



**GOLDEN ARROW**  
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Frankfurt Stock Exchange (FRA): **GAC (WKN A0B6XQ)**  
OTC: **GARWF**

## NEWS RELEASE – October 30, 2014

# Golden Arrow Announces Updated Preliminary Economic Assessment for the Chinchillas Silver Project, with \$226M After-tax NPV and 24.3% IRR

Vancouver, BC / TNW-Accesswire / October 30, 2014 / Golden Arrow Resources Corporation (TSX-V: GRG, FRA: GAC (WKN: A0B6XQ), “Golden Arrow” or the “Company”) is pleased to announce the results of an updated Preliminary Economic Assessment (“PEA”) for the Chinchillas silver-lead-zinc project in Jujuy Province, Argentina (“Chinchillas” or “the Project”). The new PEA has more than doubled the after-tax net present value (“NPV”) of the project to US\$226 million. The update is based on the expanded resource estimate announced August 29<sup>th</sup> 2014.

### Highlights

All values are quoted in US dollars, using base case metal prices of \$22 per ounce of silver, \$1.00 per pound of lead, \$1.00 per pound of zinc.

- A processing rate of 2.9 million tonnes per year (8,000 tonnes per day) and open-pit mining scenario, at a 2.4:1 strip ratio, and 12 year mine life
- After-tax net present value of \$226 million at an 8% discount rate
- Internal rate of return (“IRR”) of 24.3%
- Payback period of 3.4 years
- Pre-production capital costs of \$237 million, including a 20% contingency
- Cash operating costs of \$9.22 per ounce of silver, without lead and zinc credits
- Average annual silver production of 8 million ounces

*“We are very pleased with this economic assessment as it provides an even stronger demonstration of the potential of Chinchillas as a viable mining project,”* stated Brian McEwen, VP Exploration and Development. *“We are now looking forward to moving into a feasibility assessment in 2015, while continuing to explore the property and expand resources.”*

The project demonstrates positive economics at a range of silver price scenarios:

<b>Silver Price Per Ounce \$US (Lead and Zinc at US\$1.00)</b>	<b>After-tax NPV<sup>8%</sup> (millions)</b>	<b>After-tax IRR</b>	<b>After-tax Payback Period (years)</b>
\$17.00	\$ 90.2	14.9%	5.2
<b>\$22.00</b>	<b>\$ 225.5</b>	<b>24.3%</b>	<b>3.4</b>
\$25.00	\$ 305.0	29.2%	2.6

Management plans to advance the Chinchillas project to a feasibility stage in 2015, with a goal to commence mining within three years. The Chinchillas deposit remains open to expansion in all directions, and approximately 70% of the property remains untested.

## Mineral Resources

The PEA is based on the mineral resource estimate reported on August 29<sup>th</sup>, 2014, and subsequently filed on SEDAR in a NI 43-101 Technical Report authored by Bruce Davis, FAusIMM, Kyle Howie, MAIG, and Bruce Smith, MAusIMM, dated October 10<sup>th</sup>, 2014. The Company wishes to note a typo correction in the previous resource tables, namely the total of the inferred resources for zinc in million pounds should read 330.9.

**Table 1. Mineral Resource Statement for the Chinchillas Project. August 29<sup>th</sup>, 2014.**

Resource Class/Zone	Tonnage (Mt)	Ag (g/t)	Pb (%)	Zn (%)	AgEq (g/t)	Ag (Moz)	Pb (Mlbs)	Zn (Mlbs)	AgEq (Moz)
<b>Indicated Resources</b>									
Silver Mantos	12.6	84.7	0.48	0.45	113.4	34.2	131.7	123.4	45.8
Mantos Basement	12.1	98.2	0.83	0.16	129.0	38.2	219.8	43.2	50.1
<b>Total Indicated Resources</b>	<b>24.6</b>	<b>91.3</b>	<b>0.65</b>	<b>0.31</b>	<b>121.1</b>	<b>72.3</b>	<b>351.5</b>	<b>166.6</b>	<b>95.9</b>
<b>Inferred Resources</b>									
Silver Mantos	6.2	60.1	0.59	0.62	97.8	11.9	80.3	83.7	19.4
Mantos Basement	5.3	98.8	0.85	0.11	128.8	16.7	98.9	13.1	21.8
Socavon del Diablo	7.3	27.3	0.44	1.13	76.2	6.4	70.3	182.8	17.9
Socavon Basement	3.2	49.9	0.62	0.72	91.6	5.2	44.6	51.3	9.6
<b>Total Inferred Resources</b>	<b>22.0</b>	<b>56.9</b>	<b>0.61</b>	<b>0.68</b>	<b>97.1</b>	<b>40.2</b>	<b>294.1</b>	<b>330.9</b>	<b>68.7</b>

