



### **Summary:**

The Potrerillos precious metal prospect is located 8 km east of the Veladero 10 Moz gold mine and Pascua Lama Project in western San Juan Province, Argentina. The project is 100% owned by Golden Arrow and covers an area of 4575.7 ha. The property lies in the Cordillera Frontal region, Andean Cordillera with elevations ranging from 4000m to 5000m above sea level. The main targets that have been identified to date can all be accessed by 4x4 truck and motorcycles and exploration work can be conducted 6-7 months year round basis.

Silver mineralization at the property appears as dominant with values up to 2900 ppm in vein breccias with patches of disseminated dark sulfides. Gold mineralization occurs up to 15.40 ppm in quartz veins to 370 ppb in talus fines. Mineralization is preferentially hosted by intersection of NE with NW-trending structures that are observed on satellite images. Two major rock groupings are present separated by a steeply dipping N-trending thrust fault. The geology east of the thrust contact comprises mainly volcanic rocks of Permo-Triassic Choiyoi Group. To the west the rocks consist of the shallow NW-dipping sequence of andesitic volcanics and clastic sediments of Tertiary age.

Geophysics surveys, ground magnetometer, gradient array IP/Resistivity, Real section IP and CSAMT were completed at Potrerillos, which have identified a moderate to strength resistivity feature at Fabiana

Strong mercury geochemical anomalies (up to 19,7%) silver (up to 2900 ppm) and gold (up to 15.4 ppm Au) co-incident with the multiphase breccias hydrothermally altered indicates the potential for precious metal deposits similar to Pascua Lama system and Veladero mine 8 Km to the east.

