MINERVA

EXPLORATION

The San Miguel Project

South East Paraguay

By Alexander Hirtz

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SUMMARY

The Paraguayan mining company Minerva Exploration S.A. has applied over an area of 154.000 hectares in southwest Paraguay. This district has been initially prospected by the Anschutz Corp. (1981-1983). A regional sampling program was carried out by the Argentine Aguilar Mining Co., which located a number of significant gold anomalies in 1987. Yamana acquired four small mineral concessions in the San Miguel area in 1996 and carried out a substantial exploration program, including a very promising shallow drilling program of 6 drill holes outlining three potential economic gold deposits. Unfortunately they could not get hold of the most important targets, which had been claimed by others. Our partner in Minerva, Wilmar Bartel was chief geologist for Yamana at the time. Mike Iske was another field geologist for Yamana and later for SEMINSA and is well acquainted with the district and is currently available living in Paraguay.

For several years the German government assisted the Vice Ministry of Mining of Paraguay in systematic geologic mapping of several areas in eastern Paraguay, where they published the geologic information for Villa Florida in 1998. In the text several areas with important chalcopyrite, malachite and azurite occurrences have been outlined with an economic potential. Following up the molybdenum anomalies recorded by Anschutz with the highest assay in a small stream of 1000ppm Mo has shown to us the great potential for Cu-Mo porphyries in relation with the granodiorites intruding the gneiss.
The re-evaluation of the Anschutz and Yamana data has been rather enlightening, where our group in 2004-2007 staked major blocks with three Paraguayan companies Agua Dulce Mining S.A., Minera Itapé S.A. and Minera San Miguel S.A. (2005-2008) explored by SEMINSA.
Thereafter two concessions covering an area of 68.000 held by a the local company Paraguay Gold was optioned to a Canadian company Golden Arrow of the Grosso Group and their Paraguayan subsidiary LUCCA S.A. (2019-2022). In 2023 our company Minerva Exploration S.A. applied this whole district over an area of 154.000 hectares.

Regarding the mineral potential, the Cambrian Caapucú magmatic rocks and its hosts, together with favorable structures, have a high exploration potential for base- and precious metals. Reported alteration minerals indicate advanced argillic alteration, which in turn indicate the presence of high sulfidation system(s) in these felsic rocks, i.e. in the Villa Florida 1:100 000 scale geologic sheet. This post-collisional tectonic setting is similar to settings of known mineral deposits in the Alps, in Iran and in Papua New Guinea.

The Villa Florida High is an exhumed mass of Achaean to late Proterozoic igneous and low-grade metamorphic rock located mostly towards south of Villa Florida town and Tebicuary River. To the north of the Tebicuary River, the claim comprises voluminous rhyolitic ignimbrites hosting granite batholiths and stocks, granitic and dacitic porphyries, as well as aplitic dykes along brecciated zones. This mostly felsic magmatism is associated with early Cambrian post-collisional - arc activity related to the Brazilian orogenic cycle. Further north, these explosive felsic volcanics are covered by clastic and epiclastic sediments, mostly quartz and arkosic sandstone, which represents the western edge of the Palaeozoic Parana Basin. There is a strong N-S structural trend with crosscutting NW-SE fractures and faults. Out team, back in 2007, which mainly was concentrating the efforts to outline important uranium deposits, were very favourably inclined to continue with the exploration of the potential for copper-molybdenum porphyries as well as for the gold potential in San Miguel and further south in san Juan Bautista, but at the time, the low price for gold and the drop of interest in financing junior companies after the 2008 financial collapse, made it difficult for us to continue. The San Miguel gold prospect drilled only in one sector in that target may be compared to the general model of Las Cristinas gold project in Venezuela, low grade-high volume, which, with the current price of gold makes is a very attractive as an open pit operation. Yamana also drilled an area 8km SW of San Miguel in ITA YURU with good intersection up to 3ppm AU over 2m. Anschutz had located a soil sample of 14ppm Au in this sector. Another sector discovered by Yamana was in Cerro Peró, 13km to the SW of San Miguel, where they had good results in trench samples in highly argilitized outcrops with values between 1-to2 grams gold.

LUCCA S.A. outlined 3km to the north of the village of San Miguel (Alvaro sector over 15.000 hectares) abundant narrow quartz veins immersed in the gneiss with gold values in many cases between 30 to 25 grams gold, with the highest of 142.5 grams gold.

LUCCA historic drilling highlights include:
6.1m @ 1.12 g/t Au, including 1.5m @ 3.32 g/t Au in SM-H3 starting at 12.2m depth
3.05m @ 2.87 g/t Au, in SM-H4 starting at 19.8m depth
4.57m @ 1.72 g/t Au, including 1.5m @ 2.85 g/t Au in SM-H5 starting at 9.2m depth
3.05m @ 1.35g/t Au, including 1.5m @3.6g/t Au in SMH6 starting at 27.5m depth
Thin sections of selected samples outline in many cases values of rutile up to 35%.
Lucca S.A. also got excellent results in 5 drill holes related to silver near surface along with high values for Cu, Pb and W
DHTD-50 with 110ppm Ag/tn and 992ppm W/tn in the laterite over the first 2.40m; DHTD-52 with 2.6ppm Au/tn and 4.642ppm Pb/tn over 0.50m at 8.5m depth in amphibolite; DHDT-67 with 1.17ppm Au/tn, > 1% Pb & Zn in 1.67m in calcosilicate at 74m depth; DHDT-68 with 546.2ppm Ag/tn, 0.21% Cu/tn and 1.196ppm W/tn in a 1.4m quartz vein on surface; DHDT-70 with 798ppm Ag/tn, 0.1%Cu and 0.15%W in a quartz vein over 1.43m.
Of great interest are the circular structures to the NW of San Miguel with gabbro intrusives where gold has been encountered in quartz boulders.
On the north half of the San Miguel concession, Anschutz, SEMINSA and LUCCA have repeatedly assayed important gold and copper stream sediment anomalies in the west south end by Tebacuary River, where it might be related to copper-gold porphyries, where the potential has also been suggested for the malachite and chalcopyrite outcrops near the granites.

A German in Paraguay built the first iron smelter in Latin America back in 1854-1865 to build cannons and ships for the Triple Alliance war. Initially he used specularite ore with 71% Fe2O3, but the mine was soon below the water table and surrounding streams. These specularite lenses, about 100m long and 30m wide are in the concession related to the nearby granodiorites. Thereafter the German located a coarse grained magnetite occurrence close to San Miguel, with 40% coarse magnetite in the gneiss for his smelter. This occurrence, similar to the one the Indian company Zimtu had developed in Uruguay early this century but never got the exploitation license, is even better iron ore with almost no phosphor. In the drilling to the south of San Miguel, several banded iron layers up to 25m thicknesses have been reported in the core. Based on the information of the mining company “Uruguay Mineral Exploration Inc.” in 2006, their main gold targets located in a similar setting in the pre-Cambrian, were all related to magnetite occurrences: Corral, Minas, Ramallo, Valencia, Euritania, Vulcano, Oriental, Apolonia & Pan de Azucar. In a magnetic airborne survey Anschutz outlined several important magnetic anomalies to the east of San Miguel, where no exploration has been undertaken to follow up on these anomalies.

In view that in the sector of the village of San Miguel the main mineralized targets discovered to date are closely located in a radius around 15km, the milling and beneficiation plant might be centralized to operate for all the open pit and underground targets, where trucking costs would be comparatively low. With this model, the smaller targets would become economic, which otherwise might not economically stand on its own.

Ten drill holes executed by the German mission in 1988, they encountered a gabbro about 200m deep, very close to the granodiorite encountered by the Yamana drill holes. Above this gabbro, next to the highway at the entrance of the village of San Miguel pure talk was mined between 1963 to 1976. Of the 80.000 ton talk occurrence, over 40.000 tons consist of pure talk.
There are several gabbro occurrences in the concessions, where one should follow up for gold, copper, nickel and platinum as well.

LOCATION

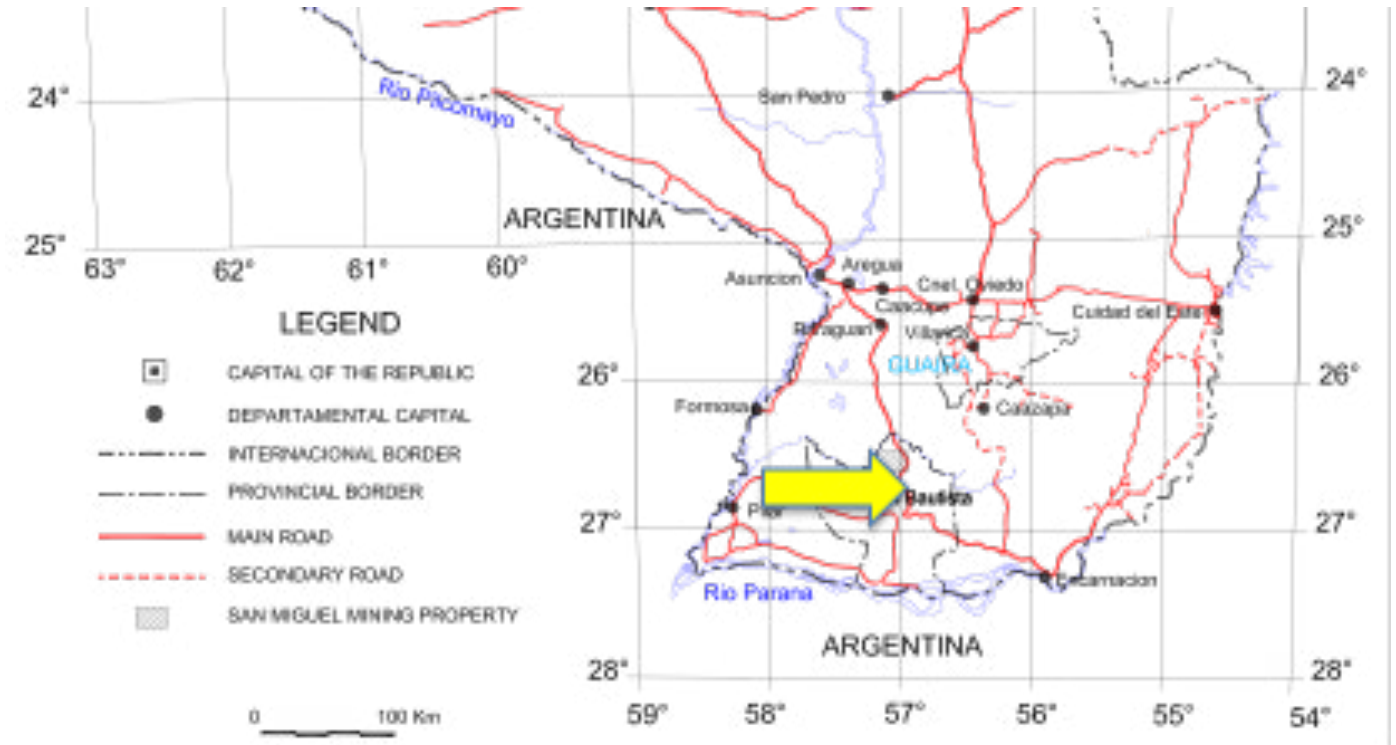
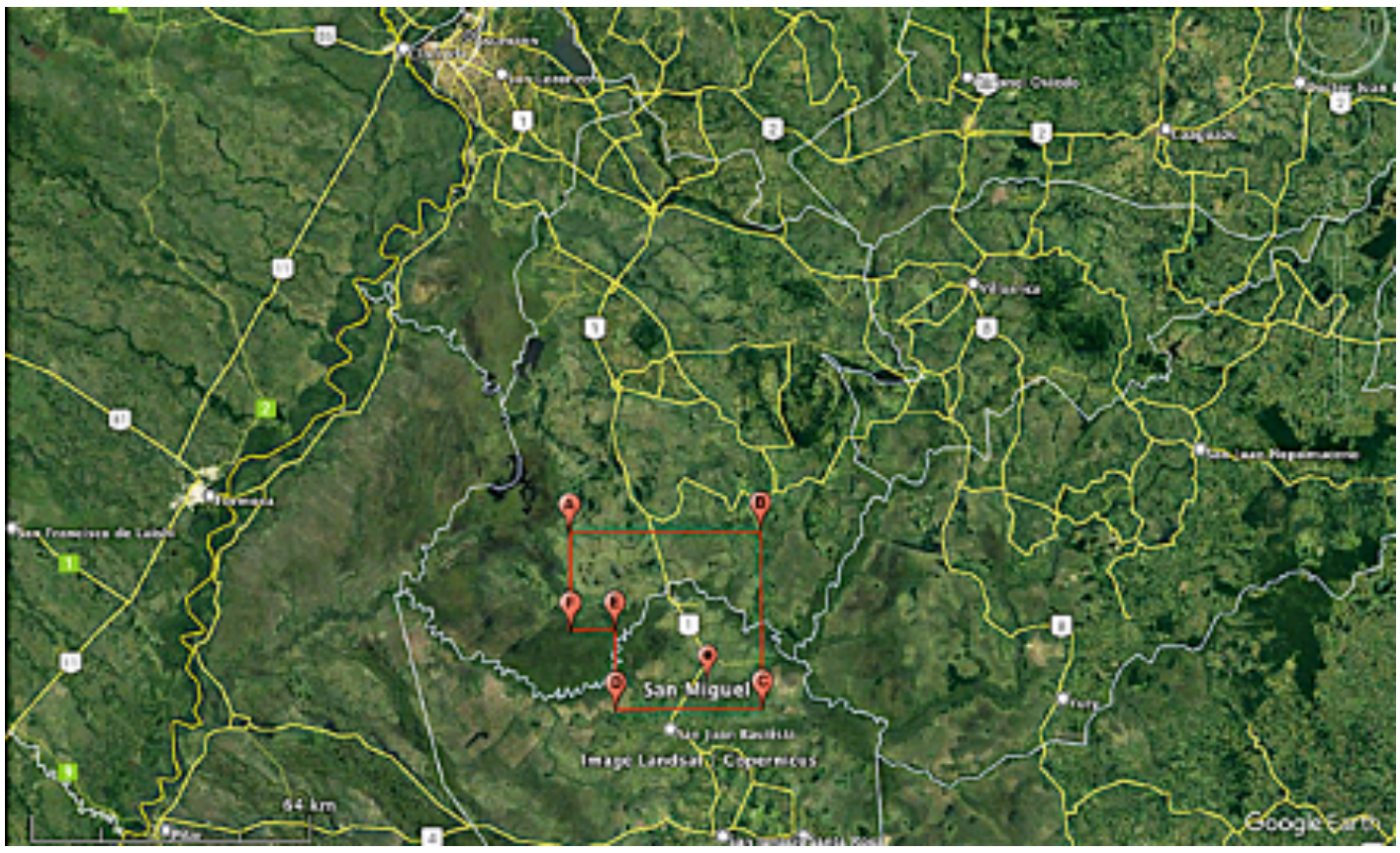
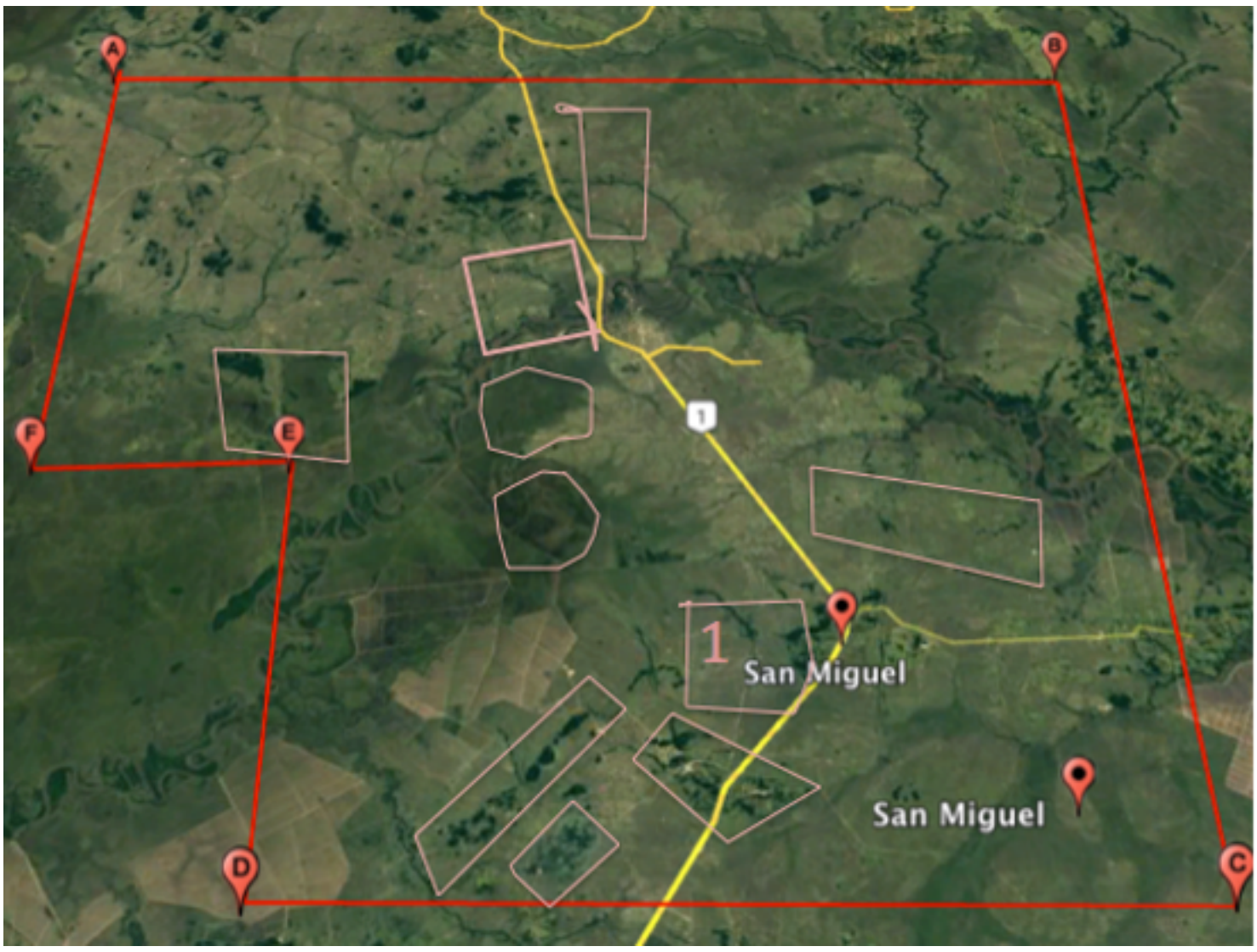


Figura 1.1 (3). Location of the San Miguel Mining Property (Paraguay)

The north end of the San Miguel concession is approximately 100 Km SE of Asuncion, Paraguay accessible by a well-built paved road. Terrain consists of low rolling hills with some swampy areas and almost flat on the souther portion. Most of the area is pasture with ranches small farms. Infrastructure is a main paved highway and several side roads with high-tension electric power running over the concession and close to several towns.



View of the San Miguel concession over 150.000 hectares



Outline of the San Miguel concession held by Minerva Exploration S.A. and the known locations for gold targets discovered by Anschutz, Aguilar, Yamana, Agua Dulce, Itapé and Lucca. Some have been even drilled by Yamana (1,2 & 3) and by LUCCA (4). Some areas have only been scouted superficially while most of the overall concession has not been explored, due to limitations of time, access and visible outcrops.

Geology

The Southern Precambrian Province is an exhumed mass of Precambrian igneous and metamorphic rock units covering about 3,500 square kilometers. Southern Precambrian rock types can be divided into two general regions based upon age.

The northern region is comprised of quartz porphyry, tuff and agglomerate, granitic gneiss, quartzite and schist dominate the middle region, and the southern region is made up of granitic gneiss, quartzite and schist. Detail mapping by the MOPC-BGM has located a number of alteration zones and structures that may contain significant, economic mineralization.

The Villa Florida High is an exhumed mass of Achaean to late Proterozoic igneous and low-grade metamorphic rock located mostly towards south of Villa Florida town and Tebicuary River. To the north of the Tebicuary river, all the extension of the claim comprises voluminous rhyolite ignimbrites hosting granite batholiths and stocks, granitic and dacitic porphyries, as well as aplitic dykes along brecciated zones. This mostly felsic magmatism is associated with early Cambrian post-collisional - arc activity related to the Brazilian orogenic cycle. Further north, these explosive felsic volcanics are covered by clastic and epiclastic sediments, mostly quartz and arkosic sandstone, which represents the western edge of the Paleozoic Parana Basin. There is a strong N-S structural trend with crosscutting NW-SE fractures and faults.

Alteration

Serpentinite float is common along the late Proterozoic – early Cambrian contact. Breccia in fault/shear zones shows silicification and clay alteration, as well as extensive iron oxide/hematite staining. Sericite alteration affects dacitic porphyry in the vicinity of the Caapucu iron skarn. Quartz veining is common in felsic ignimbrites and stocks. Advanced argillic alteration as pyrophyllite and dickite is present to the NW of Caapucu, indicating possible connection to porphyry mineralization.

