
GOLDEN ARROW RESOURCES CORPORATION

(An Exploration Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
September 30, 2007 and 2006

(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 nine months ended September 30, 2007 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

<i>(Unaudited)</i> <i>(Expressed in Canadian Dollars)</i>	September 30, 2007 \$	December 31, 2006 \$
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	429,001	622,834
Short-term investments (Note 3)	6,119,481	1,078,251
Amounts receivable, prepaids and deposits	248,202	137,562
Marketable securities (Note 4)	485,079	549,861
	<u>7,281,763</u>	<u>2,388,508</u>
MINERAL PROPERTIES AND DEFERRED COSTS (Note 5)	<u>8,456,931</u>	<u>7,172,472</u>
	<u><u>15,738,694</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	110,150	116,990
FUTURE INCOME TAX LIABILITY	<u>837,261</u>	<u>829,350</u>
	947,411	946,340
S H A R E H O L D E R S ' E Q U I T Y		
SHARE CAPITAL (Note 6)	8,928,809	2,347,138
WARRANTS (Note 6)	837,854	-
CONTRIBUTED SURPLUS (Note 7)	12,479,839	12,219,252
ACCUMULATED OTHER COMPREHENSIVE LOSS (Note 2)	(418,492)	-
DEFICIT	<u>(7,036,727)</u>	<u>(5,951,750)</u>
	<u>14,791,283</u>	<u>8,614,640</u>
	<u><u>15,738,694</u></u>	<u><u>9,560,980</u></u>
NATURE OF OPERATIONS (Note 1)		
COMMITMENTS (Note 5)		
APPROVED BY THE BOARD OF DIRECTORS		
<u>“Joseph Grosso”</u>	, Director	
<u>“Arthur Lang”</u>	, 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)

(Expressed in Canadian Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007 \$	2006 \$	2007 \$	2006 \$
EXPENSES				
Administrative and management services (Note 8)	17,750	-	30,084	-
Corporate development and investor relations	99,192	42,354	208,067	80,511
General exploration	107,456	113,277	438,424	203,149
Office and sundry (Note 8)	28,507	20,722	71,618	53,393
Printing	2,821	336	12,376	7,969
Professional fees	5,200	10,057	25,874	31,230
Rent, parking and storage (Note 8)	14,729	16,333	42,309	49,791
Salaries and employee benefits	95,553	31,269	264,481	97,480
Stock-based compensation	236,370	-	264,230	-
Transfer agent and regulatory fees	5,022	9,068	21,052	20,620
Travel and accommodation	24,661	2,020	62,656	5,166
	<u>637,261</u>	<u>245,436</u>	<u>1,441,171</u>	<u>549,309</u>
LOSS BEFORE OTHER ITEMS	<u>(637,261)</u>	<u>(245,436)</u>	<u>(1,441,171)</u>	<u>(549,309)</u>
OTHER INCOME (EXPENSE)				
Foreign exchange gain (loss)	(65,706)	999	(84,232)	(6,846)
Gain on disposition of marketable securities	-	-	-	461,226
Gain on disposition of mineral properties (Note 5(d))	-	126,000	333,000	126,000
Interest and other income	71,312	18,484	107,426	50,247
Write-off of mineral properties	-	-	-	(176,990)
	<u>5,606</u>	<u>145,483</u>	<u>356,194</u>	<u>453,637</u>
LOSS FOR THE PERIOD	<u>(631,655)</u>	<u>(99,953)</u>	<u>(1,084,977)</u>	<u>(95,672)</u>
DEFICIT - BEGINNING OF PERIOD	<u>(6,405,072)</u>	<u>(5,234,329)</u>	<u>(5,951,750)</u>	<u>(5,238,610)</u>
DEFICIT - END OF PERIOD	<u>(7,036,727)</u>	<u>(5,334,282)</u>	<u>(7,036,727)</u>	<u>(5,334,282)</u>
BASIC AND DILUTED INCOME (LOSS) PER COMMON SHARE	<u>(0.04)</u>	<u>(0.01)</u>	<u>(0.09)</u>	<u>(0.01)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	<u>15,227,798</u>	<u>8,164,155</u>	<u>11,510,583</u>	<u>7,977,529</u>

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

GOLDEN ARROW RESOURCES CORPORATION
(An Exploration Stage Company)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

<i>(Unaudited)</i> <i>(Expressed in Canadian Dollars)</i>	Nine Months Ended September 30, <u>2007</u> \$
NET LOSS	(1,084,977)
OTHER COMPREHENSIVE LOSS Unrealized loss on available-for-sale marketable securities	(418,492)
TOTAL COMPREHENSIVE LOSS	<u><u>(1,503,469)</u></u>

