
GOLDEN ARROW RESOURCES CORPORATION

(An Exploration Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2006 and 2005

(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)

**MANAGEMENT'S COMMENTS ON UNAUDITED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited interim consolidated financial statements of Golden Arrow Resources Corporation for the three months ended March 31, 2006 have been prepared by management and are the responsibility of the Company's management. These statements have not been reviewed by the Company's external auditors.

GOLDEN ARROW RESOURCES CORPORATION
(An Exploration Stage Company)
INTERIM CONSOLIDATED BALANCE SHEETS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	March 31, 2006	December 31, 2005
	\$	\$
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	1,640,521	1,850,965
Accounts receivable and prepaids	115,879	144,075
Marketable securities (Note 4)	<u>680,007</u>	<u>683,715</u>
	2,436,407	2,678,755
MINERAL PROPERTIES AND DEFERRED COSTS (Note 5)	<u>7,587,919</u>	<u>7,562,064</u>
	<u><u>10,024,326</u></u>	<u><u>10,240,819</u></u>
L I A B I L I T I E S		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	45,198	127,326
FUTURE INCOME TAX LIABILITY	<u>1,135,261</u>	<u>1,132,823</u>
	1,180,459	1,260,149
S H A R E H O L D E R S ' E Q U I T Y		
SHARE CAPITAL (Note 6)	2,000,028	2,000,028
CONTRIBUTED SURPLUS	12,219,252	12,219,252
DEFICIT	<u>(5,375,413)</u>	<u>(5,238,610)</u>
	<u>8,843,867</u>	<u>8,980,670</u>
	<u><u>10,024,326</u></u>	<u><u>10,240,819</u></u>

NATURE OF OPERATIONS (Note 1)

COMMITMENTS (Note 5)

CONTINGENCY (Note 9)

APPROVED BY THE BOARD OF DIRECTORS

“Joseph Grosso”, Director

“Arthur Lang”, Director

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

GOLDEN ARROW RESOURCES CORPORATION
(An Exploration Stage Company)
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited - Prepared by Management)
(Expressed in Canadian Dollars)

	Three Months Ended March 31,	
	2006	2005
	\$	\$
EXPENSES		
Corporate development and investor relations	12,639	3,500
General exploration	63,562	28,113
Office and sundry	10,019	11,738
Printing	3,692	1,073
Professional fees	10,302	13,876
Rent, parking and storage	18,349	12,983
Salaries and employee benefits	26,355	16,499
Telephone and utilities	1,846	3,396
Transfer agent and regulatory fees	5,294	4,639
	<u>152,058</u>	<u>95,817</u>
LOSS BEFORE OTHER ITEMS		
OTHER EXPENSE (INCOME)		
Foreign exchange	1,725	(20,369)
Gain on disposition of marketable securities	(3,007)	(289)
Interest and other income	(13,973)	(11,102)
	<u>(15,255)</u>	<u>(31,760)</u>
LOSS FOR THE PERIOD	(136,803)	(64,057)
DEFICIT - BEGINNING OF PERIOD	<u>(5,238,610)</u>	<u>(4,276,678)</u>
DEFICIT - END OF PERIOD	<u>(5,375,413)</u>	<u>(4,340,735)</u>
 BASIC AND DILUTED LOSS PER COMMON SHARE		
	<u>(0.02)</u>	<u>(0.01)</u>
 WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		
	<u>7,790,267</u>	<u>7,681,548</u>

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

GOLDEN ARROW RESOURCES CORPORATION
(An Exploration Stage Company)
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Three Months Ended March 31,	
	2006	2005
	\$	\$
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Net loss for the period	(136,803)	(64,057)
Items not affecting cash		
Gain on sale of marketable securities	(3,007)	(290)
	(139,810)	(64,347)
Changes in non-cash working capital balances	(53,932)	(104,549)
	(193,742)	(168,896)
INVESTING ACTIVITIES		
Expenditures on mineral properties and deferred costs	(23,418)	(39,856)
Net proceeds on sale of marketable securities	6,716	9,914
	(16,702)	(29,942)
FINANCING ACTIVITIES		
Issuance of common shares	-	145,867
DECREASE IN CASH AND CASH EQUIVALENTS	(210,444)	(52,971)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	1,850,965	2,590,269
CASH AND CASH EQUIVALENTS - END OF PERIOD	1,640,521	2,537,298
 CASH AND CASH EQUIVALENTS ARE COMPRISED OF:		
Cash	640,521	1,537,298
Term deposits	1,000,000	1,000,000
	1,640,521	2,537,298