Mineralization

Au, Cu, Pb, Zn, Mo and Fe porphyry style mineralization. Quartz-sericite altered granite and quartz porphyries. Sulphides and sulphide bearing quartz veins; specullarite-rich iron skarn along a 100m long and 30m wide NE striking lensoid structure. The Caapucu granite measured up to 600 cps at surface.

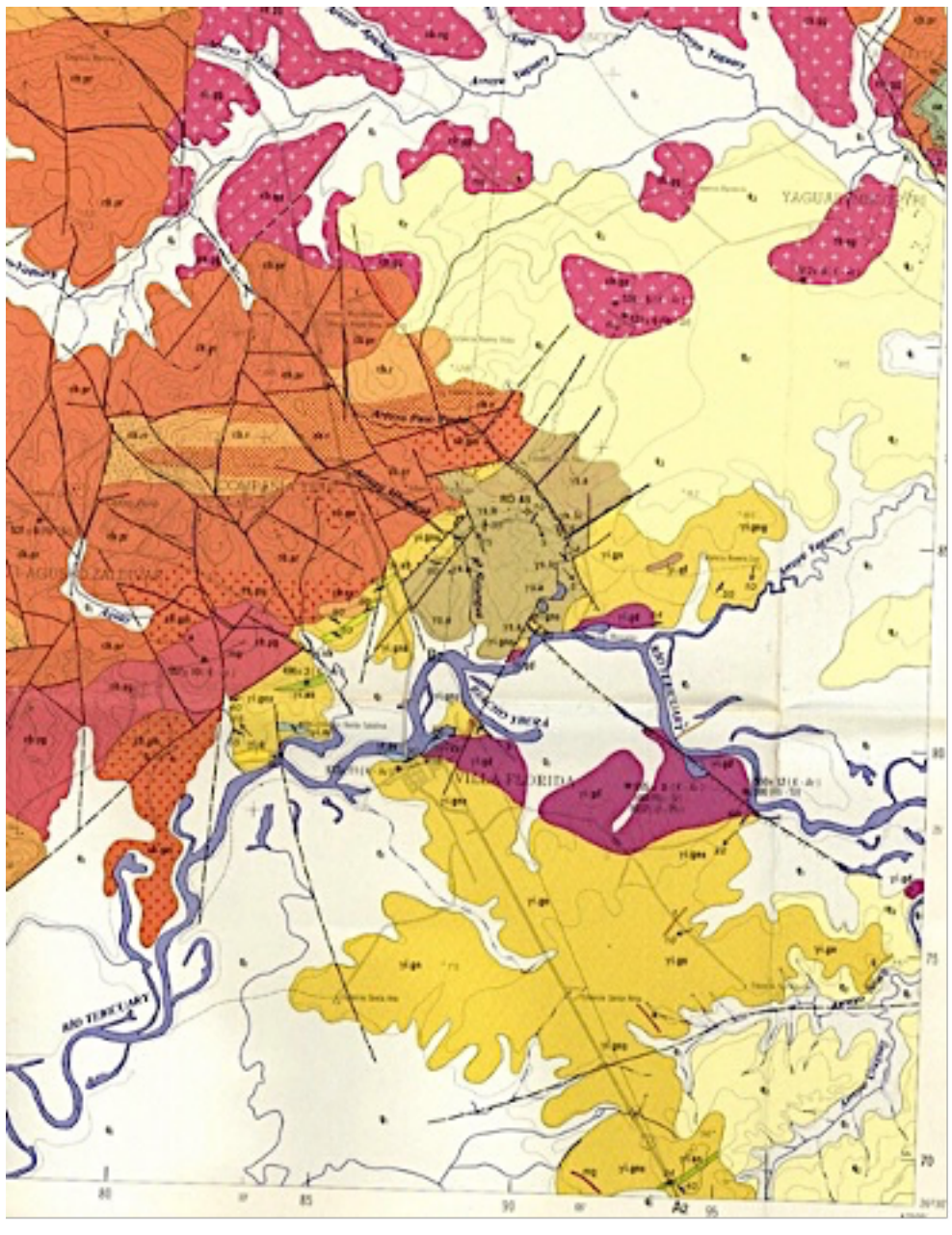
Results by Anschutz on the northern side:
14 samples (Anschutz 1982), stream sed. or rock ranged from 10 to 50 ppm Mo. One stream sed. sample analysis (No. 7524) returned >1000 ppm Mo.
-Smpl #A187343 assayed: 0.022ppm Au, 5.6ppm Ag, 61ppm Cu, 557ppm Pb, 573ppm Zn and 120 ppm Bi; -Samples RWL-02, 04, 05 (Anschutz 1982) 1000-3000 ppm Cu, 50-700 ppm Pb,-Cu, Pb, Zn, Ag, Mo anomalies in stream sediment samples and detailed survey areas.
-Drill hole RD-49 encountered 6 zones of Zn, Ag, Cu, Mn, Pb, and Fe mineralization hosted in felsic volcanics.

Villa Florida District

This project involves re-examination of all the previous data available that was produced by Anschutz and refined by the MOPC-BGM program. Anschutz located numerous base metal and precious values, but only limited follow-up was completed. The detail structural control and alteration mapping by the joint Paraguayan and German effort has added considerable information to the search for Precambrian shield type base metal and precious metal deposits. Over the years since Anschutz turned over all of its information to the MOPC there have been numerous speculative permits and applications and prospecting in the region. First of all, it is transected by a major highway, which makes for easy access. Second and important in rainy Eastern Paraguay there is sufficient relief for the accumulated water to runoff and not hamper exploration. However, recent traverses cross what appears to be the best alteration and silicification in the areas where Anschutz located base and precious metal geochemical anomalies. If located anywhere else in the world these rock outcrops that appear to have precious metal mineralization would have been well rounded by various sampling programs over the years!

San Miguel District

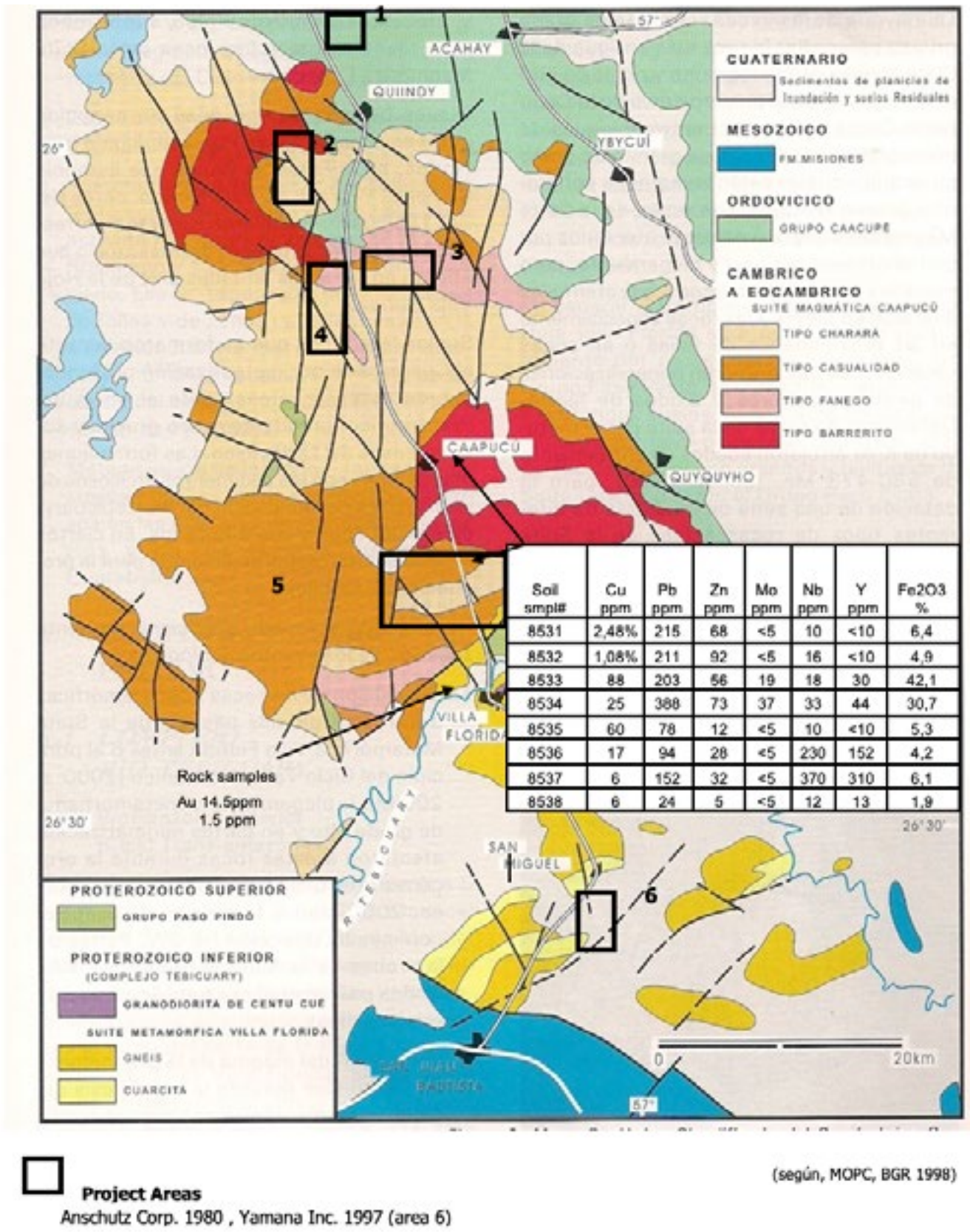
Rocks containing gold were found by Anschutz in a quarry on the north slope of Antenna Hill in 1982. Here, the fresh outcrops uncovered by quarrying exposed a wide variety of Precambrian metamorphic rocks. Abundant field work, particularly trenching, has outlined several important potential gold targets, which are highlighted in this report. Check sampling the following year confirmed the presence of gold in several areas. As the joint venture was in the stage of winding down, no further work was done. A regional sampling program was carried out by the Argentine Aguilar Mining Co., which located a number of significant gold anomalies in 1987. Yamana acquired a mineral concession covering the San Miguel area in 1996 and carried out a substantial exploration program.
The latest exploration was carried our by LUCCA S.A. in 2019-2022, where their effort was to outline open pit gold targets where several narrow quarts veins were closely located to each other with gold values often between 3 to 25 grams gold with the highest with 142 grams gold over half meter.



Geologic map of the general district surrounding the San Miguel concession. A more detailed geologic map has been outlined by Golden Arrow (LUCCA) presented in page 35.

SOUTHWEST REGION – EASTERN PARAGUAY

Simplified Geologic Map

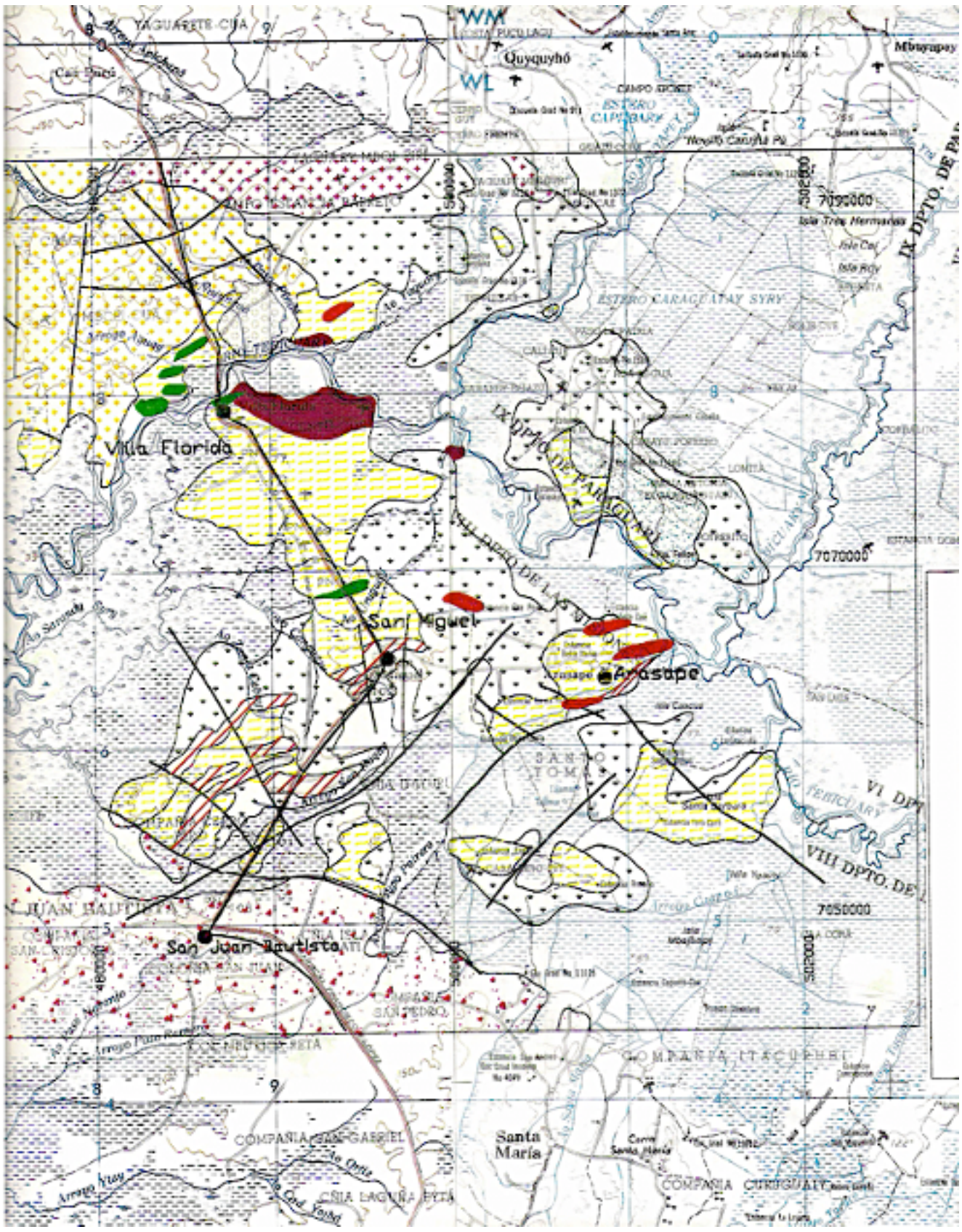


Soil smpl#	Cu ppm	Pb ppm	Zn ppm	Mo ppm	Nb ppm	Y ppm	Fe2O3 %
8531	2,48%	215	68	<5	10	<10	6,4
8532	1,08%	211	92	<5	16	<10	4,9
8533	88	203	56	19	18	30	42,1
8534	25	388	73	37	33	44	30,7
8535	60	78	12	<5	10	<10	5,3
8536	17	94	28	<5	230	152	4,2
8537	6	152	32	<5	370	310	6,1
8538	6	24	5	<5	12	13	1,9

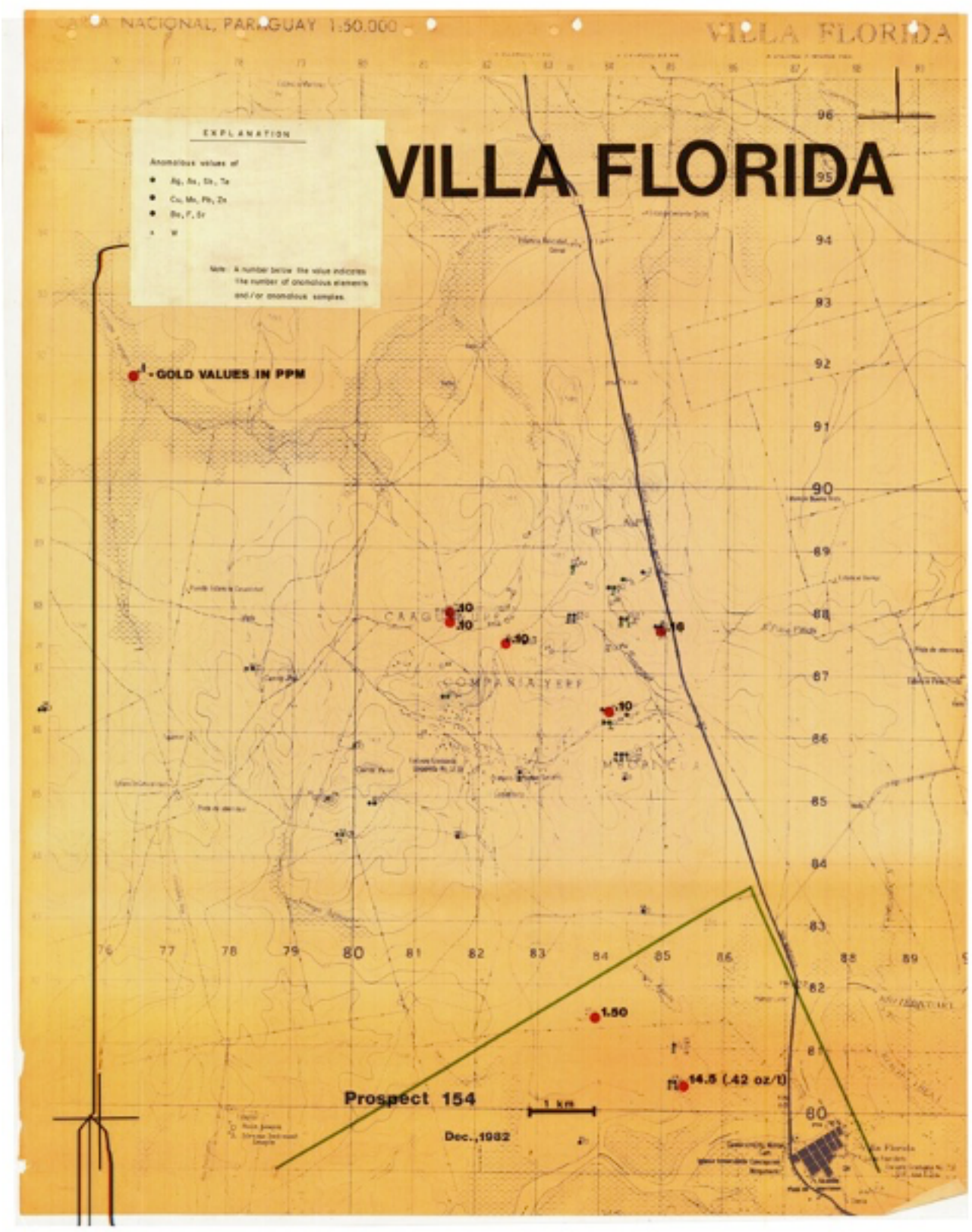
(según, MOPC, BGR 1998)

Project Areas
Anschutz Corp. 1980 , Yamana Inc. 1997 (area 6)