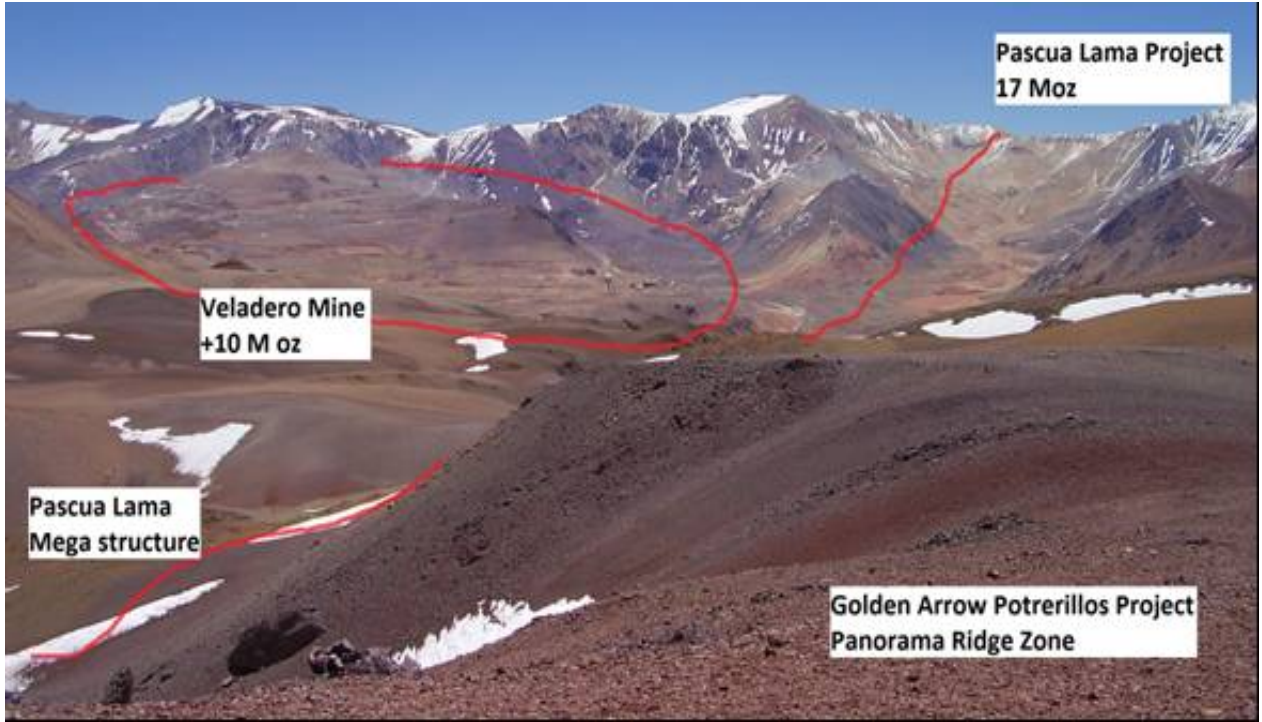


Photo 1. Potrerillos Prospect Location

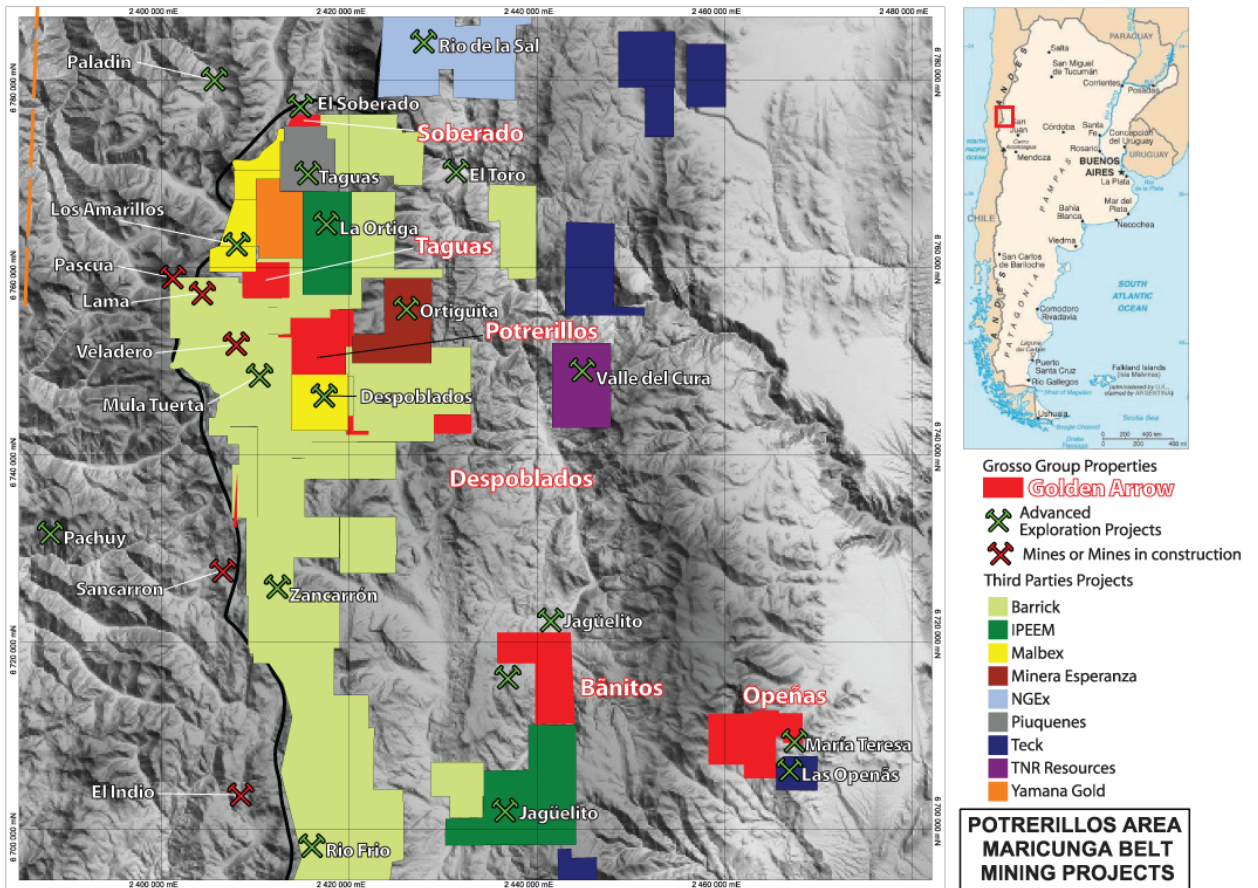


Figure 1. Potrerillos Prospect Location

**Project History:**

- **1999** Grosso Group member company, IMA Exploration Inc (now Kobex Minerals Inc.) conducted a brief reconnaissance program on the property and re-visited later in same year to mid May 2000 for further exploration tasks.
- **2001** Three main exploration targets have been identified on the property: Panorama, Fabiana and Narelle. Most previous work was focused on the Fabiana and Narelle zones, respectively located on the western and eastern areas of the property
- **2010** A prospecting program targeting the Panorama Zone identified high-grade gold-silver mineralization on surface.