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GOLDEN ARROW RESOURCES CORPORATION
(An Exploration Stage Company)

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(Unaudited)</i>	Three Months Ended		Nine Months Ended	
<i>(Expressed in Canadian Dollars)</i>	September 30,		September 30,	
	2007	2006	2007	2006
	\$	\$	\$	\$
CASH PROVIDED FROM (USED FOR)				
OPERATING ACTIVITIES				
Net loss for the period	(631,655)	(99,953)	(1,084,977)	(95,672)
Items not affecting cash				
Gain on disposition of mineral properties	-	(126,000)	(333,000)	(126,000)
Stock-based compensation	236,370	-	264,230	-
Write-off of mineral properties	-	-	-	176,990
Gain on sale of marketable securities	-	-	-	(461,226)
	<u>(395,285)</u>	<u>(225,953)</u>	<u>(1,153,747)</u>	<u>(505,908)</u>
Changes in non-cash working capital balances	<u>(575,916)</u>	<u>(11,785)</u>	<u>(117,480)</u>	<u>(67,656)</u>
	<u>(971,201)</u>	<u>(237,738)</u>	<u>(1,271,227)</u>	<u>(573,564)</u>
INVESTING ACTIVITIES				
Expenditures on mineral properties and deferred costs	(214,567)	(91,165)	(1,276,548)	(290,525)
Increase in short-term investments	(5,457,495)	-	(5,061,940)	-
Net proceeds on sale of marketable securities	-	-	-	654,436
	<u>(5,672,062)</u>	<u>(91,165)</u>	<u>(6,338,488)</u>	<u>363,911</u>
FINANCING ACTIVITIES				
Issuance of common shares and warrants	40,000	-	7,828,575	299,110
Share and warrant issue costs	(5,365)	-	(412,693)	-
	<u>34,635</u>	<u>-</u>	<u>7,415,882</u>	<u>299,110</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,608,628)	(328,903)	(193,833)	89,457
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	<u>7,037,629</u>	<u>2,269,325</u>	<u>622,834</u>	<u>1,850,965</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>429,001</u>	<u>1,940,422</u>	<u>429,001</u>	<u>1,940,422</u>
CASH AND CASH EQUIVALENTS IS COMPRISED OF:				
Cash	429,001	305,904	429,001	305,904
Money market investments	-	1,634,518	-	1,634,518
	<u>429,001</u>	<u>1,940,422</u>	<u>429,001</u>	<u>1,940,422</u>
Interest paid	-	-	-	-
Income taxes paid	-	-	-	-

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GOLDEN ARROW RESOURCES CORPORATION
(An Exploration Stage Company)

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

(Expressed in Canadian Dollars)

	<u>Nine Months Ended September 30,</u>	
	<u>2007</u>	<u>2006</u>
	\$	\$
SHARE CAPITAL		
Balance at beginning of period	2,347,138	2,000,028
Private placements	7,782,500	-
Warrant valuation	(882,553)	-
Exercise of warrants	40,000	299,110
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	9,113	-
Share issue costs	(377,107)	-
Balance at end of period	<u>8,928,809</u>	<u>2,299,138</u>
WARRANTS		
Balance at beginning of period	-	-
Warrants issued	882,553	-
Warrant issue costs	(35,586)	-
Reallocation of warrant equity on the exercise of warrants	(9,113)	-
Balance at end of period	<u>837,854</u>	<u>-</u>
CONTRIBUTED SURPLUS		
Balance at beginning of period	12,219,252	12,219,252
Contributed surplus as a result of stock options granted	264,230	-
Reallocation of contributed surplus on the exercise of stock options	(3,643)	-
Balance at end of period	<u>12,479,839</u>	<u>12,219,252</u>
DEFICIT		
Balance at beginning of period	(5,951,750)	(5,238,610)
Loss for the period	(1,084,977)	(95,672)
Balance at end of period	<u>(7,036,727)</u>	<u>(5,334,282)</u>
ACCUMULATED OTHER COMPREHENSIVE LOSS		
Balance at beginning of period	-	-
Unrealized loss on available-for-sale marketable securities	(418,492)	-
Balance at end of period	<u>(418,492)</u>	<u>-</u>
TOTAL SHAREHOLDERS' EQUITY	<u>14,791,283</u>	<u>9,184,108</u>

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 NINE MONTHS ENDED SEPTEMBER 30, 2007