Another version of the geology in the district prepared by Anschutz in 1980

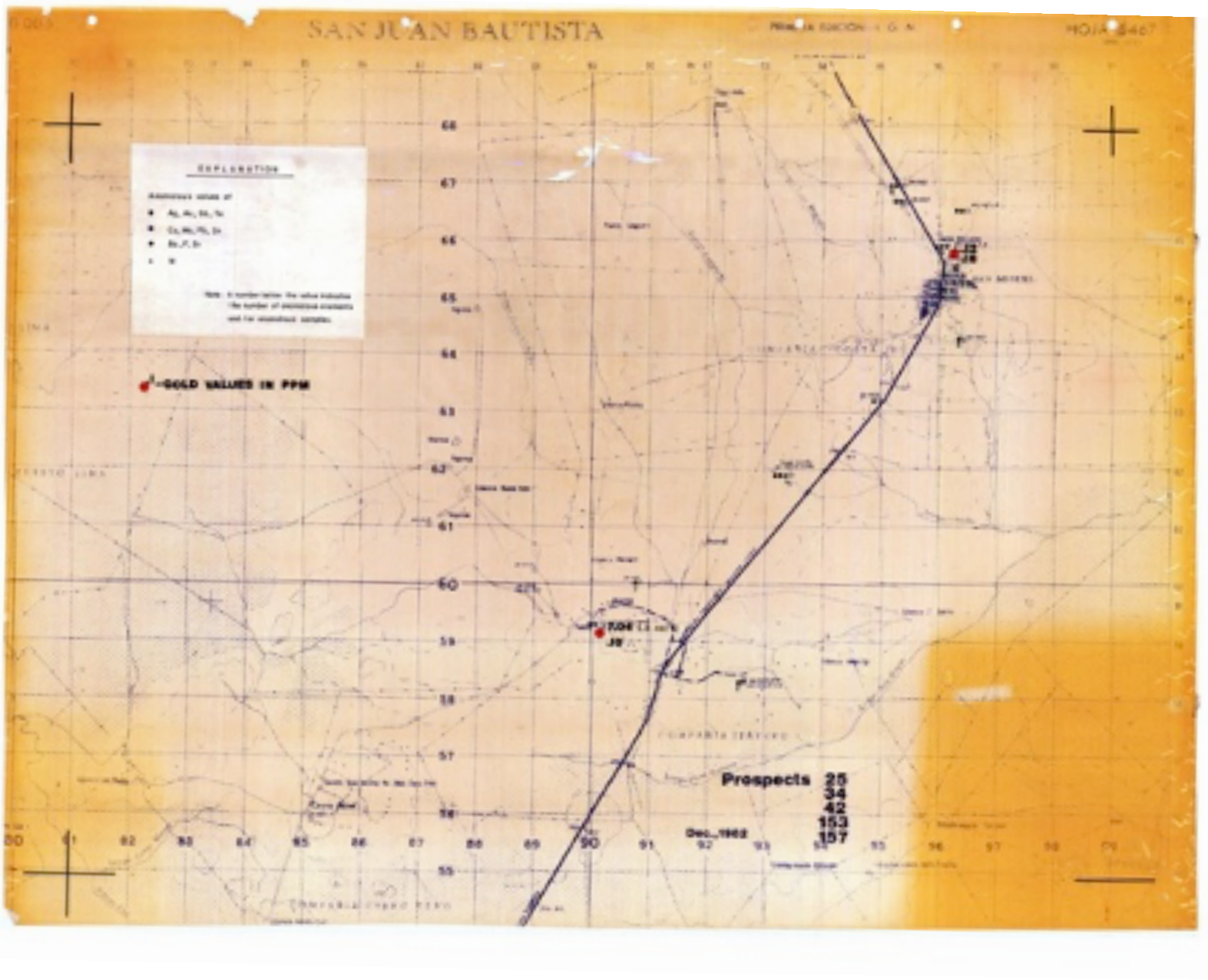


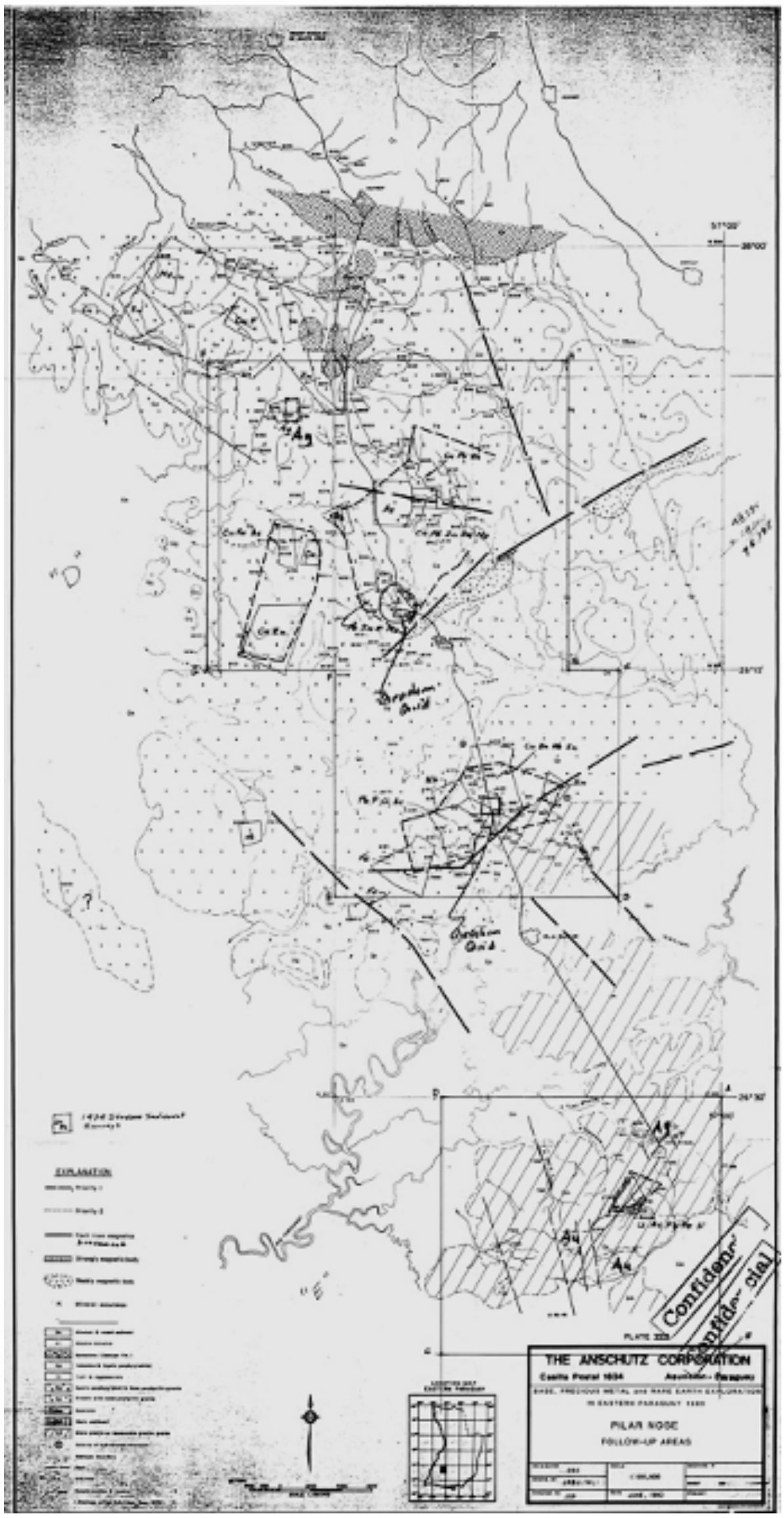
Another geologic map updated by the mining department of Paraguay



Map outlining initial gold targets by Anschutz north of San Miguel.

This gold target to the southwest of Paraguay is in the Precambrian intruded by granites and ultramafic. Aguilar initially explored it in the 80's, thereafter drilled by Yamana in 1998 just before they run out of funds and only had a very limited concession. Certain drill results with 2 to 4 grams over 2 to 4 meters were obtained, but the geologist who was in charge of the operation had only very poor drilling equipment, with recoveries as low as 50% and stopped at the intrusive. Quartzite with fuchsite and extensive stock works are seen in the district. Values up to a gram can be collected at the 2meter high road cut along with malachite and chalcopyrite. This zone is 100 meters away from a large outcrop of talk. Yamana considered the intrusive underneath to be a granodiorite. The German mission drilled nearby a well where the intrusive is a gabro, where next to it is a major outcrop of talc and quartzites with fuchsite. This combination of intrusives outlines a complex geology indicative for the economic potential for gold and copper.
Infrastructure is a main paved highway with high-tension electric power running over the concession and close by the city. The best value I got with 2 grams gold on a termite hill and 6 grams in panning in a neighbouring small stream.





Gold anomalies discovered by Anschutz south of San Miguel by San Juan Bautista.

Geology

To the south of the Villa Florida High a suite of Precambrian granite, quartzite, gneiss, and schists outcrops with overlapping Paleozoic and Mesozoic rock units. Precambrian metamorphic sequence of folded and cataclastized fuchsite (Maraposite?) bearing quartzites with banded and schistose iron-formations. Gold is associated with stockworks and veins in quartzite and granitic laterites. Structurally there is strong NW and N-S shearing and fracturing.

Mineralization

Gold anomalies appear to be associated with quartz/carbonate stockworks in Precambrian schist and gneiss and with banded iron formations adjacent to quartzites. There is deep laterization in the area (up to at least 30 meters) and gold is present in the laterite. Obtaining correct assays for coarse gold in the laterites is very difficult, unless one requests for metalics, which has not been done. In their field notes, in almost every sample, which they panned, showed visible gold particles, which was not reflected in the gold assays. Hence, the results for gold in trenches would be higher. Also interesting when I was taking samples in that sector in 2006, I got much better results from material from ant nests with values up to 2 grams gold, higher than from more shallow trenches.
I have included three thin-sections from the areas of interest, where it is noteworthy the amount of rutile, which would be an additional commodity easily recovered along with the gold.

Thin-section 95-21 IY East Upper Horizon

Protomylonite.
Recrystallized quartz lamina, augen-like. Abundant Fe staining with brown streak.

Mineralogy: Quartz, 60%, coarse grained, undulatory extinction-strained, fractured, rotated augen. Also as:
Fine grained, fibrous aggregates, possibly replacing chalcedony, partly in pressure shadows.
Rutile, 39%, aggregates and acicular single crystals, opaque in aggregates, red-brown to yellow, non-pleochroic when single crystals. Replacing coarse-grained quartz.
Hematite, 1%, single, blood-red crystals, non-pleochroic.

Protolith: Quartz-chalcedony(?) vein.

Textures: interlocking coarse-grained quartz

Alteration Type: Protomylonite

Remarks: A quartz vein, later dynamically metamorphosed probably in a shear zone. Similar to no. 95-20.

Thin-section 95-20 IY East Upper Horizon

Protomylonite.
Recrystallized quartz lamina, augen-like. Abundant Fe staining with brown streak.

Quartz- and limonite-rich. Quartz is commonly medium grained, rarely opalescent. Silver-colored mineral with metallic luster, silver streak, scaly mineral enclosed in quartz and limonite. Yellowish-white dull clay possibly replacing feldspar. Red hematite disseminated in one laminae.

Mineralogy: Quartz, 60%, coarse grained, undulatory extinction-strained, fractured, rotated augen. Also as:
Fine grained, fibrous aggregates, possibly replacing chalcedony, partly in pressure shadows.
Microquartz and an opaque mineral lenses and veinlets that cut the fibrous quartz.
Rutile, 38%, aggregates and acicular single crystals, opaque in aggregates, red-brown to yellow, non-pleochroic when single crystals.
Replacing coarse-grained quartz.
Limonite, 2%, brown, non-pleochroic.

Protolith: Quartz-chalcedony(?) vein.

Textures: interlocking coarse-grained quartz

Alteration Type: Protomylonite

Remarks: A vein of rutilated quartz, later dynamically metamorphosed probably in a shear zone. Similar to no. 95-21.

Thin-section 95-15 TAC Hit Area

A quartz-muscovite protomylonite.
White and pale-green augen present in hand specimen.

Mineralogy: Quartz, 60%, coarse grained, sheared and foliated, fractured in three directions, aggregates of interlocking grains.
Muscovite-sericite, 40%, in large areas, colorless, veins, fracture fillings, and en-echelon lenses in quartz aggregates.
Limonite, Trace, small thin lenses.
Apatite, Trace, prismatic, dusty, colorless, parallel extinction.
Monazite, Trace,

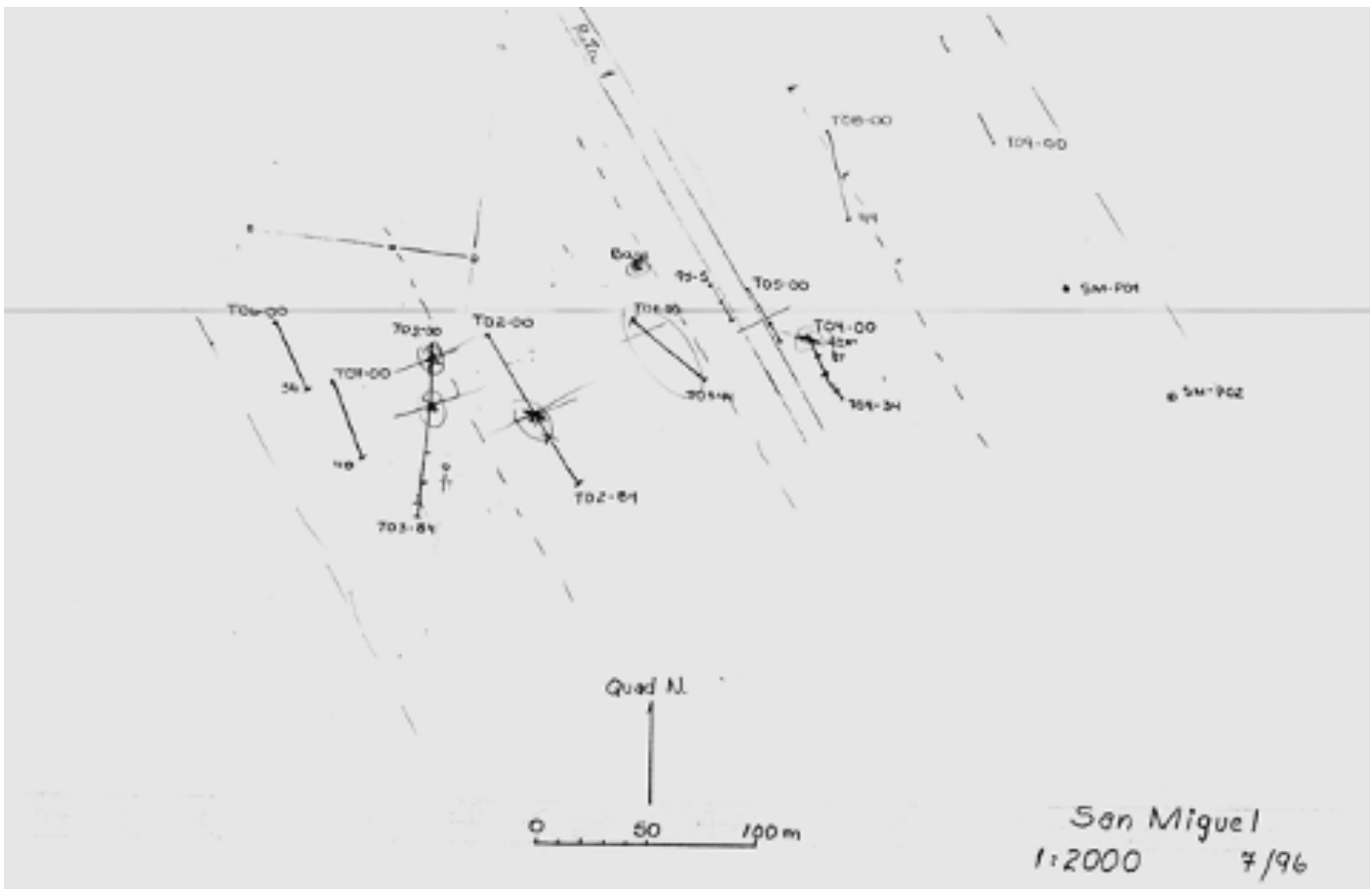
Protolith: Probably a sericite + quartz vein.

Textures: Mylonitic, sheared.

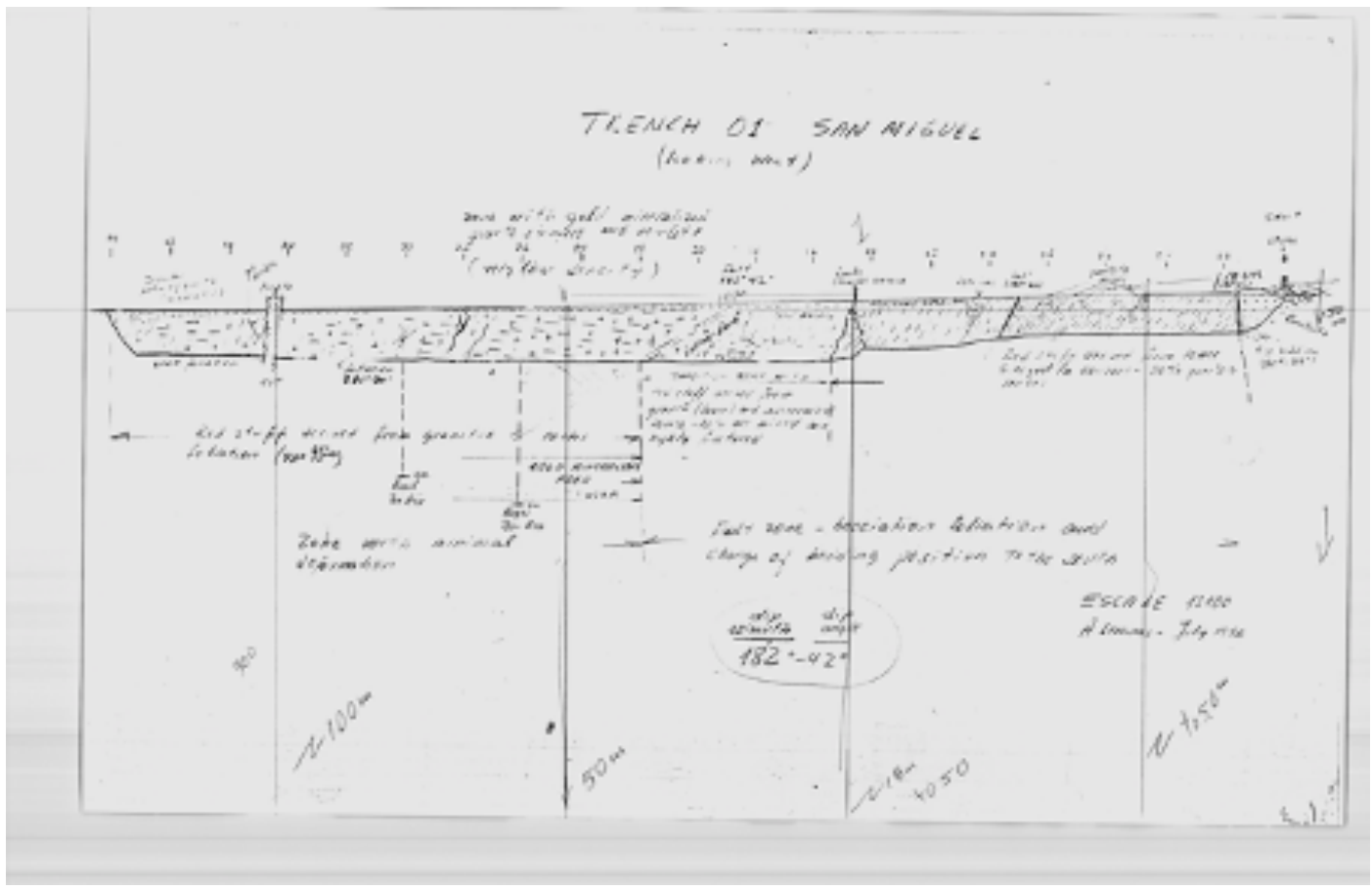
Alteration Type: Dynamic metamorphism.

Remarks: A mylonitised quartz-sericite rock.