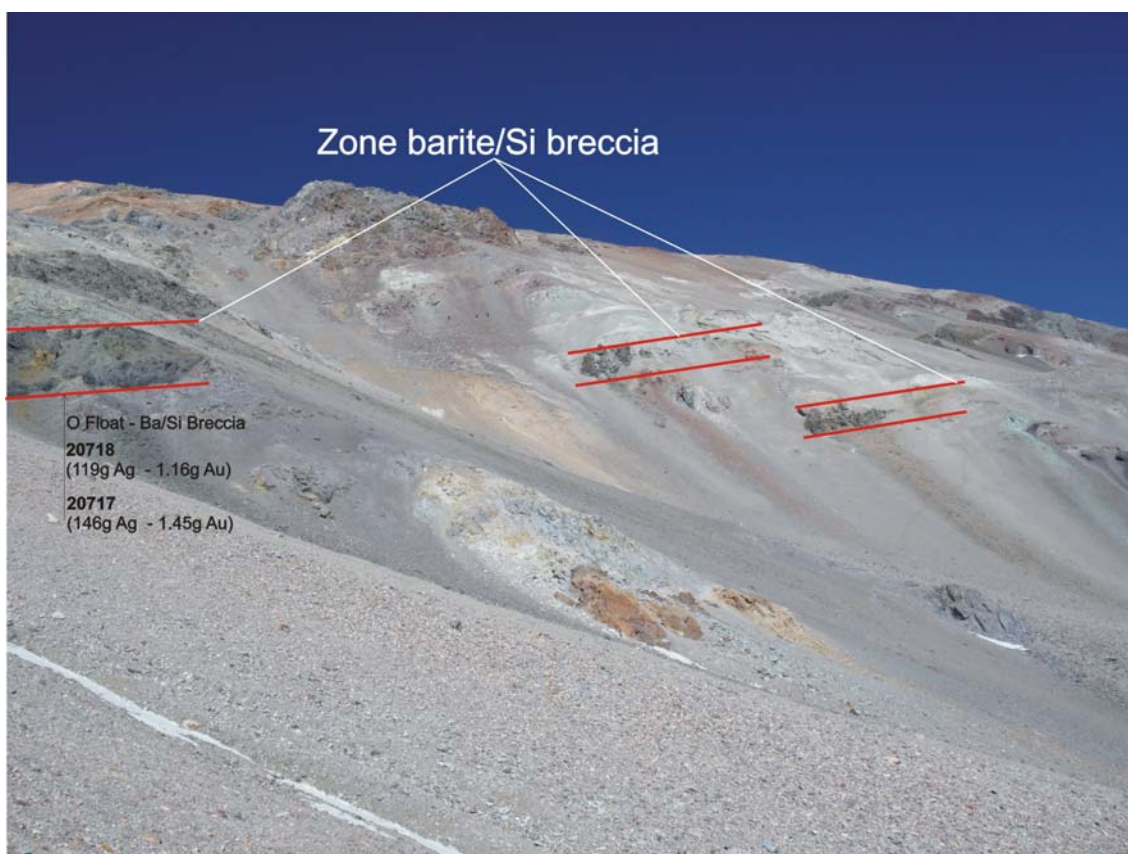
**Geology and Mineralization:**

The Potrerillos prospect is underlain by Permian to Triassic volcanic and volcanoclastic rocks of the Choiyoi Group with andesitic composition in the lower part and rhyolitic in the upper portion. These rocks are unconformably overlain by late Tertiary volcanic of the Doña Ana (andesites, dacites and rhyolites) and Olivares Formation (basalts and diabbases) The Doña Ana hosts the majority of the gold deposits in the El Indio Belt.