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

GOLDEN ARROW RESOURCES CORPORATION
(An Exploration Stage Company)
CONSOLIDATED SCHEDULE OF MINERAL PROPERTIES AND DEFERRED COSTS
FOR THE THREE MONTHS ENDED MARCH 31, 2006
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	<u>Argentina</u>					<u>Peru</u>	<u>Total</u>
	<u>Chubut</u>	<u>Valle de</u>	<u>NW San</u>	<u>Gualcamayo</u>	<u>Other</u>	<u>Rio</u>	
	\$	\$	\$	\$	\$	\$	\$
Balance - beginning of period	716,249	2,108,984	57,683	271,989	202,444	4,204,715	7,562,064
Expenditures							
Acquisition costs	1,539	-	-	-	-	5,205	6,744
Assays	-	-	-	-	255	-	255
Office	-	-	-	-	1,505	-	1,505
Salaries and contractors	-	-	-	-	4,920	2,479	7,399
Supplies and equipment	-	-	-	-	62	-	62
Transportation	-	-	-	-	247	972	1,219
Foreign value added tax	717	-	-	-	2,306	3,210	6,233
	<u>2,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,295</u>	<u>11,866</u>	<u>23,418</u>
Future income tax liability	963	-	-	-	413	1,062	2,438
Balance - end of period	<u>719,468</u>	<u>2,108,984</u>	<u>57,683</u>	<u>271,989</u>	<u>212,152</u>	<u>4,217,643</u>	<u>7,587,919</u>

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

GOLDEN ARROW RESOURCES CORPORATION
(An Exploration Stage Company)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2006
(Unaudited - Prepared by Management)
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

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.

The Company considers that it has adequate resources to maintain its core operations for the next fiscal year but currently may not have sufficient working capital to fund all of its planned exploration and development work. The Company will continue to rely on successfully completing additional equity financing.

2. TRANSFER OF ASSETS

On July 7, 2004, IMA Exploration Inc. ("IMA") completed a corporate restructuring plan (the "Reorganization") which resulted in it transferring certain assets and liabilities to Golden Arrow Resources Corporation (the "Company"), a newly created company. The Reorganization was accomplished by way of a statutory plan of arrangement. Shareholders of IMA were issued one share of Golden Arrow for every ten shares of IMA held.

During the quarter ended March 31, 2005 the Company received \$145,866 from IMA from the exercise of IMA's warrants that resulted in the issue of the Company's shares as required by the terms of the Reorganization. As all warrants that were outstanding as of the effective date of the Reorganization were exercised by March 31, 2005 and the Company has no obligations for the issue of its shares on the exercise of IMA's warrants.

3. SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The consolidated financial statements have, in management's opinion, been properly prepared using careful judgement within reasonable limits of materiality. These interim consolidated financial statements should be read in conjunction with the most recent annual consolidated financial statements. The significant accounting policies follow that of the most recently reported annual consolidated financial statements.

GOLDEN ARROW RESOURCES CORPORATION*(An Exploration Stage Company)***NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS****FOR THE THREE MONTHS ENDED MARCH 31, 2006***(Unaudited - Prepared by Management)**(Expressed in Canadian Dollars)***4. MARKETABLE SECURITIES**

At March 31, 2006, marketable securities had a quoted market value of \$1,312,836 (December 31, 2005 - \$1,072,045). The Company holds these marketable securities as a result of entering into option and sale agreements for certain of its mineral property holdings.

5. MINERAL PROPERTIES AND DEFERRED COSTS

	March 31, 2006			December 31, 2005		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Argentina						
Chubut	38,041	681,427	719,468	36,502	679,747	716,249
Valle de Cura	535,544	1,573,440	2,108,984	535,544	1,573,440	2,108,984
NW San Juan	7,163	50,520	57,683	7,163	50,520	57,683
Gualcamayo	20,368	251,621	271,989	20,368	251,621	271,989
Other	13,503	198,649	212,152	13,503	188,941	202,444
	614,619	2,755,657	3,370,276	613,080	2,744,269	3,357,349
Peru						
Rio Tabaconas	902,236	3,315,407	4,217,643	897,031	3,307,684	4,204,715
	<u>1,516,855</u>	<u>6,071,064</u>	<u>7,587,919</u>	<u>1,510,111</u>	<u>6,051,953</u>	<u>7,562,064</u>

(a) Argentinean Properties

The Company has either staked, fully paid or holds options to acquire 100% working interests in mineral properties, located in the Provinces of San Juan, Jujuy and Chubut in Argentina. As of March 31, 2006, the Company must make further payments with respect to option agreements on the properties totalling US \$140,000 (US \$70,000 payment is due in 2006 and US \$70,000 in 2007).

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

(b) 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. In addition, the Company owns ten concessions, which surround and overlie the optioned concessions. Collectively these are known as the Rio Tabaconas Project.

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FOR THE THREE MONTHS ENDED MARCH 31, 2006
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5. MINERAL PROPERTIES AND DEFERRED COSTS (continued)

Under the terms of the option agreement, the Company has paid US \$185,000 and was 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 Tabacanos 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. Force majeure is still in effect as at March 31, 2006.