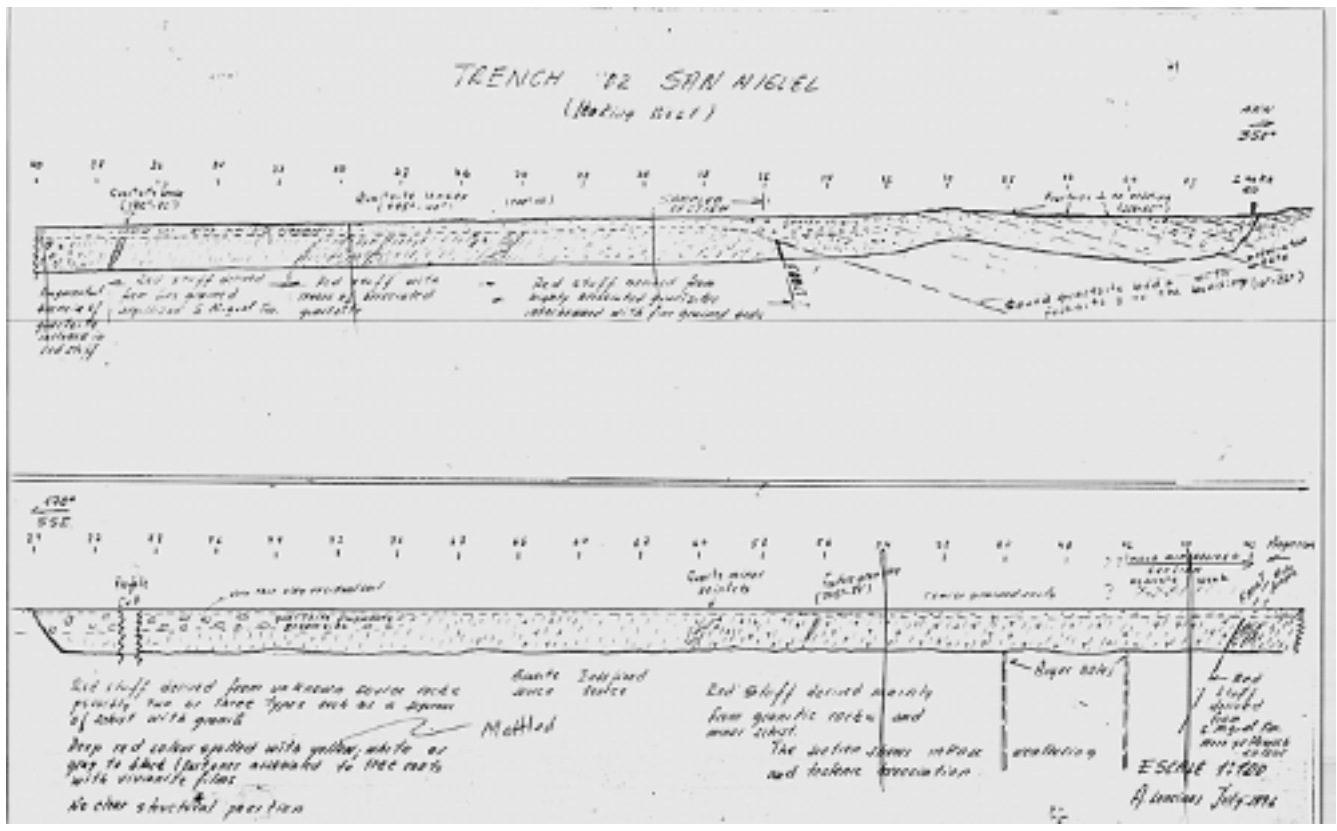
Examples of thin sections to outline the mineralogy of interest
Examples of the gold targets explored by Anschutz



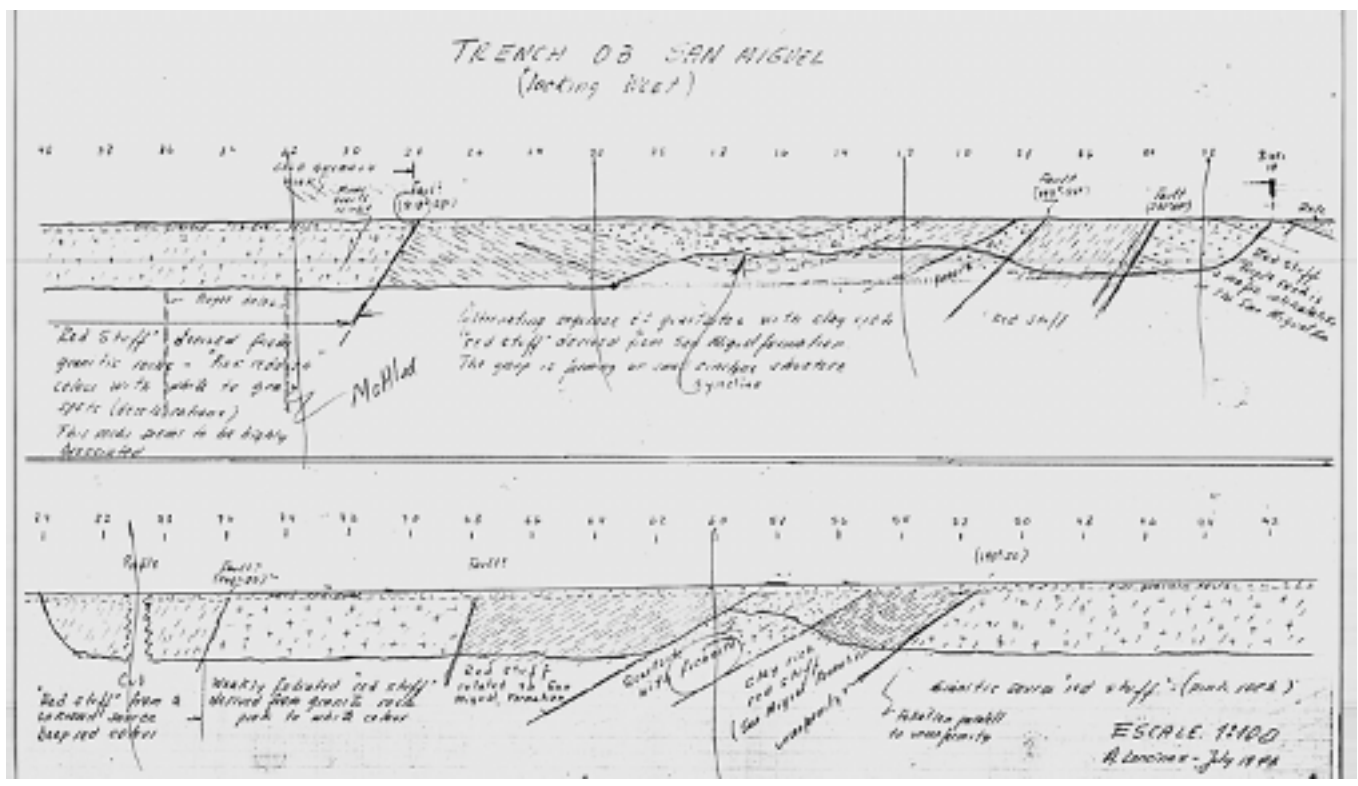
Locations of trenches executed by Anschutz NW of San Miguel



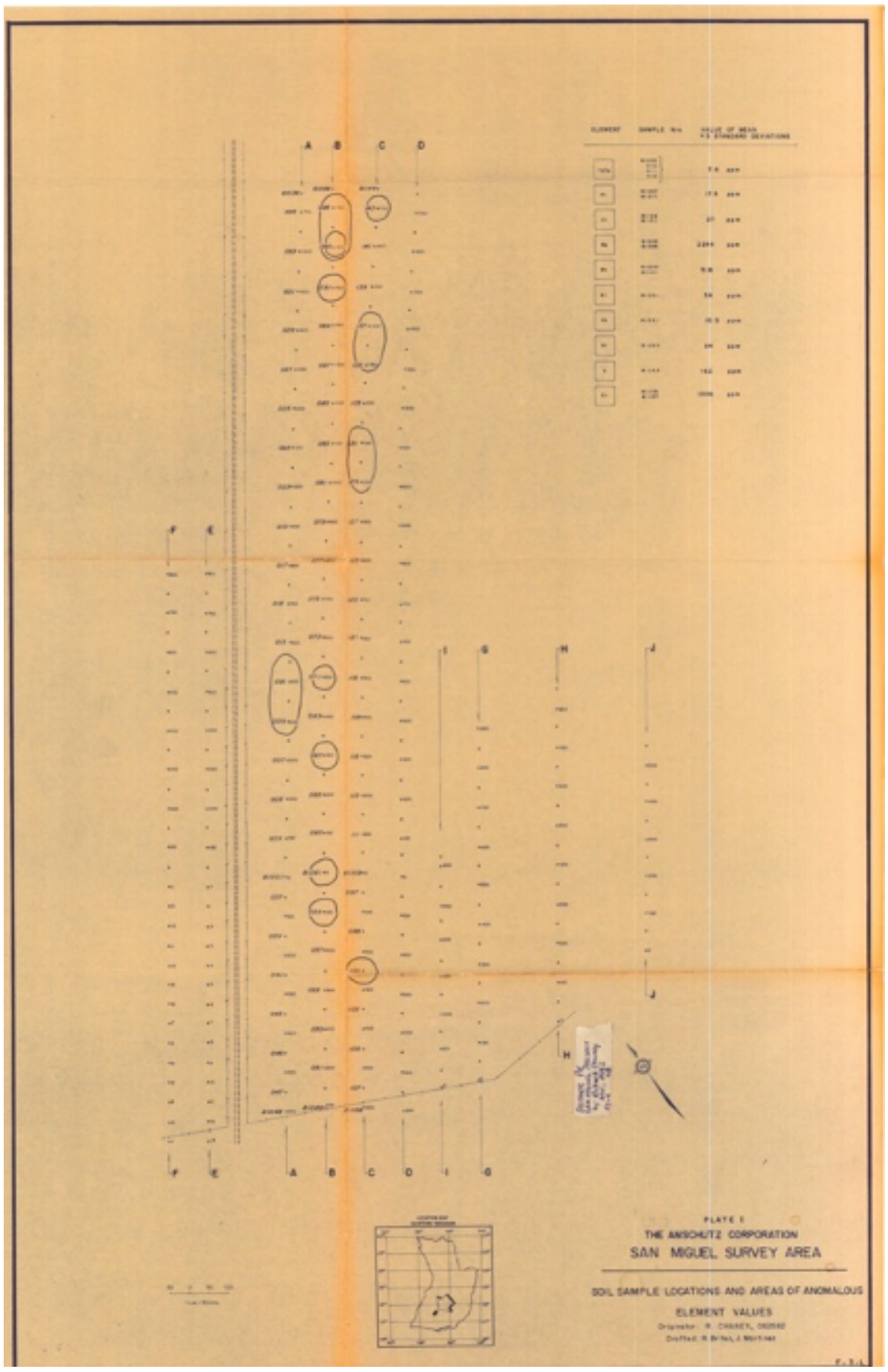
Description of trench No.1 where they located visible gold over several meters.
Full reports by Anschutz available in our files.



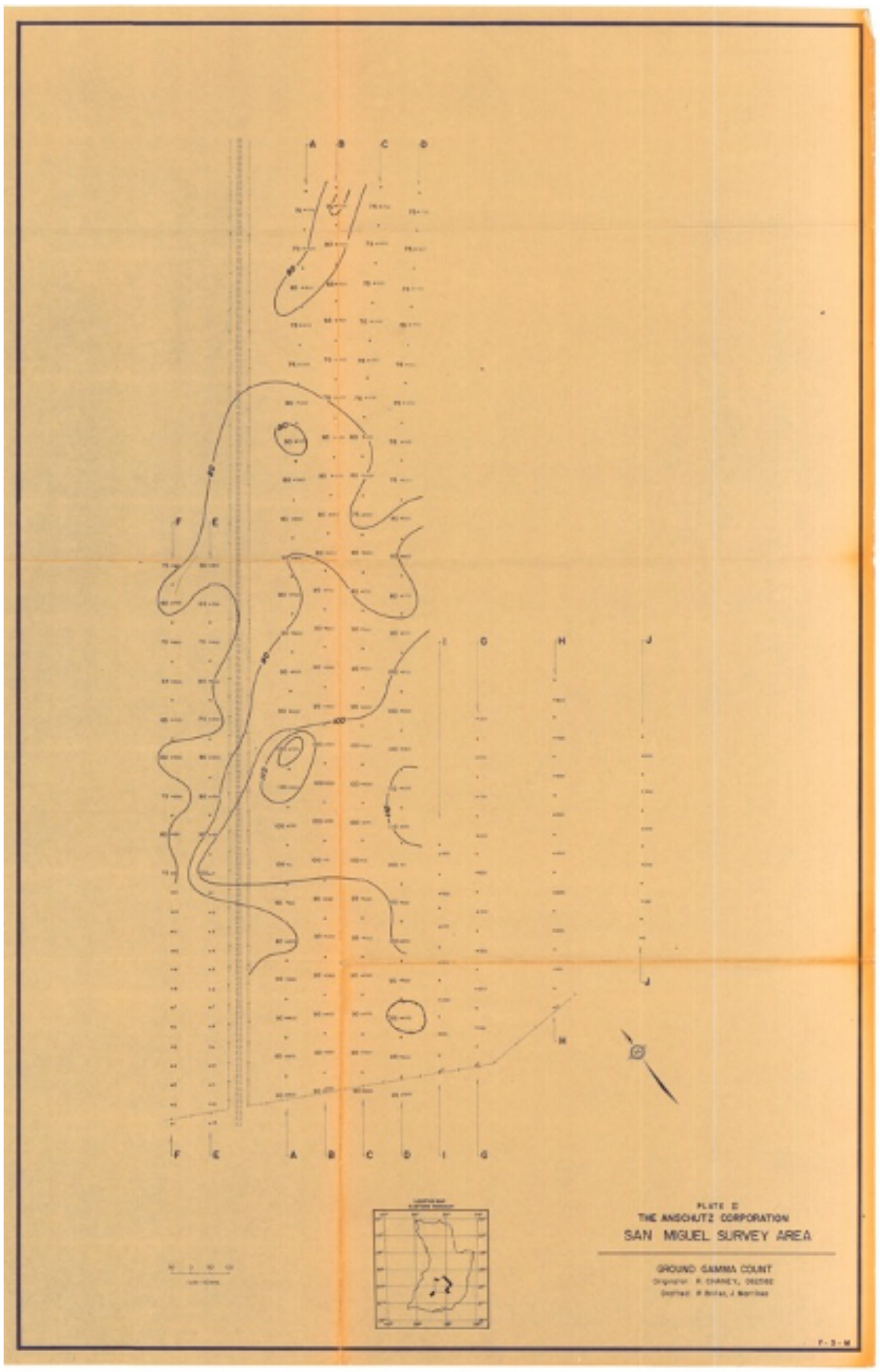
Geology and results located in Trench No.2



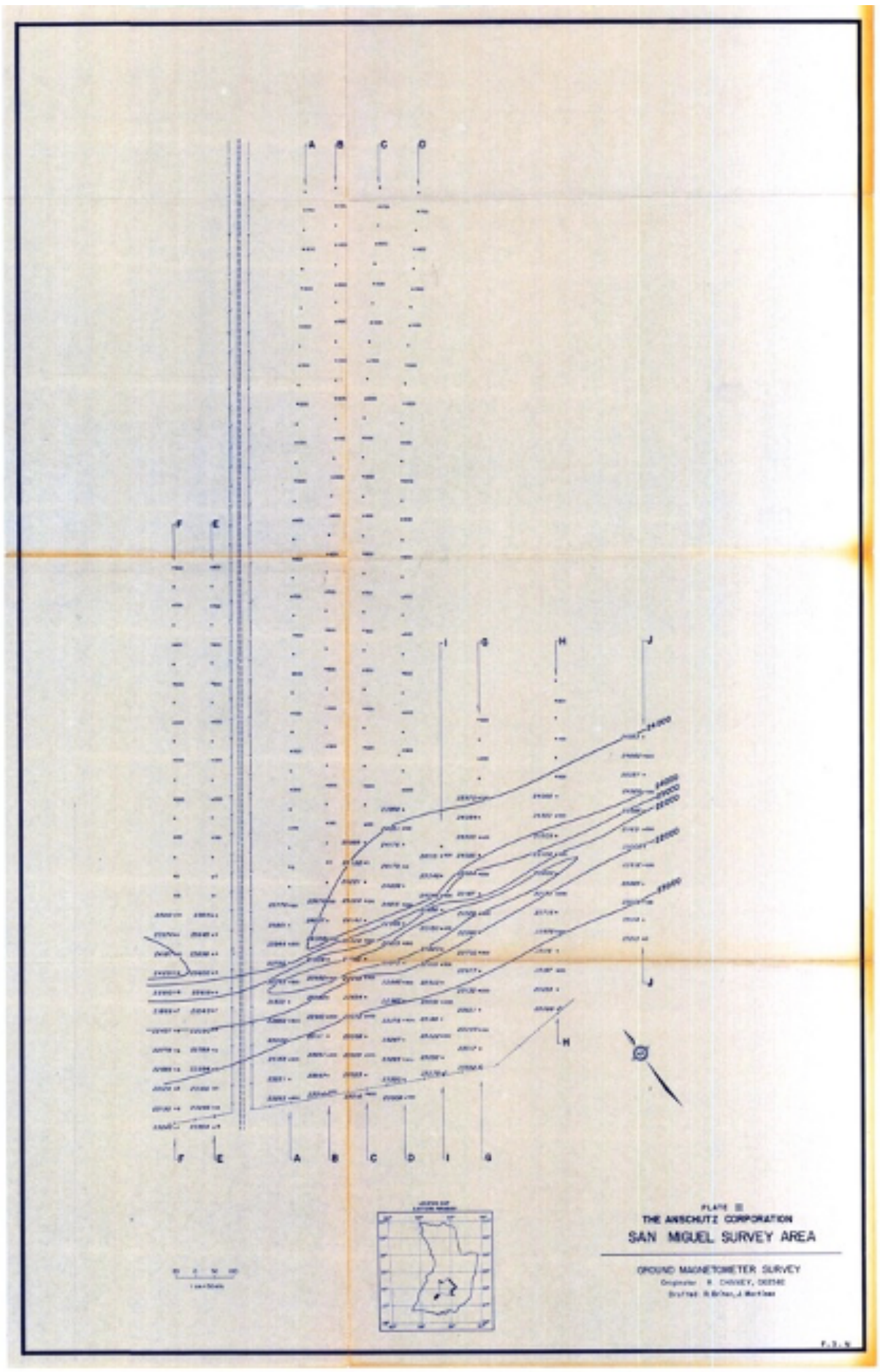
Geology and results located in Trench No.3



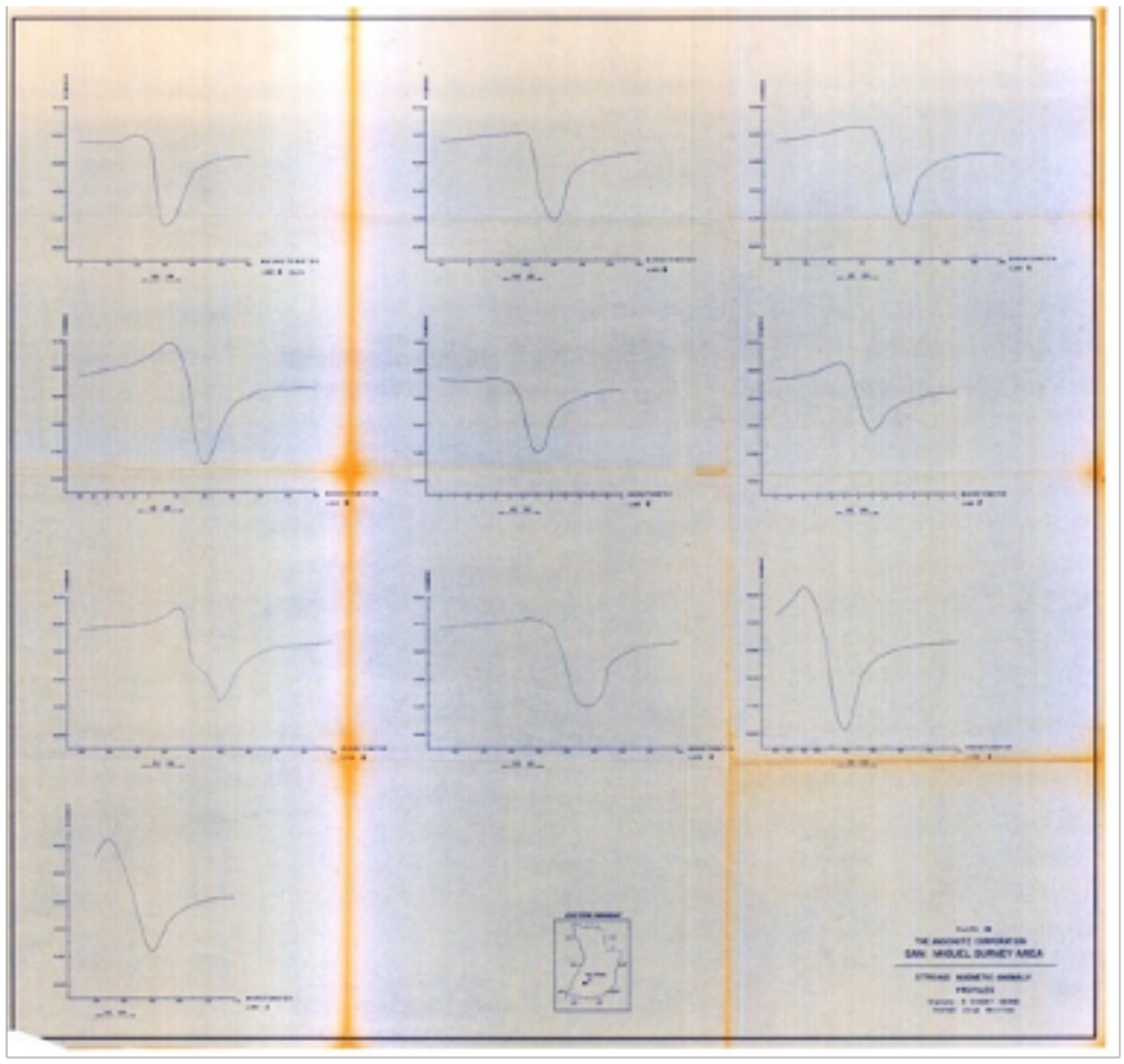
San Miguel soil sample location and areas gold values

