



Golden Arrow Chinchillas pre-development program underway

Golden Arrow Resources Corp. [GRG-TSXV; GAC-FRA; A0B6XQ-WKN] is conducting a 6,500-metre Phase VI drilling and exploration program at its 100%-owned Chinchillas silver (lead-zinc) project in mining-friendly Jujuy Province, Argentina. Drilling will focus on exploration, condemnation and infill holes.

The company recently completed a NI 43-101 compliant technical report that stated measured and indicated resources total 34.2 million tonnes grading 91 g/t silver, 0.82% lead and 0.57% zinc, for a silver equivalent of 155 million oz. Inferred resources stand at 39.2 million tonnes grading 42 g/t silver, 0.44% lead and 0.76% zinc, for a silver equivalent of 90 million oz.

Brian McEwen, PGeol, VP Exploration &

Development, said, "The area of the resource reported in the last 43-101 is approximately 70 hectares. Our property is about 2,000 hectares. We have indications of lots more mineralization from mapping and drilling. The project has the potential of getting a lot bigger. This next phase of drilling along with the recently completed exploration program will test the true potential outside of the main Chinchillas area."

Golden Arrow has an agreement with Silver Standard Resources Inc. [SSO-TSX; SSRI-NASDAQ] whereby they have proposed creating a mining merger joint venture to combine the Chinchillas Project and Silver Standard's nearby Pirquitas silver mine. Silver Standard has committed up to US \$12.6 million for project evaluation and,

assuming the agreement is completed, under the JV, Silver Standard would be operator and 75% owner of Chinchillas with Golden Arrow owning the remaining 25%.

The benefits of this arrangement will be that Silver Standard's Pirquitas Mine will process Chinchillas ore as the 4,000 tpd Pirquitas operation is mined out in the near future and Golden Arrow's Chinchillas Project will be fast-tracked to production. Golden Arrow will receive cash payments from Silver Standard of up to CDN \$2 million upon reaching certain milestones in the preliminary period, and is accruing a 25% interest in the cash flow from Pirquitas from October 1, 2015 to the exercise of the option.

By year end, Silver Standard will tran-

Drilling at Golden Arrow's Chinchillas property in northwest Argentina which is funded by Silver Standard Resources. Photo courtesy Golden Arrow Resources Corp.

sition from open pit mining to processing its 2.21-million tonne stockpile until early 2018 when it is anticipated that Chinchillas ore would be available, making for a continuous operation.

Joseph Grosso, Executive Chairman, President and CEO of Golden Arrow, said, "The PEAs we have completed are obsolete given a combined operation with Pirquitas. All processing will be done at the Pirquitas facility so there would be completely different economics."

With any mining operations, metal prices are beyond the control of the company, prompting the question: Are silver grades at Chinchillas robust enough to keep mining economics positive with up-and-down silver prices?

"Yes, we believe they are," said Grosso. "We are examining several operating sce-

narios. We are confident that we will be able to demonstrate that the project is able to support lower tonnage, higher grade scenarios such as envisioned with Pirquitas or much higher throughput at lower grades as examined in the previous PEAs."

The previous Phase V, 15,000-metre, drill program was successful in converting a significant portion of the resources within the high-grade Silver Mantos area to the measured and indicated categories required for prefeasibility or feasibility-level engineering. The Phase V and VI drill programs are part of the Chinchillas Project pre-development activities, funded by Silver Standard.

Prior to starting Phase VI drilling, mapping and trenching of several prospective areas were completed to define drill targets. Drilling is testing the Chinchillas South target area, which extends from the main Chinchillas deposit about 1.5 km to the south. The area was previously tested by only eight drill holes in the Phase III and Phase V drilling. Results included multiple intercepts of silver, lead and

zinc in most holes, such as: 69 g/t silver, 1.1% lead and 1.9% zinc over 15 metres in CGA-272W, including 165 g/t silver, 2.0% lead and 3.6% zinc over 3 metres; and 15 metres averaging 181 g/t silver and 1.1% lead in CGA-113.

Field work may include additional geophysics in areas of the property not previously covered. Engineering, metallurgical, and environmental studies are in progress.

Grosso explained that Golden Arrow will be 25% shareholder of the Chinchillas Mine operating company. In addition, the company has several other projects in the pipeline, and is evaluating several other potential projects.

Golden Arrow also has three projects in Argentina that are available for option; the Mogote copper-gold project, the Caballos copper-gold project and the Portrerillo gold-silver project.

Grosso is pleased with the election of new, pro-mining Argentine government which is making foreign investment much more attractive. ■