(Unaudited)

(Expressed in Canadian Dollars)

	Argentina					Peru	Total	
	Valle de Cura \$	Poncha \$	Jujuy \$	Gualcamayo \$	Neuquen \$	Other \$	Rio Tabaconas \$	\$
Balance - beginning of period	2,120,797	-	306,267	281,026	-	221,216	4,243,166	7,172,472
Expenditures								
Acquisition costs	27,415	-	-	-	-	-	163,771	191,186
Assays	-	2,702	1,678	7,426	3,215	-	-	15,021
Drilling	-	184,173	-	-	-	-	-	184,173
Environmental	-	-	10,492	5,818	8,417	-	-	24,727
Office	264	33,554	47,635	35,771	6,007	322	1,418	124,971
Salaries and contractors	-	11,355	51,570	4,252	39,815	5,340	122,416	234,748
Supplies and equipment	-	55,786	503	42	333	-	-	56,664
Transportation	-	194,284	46,051	26,997	16,848	-	5,237	289,417
Foreign value added tax	5,147	89,600	29,367	14,933	13,878	1,053	-	153,978
	32,826	571,454	187,296	95,239	88,513	6,715	292,842	1,274,885
Future income tax liability	-	4,263	2,766	1,663	-	882	-	9,574
Balance - end of period	2,153,623	575,717	496,329	377,928	88,513	228,813	4,536,008	8,456,931

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 NINE MONTHS ENDED SEPTEMBER 30, 2007
(Unaudited – 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

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 judgment 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.

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*”. Due to their short-term nature, their carrying value is equal to their fair value.

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(An Exploration Stage Company)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007
(Unaudited – Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- (ii) Marketable securities are classified as “*Available-for-sale*”. The fair value is obtained by reference to the closing quoted market price on the balance sheet date.
- (iii) Amounts receivable, prepaids 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.
- (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 \$6,870 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. As a result of Sections 3855 and 1530, the Company has recorded an unrealized loss of \$418,492 on its available-for-sale marketable securities in comprehensive income for the period ended September 30, 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 period ended September 30, 2007.

Comparative Figures

Certain of the prior period comparative figures have been reclassified to conform to the current period’s presentation.

3. SHORT-TERM INVESTMENTS

As at September 30, 2007 and December 31, 2006, the Company held the following short-term investments:

	September 30, 2007	
	Maturity	Fair Value \$
12 month term deposit - 4.45% annual interest rate (\$5,900,000 principal)	August 13, 2007	5,933,089
Asset backed commercial paper (\$207,102 principal)	-	186,392
		6,119,481

GOLDEN ARROW RESOURCES CORPORATION
(An Exploration Stage Company)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007

(Unaudited – Expressed in Canadian Dollars)

3. SHORT-TERM INVESTMENTS (continued)

	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

The Company has \$207,102 of its short-term investments invested in Canadian Asset Backed Commercial Paper (“ABCP”), maturing on October 12, 2007. The Company agreed to extend the maturity to December 14, 2007 under the provisions of the Montreal Accord. The Company believes that this liquidity issue with ABCP will not disrupt its business operations. Due to the uncertainty of the ABCP market, the Company recognized an unrealized loss of \$20,710 during the period in other comprehensive income to reflect an estimated fair value of \$186,392 at September 30, 2007.

All term deposits (excluding ABCP) are fully 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 September 30, 2007, the Company held 2,309,900 common shares of Amara Resources Corporation (“Amara”) which had a quoted market value of \$485,079 (December 31, 2006 - \$549,861). The Company has designated its marketable securities as available-for-sale financial assets and accordingly, changes to their fair value are recorded in other comprehensive income in the period they occur (see Note 2). A write-down of \$397,782 was recorded in the nine month period. The Company holds these marketable securities as a result of entering into option and sale for certain of its mineral property holdings in Argentina.

5. MINERAL PROPERTIES AND DEFERRED COSTS

	September 30, 2007			December 31, 2006		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Argentina						
Valle de Cura	571,090	1,582,533	2,153,623	543,675	1,577,122	2,120,797
Poncha	-	575,717	575,717	-	-	-
Jujuy	1,864	494,465	496,329	1,864	304,403	306,267
Gualcamayo	26,301	351,627	377,928	26,301	254,725	281,026
Neuquen	-	88,513	88,513	-	-	-
Other	18,802	210,011	228,813	18,802	202,414	221,216
	618,057	3,302,866	3,920,923	590,642	2,338,664	2,929,306
Peru						
Rio Tabaconas	1,152,873	3,383,135	4,536,008	989,102	3,254,064	4,243,166
	1,770,930	6,686,001	8,456,931	1,579,744	5,592,728	7,172,472

GOLDEN ARROW RESOURCES CORPORATION
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(Unaudited – Expressed in Canadian Dollars)

5. MINERAL PROPERTIES AND DEFERRED COSTS (continued)

(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 September 30, 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.