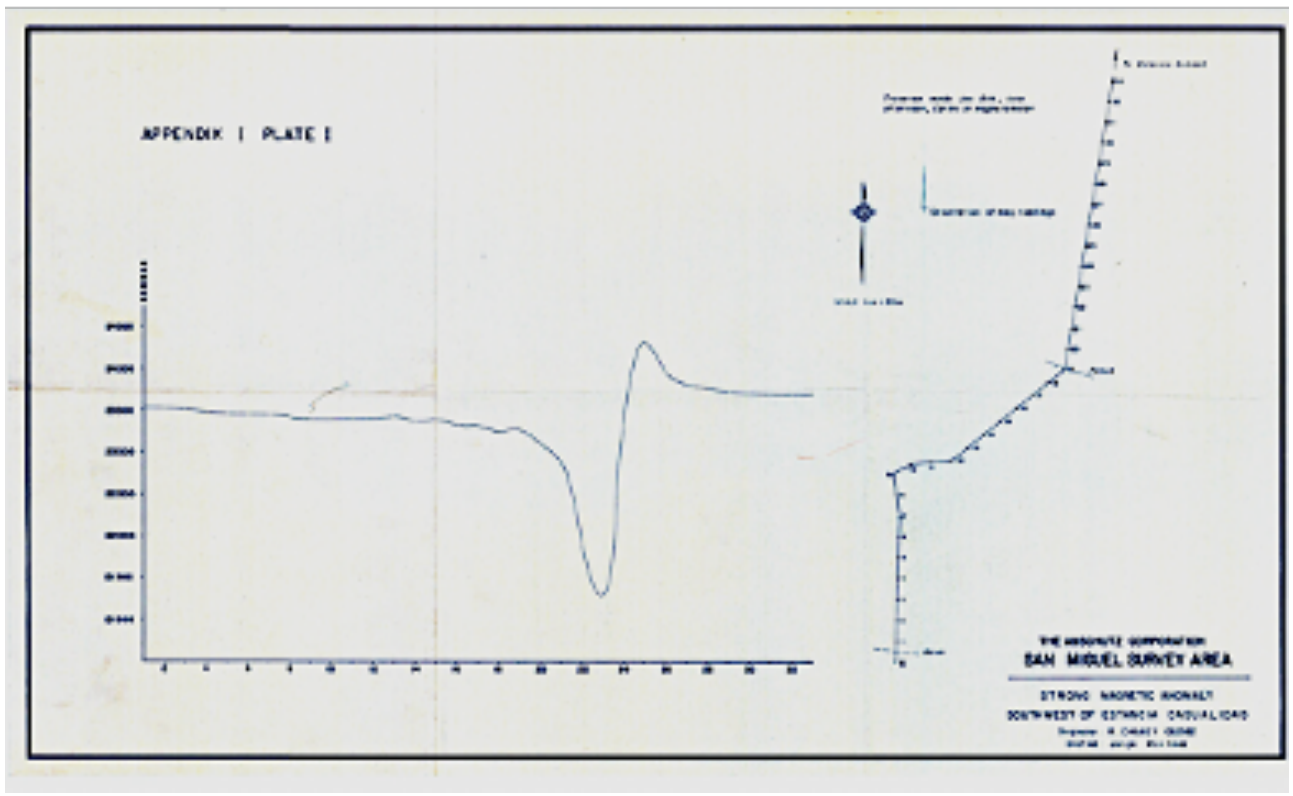


San Miguel Gamma Count



San Miguel ground magnetomer survey





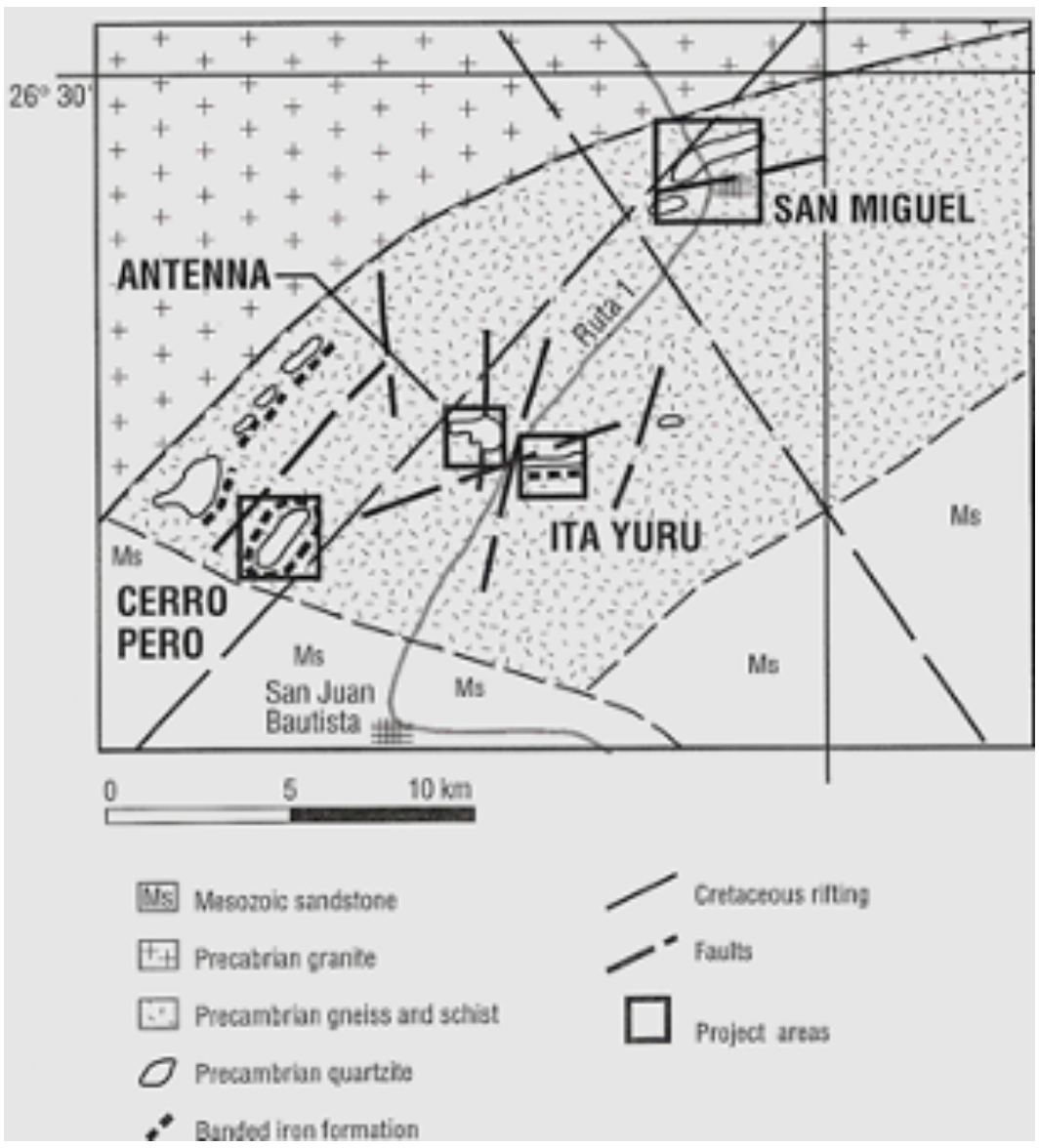
Examples of strong magnetic anomalies. These examples outline the importance of magnetomer surveys, as it appears there is a relationship with the mineralizantion for gold and base metals

Selection of relevant information of work executed by Yamana

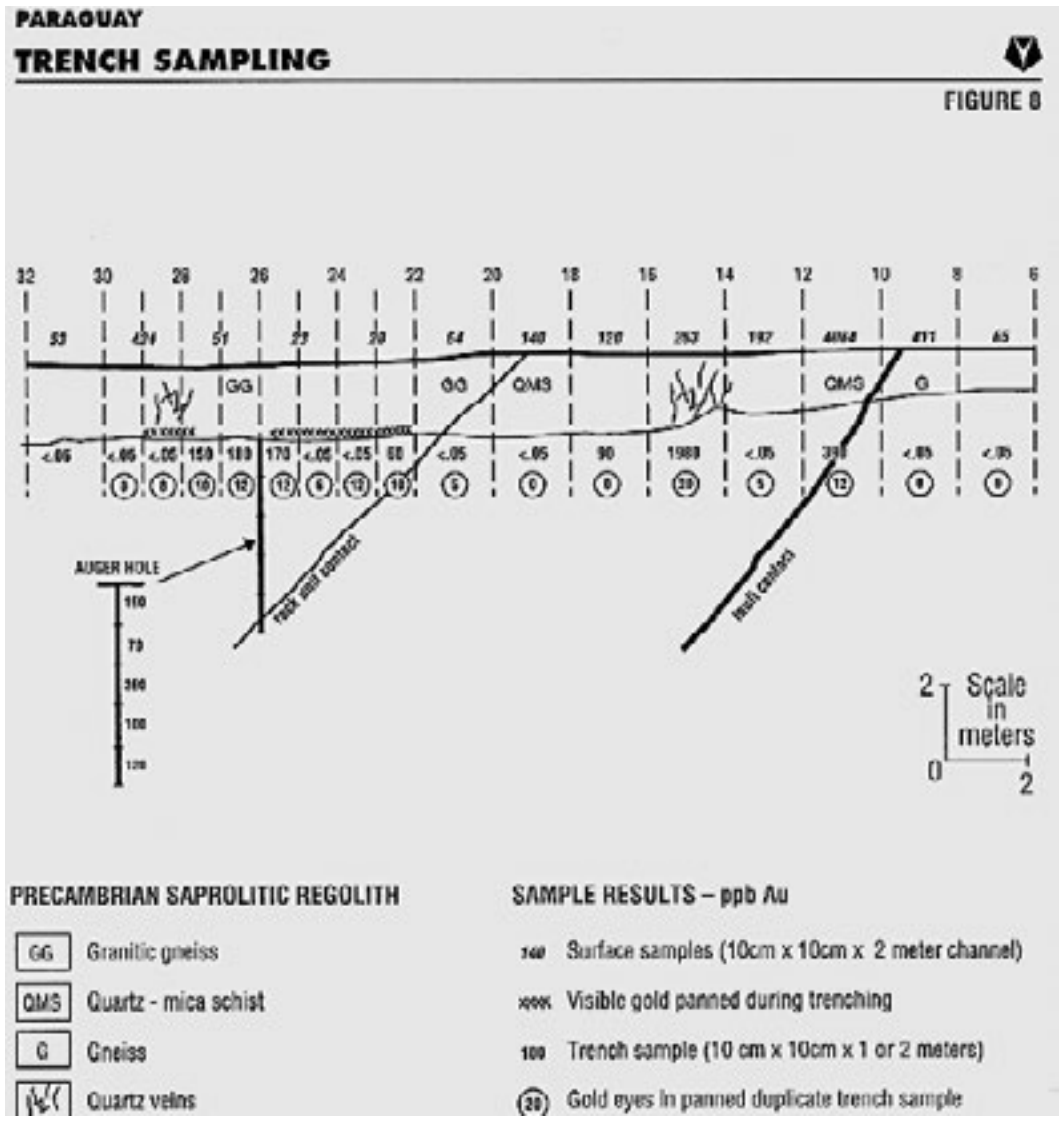
Results

From 1994 to 1996 Yamana Inc. conducted an exploration program in the area, which included auger holes, trenching, and drilling. Drilling was executed with poor drilling equipment with hammer percussion and recuperation was often as low as 50% recovery. Usually the lost material consists of the mineralized fractured ore, even more so in the oxidized zone, which is the case in the Yamana drill holes near surface. As noted, the gold occurrences are near surface optimal for an open pit operation.

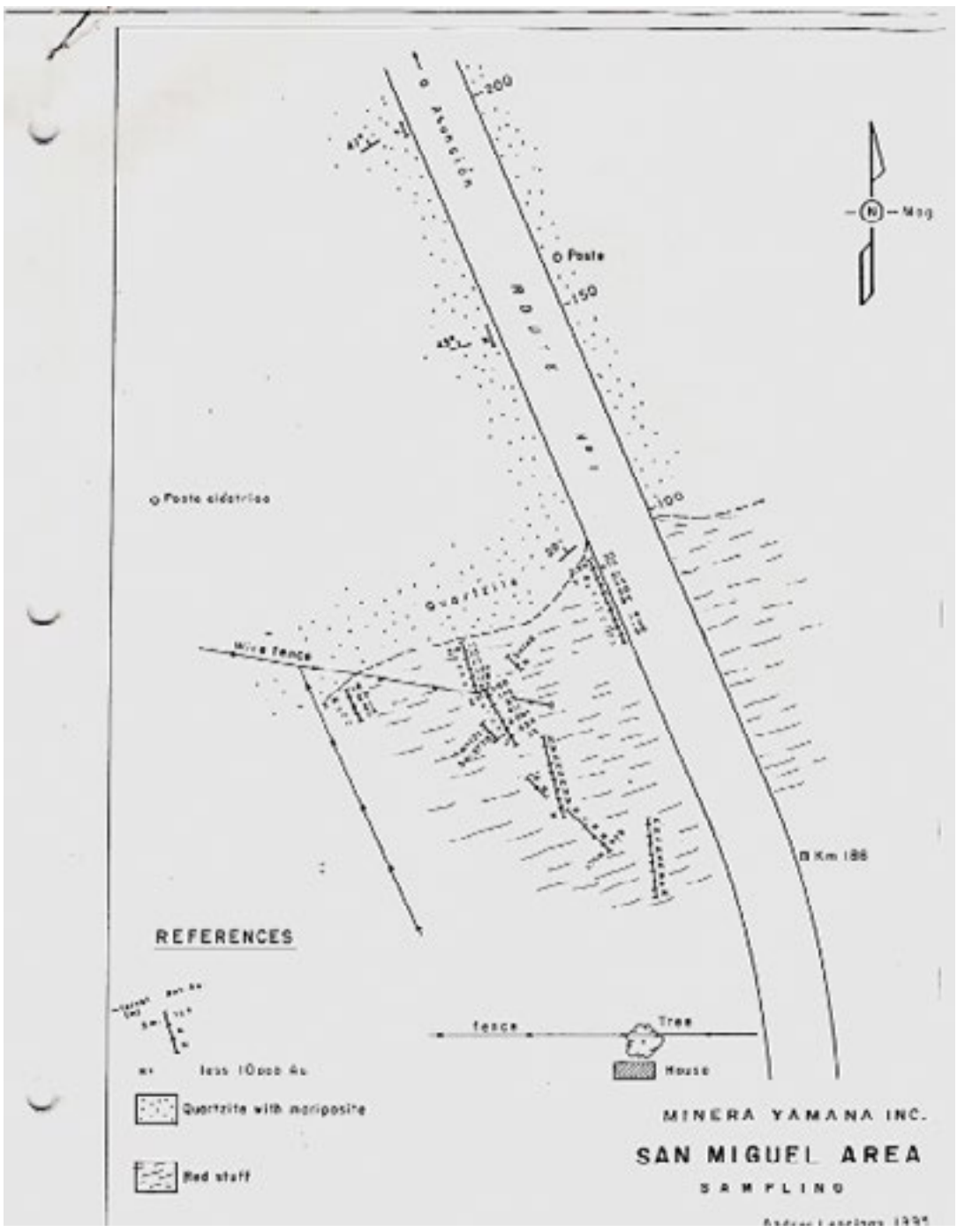
Some of the results were:
Hole H-03: 6m @ 1.12gr/T/Au with 1.5m at 3.32gr/T/Au.
Hole H-04: 3m @ 2.87gr/T/Au with 1.5m at 3.74gr/T/Au.
Hole H-05: 4.5m @ 1.72 ppm Au with 1.5m @ 2.85 ppm Au.
Sample T02-44: 7.24 ppm Au.
In trenches: 1.98ppm, 7.24ppm, 3.28ppm, 1.83ppm, 1.4ppm, 2.538ppm, 3.30ppm, 0.72ppm, 0.5ppm, 0.36ppm Au.



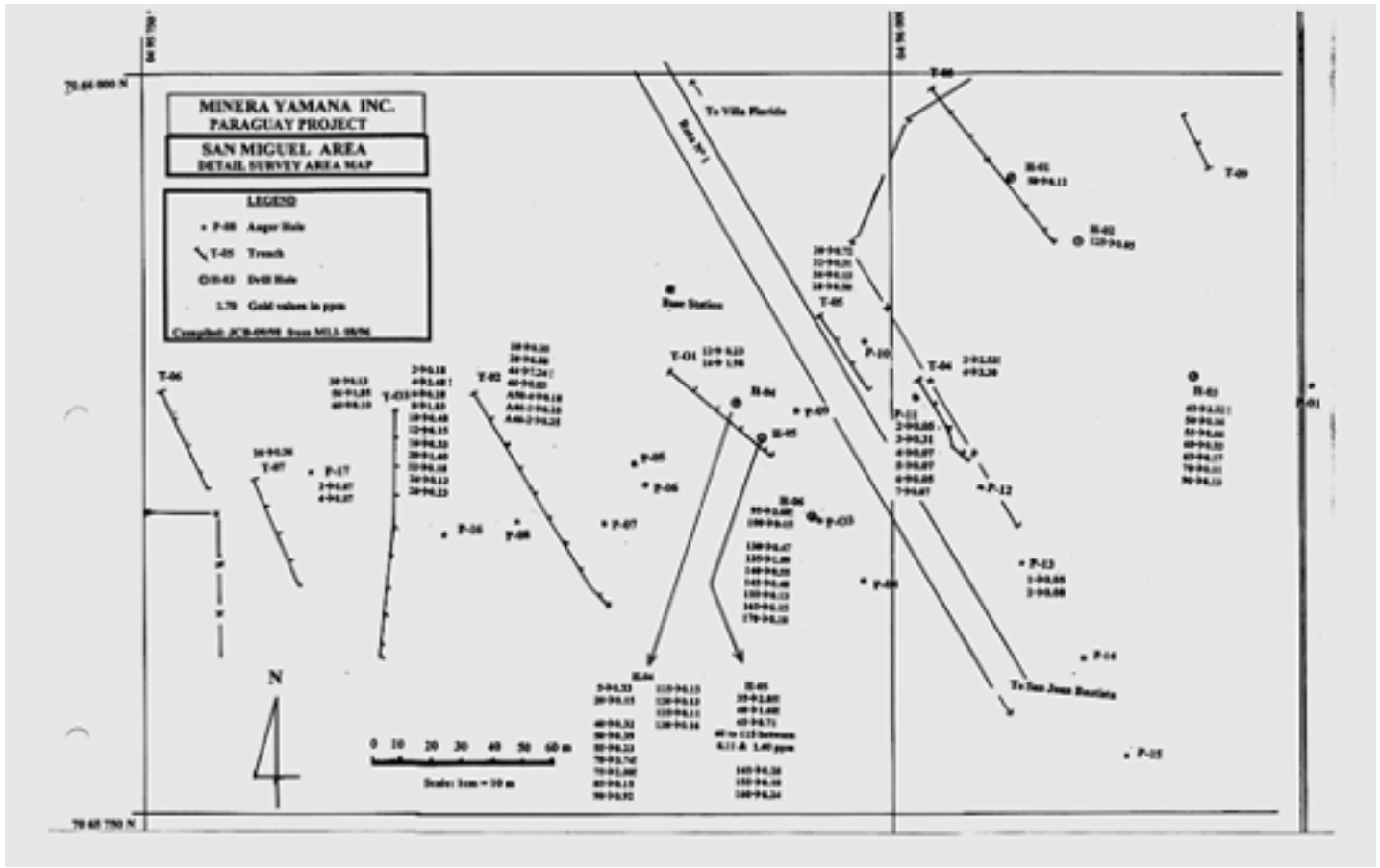
Location of the main targets explored by Yamana