(c) The Company has agreements with Amera Resources Corporation (“Amera”), a publicly traded company with common management and directors, whereby the Company:

(i) optioned its Mogote Property in the NW San Juan Region of Argentina. Amera has the option to earn a 51% interest in the 8,009 hectare Mogote Property by issuing a total of 1,650,000 common shares of Amera to the Company and by incurring US \$1.25 million of expenditures, including work programs and underlying option payments, all over a five year period ending July 1, 2007. Amera has reimbursed the Company for past payments made and expenditures which had been incurred by the Company on the Mogote Property. To date the Company has received 450,000 shares of Amera with an ascribed value of \$203,000.

On April 8, 2004, Amera entered into a further agreement whereby it can earn an additional 24% interest, for a total 75% interest, after earning the initial 51% interest, by issuing 300,000 shares (issued) of Amera (with an ascribed value of \$279,000) and conducting an additional US \$3 million of exploration expenditures over a three year period ending May 20, 2007.

See Subsequent Event Note 10.

(d) 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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FOR THE THREE MONTHS ENDED MARCH 31, 2006
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6. SHARE CAPITAL

Authorized: unlimited common shares without par value

Issued:	March 31, 2006		December 31, 2005	
	Shares	Amount \$	Shares	Amount \$
Balance, beginning of period	7,790,267	2,000,028	7,624,920	1,854,161
Issued during the period for:				
Exercise of IMA's warrants	-	-	165,347	145,867
Balance, end of period	7,790,267	2,000,028	7,790,267	2,000,028

(d) Stock options and stock based compensation

The Company grants stock options in accordance with the policies of the TSX Venture Exchange ("TSXV"). At March 31, 2006 the Company has 779,000 stock options outstanding with the weighted average exercise price of \$0.75 and expiring September 23, 2010. There were no changes in the stock options outstanding and exercisable during the three months ended March 31, 2006.

(e) Warrants

Pursuant to the terms of the Reorganization the Company was required to issue one common share on the exercise of every ten IMA warrants which were outstanding on the date of the Reorganization. As of March 31, 2006 the IMA warrants have either been exercised or expired. At March 31, 2006 the Company has 3,674,900 warrants outstanding with the exercise price of \$0.80 and expiring November 16, 2006. There were no changes in the warrants outstanding during the three months ended March 31, 2006.

7. RELATED PARTY TRANSACTIONS

Effective January 1, 2005 the Company engaged 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 and Gold Point Energy Corp., each of which owns one share. The Grosso Group provides its shareholder companies with geological, corporate development, administrative and management services. The shareholder companies pay monthly fees to the Grosso Group. The fee is based upon a reasonable 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 the three months ended March 31, 2006, the Company incurred fees of \$54,444 to the Grosso Group: \$60,237 was paid in monthly payments and \$5,793 is included in accounts receivable, prepaids and deposits as a result of a review of the allocation of the Grosso Group costs to the member companies for the period. The fees the Company pays to the Grosso Group are allocated to various expense items that reflect the nature of the actual costs: rent, salaries, office and telephone. These fees are equivalent to costs the Company would have incurred directly. In addition, included in accounts receivable, prepaids and deposits is a \$85,000 deposit to the Grosso Group for the purchase of equipment and leasehold improvements and for operating working capital.

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8. SEGMENTED INFORMATION

The Company is involved in mineral exploration and development activities, which are conducted principally in Argentina 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:

	March 31, 2006			Total
	Corporate Canada	Mineral Operations Argentina	Mineral Operations Peru	
	\$	\$	\$	\$
Current assets	2,366,999	61,773	7,635	2,436,407
Mineral properties and deferred costs	-	3,370,276	4,217,643	7,587,919
	<u>2,366,999</u>	<u>3,432,049</u>	<u>4,225,278</u>	<u>10,024,326</u>

	December 31, 2005			Total
	Corporate Canada	Mineral Operations Argentina	Mineral Operations Peru	
	\$	\$	\$	\$
Current assets	2,561,060	106,013	11,682	2,678,755
Mineral properties and deferred costs	-	3,357,349	4,204,715	7,562,064
	<u>2,561,060</u>	<u>3,463,362</u>	<u>4,216,397</u>	<u>10,240,819</u>

9. CONTINGENCY

In March 2004, Aquiline Resources Inc. ("Aquiline") commenced an action against IMA seeking a constructive trust over IMA's Navidad properties and damages. As a condition of the Reorganization, the Company became a party to this action. The Company received an indemnification from IMA that will compensate for any payment or cost the Company might have to pay in the event of an award against IMA and/or the Company. Accordingly, no amounts related to this action have been accrued in these financial statements at March 31, 2006.

10. SUBSEQUENT EVENTS

Subsequent to March 31, 2006, the Company:

- a) re-negotiated the terms of its Mogote property option agreement with Amera. According to the amendment, the US\$1,000,000 property expenditures required by May 30, 2006 are now extended to May 30, 2007 and the US\$1,000,000 property expenditures required May 30, 2007 are now extended to May 30, 2008. In return for granting of the extension, 10% of any payments in terms of cash or stock received by the Amera from a third party who enters into an agreement regarding the Mogote property, will be paid to the Company; and
- b) issued 335,388 common shares for \$268,310 on the exercise of warrants.