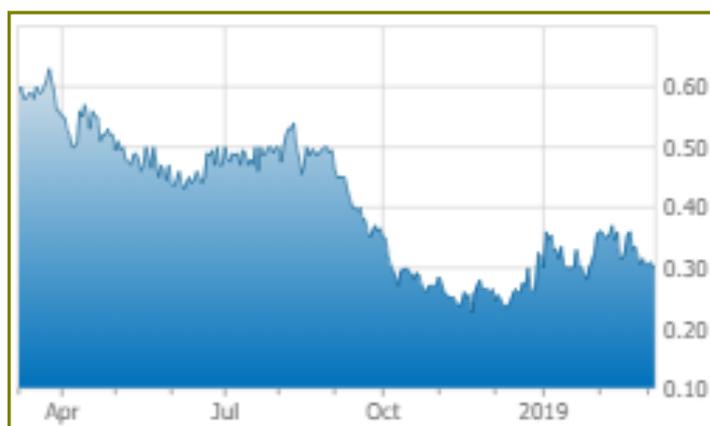


# Goldletter INTERNATIONAL

*the international independent information and advice bulletin for gold and related investments*

## Special Situation – March 2019 Update

www.goldenarrowresources.com



### Golden Arrow Resources (C\$ 0.31)

TSX.V : GRG  
OTC : GARWF  
Frankfurt SE : G6A

H+L prices (12 months) : C\$ 0.63 – 0.22

Net shares issued : 113.0 million shares  
Fully diluted : 136.5 million shares

Market Capitalization : C\$ 35.0 million  
(US\$ 26.1 million)

**2019 price target: C\$ 0.90**

### Company profile

**Golden Arrow Resources** (“Golden Arrow”) is a material resource company engaged in earning production income actively exploring its more than 200,000 hectares of properties in Argentina. The Company is a member of the Grosso Group, a resource management group that has pioneered exploration in Argentina since 1993.

On October 1, 2015, **Golden Arrow** announced that it had signed a business combination agreement with **SSR Mining** to combine SSR’s Pirquitas Silver-Zinc mining operation with its **Chinchillas Silver-Lead-Zinc Project** into the **Puña Operations** in the Province of Jujuy.

The agreement gives **Golden Arrow** a 25% interest in the combination, with SSR Mining holding the remaining 75% and acting as operator. Upon closing the agreement on May 31, 2017, **Golden Arrow** received C\$ 17.8 million for the Pirquitas payment.

On December 3, 2018 **Golden Arrow** announced that **SSR Mining** has declared commercial production at the mine

### ► Mine production **Puña Operations** in 2018

In 2018, **Puña Operations** produced a total of 3.7 million ounce of silver, 8.8 million pounds of zinc and 3.1 million pounds of lead. On a contribution basis (25%) **Golden Arrow**’s silver production in 2018 totalled 2.8 million ounces. Silver sales for the year totalled 3.8 million ounces compared to 6.0 million ounces of silver in 2017.

During the year, ore was milled at an average of 3,890 tonnes per day. Ore milled contained an average silver grade of 114 g/t. The average silver contracting was 72.1%, a 3% improvement as compared to 2017. Subsequent to the declaration of commercial production at **Chinchillas**, material mined in December 2018 totalled 897,000 tonnes, including 201,000 tonnes of ore.

Cash costs per payable ounce of silver sold in 2018 increased to \$ 15.91 from \$ 13.07 in 2017. Until commercial production was declared at **Chinchillas** in December 2018, **Puña Operations** processed sequentially lower grade stockpile ore since the closure of **Pirquitas** open-pit in January 2017. AISC of \$ 19.33 per payable ounce of silver sold in 2018 were higher than \$ 14.30 per payable ounce of silver sold in 2017 due to an increase of cash costs and an increase of capital investments per ounce sold. Capital expenditures increased from \$ 4.6 million in 2017 to \$ 9.68 million in 2018.



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**Value From Production.**



**Growth In Discovery.**

► **Outlook 2019**

With commercial production of the **Chinchillas** open-pit achieved, 2019 marks the first anticipated full year of ore production from the Chinchillas mine transported for processing at the **Pirquitas** mill.