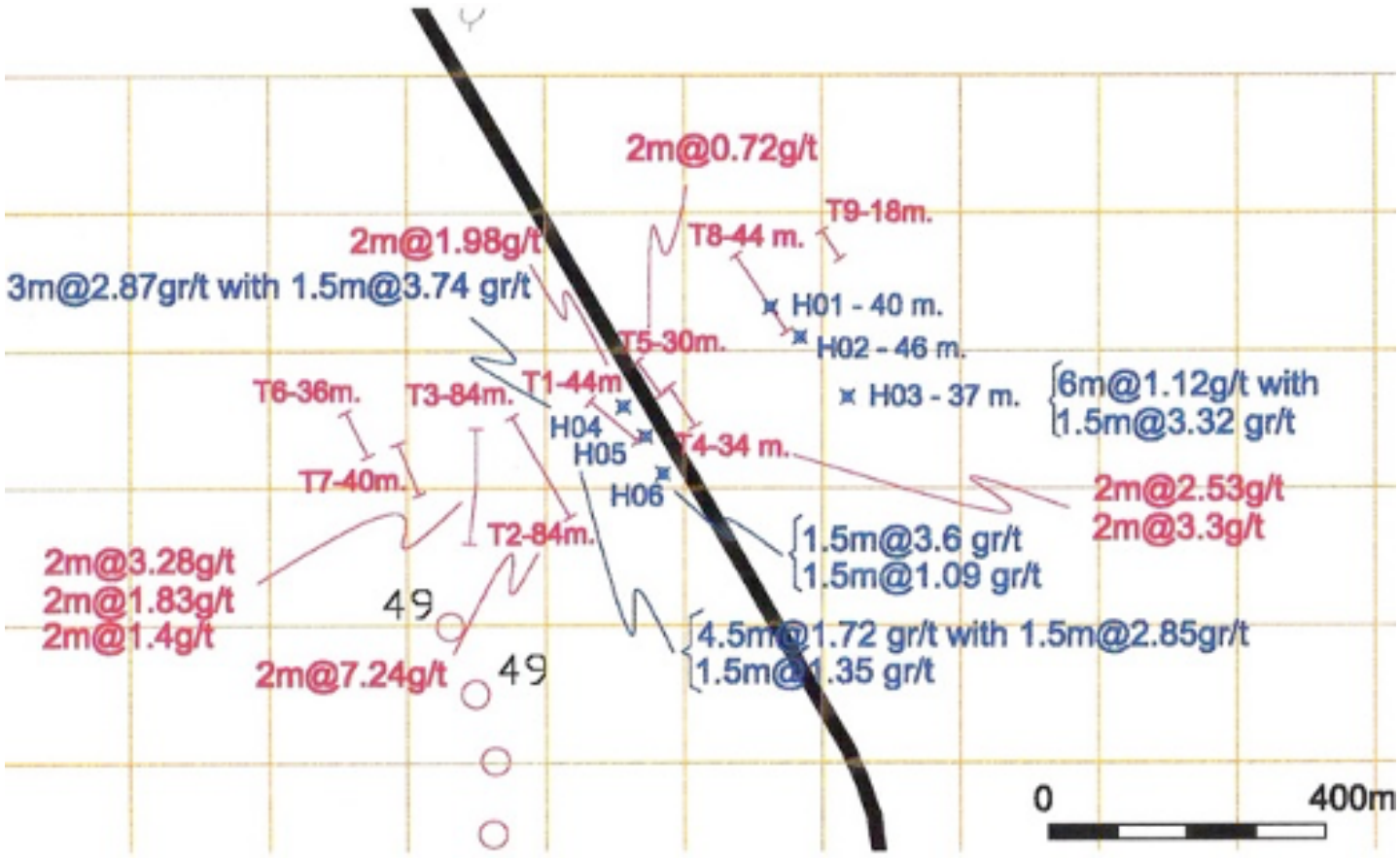


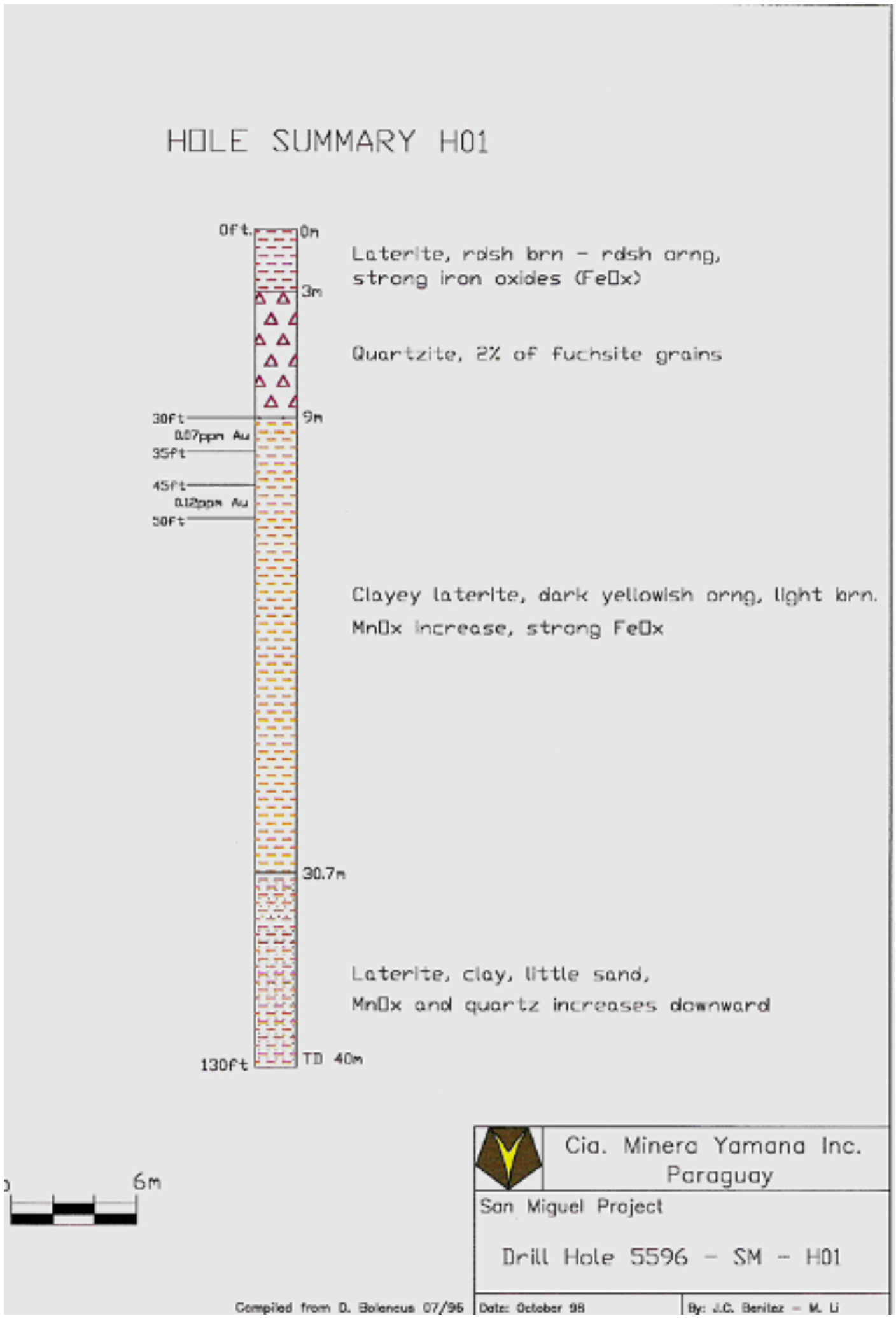
Example of Yamana trench sampling summary



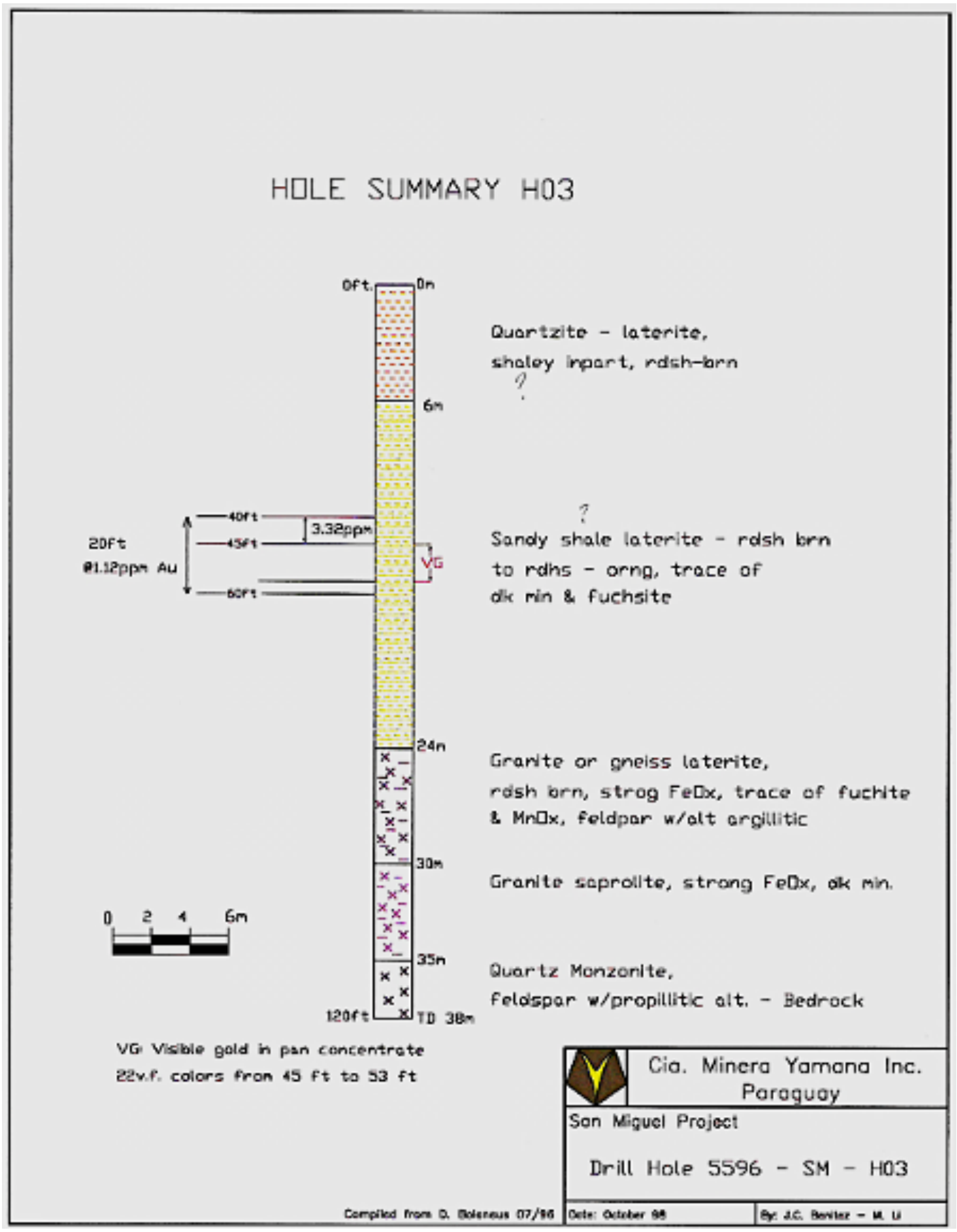
Another example of the abundant exploration done by Yamana, where the details of their work in their note books is available. When combined with the work done by Anschutz, one would obtain very valuable information for the potential for open pit gold targets, in view that the price of gold is currently t ten times higher where low grade gold values become economical.







Summary drill hole No.1



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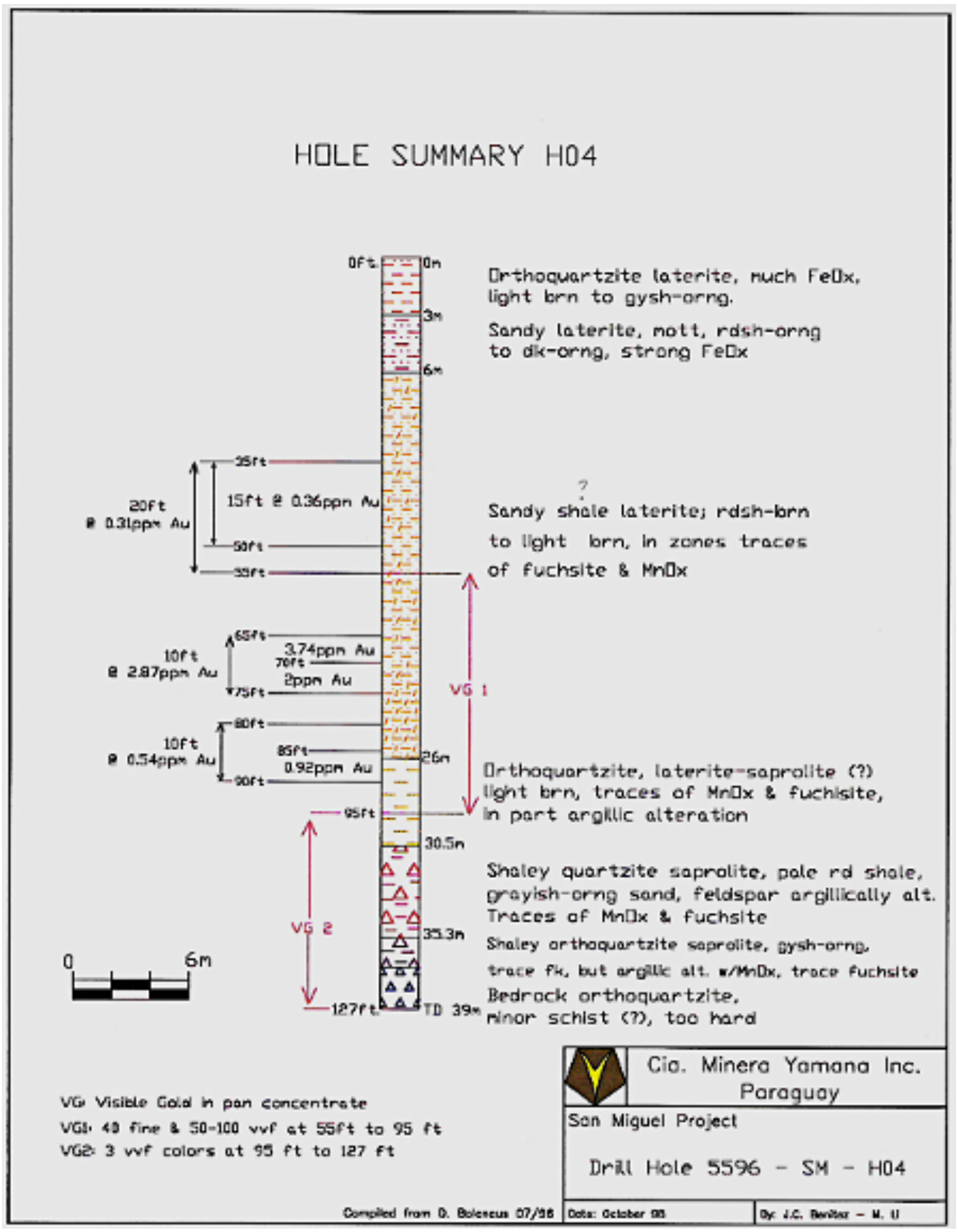
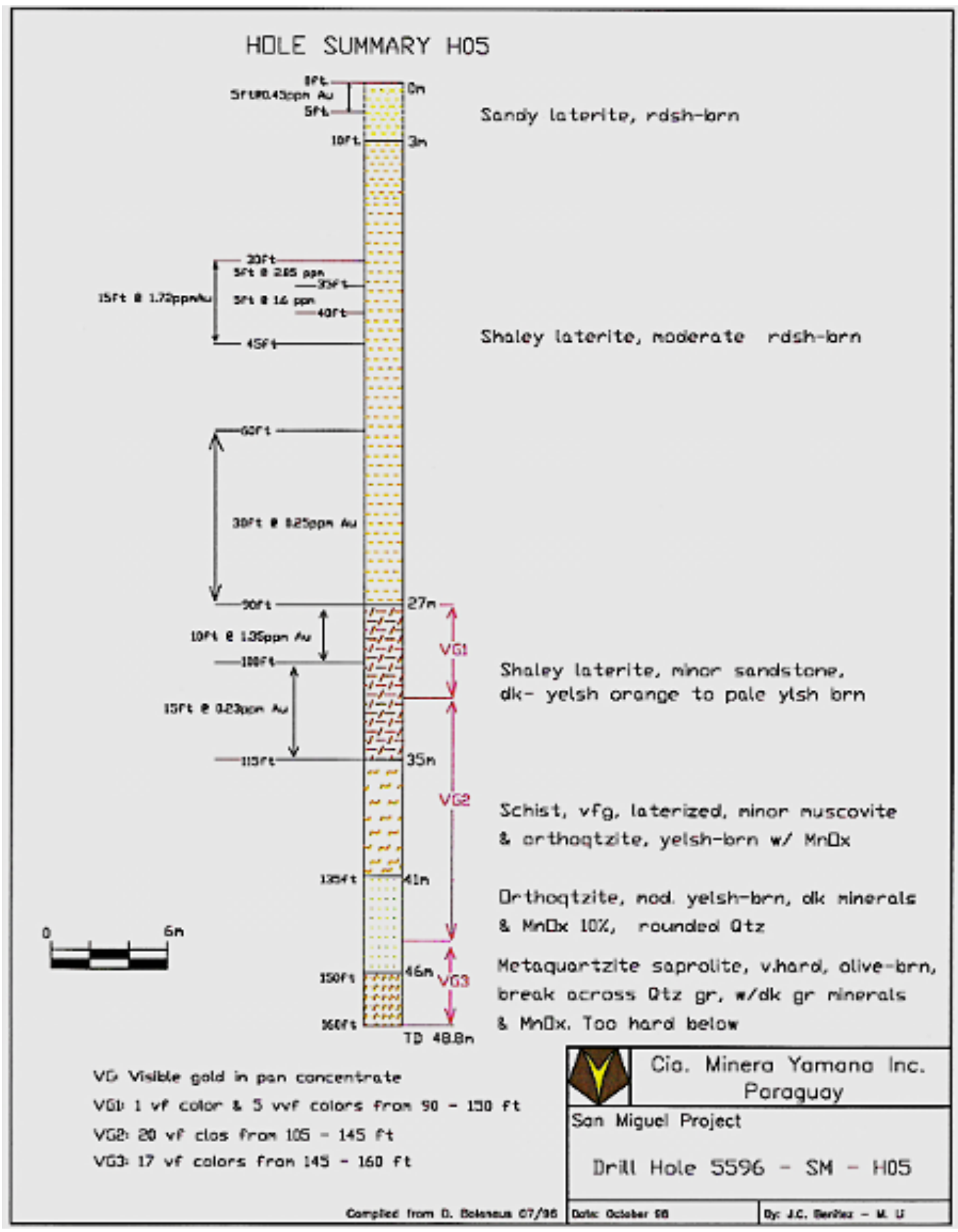
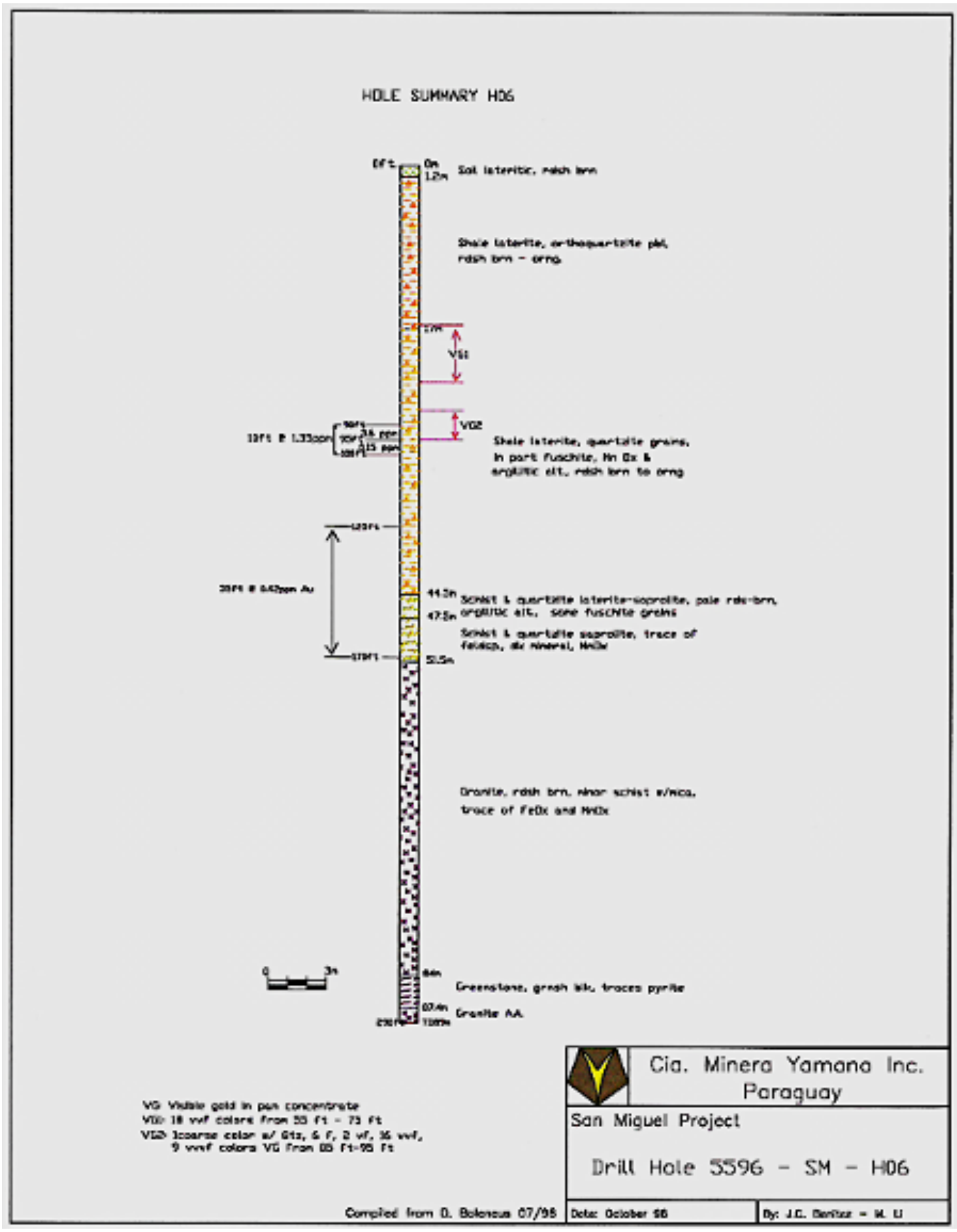


