholder company with regard to the mutually agreed average annual level of services provided to each shareholder company. During fiscal 2007, the Company incurred fees of \$481,352 (2006 - \$281,410): a total of \$470,403 (2006 - \$233,057) was paid in monthly payments and \$29,068 (2006 - \$48,352) is included in accounts payable and accrued liabilities as a result of a review of the allocation of the Grosso Group costs to the member companies for the period. In addition, included in amounts receivable, prepaids and deposits is an \$85,000 (2006 - \$85,000) deposit to the Grosso Group for the purchase of equipment and leasehold improvements and for operating working capital.

Effective May 1, 2007, the Company entered into an agreement with IMA to pay a monthly fee for the services provided by IMA’s Chief Executive Officer who is also the Chief Executive Officer of the Company. The agreement may be terminated at any time by the Company upon 30 days written notice. For fiscal 2007, the Company paid \$25,000 to IMA for the services.

All of the related party transactions and balances in these consolidated financial statements arose in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

10. INCOME TAXES

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

	2007	2006
Statutory tax rate	<u>34.12%</u>	<u>34.12%</u>
	\$	\$
Loss before income taxes	<u>(1,616,558)</u>	<u>(954,864)</u>
Provision for (recovery of) income taxes based on statutory		
Canadian combined federal and provincial income tax rates	(551,569)	(325,800)
Non-deductible differences	93,375	(279,500)
Differences in foreign tax rates	(51,903)	(60,323)
Change in Canadian tax rates	307,124	-
Share issuance costs	(111,427)	-
Other	(30,891)	(103,837)
Change in valuation allowance	<u>345,291</u>	<u>527,736</u>
	<u>-</u>	<u>(241,724)</u>

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10. INCOME TAXES (continued)

Future 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:

	2007	2006
	\$	\$
Future income tax assets		
Financing costs	110,887	43,973
Operating loss carryforwards	775,903	462,094
Resource deductions	631,300	724,826
Other	62,739	24,984
	1,580,829	1,255,877
Valuation allowance for future income tax assets	(1,521,615)	(1,176,324)
	59,214	79,553
Future income tax liabilities		
Mineral properties and deferred costs	947,778	908,903
Net future income tax liabilities	888,564	829,350

For certain acquisitions and other payments for mineral property interests, the Company records a future income tax liability and a corresponding adjustment to the related asset carrying amount. During the year ended December 31, 2007, the Company recorded an increase to the future income tax liability of \$59,214 (2006 –\$223,920 net reduction).

The Company has Canadian non-capital loss carryforwards of \$1,332,343 that may be available for tax purposes. The Company's non-capital losses expire as follows:

Expiry Date	\$
2008	4,767
2009	1,554
2010	358
2014	159,771
2015	226,067
2026	133,320
2027	806,506
	1,332,343

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11. SEGMENTED INFORMATION

The Company is involved in mineral exploration and development activities, which are conducted principally in Argentina, Colombia and Peru. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results.

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

	December 31, 2007				Total \$
	Corporate Canada \$	Mineral Operations Argentina \$	Mineral Operations Peru \$	Mineral Operations Colombia \$	
Current assets	5,275,105	240,822	14,057	38,219	6,018,203
Long-term investment	86,392	-	-	-	186,392
Mineral properties and deferred costs	-	4,665,237	4,606,795	-	9,272,032
	<u>5,911,497</u>	<u>4,906,059</u>	<u>4,620,852</u>	<u>38,219</u>	<u>15,476,627</u>

	December 31, 2006				Total \$
	Corporate Canada \$	Mineral Operations Argentina \$	Mineral Operations Peru \$	Mineral Operations Colombia \$	
Current assets		2,297,912	79,758	10,838	2,388,508
Mineral properties and deferred costs		-	2,929,306	4,243,166	7,172,472
		<u>2,297,912</u>	<u>3,009,064</u>	<u>4,254,004</u>	<u>9,560,980</u>

12. SUPPLEMENTARY CASH FLOW INFORMATION

Non-cash investing and financing activities were conducted by the Company during the years ended December 31, 2007 and 2006 as follows:

	2007 \$	2006 \$
Investing activities		
Expenditures on mineral property interests and deferred costs	190,845	-
Accounts payable for mineral properties	(190,845)	-
	<u>-</u>	<u>-</u>

13. SUBSEQUENT EVENT

In March 2008, 210,000 warrants were exercised for proceeds of \$168,000.