Notes:

1. The AgEq formula used is  $(Pb \times 31.172) + (Zn \times 31.172) + (Ag \times 1)$ .
2. Totals may not add correctly due to rounding
3. A resource constraining shell was developed based on metal prices of US\$35.00/ounce silver, US\$2.00/pound zinc and US\$2.00/pound lead. Within that shell, the resource has been reported using a cutoff grade of 40 g/t Ag Eq. The cutoff was determined using operating costs of US\$16.00/tonne for processing, US\$9.00/tonne for G&A (US\$25.00/t total) with metal prices of US\$22.00/oz silver, US\$1.00/pound zinc and US\$1.00/pound lead, and a process recovery of 90%, based on the 2014 Preliminary Economic Assessment. (See reported filed on SEDAR dated January 20th, 2014 for details.) The pit slope used for the resource shell is 45 degrees.

The PEA is considered preliminary in nature. All mineralized material whether classified as Indicated and Inferred mineral resources are considered in the pit optimization and mine plan. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues. The quantity and grade of reported Inferred resources are uncertain in nature and there has been insufficient exploration to classify these Inferred resources as Indicated or Measured, and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured category.

## Project Development Plan

The project concept is to develop an owner-operated open pit silver-lead-zinc mine with an on-site concentrator using conventional flotation concentration methods to produce two concentrates; a silver-bearing lead concentrate; and a zinc concentrate.

A series of pit optimizations were run using the resource block model, applying a range of metal prices and recoveries, and estimated costs for mining, processing, and general and administrative (G&A). The operational pits were designed based on the optimized shells, and the potentially mineable portion of the resource was estimated within those pits. The ultimate pit contains a total of 114.4 million tonnes of combined mill feed and waste material including 33.8 million tonnes of

mill feed, for a strip ratio of 2.4:1. The mill feed tonnage incorporates a mining ore loss factor of 3% and mining dilution at 5%.

A mill production rate of 2.9 Mt per year (8,000 t/day) is assumed. The production schedule includes one year of pre-production pre-stripping, mainly to acquire material to build the tailings starter dam, followed by twelve years of operating mine life.

It is assumed that lead and zinc concentrates will be shipped to a smelter/refiner via Antofagasta, Chile. An estimated 90 million ounces of silver are to be produced through the life of the mine, at an average head grade of 86g/t silver. In addition, 248 million pounds of zinc and 464 million pounds of lead will be produced with average head grades of 0.41% zinc and 0.66% lead respectively.

### Project Economics

The PEA project economics are based on long term metal prices of \$US 22.00/oz silver, \$US 1.00/lb lead, \$US 1.00/lb zinc. The Company has assumed a base case long-term price scenario of \$22 per ounce of silver and an 8% discount rate. The commodity price assumptions were developed using a review of recent comparable peer reports and projected price information. The revenue is mainly derived from silver with lead and zinc as by-products. The silver metal generates 78% of the total revenue. Table 2 summarizes the parameters of the cash flow model.

**Table 2. Cash Flow Analysis Summary**

Parameter	Unit	
Average Annual Silver Production	Moz	8
Total Ag produced	Moz	90.4
Average Ag grade	g/t	85.5
Average Ag recovery (Pb Con)	%	94
Life of Mine	years	12
Total Unit operating cost	\$/t feed	\$23.19
Total Unit cash cost without credits	\$/oz Ag	\$9.22

The cash flow model includes a provincial mining royalty of 3% on the mine head value and an Argentine federal income tax at 35%. The export tax rate has been assumed at 7.5%, which is based on a 10% tax rate less a 2.5% credit for projects located in the Puna region, as outlined in Resolution No. 762/93 of the Ministry of Economy of Argentina. Table 3 summarizes the financial analysis from the cash flow model.

**Table 3. Financial Analysis**

	Before Tax	After Tax
<b>NPV 0%</b> (millions)	\$ 883.2	\$ 569.6
<b>NPV 5%</b> (millions)	\$ 515.2	\$ 321.8
<b>NPV 8%</b> (millions)	\$ 372.8	\$ 225.5
<b>IRR</b>	30.0%	24.3%
<b>Payback period</b> (years)	3.2	3.4

Capital and operating costs were estimated at +/-35% by the Qualified Persons based on their experience with similar operations. The capital and operating costs are summarized in Tables 4 and 5 below.