Summary drill hole No.4

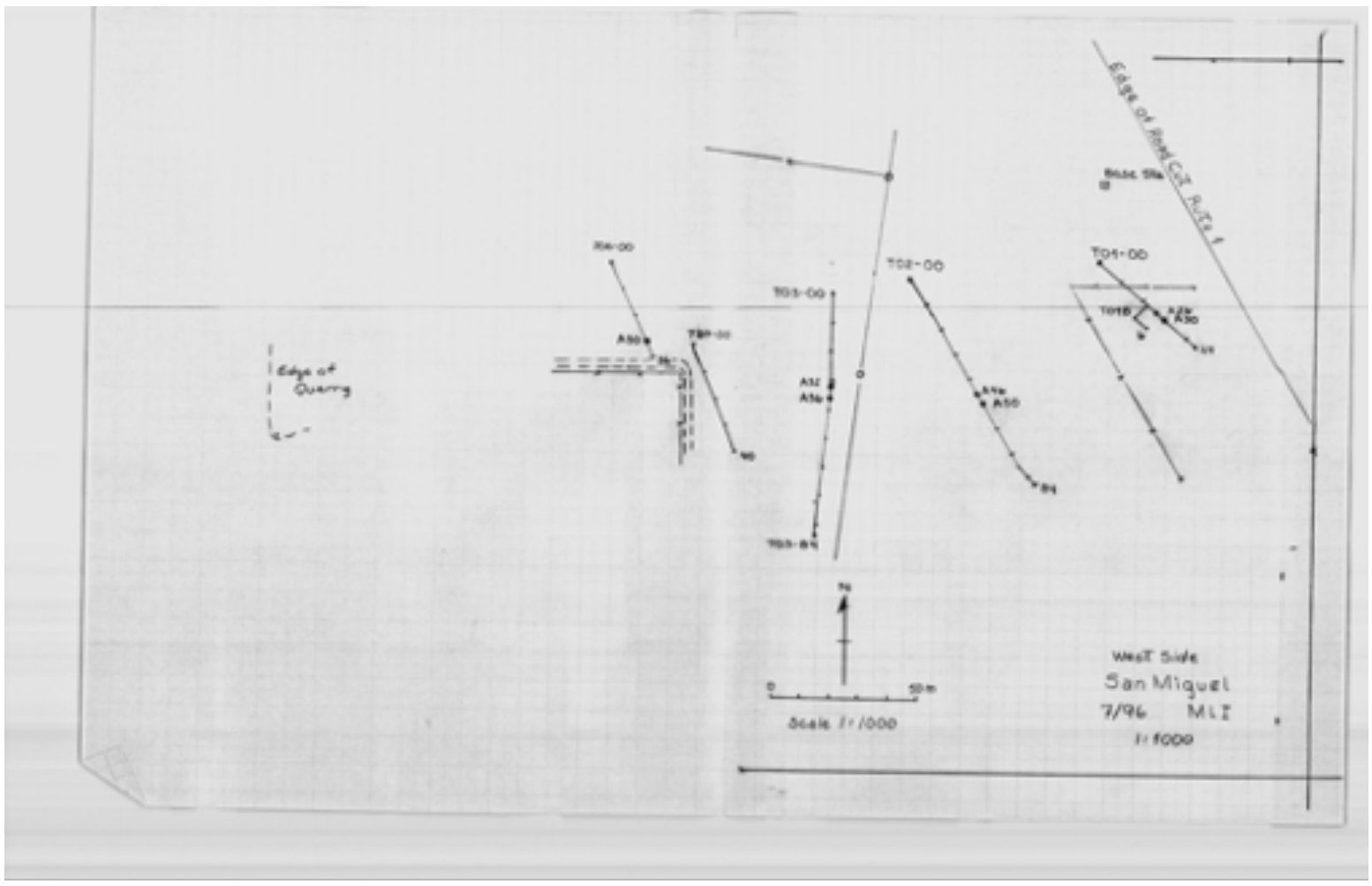


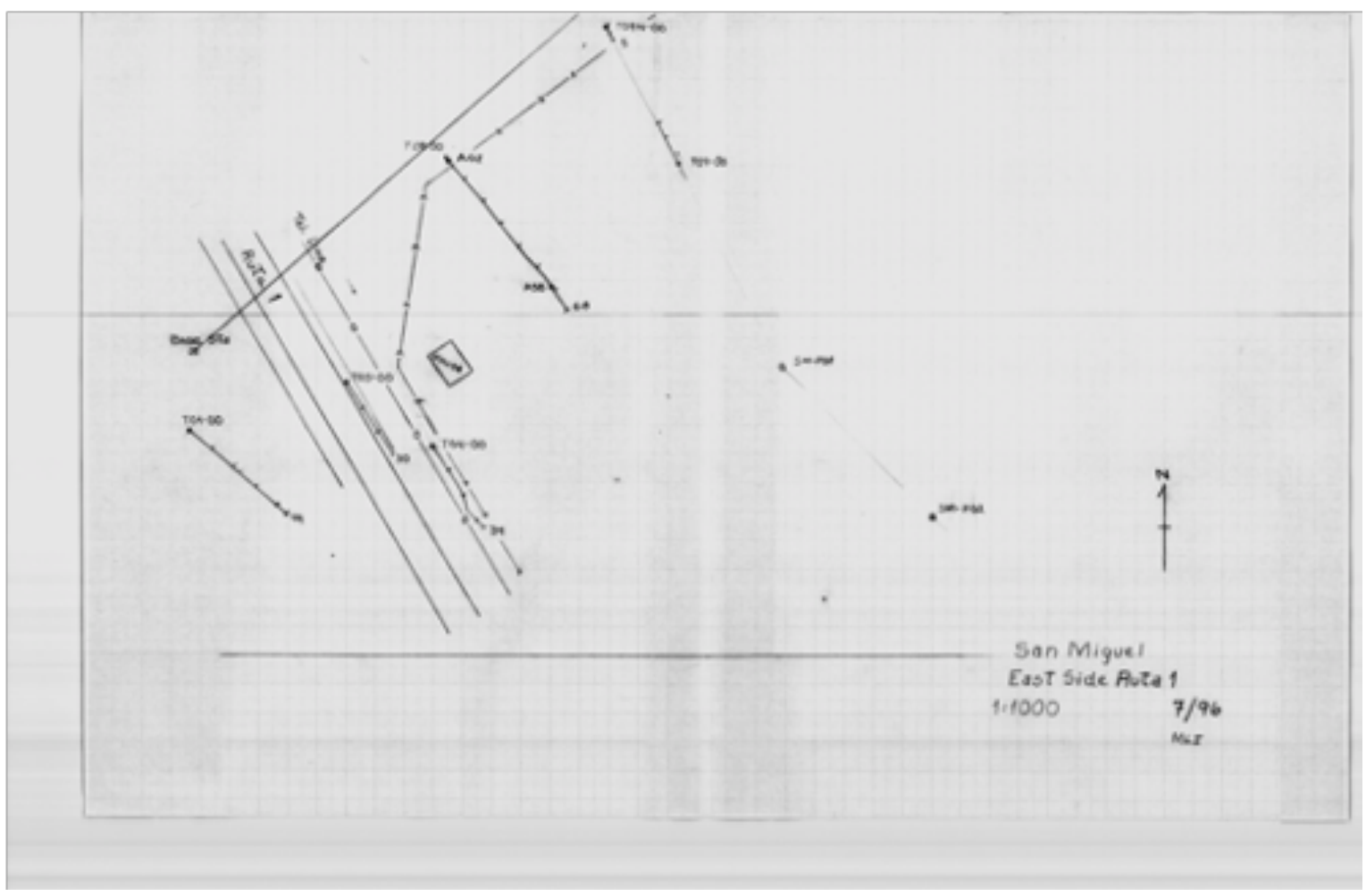
Summary drill hole No.5

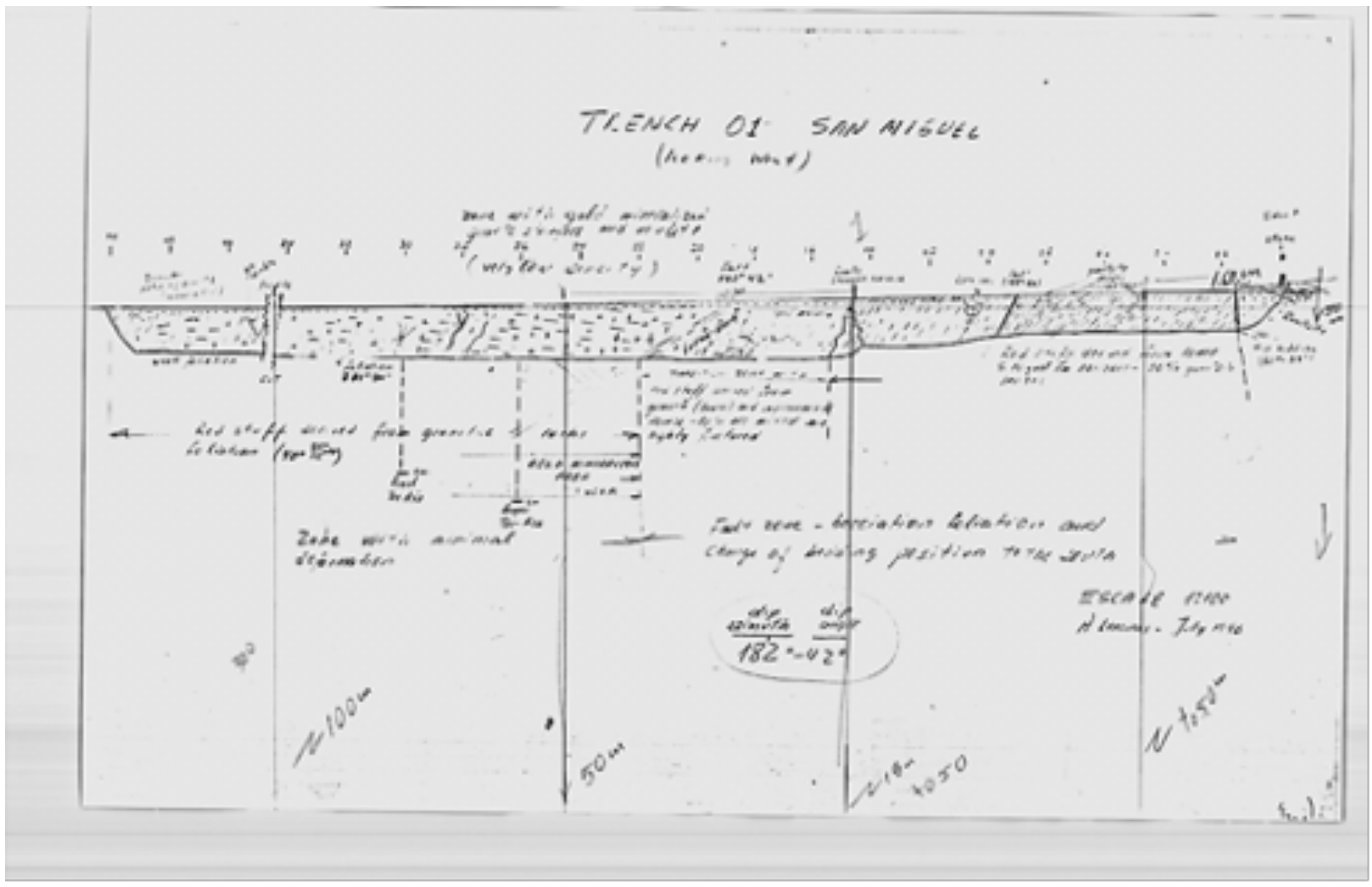


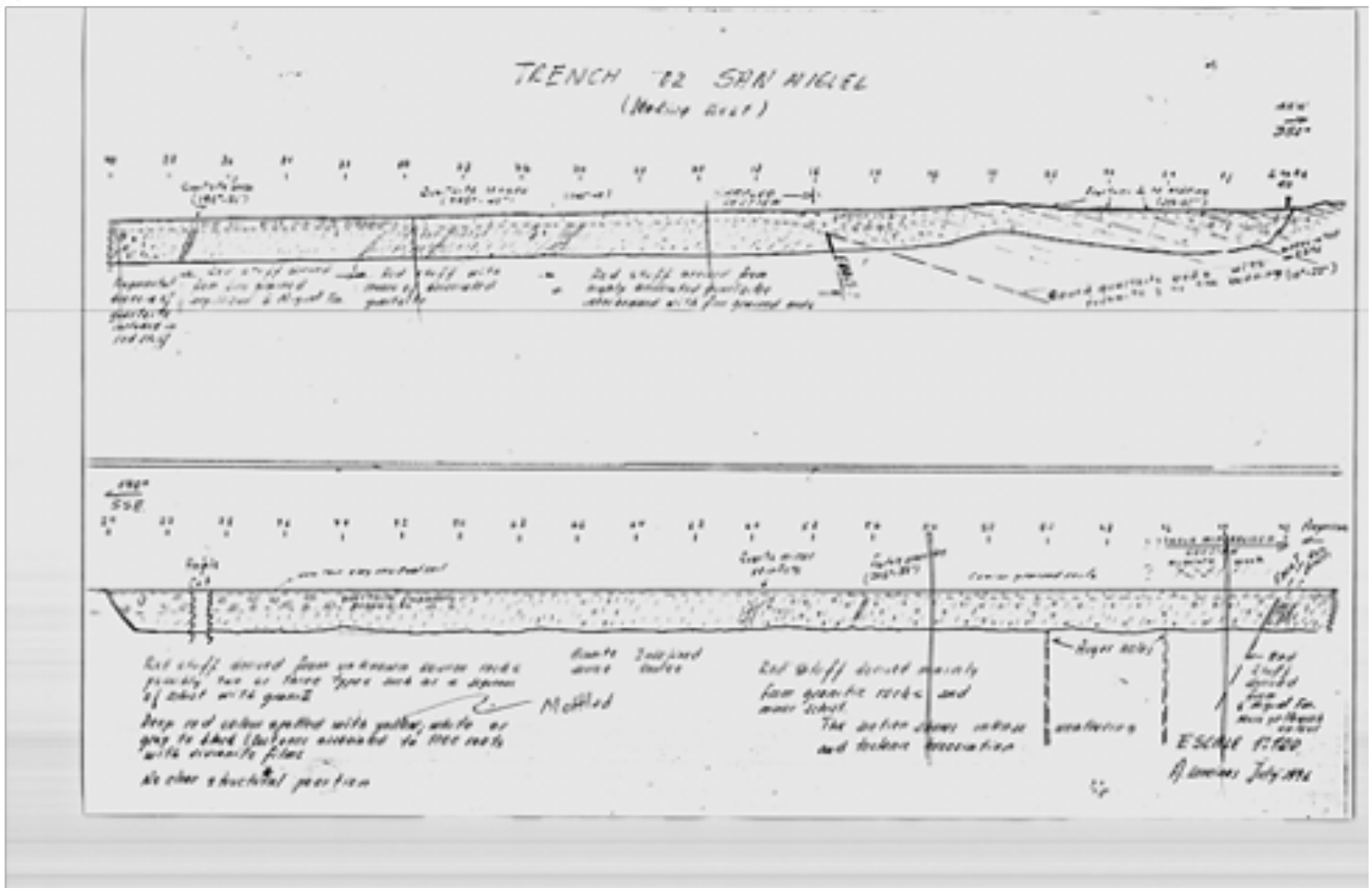
Summary drill hole No.6

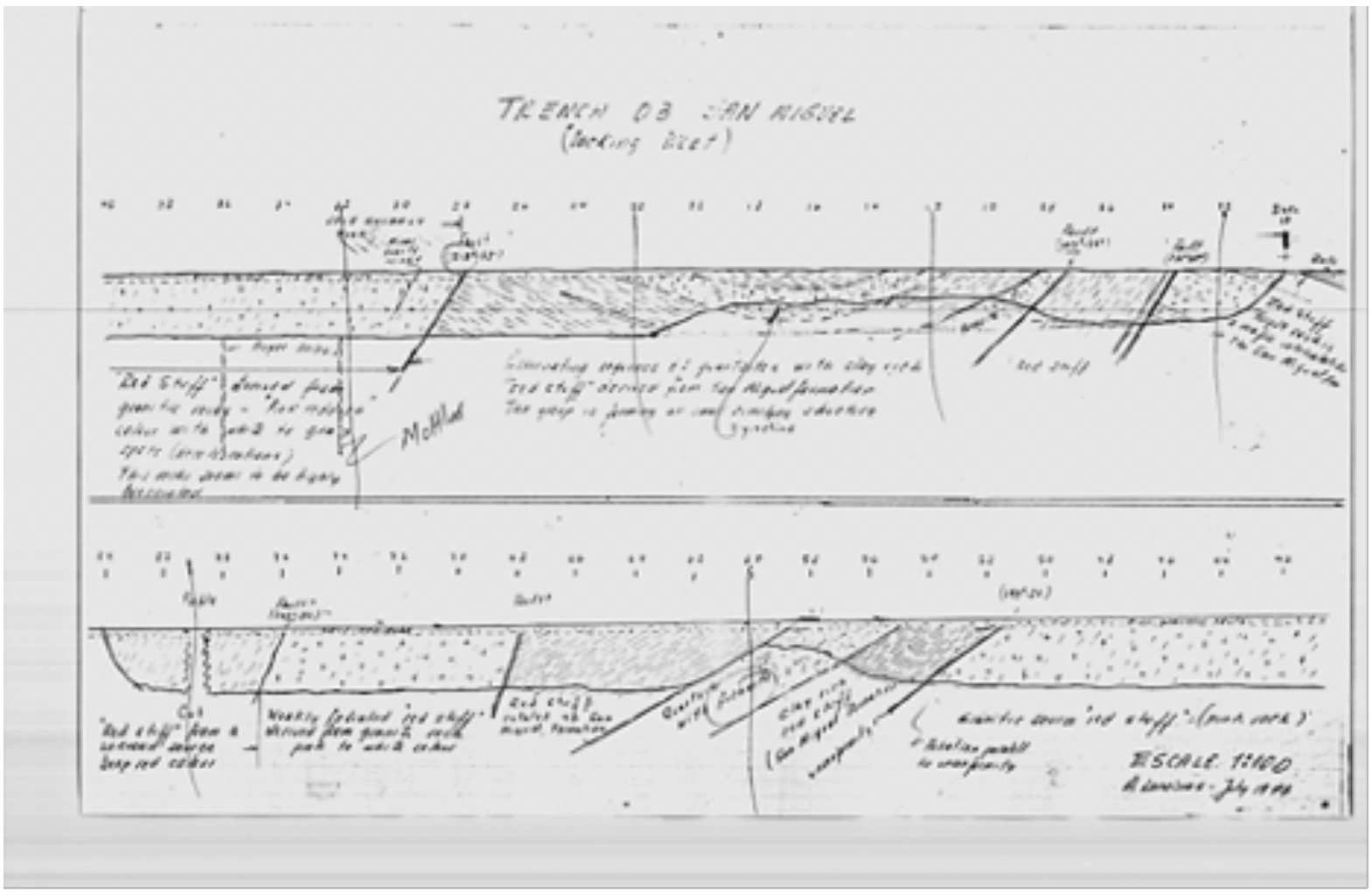
Examples of trenching by Yamana

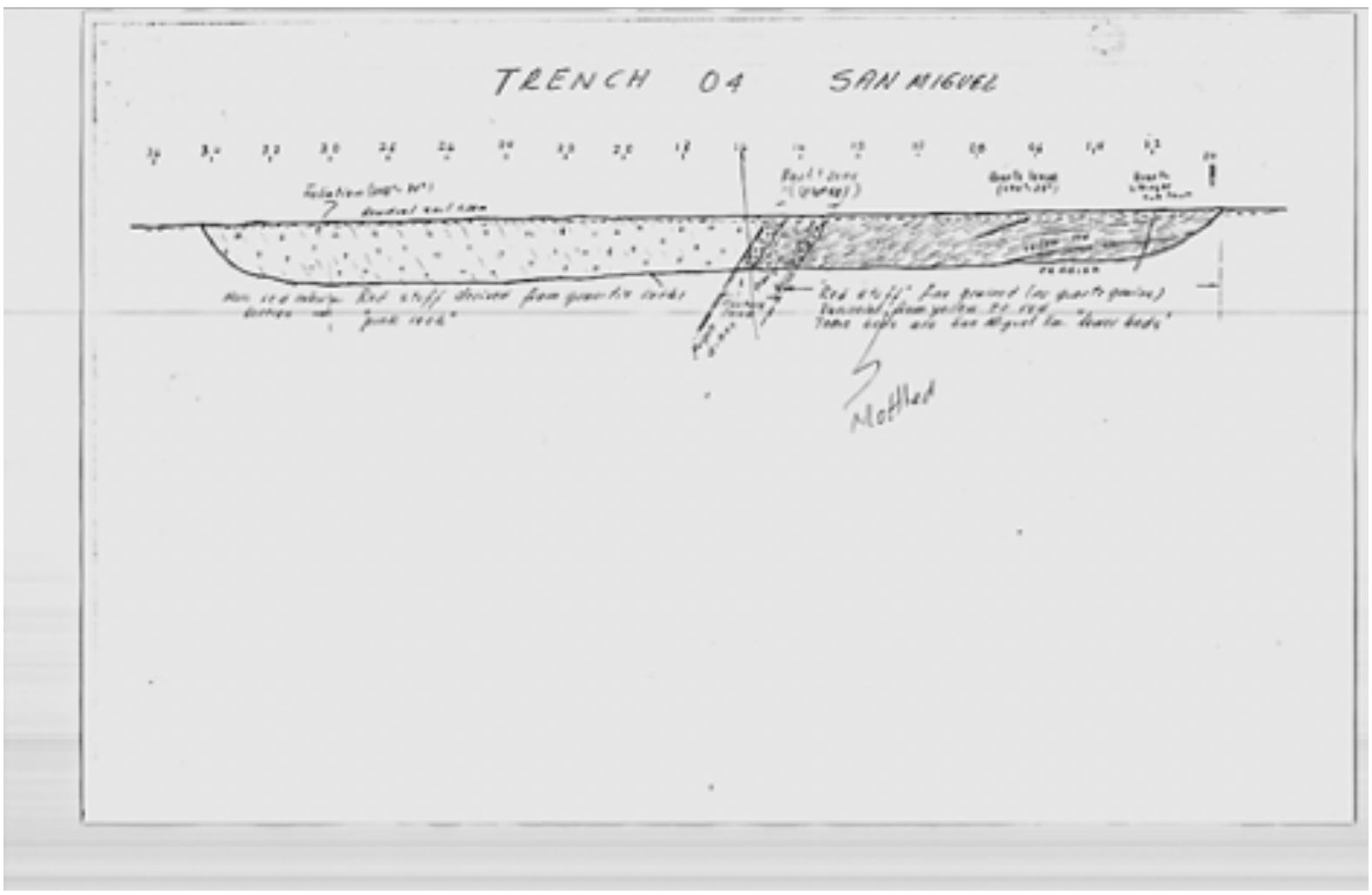





TRENCH 01 SAN MIGUEL
Fault zone - brecciation, foliation and change of dipping position to the south
ESCALE 1/100
N 100°
50m
N 050°