Pirquitas is expected to produce between 6.0 and 7.0 million ounces of silver at cash costs of between \$ 8.00 and \$ 10.00 per payable silver ounce sold. Reported cash costs may vary during the quarter due to the buy-product credits arising from the production of lead and zinc as such credits based on the timing of sales of each concentrate.

Capital investments at **Puña** of \$ 12 million include \$ 5 million for mine equipment maintenance, and \$ 5 million for plant equipment maintenance. Capital stripping is elevated through 2019 as the mine completes the high wall push back and commences stripping the next phase of the **Chinchillas** open-pit. As Chinchillas operations ramp-up through 2019, only waste material will be mined over certain periods of the year, with ore stockpiled during the preproduction phase transported to and processed at the **Pirquitas** mill.

With **Puña** focused on optimization of the mine, transport and mill operations through 2019, limited exploration expenditures of \$ 1 million are planned in the second half of the year.

## ► Expanding exploration into Chile

As previously announced the completion of certain Chinchillas project infrastructure carries over into 2019, with the remaining investment of approximately \$ 9 million expected to be incurred in the first quarter, of which 75% to be paid by **SSR Mining** and 25% by **Golden Arrow Resources**.

On October 11, 2018, **Golden Arrow** announced that it had signed a Definitive Agreement to acquire the **Atlántida Copper-Gold Project**, which is the host to multiple world-class copper and gold deposits with a historic resource estimate of 427 million tonnes averaging 0.43% copper equivalent.

This was followed by the announcement on October 31, 2018 that the Company has entered into a Definitive Agreement to acquire up to 100% of the **Indiana Gold-Copper Project** in **Chile**.

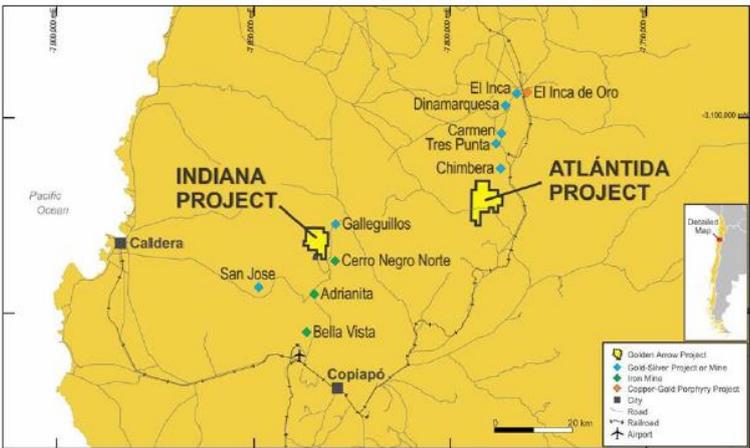
The **Atlántida** and **Indiana Projects** will be managed under **New Golden Explorations**, a 100% subsidiary of **Golden Arrow**. All exploration work will be funded directly by New Golden Exploration through new venture capital sources.



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# Indiana Au-Cu Project Overview

- 2,300 hectares, 40 km from Copiapo by road; 1470 m.a.s.l.
- Historic (2013) inferred resource estimate of **607,000 oz AuEq<sup>4</sup>**, in near-surface, high-grade veins & mineralized shoots,
- **Permitted for production**
- **2 ramps for underground exploration & development**
- **Exploration upside** in veins around known deposit, & throughout the property



**TERMS**

- US\$100,000 payment on signing
- US\$15M over 48 months
- Prior to last payment of \$7M at the end year 4, MSA has the option of retaining 25% of the Project, on pro-rata basis.

<sup>4</sup>3,093,700t @ 2.8 g/t Au, 1.6% Cu, 0.01% Mo, 4g/t Au Eq cut-off. From: NI 43-101 titled "Technical Report Indiana Gold and Copper Project Region III Chile" Dr. Eduardo Magri, Dec 9th 2013.

Readers are cautioned that Golden Arrow's QP has reviewed the NI 43-101 for this historical resource estimate and believes it to have been a reliable estimate of inferred resources at the time of its publication, however a qualified person has not done sufficient work to classify this estimate a current mineral resource, and Golden Arrow is not treating this as a current mineral resource estimate.