**Panorama Zone:**

It is characterized by structural complexity. Imbricate N-S thrusting has placed Permo-Triassic volcanic rocks over the sedimentary and pyroclastic sequence of Tertiary age. The units dip moderately to the west. Field observations to date depict pervasive silicification as the most significant alteration feature at breccias and fractures although the complete alteration map is still planned that could well delineate a high sulphidation style mineralization. The northern portion of the property is composed mainly of hematite rich crystal tuff unit where the alteration consists of chalcedonic veinlets, drusy quartz and FeOx. Also this area contains banded quartz to quartz-jasper unit.

Mineralization is principally associated to massive quartz/barite breccias, banded veins and Stockwork quartz, barite, sulphides and elevated As-Ba-Mn-Mo-Pb-Zn. (Photo 1)



**Photo 2. Panorama Zone**

A gypsiferous breccia occurs in the southern part of the area with fragments of gypsum, sandstone and silicified tuff and is laced with gypsum and limonite veins. The gypsum probably results from the oxidation of a considerably amount of pyrite. In general terms copper is negligible, Nevertheless a basaltic breccia in fault (N5W, 55W; with slickensides) yielded 43% Cu. It exhibits bleaching, Cu carbonate cement, chalcocite streaks and breccia fill with native Cu.

Also some banded texture veins have yielded up to 6% Cu associated to carbonates malaquite and calcite but apparently not related to precious metals. The host volcanic rocks are variably stockwork veined with quartz, calcite and barite ranging in size from few centimeters up to 3m width

As a result of field campaigns observations, Panorama Zone has been interpreted as the upper expression of a high sulphidation epithermal precious-base metal mineralized system.

Panorama Zone presents widely dispersed anomalous values that occur in a north-south trending area 3.000m long by 600m wide (Fig2 and Fig3)