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
-	250,000	May 10, 2008
1,000,000	-	April 1, 2009
-	2,630,000	May 10, 2009
1,550,000	-	April 1, 2010
<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.

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5. MINERAL PROPERTIES AND DEFERRED COSTS (continued)

(c) 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 period ended September 30, 2007, Amera issued 900,000 of its common shares to the Company (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.

(d) 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 September 30, 2007.

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.

GOLDEN ARROW RESOURCES CORPORATION
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(Unaudited – Expressed in Canadian Dollars)

6. SHARE CAPITAL

Authorized: unlimited common shares without par value

Issued:	September 30, 2007		December 31, 2006	
	Shares	Amount \$	Shares	Amount \$
Balance, beginning of period	8,224,155	2,347,138	7,790,267	2,000,028
Issued during the period 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	-	9,113		
Exercise of warrants	50,000	40,000	433,888	347,110
Balance, end of period	15,252,255	8,928,809	8,224,155	2,347,138

(a) During the nine months ended September 30, 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.

(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.

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6. SHARE CAPITAL (continued)

A summary of the changes in the Company's outstanding stock options for the nine months ended September 30, 2007, is presented below:

	Options Outstanding and Exercisable	Weighted Average Exercise Price \$
Balance, beginning of period	749,000	0.75
Exercised	(8,100)	0.75
Granted	<u>738,000</u>	0.98
Balance, end of period	<u>1,478,900</u>	0.86

During the nine months ended September 30, 2007, the Company granted stock options to directors, employees and consultants to acquire 738,000 common shares of the Company and recorded compensation expense of \$264,230 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	4.12%
Estimated volatility	73%
Expected life	2.5 years
Expected dividend yield	0%

The weighted average fair value of the stock options granted during the period, calculated using the Black-Scholes Option Pricing Model, was \$0.36 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 September 30, 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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6. 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 September 30, 2007 and the changes for the nine months then ended is as follows:

	Number	\$
Balance, beginning of period	-	-
Warrants issued	4,260,000	882,553
Warrant issue costs	-	(35,586)
Warrants exercised	<u>(50,000)</u>	<u>(9,113)</u>
Balance, end of period	<u>4,210,000</u>	<u>837,854</u>

Common shares reserved pursuant to warrants outstanding at September 30, 2007 are as follows:

Number	Exercise Price \$	Expiry Date
1,500,000	0.80	April 2, 2009
<u>2,710,000</u>	1.50	June 8, 2012
<u>4,210,000</u>		

7. 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	264,230
Reallocation of contributed surplus on the exercise of stock options	<u>(3,643)</u>
Balance, September 30, 2007	<u>12,479,839</u>

8. 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, Gold Point Energy Corp. and Blue Sky Uranium 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 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 the nine months ended September 30, 2007, the Company incurred fees of \$337,500 (2006 - \$188,167): \$295,431 (2006 - \$182,520) was paid in monthly payments and \$42,069 (2006 - \$5,647) 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.

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8. RELATED PARTY TRANSACTIONS (continued)

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 the nine months ended September 30, 2007, the Company paid \$17,500 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.

9. 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:

	September 30, 2007				Total \$
	Corporate Canada \$	Mineral Operations Argentina \$	Mineral Operations Peru \$	Mineral Operations Columbia \$	
Current assets	6,925,853	261,694	28,223	65,993	7,281,763
Mineral properties and deferred costs	-	3,920,923	4,536,008	-	8,456,931
	<u>6,925,853</u>	<u>4,182,617</u>	<u>4,564,231</u>	<u>65,993</u>	<u>15,738,694</u>
	December 31, 2006				
	Corporate Canada \$	Mineral Operations Argentina \$	Mineral Operations Peru \$	Mineral Operations Columbia \$	Total \$
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>

10. 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 has 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 as at September 30, 2007.

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11. FINANCIAL INSTRUMENTS

The Corporation's financial instruments are comprised of cash, short-term investments, marketable securities, amounts receivable, prepaids and deposits, and accounts payable and accrued liabilities.

The fair values of cash, short-term investments, amounts receivable, prepaids and deposits, and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these instruments.

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