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FSE: GAC  
OTC:GARWF  
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- ~3,450 ha, 60 km NE of Copiapo at 1700 masl with year-round access
- Year-round access, close to ports & energy
- Previous operators include Inmet Mining Corporation & First Quantum Minerals Ltd.
- Cu-Au porphyry deposit + near-surface Au-rich skarn zone with a 1.5 km x 1.5 km footprint...Historic Inferred mineral resource estimate\* of **427 Mt @ 0.2% Cu, 0.35 g/t Au, & 27 ppm Mo**
- **Strong potential for discovery of additional deposits throughout the property**



## TERMS

- Low initial commitments
- 100% earn-in for max US\$6M over 4 years
- Max 2% NSR, with repurchase option

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FSE: GAC  
OTC:GARWF  
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\*A qualified person has not done sufficient work to classify this estimate a current mineral resource, and Golden Arrow is not treating this as a current mineral resource estimate.

## Management

**Joseph Grosso, Executive Chairman, CEO & President**, became one of the early pioneers of the mining sector in Argentina in 1993 when mining was opened to foreign investment, and was named Argentina's 'Mining Man of The Year' in 2005. His knowledge of Argentina was instrumental in attracting a premier team which led to the acquisition of key properties in Golden Arrow's portfolio. Mr. Grosso has successfully formed strategic alliances and negotiated with mining industry majors such as Barrick, Teck, Newmont, Viceroy (now Yamana Gold) and Vale, and government officials at all levels. His specialty is financing, negotiations, corporate and marketing strategy, and he was an early and passionate adopter of best practices in environmental protection and socio-economic development through mineral exploration. He is the founder and president of Grosso Group Management.

**Darren C. Urquhart, C.A., CEO and Corporate Secretary**, is a Chartered Accountant with more than 10 years of experience working in both public practice and industry. He is presently engaged in public practice accounting offering CFO and accounting services to TSX Venture Exchange listed exploration companies in the Vancouver area. Mr. Urquhart began his career working as an audit accountant with Grant Thornton LLP, then later worked as a senior tax accountant with Lohn Caulder Chartered Accountants and more recently served as a consultant to an international private equity company.

**Brian McEwen PGeol. VP Exploration & Development**, is a Professional Geologist with more than 30 years of exploration and production experience in open-pit and underground mining projects and operations globally. Mr. McEwen's previous roles include more than a decade with MRDI (AMEC Peru) where he was responsible for project management, economic resource and reserve calculations for various precious and base metal companies worldwide, including BHP Billiton, CM Antamina, Teck, Hochschild and Phelps Dodge among others.

**Nikolaos Cacos, M.I.M., Director and Vice President, Corporate Development**, brings 22 years of management expertise in the mineral exploration industry. He has extensive experience in providing strategic planning to and administration of public companies. Mr. Cacos serves as a director and officer of several publicly traded companies. He holds a Master of International Management degree from Heidelberg, Germany and a Bachelor of Science degree from the University of British Columbia.

**Dr. David Terry, Ph.D. P.Geol, Director**, has more than 20 years of experience focused on exploration for a wide spectrum of precious and base metal deposits throughout North and South America. He has held numerous senior positions with both major and junior mining companies, including Boliden, Westmin Resources, Hemlo Gold Mines, Cominco and Gold Fields Mining. Dr. Terry holds a BSc and PhD from the University of Western Ontario.

## **Finance**

On March 5, 2019, **Golden Arrow** announced the closing of a Unit Offering up to C\$ 4.1 million in gross proceeds at a subscription price of C\$ 0.30 per Unit. Each Unit will consist of one common share and one transferable common share purchase Warrant, which entitles the holder thereof to purchase one additional common share of the Company at C\$ 0.40 per share for 2 years from the date of issue.

### **Investment comments:**

With the **Chinchillas Silver-Zinc-Lead Mine** ready for commercial production in 2019, with **Golden Arrow** benefitting from partner **SSR Mining**, at a current market valuation of C\$ 2.2 billion being recognized as a major gold producer, and **Chinchillas** as a silver producer one of its three priority projects, **Golden Arrow** in addition having diversified its exploration activities to Chile, which are offering an attractive added investment value, the expected positive developments for this year underpin my investment recommendation for **Golden Arrow**.

**My 2019 price target remains C\$ 0.90.**