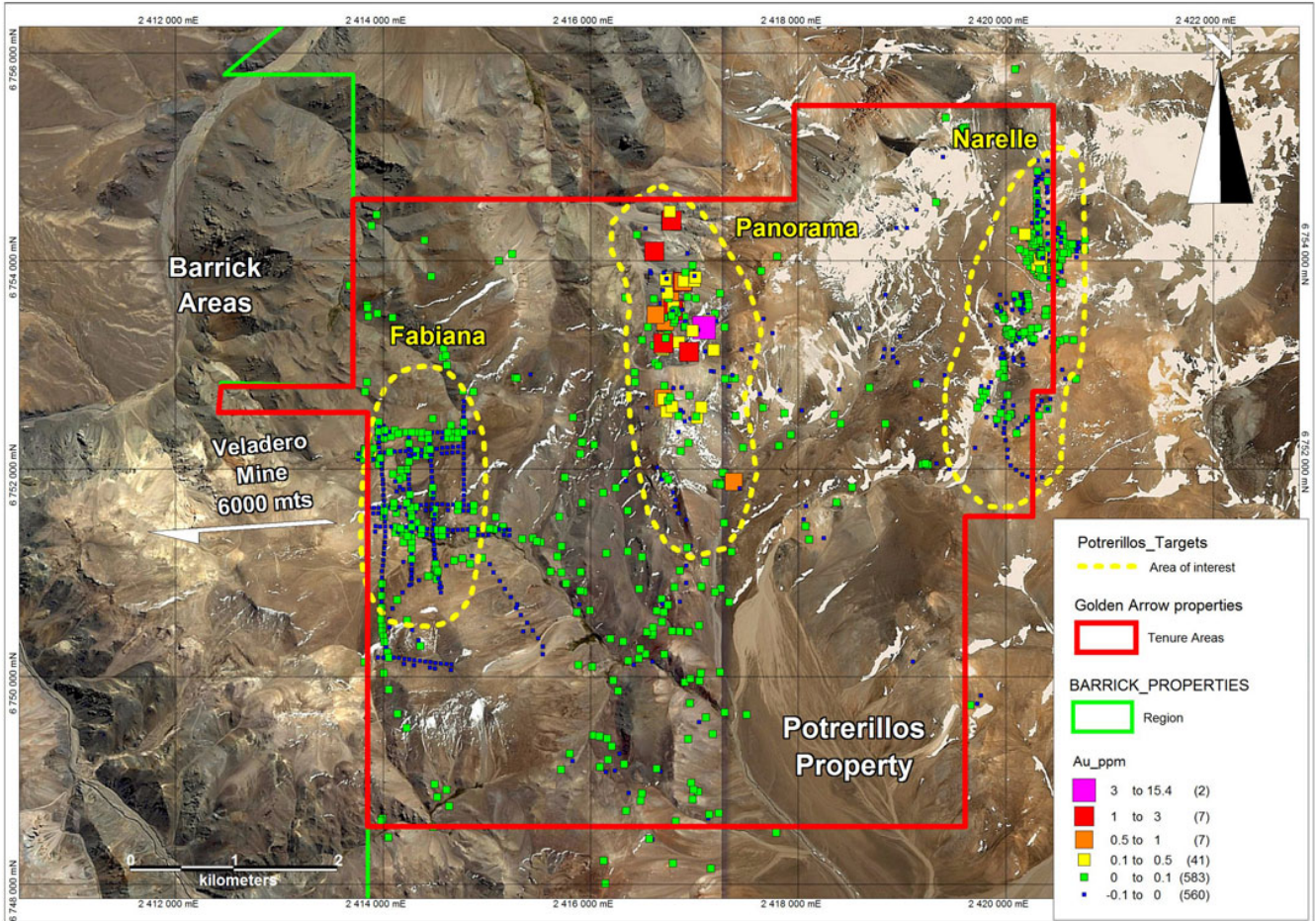


Figure 2. Au ppm values

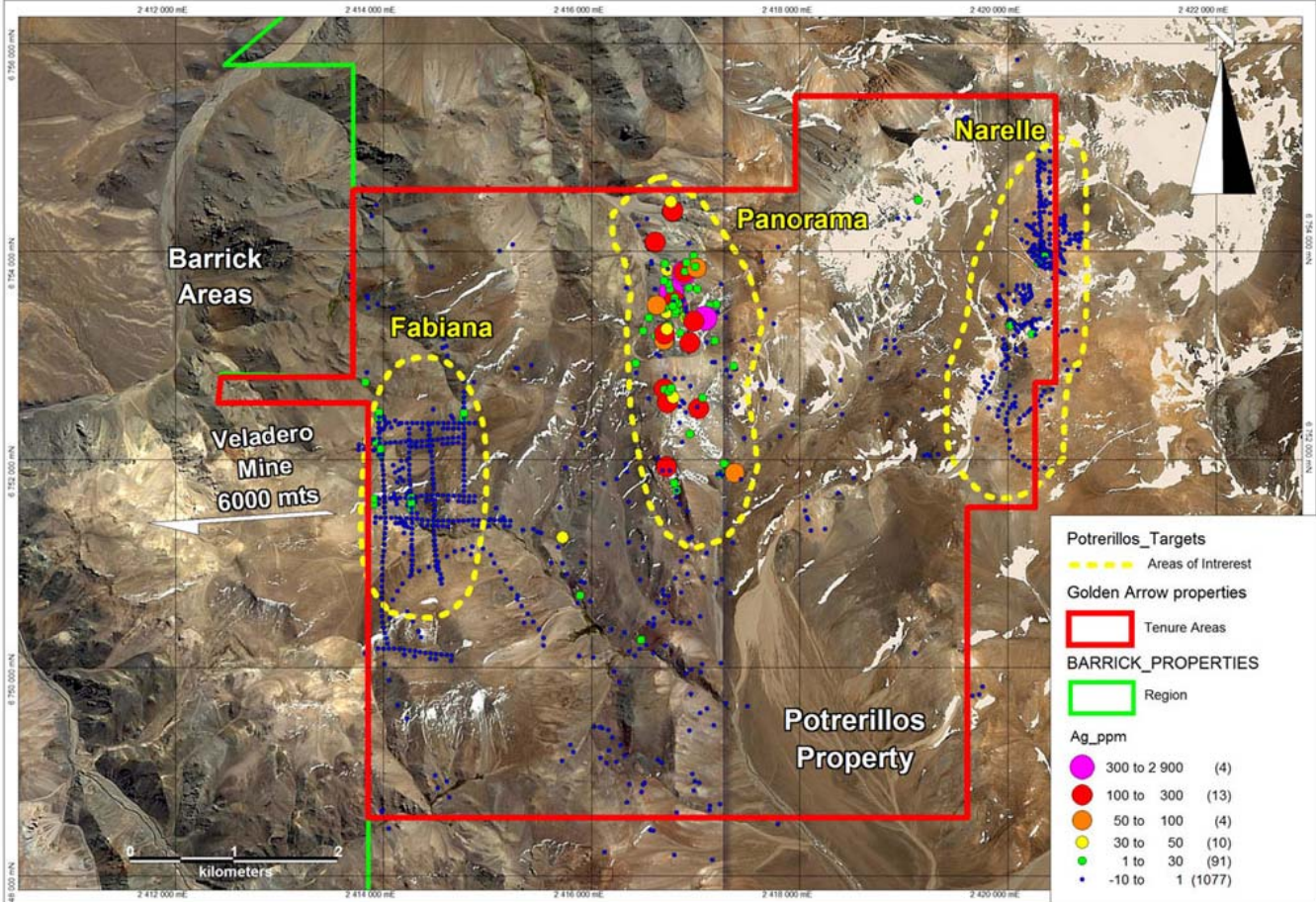


Figure 3. Ag ppm values

A total of 103 rock chips were collected during two recent visits to Panorama and the sampling highlights are listed in Table 1

Note 1ppm= 1gram/tonne

**Table 1: Potrerillos Sampling highlights -- April 2010 Program**

Sample #	Sample Description	Au (ppm)	Ag (ppm)	Cu (%)	Mo (ppm)
GA 12178	breccia 1m chip	0.21	<b>201.0</b>	0.00	0
GA 20706	qtz vein 1m	0.91	<b>431.0</b>	0.00	<b>62</b>
GA 20709	banded vein 1m	<b>2.54</b>	<b>172.3</b>	0.00	<b>36</b>
GA 20717	Massive qtz/Barite breccia float	<b>1.45</b>	<b>146.6</b>	0.00	2
GA 20718	Massive qtz/Barite breccia float	<b>1.16</b>	<b>119.2</b>	0.00	1
GA 20779	Stockwork qtz, barite, sulphides	<b>1.90</b>	<b>169.0</b>	0.02	1
GA 20790	Stockwork qtz, barite, sulphides	<b>2.39</b>	<b>266.0</b>	0.01	1
GA 20794	stockwork barite veinlets	<0.01	<b>24.7</b>	<b>2.09</b>	2
GA 20795	native Cu, veinlets qtz / calcite	<0.01	<b>16.6</b>	<b>6.19</b>	1
GA 20803	breccia 2 m chip	<b>1.33</b>	<b>456.0</b>	0.00	<b>200</b>
GA 20804	breccia 3 m chip	0.79	<b>148.1</b>	0.00	<b>345</b>
GA 20821	Stockwork qtz, ba, sulphides	<b>8.42</b>	<b>1,000.0</b>	0.01	1
GA 20823	Stockwork qtz, ba, sulphides	0.25	<b>134.6</b>	0.00	1
GA 20824	Stockwork qtz, sulphides	<b>1.12</b>	<b>117.3</b>	0.00	6
GA 1489	Vein Bx, dissem dark sulfides	<b>15.40</b>	<b>2900.0</b>		

#### **Fabiana Zone:**

This target area is situated in the western half of the property and dominated by a large very young dome of obsidian with local internal and peripheral breccias. The compositions of these rocks are rhyolite to quartz latite and are unaltered.

The sequence to the NW continues with unaltered to weakly propylitized andesites and lesser rhyolitic ignimbrites and volcanic breccias, which are overlain by alunitic silicified explosion breccias surrounded in part by fine grained silicified tuffs with small amount of barite. To the west-central part of this zone a small dome-like hill strongly affected by jarositic-alunitic veins is bounded by an alunite-veined fractured to brecciated porphyritic andesite.

Lead, arsenic, mercury and antimony are strongly anomalous. Silver values are negligible. Maximum gold reported 100 ppb from a large silicified clast selected from the explosion breccia.

