

# THE DAILY BELL



## STAFF NEWS & ANALYSIS

### Brian McEwen on the Chinchillas Opportunity Amidst the Rising Price of Silver

*By Daily Bell Staff - July 23, 2016*

*Brian McEwen is a professional geologist with more than 30 years of exploration and production experience in open-pit and underground mining projects and operations. He is VP Exploration & Development for Golden Arrow, a sponsor of The Daily Bell.*



**The Daily Bell:** Tell us a little more about your background.

**Brian McEwen:** I graduated from UBC in 1981, with a BSc in Earth Sciences, then worked in the coal mines of SE BC for 10 years, moved on to consulting with Cominco Engineering, MRDI and then AMEC. I worked around the world in open pit and underground project and mining evaluations, mostly development or production companies, as Chief Geologist, Manager of Geology, and finally Mining Manager for AMEC Peru. In 2003 I incorporated my own consulting company and worked mostly in senior or executive roles for junior companies, including Dynasty Gold, Buffalo Gold, London Mining, New World Resources, Northern Lion Gold, North Arrow and now Golden Arrow.

**The Daily Bell:** We want to ask some technical questions to begin with because of your role, and then we'll get a bit more general. Tell us about your time with MRDI.

**Brian McEwen:** I worked with Dr. Harry Parker, my technical supervisor. I was Chief Geologist for Canada, followed by Manager of Mining in Peru. I worked on many major projects throughout the world but mostly in Latin America, including Antamina, Cerro Colorado, Spence, Quebrada Blanca, Alumbrera, Lomas Bayas, Petaquilla... to name a few.

**The Daily Bell:** How is Golden Arrow positioned in Argentina from a success standpoint.

**Brian McEwen:** We have defined resources which continue to grow, and Silver Standard's Pirquitas mine 35 kms away is running out of ore. Silver Standard is currently paying for all the pre-development costs for advancing our exploratory effort and evaluating a joint mining operation, so the project is moving forward at no dilution to shareholders.

**The Daily Bell:** Golden Arrow just optioned Antofalla in Argentina's Catamarca province. How did it achieve the option? There were competitors involved.

**Brian McEwen:** This is a project that was brought to our attention by Hugo Caranza, our Chief Geologist. We started negotiating with the owner several years ago and recently signed off on the deal. There were other companies that we know of also pursuing this project. I believe it went to us as we have stayed in Argentina through good and bad times and started talking to the owner when the market was down. He was familiar with Mr. Joseph Grosso, Golden Arrow's head and believed we would advance it and not sit on it.

**The Daily Bell:** Expand on Chinchillas.

**Brian McEwen:** Chinchillas is our flagship project. Since 2012 we have advanced the project from a pure exploration play to a deposit with 155 million ounces of measured and indicated silver-equivalent resources, and a further 90 million ounces inferred silver-equivalent resources. Right now the project is under option by Silver Standard, who are evaluating a combined mining operation with their nearby Pirquitas mine, which if it goes ahead will give Golden Arrow a 25% interest in the resulting mine.

**The Daily Bell:** Tell us about the similarities between Antofalla and Chinchillas. The mineralizations are similar? Specifically the geological complexes seen at Chinchillas?

**Brian McEwen:** At Chinchillas, the breccia complexes associated with the dacite domes are one of the carriers of silver, lead and zinc mineralization, and our team has noted similar geological settings and mineralization at Antofalla.

**The Daily Bell:** You've said you believe the best proposition for delineating resources at Antofalla is to assess the project for mineralization associated with certain formations.

**Brian McEwen:** The volcanoclastic tuffs and breccias and associated dacite domes are hosts of mineralization at Chinchillas. This is the model we followed at Chinchillas and had such success. By zeroing in on these at Antofalla we believe we have a good chance to define another deposit.

**The Daily Bell:** OK, good news that these techniques have proven successful so far.

**Brian McEwen:** You could certainly say so. In just four years we have grown what was basically a grassroots exploration project to one of the largest new silver deposits with the potential to be a significant mine in the near-term.

**The Daily Bell:** Chinchillas is proving to be a bigger find than you expected as a result of these techniques?

**Brian McEwen:** Not as a result of these techniques. It is a big deposit. Others in the past believed the geometry would not allow for a big deposit. We believed it could and are proven right.

**The Daily Bell:** Antofalla has a similar environment to Chinchillas. Please explain.

**Brian McEwen:** It is dacite domes and associated tuffs and breccias. Our initial sampling indicates the rocks are mineralized. Now we need to figure how continuous it is and at what grade

**The Daily Bell:** Previous operators included Northern Orion (1997) and Silex Argentina (2004–2005). Can you explain how they explored the site?

**Brian McEwen:** Both companies completed typical early stage sampling and drilling. I can't speak to their strategies.

**The Daily Bell:** Are you looking for more properties now that the market is so hot?

**Brian McEwen:** Oh yes, we are looking at a lot of projects right now.

**The Daily Bell:** Where are you looking?

**Brian McEwen:** Mostly in Argentina, although I have looked at some in other countries. We have a good infrastructure in Argentina and know the country. As things have turned politically we feel we are in a good spot and the timing is right.

**The Daily Bell:** OK, some more general questions: Does the company foresee a continued hot market in gold and silver?

**Brian McEwen:** We are very pleased with the recent strength of silver and we in particular believe that silver is an important precious and industrial metal with a strong future.

**The Daily Bell:** Were you pleasantly surprised or did you see this coming?

**Brian McEwen:** We believed that the price of silver was unsustainably low so yes, we expected a turnaround.

**The Daily Bell:** How high can gold and silver go?

**Brian McEwen:** It was only a few years ago that silver was in the 35 to 45 dollar range, and there doesn't seem to be a reason that it can't reach that level again.

**The Daily Bell:** Do the new silver economics make Chinchillas more of a priority than ever?

**Brian McEwen:** Chinchillas is primarily a silver deposit so every increase in the price of silver will be of great benefit to future mine economics.

**The Daily Bell:** How about for Silver Standard?

**Brian McEwen:** I can't speak for Silver Standard but if the economics of Chinchillas improve with the silver price, presumably that would make it even more attractive to them as the operator of a neighbouring silver mine that is looking to extend their mine life with the Chinchillas deposit.

**The Daily Bell:** Argentina is getting better or worse as a base of operations? Didn't they just reduce taxes?

**Brian McEwen:** Since the 2015 presidential election Argentina has made several positive changes to the tax regime that will benefit mining operations. We believe in the country's mineral potential and its future as a mining centre.

**The Daily Bell:** Would you suggest investors interested in this sector give Chinchillas a close look? What's your feel about the project, will it move ahead?

**Brian McEwen:** Since the day I came on board with Golden Arrow I have been of the opinion that Chinchillas will be a mine. I have only become more confident as we have moved the project forward.

**The Daily Bell:** Well, good luck, and thanks for your time.

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