**Table 4. Summary of Capital Costs, including 20% contingency, US\$(millions)**

Pre-production Capital (Includes pre-stripping, mining capital costs, process plant, infrastructure)	\$ 237 M
Sustaining Capital over life-of-mine	\$ 84 M
<b>Total Capital</b>	<b>\$321 M</b>

**Table 5. Summary of Unit Operating Cost Assumptions, US\$**

		<b>Unit Cost</b>	<b>\$/t feed</b>
Mining – Feed	\$/t material	2.33	7.90
Processing	\$/t feed	12.25	12.25
Tailings	\$/t feed	0.09	0.09
G&A	\$/t feed	2.95	2.95
<b>Total</b>			<b>23.19</b>

### Metallurgy and Processing

Metallurgical test work was undertaken at Bureau Veritas Commodities Canada Ltd. Inspectorate Metallurgical Division and the PEA incorporates test results to July 2014. Samples representing the Mantos Basement (BAS), Silver Mantos (MAN), and Socavon del Diablo (SOC) zones of mineralization have been tested through a locked cycle process and therefore three corresponding ore types were considered in the PEA. The Socavon basement zone is newly identified and has not yet been subject to metallurgical testing, however the mineralization of that zone is similar to that of Mantos Basement and therefore for the purposes of the PEA it was considered to behave in a similar fashion and be part of ore type 1 “BAS”. The samples have demonstrated amenability to selective flotation and yielded commercial concentrates by conventional methods, and there are no significant penalty elements in the concentrates. The metallurgical test work completed to date is preliminary, and on-going work will look at more detailed sampling and testing of all mineralization types.

The planned processing plant for Chinchillas is designed to process polymetallic mineralization at a rate of 8,000 tonnes per day. The proposed processing flow sheet consists of primary crushing, grinding in SAG/Ball mills and differential flotation to sequentially float ore from the pulp, producing first a silver-bearing lead concentrate and then a zinc concentrate. The rougher concentrates will subsequently be cleaned to enhance concentrate grades.

The Chinchillas Project’s recovery assumptions for the ore types are summarized Table 6. The silver concentrate grades are variable since they are dependent on the head grades mined in each year and the average annual grades are shown. Lead and zinc concentrate grades are fixed.

**Table 6. Recovery Assumptions for Payable Metals**

<b>Lead Concentrate (Silver grades are annual averages)</b>						
	<b>Ore_1 (BAS)</b>		<b>Ore_2 (MAN)</b>		<b>Ore_3 (SOC)</b>	
	<b>Lead</b>	<b>Silver</b>	<b>Lead</b>	<b>Silver</b>	<b>Lead</b>	<b>Silver</b>
<b>Recovery</b>	93.5%	95.0%	95.0%	94.5%	94.5%	93.0%
<b>Grade</b>	70.0%	8.3 kg/t	62.2%	10.3 kg/t	66.0%	3.8 kg/t
<b>Zinc Concentrate (Silver grades are annual averages)</b>						
	<b>Ore_1 (BAS)</b>		<b>Ore_2 (MAN)</b>		<b>Ore_3 (SOC)</b>	
	<b>Zinc</b>	<b>Silver</b>	<b>Zinc</b>	<b>Silver</b>	<b>Zinc</b>	<b>Silver</b>
<b>Recovery</b>	75.0%	3.0%	80.0%	2.3%	85.0%	4.0%
<b>Grade</b>	52%	1.3 kg/t	53.0%	271 g/t	60.0%	70 g/t

### Infrastructure

With the Silver Standard's Pirquitas operation 30 kilometres away, good infrastructure to support mining is in place and the Project has two all season access routes. Power is available at the nearby village of Santo Domingo; however it is not sufficient for the mining operation and project development would require additional power supplies to be sourced. It is assumed that a new high voltage (69 kV) power line would be constructed from Abra Pampa to the project site, a distance of 66 km. Water for future processing operations will be sourced from local and regional wells. Site water management facilities will include diversion channels for non-contact water and collection channels for contact water. Water will be conserved and recycled to the maximum extent possible. Chinchillas will produce thickened tailings that will be stored within a lined tailings impoundment that will be constructed and expanded in stages using mine waste rock to distribute expenditures over the life of the mine.

### Economic Sensitivity

A sensitivity analysis was conducted based on several metal price cases, as summarized in Table 7 below. The economic results for the variable metal prices do not incorporate modifications to the production plan tonnages and grades that may be driven by the variable prices. The same production profile is maintained for all price scenarios.