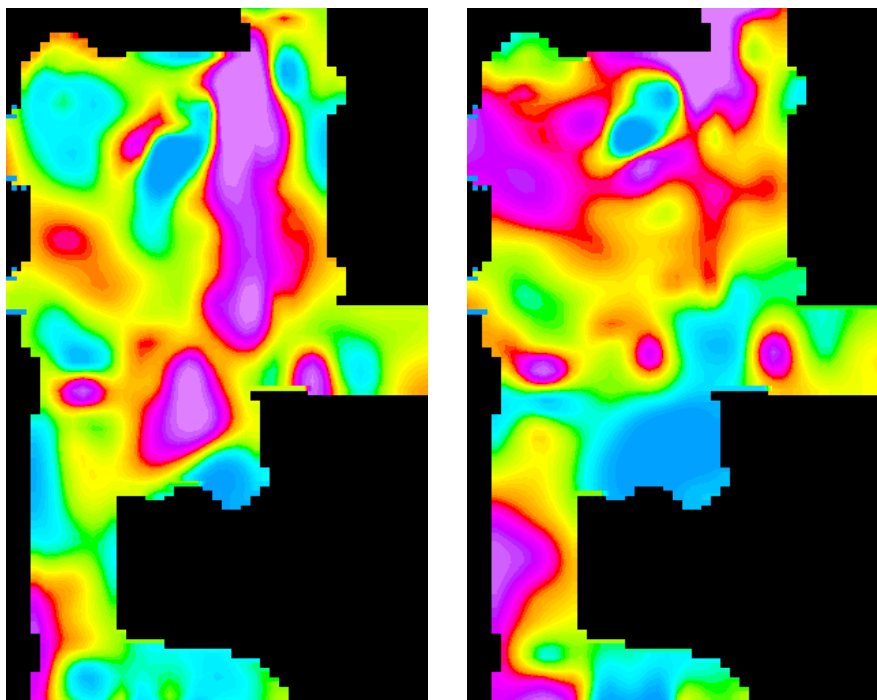
#### **Narelle Zone:**

The exposed outcrops consist of a pyroclastic sequence with variably coarse crystal-lithic tuffs and fine-grained tuffs. These rocks are probably part of a diatreme sequence, possibly of Tertiary age. Silicification and argillization are the predominant alteration. Veins of massive to fibrous gypsum have also been observed within the yellow to red and orange color anomaly and at the highest elevations spotty native sulphur is present.

Narelle Zone has strong anomalous mercury and weak gold in rock. Examples include samples with 1570 to 23400ppb Hg and up to 90 ppb Au. The higher gold values are from talus fine sampling with a maximum of 250 ppb.

#### **Geophysics:**

At Fabiana and Narelle zones limited magnetic and gradient array IP/Resistivity were completed. Results at Fabiana exhibits a north trending band of relatively high resistivity and chargeability along the thrust zone. The significance of the geophysical response could indicate potential for a large porphyry style mineralization (Fig 4)



**Figure 4. Geophysics survey at Fabiana Resistivity to the left, chargeability to the right**

#### **Drilling:**

**Panorama Zone –Untested**

**Narelle Zone- Untested**

#### **Fabiana Zone:**

A total of 1785 metres of reverse circulation drill program were performed at Fabiana. The northern part of the Fabiana zone six holes were completed in order to test the strongly altered As-Pb-Hg-Sb anomalous explosion breccia and the corresponding resistivity anomaly. The remaining three holes were drilled in the central zone to test the fractured and brecciated andesites and dacitic ignimbrite. The drilling cut explosion breccias forming a skin up to 40m thick overlie a sequence of fresh to propylitized andesites. The gold values were encountered at three isolated intervals up to 1.28 ppm associated with quartz veining or faulting.

The holes to the central part intersected a number of zones of broken or clay altered rock that may represent fault zones but do not carry any interesting mineralization.

**Current legal status:**

- Golden Arrow owns 100% of the 4575.7 ha Potrerillos property
- Environmental Impact Permits are granted for all Potrerillos group properties.
- The company is awaiting for the II phase IIA (Environmental Impact Permits) which allow perform drilling

**Recommendations:**

Detailed mapping and sampling of Panorama Zone.

CSMAT/IP Resistivity surveys at Panorama followed by a 5000 m drill program.

**Conclusions:**

Strong silver, gold, copper, arsenic and mercury values in veins and breccias at Panorama Zone indicates the potential to discover epithermal multiphase hydrothermally altered precious metal deposits similar to Pascua Lama and Veladero 8 Km east.

Interested parties can sign the attached CA to acquire the full data package and contact Bruce Smith in Argentina or David Terry in Vancouver.

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