**Table 7. Sensitivity Analysis to Silver Price, 8% Discount Rate**

<b>Silver Price Per Ounce US\$ (Lead and Zinc at US\$1.00)</b>	<b>After-tax NPV<sup>8%</sup> (millions)</b>	<b>After-tax IRR</b>	<b>After-tax Payback Period (years)</b>
17	\$ 90.2	14.9%	5.2
22	\$ 225.5	24.3%	3.4
25	\$ 305.0	29.2%	2.6

The sensitivity analysis indicates that the project demonstrates positive economics at all three silver price scenarios.

### Qualified Persons

The updated NI 43-101 Technical Report for the PEA will be filed on SEDAR within 45 days of this news release. The report is being coordinated by independent consultant Ken Kuchling, P.Eng., a mining engineer specializing in economic reviews and an independent Qualified Person as defined in NI 43-101. Additional contributing Qualified Persons on the report will include:

- Ken Embree, P.Eng. of Knight Piésold Ltd (tailings and infrastructure)
- John Fox, P.Eng. of Laurion Consulting Inc. (metallurgy)
- Bruce Davis, Ph.D. FAusIMM of BD Consulting Inc. (resource estimate)
- Kyle Howie, MAIG (resource estimate)
- Bruce Smith, M.Sc. (C.P.) MAusIMM (geological interpretation).

All Qualified Persons have reviewed and approved the content of this news release.

**About Golden Arrow:**

Golden Arrow is a Vancouver-based explorer focused on identifying, acquiring and advancing precious and base metal projects in Argentina with the goal of achieving a world class discovery. The main focus is on advancing the flagship Chinchillas Silver Project located in Jujuy, Argentina. Golden Arrow will continue to execute its strategy to leverage the Company's exploration exposure by attracting partners to fund work on its other high quality mineral projects. Golden Arrow is a member of Grosso Group, a management company specialized in resource exploration, and working in Argentina where it is highly regarded and trusted since 1993.

ON BEHALF OF THE BOARD

“Joseph Grosso”

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Mr. Joseph Grosso  
Executive Chairman, President, CEO and Director

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**FORWARD-LOOKING STATEMENTS**

*This news release contains “forward-looking statements” within the meaning of Canadian securities legislation. Such forward-looking statements concern the Company's anticipated results and developments in the Company's operations in future periods, planned exploration and development of the Chinchillas project, plans related to its business and other matters that may occur in the future. These statements relate to analyses and other information that are based on expectations of future performance as outlined in the Resource Estimate and PEA, including silver, lead and zinc production and planned work programs at Chinchillas. Statements concerning reserves and mineral resource estimates may also constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the Chinchillas property is developed and, in the case of mineral reserves, such statements reflect the conclusion based on certain assumptions that the mineral deposit can be economically exploited.*

*Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation: risks related to precious and base metal price fluctuations; risks related to fluctuations in the currency markets (particularly the Argentinean peso, Canadian dollar and United States dollar); risks related to the inherently dangerous activity of mining, including conditions or events beyond our control, and operating or technical difficulties in mineral exploration, development and mining activities; uncertainty in the Company's ability to raise financing and fund the development of the Chinchillas project pursuant to the PEA; uncertainty as to actual capital costs, operating costs, production and economic returns, and uncertainty that development activities will result in a profitable mining operation at Chinchillas; risks related to mineral resource figures being estimates based on interpretations and assumptions which may result in less mineral production under actual conditions than is currently estimated and to diminishing quantities or grades of mineral resources as properties are mined; risks related to governmental regulations and obtaining necessary licenses and permits; risks related to the business being subject to environmental laws and regulations which may increase costs of doing business and restrict our operations; risks related to the Chinchillas property being subject to prior unregistered agreements, transfers, or claims and other defects in title; risks relating to inadequate insurance or inability to obtain insurance; risks related to potential litigation; risks related to the global economy; risks related to the Chinchillas property being located in Argentina, including political, economic, social and regulatory instability. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements. The Company's forward-looking statements are based on beliefs, expectations and opinions of management on the date the statements are made. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.*

*The information provided in this news release addresses the Chinchillas Resource Estimate and is not intended to be a comprehensive review of all matters and developments concerning the Company. It should be read in conjunction with all other disclosure documents of the Company. The information contained herein is not a substitute for detailed investigation or analysis. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented. The Company undertakes no obligation to publicly update or revise any forward-looking statements.*

*We advise U.S. investors that the SEC's mining guidelines strictly prohibit information of this type in documents filed with the SEC. U.S. investors are cautioned that mineral deposits on adjacent properties are not indicative of mineral deposits on our properties.*