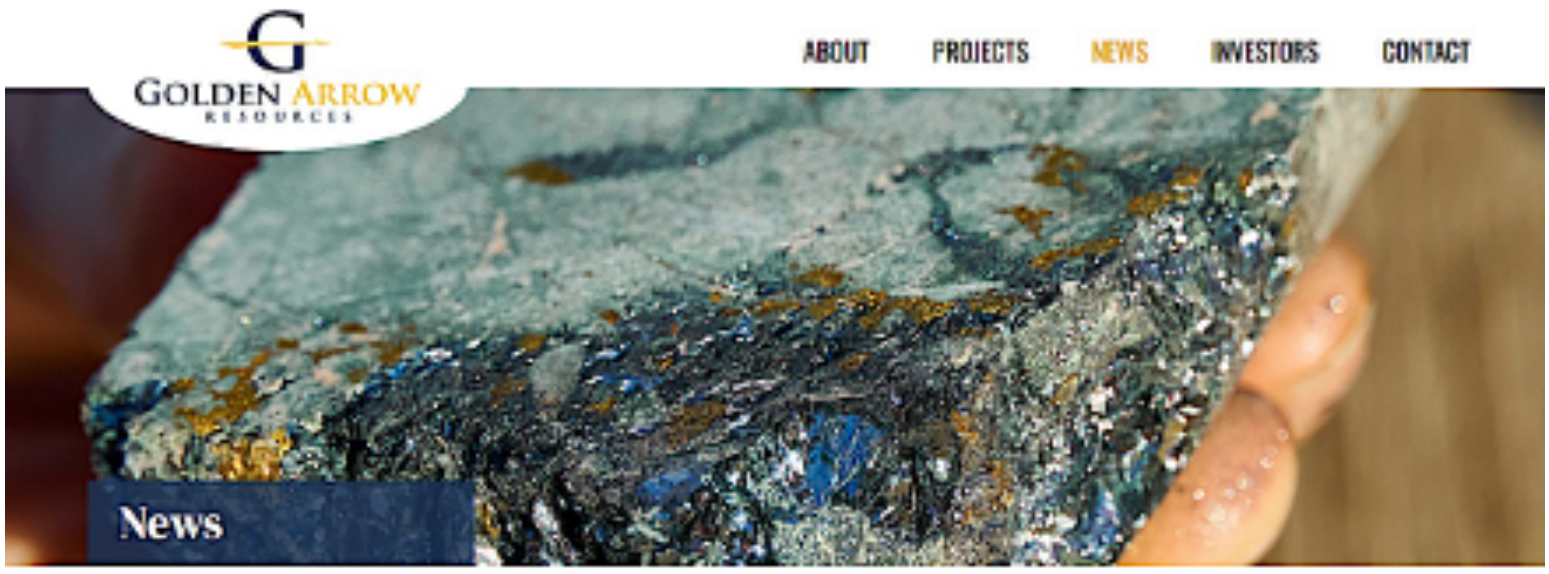

TRENCH 02 SAN MIGUEL
ESCALE 1/100


TRENCH 03 SAN MIGUEL
(looking East)
Mottled
SCALE 1:100


TRENCH 04 SAN MIGUEL
Mottled

Examples of the available information obtained by Yamana

Summary of the exploration executed by Golden Arrow Resources (LUCCA S.A.)



One of the companies of the Grosso Group of Canada is Golden Arrow Resources, which primarily explores various targets in Argentina and Chile. They decided to option a very promising gold target in Paraguay over two sectors totalling 64.000 hectares held by a local company Paraguay Gold, an area located in the district of our current San Miguel concession between 2019-2022. They baptized the project in Paraguay as “Tierra Dorada” (Golden Earth) in reference to the extensive potential for open pit gold and silver targets. They opened a new company in Paraguay as LUCCA S.A. The mining company was unable to meet the financial commitments in 2022 to keep the option agreement in place.

Their quite successful results were obtained despite the most difficult times related to the imposed restrictions with the mobilization, both international and local due to the COVID 19, which was also hindered by the same hurdles with the bureaucracy and the socialization with the local landowners to obtain the related prospecting permits. This also applied for Canadian geologists who didn’t want to travel abroad.

The first round of prospecting was quite difficult in an almost flat area covered by a thick overburden of soil and the highly argylitized bedrock. Soil sampling was basically restricted to the quartz boulders on surface, with the advantage that these did not travel any distance. They executed a few trenches and a geophysical survey next to the few exposed quartz outcrops with some very promising results for open pit targets. From the results, future exploration will outline these targets, where any open pit operation with those high-grade results for gold, silver and other commodities including rutile, copper and tugsten, would be most profitable. For a prospecting permit, the mining rules restricted a drilling operation to 20m depth. This regulation is currently being modified by the government for prospecting to be allowed to drill down to any depth. For an economic open pit operation obviously one would drill at least to a depth of 400m. In view that these quartz vain and quartz budens and economic grades of gold in the wall-rock which consists mainly of Precambrian gneiss, one would expect similar grades discovered on surface to be similar down to 400m. The IP geophysics outlines this conclusion.

In this report I will summarize their discoveries based on their available press releases and additional information they had to forward to the Paraguayan government, which is also public information.

The mining company LUCCA S.A. or Golden Arrow explored the area over 68.000 hectares between 2019-2022. They did a general survey of stream sediments, where very few showed gold anomalies. To take representative stream sediment samples in a basically flat lying topography is very difficult, as the samples are either mostly mud from the organic soil cover and quartz sand in more active sectors in the narrow creeks, where the gold has dropped out down to bedrock. As most of the terrain consists of pasture or agricultural fields, very seldom outcrops are visible. Hence, scouting by LUCCA has taken place just close to the main road or farming roads. Even though LUCCA obtained two very high stream sediment samples with 3.3ppm Au and 1.55ppm Au located west of the village of San Miguel where Yamana had drilled in 1996, surprisingly LUCCA did not do any further exploration in that sector but only concentrated in the new sector 3km NE which they named as ALVARO over an area >10.000 hectares. Assays have been received from the first four trenches, with highlights of 89.5 g/t gold and 61 g/t silver

over 0.93 meters, including 143.40 g/t gold and 95.8 g/t silver over 0.58 meters, in Trench 1. Additional quartz boulder sampling over a kilometer to the south returned values up to 13.7 g/t Au.

Historic drilling highlights include:
6.1m @ 1.12 g/t Au, including 1.5m @ 3.32 g/t Au in SM-H3 starting at 12.2m depth
3m @ 2.87 g/t Au, including 1.5m @ 3.74 g/t Au in SM-H4 starting at 19.8m depth
4.57m @ 1.72 g/t Au, including 1.5m @ 2.85 g/t Au in SM-H5 starting at 9.2m depth
3.05m @ 1.35g/t Au, including 1.5m @3.6g/t Au in SMH6 starting at 27.5m depth.

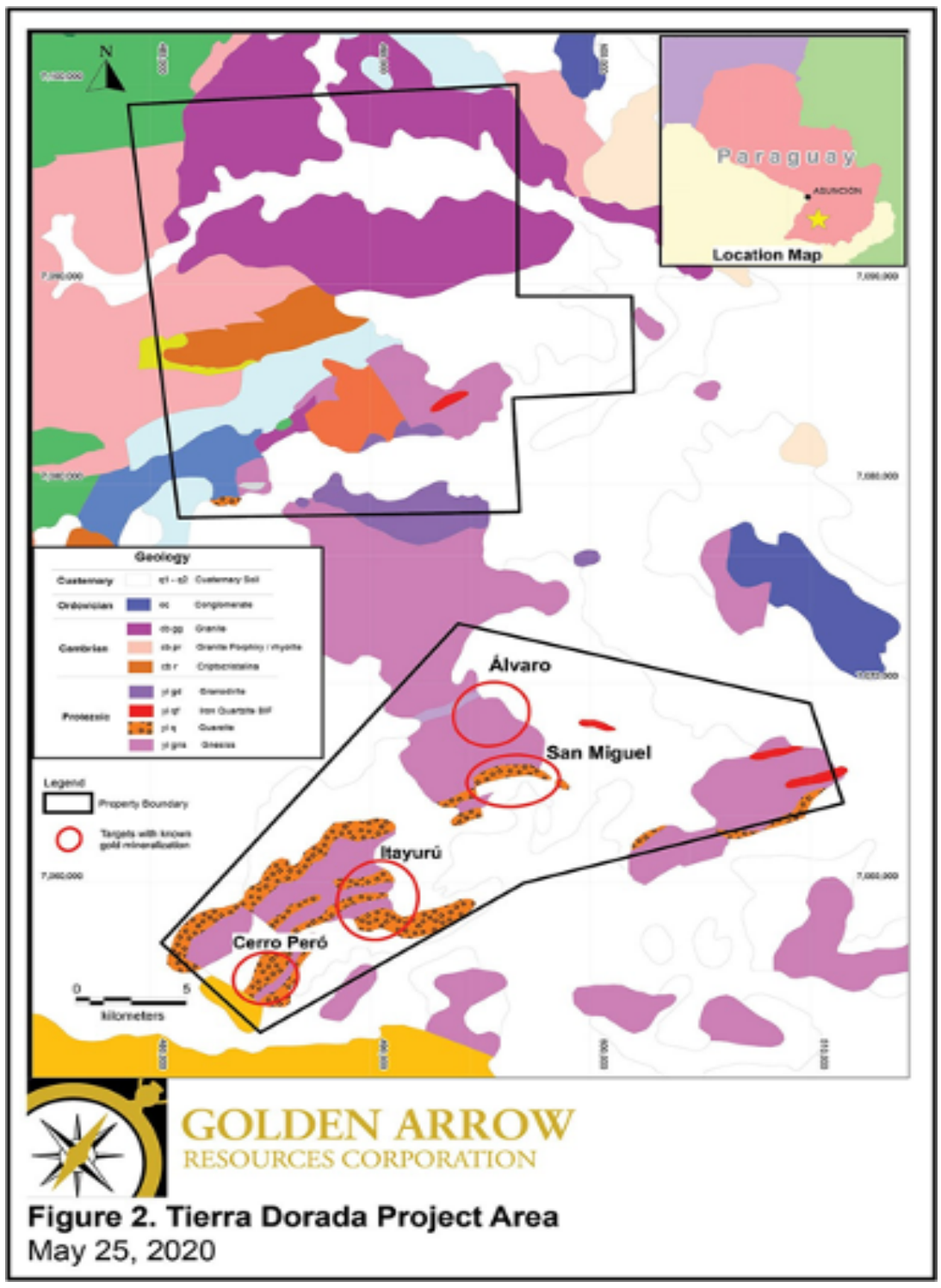
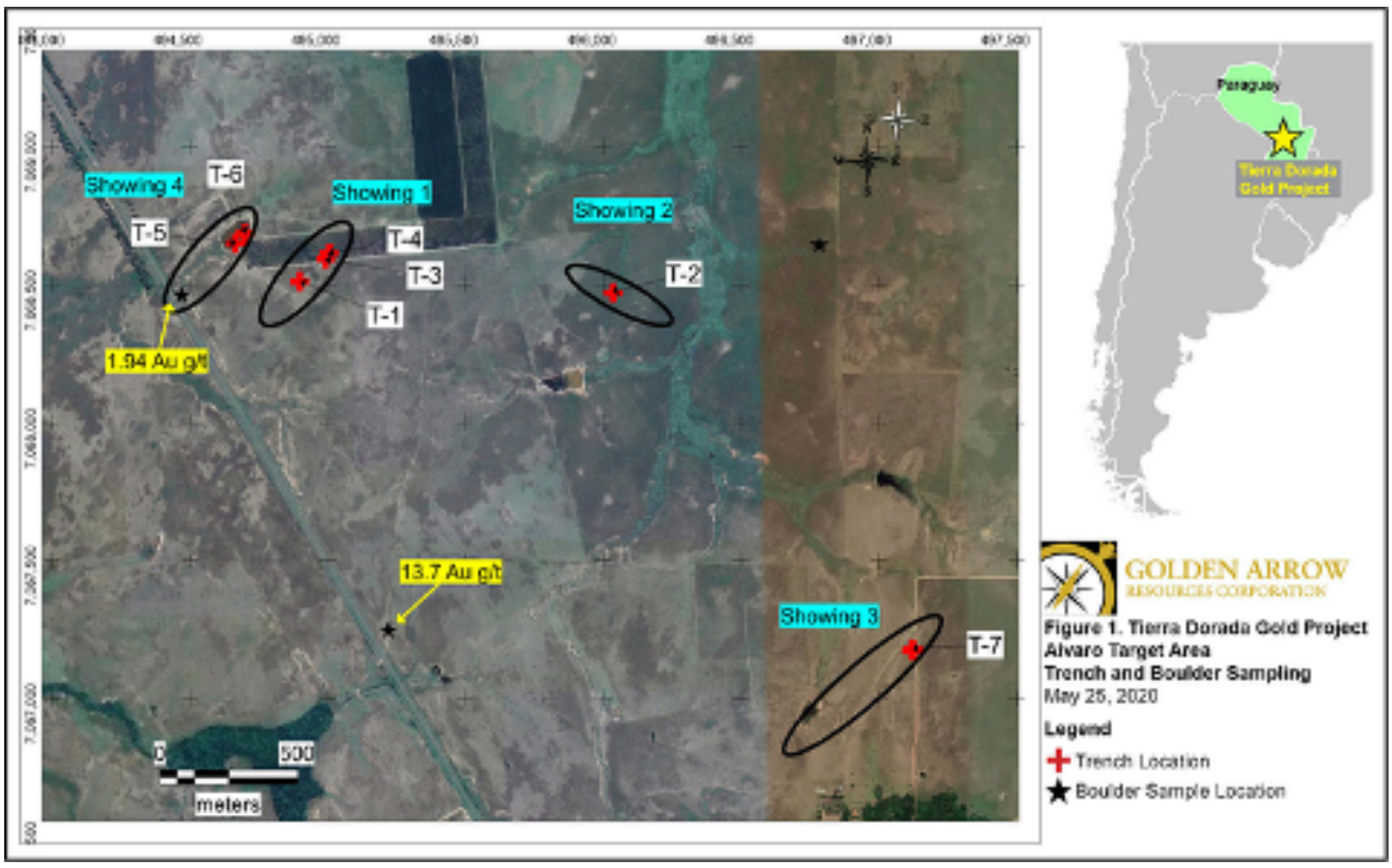


Figure 2. Tierra Dorada Project Area
May 25, 2020

Map outlining the two concession optioned by Golden Arrow (LUCCA S.A) and the four targets where the company concentrated their efforts in the Alvaro sector. As shown in this geologic map, the targets for gold are located in the gneiss and in the quartzite. Currently Minerva Exploration holds the concession over 154.000 hectares where most of the mapped gneiss and quartzite are covered, where we expect a similar potential for gold.
The other main targets outlined by Anschutz and Yamana known as SAN MIGUEL, ITAYURÚ and CERRO PERÓ were only explored superficially by LUCCA, because they considered ALVARO to be their main target in phase 1 of their prospecting.
The other two targets, Itayuru and Cerro Pero, are located 9 and 14 km to the SW of the San Miguel target, respectively. Historic sampling by Anschutz Co. and Paraguay Gold reportedly returned values ranging from -48 ppb Au up to 7.04 ppm Au in quartzite and 68 ppb Au up to 2,147 ppb Au in pan concentrate samples in these areas.

Highlights in the ALVARO sector



The exploration program executed by Paraguay Gold reportedly yielded assays on the Alvaro sector up to 148.4 g/t gold. Golden Arrow decided to explore this sector in more detail, with stream sediments, channel sample, IP geophysics and two drilling programs with a total of 98 drill holes down to 20m.
The terrain in the area is very flat with limited outcrop so it remains uncertain whether these areas of veining are part of a single vein or related to a composite vein system. Golden Arrow due diligence outcrop sampling confirmed the presence of gold mineralization with values of 3.3, 15.1 and 16.1 g/t Au from samples from each of the three showings. This target has seen limited exploration work to date. Historic stream sediment samples in the same area returned up to 154 ppb gold.
Thereafter the Company collected channel samples from eight trenches at the Alvaro prospect, which hosts four gold-mineralized quartz vein showings over 2.5 kilometres. Assays have been received from the first four trenches, with highlights of 89.5 g/t gold and 61 g/t silver over 0.93 meters, including 143.40 g/t gold and 95.8 g/t silver over 0.58 meters, in Trench 1. New boulder sampling over a kilometer to the south of this trench returned 13.7 g/t Au. As reported in the December 5th, 2019 News Release, surface mapping and sampling suggested that Showing 1 includes two parallel gold-bearing quartz vein structures, 25 meters apart, with a sub-outcropping strike length of approximately 200 meters. A third potential vein with 150 meters of sub-outcropping boulders situated 250 meters to the northwest of Showing 1 was identified in the early mapping program, and has now been named Showing 4.

Trenching, Alvaro Showing 1:
Trenches T-1 (6.5m), T-3 (4m) and T-4 (6.2m) were excavated along the strike of sub-outcrop or quartz boulders. All three trenches confirmed the presence of quartz veins. T-1 exposed a vein with an average width of 1.08 meters at an apparent azimuth of 85°, dipping 75° to the north. Four channels were cut one meter apart. In each channel one or two samples were collected perpendicular to the strike of the vein. Table 1 reports the assays from these four channels, including a highest value of 143.40 g/t Au and 95.8 g/t Ag over 0.58 meters. This high-grade assay is consistent with previously reported assays of boulders sampled in this area (see News Release dated December 5th, 2019). Gold values for the rest of the T-1 channel samples range between 13.90 and 18.0 g/t Au over 1.00-1.19m. The host rock of the vein is altered and weathered gneiss with argillic and sericitic alteration adjacent to the vein; a sample from the hanging wall of channel A assayed 0.12 g/t Au and 3.2 g/t Ag across 0.55 meters. This was the only sample of fresh host rock that was collected and tested during the program due to intense argillic alteration of the host rock around the remaining trenches.

Trenches T-3 and T-4 were excavated at the second, apparently sub-parallel, vein system at Showing 1, approximately 120 meters northwest of trench T-1. This vein strikes at 50-60° and dip of 90° to 35° to the northwest. The two trenches are 25 meters apart and it has not been confirmed that the same vein is exposed in both trenches. The best sample assayed 0.78 g/t gold over 0.40 meters.

Trenching, Alvaro Showing 2:

T-2, located 1,130 meters east of trench T-1, exposed seven meters of vein with an averaged width of 1.95 meters, striking at 106° and dipping 65° to the northwest. Three channels were cut across the vein, two separated by only 0.1 meter and the third one at 1.5 meters distance. The best intercept was 16.3 g/t Au and 2.1 g/t Ag over 0.92 meters; average values ranged between 3.8 and 7.8 g/t Au over 1.85-2.00m.

Trench	Sample	Width	Au g/t	Ag g/t	Channel	Total Width	Av. Au g/t	Av. Ag g/t
T-1	PS-0002	0.59	9.90	33.0	A	**1.19**	**18.00**	**43.1**
	PS-0001	0.60	26.00	53.0				
	PS-0004	1.19	13.90	31.8	B	**1.19**	**13.90**	**31.8**
	PS-0006	0.35	0.20	3.3	C	**0.93**	**89.50**	**61.0**
	PS-0005	0.58	143.40	95.8				
	PS-0014	1.00	16.70	21.8	D	**1.00**	**16.70**	**21.8**
T-2	PS-0018	0.68	0.77	0.5	A	**2.00**	**3.80**	**0.8**
	PS-0019	0.40	0.16	0.4				
	PS-0020	0.92	7.70	1.2				
	PS-0021	1.08	0.50	0.4	B	**2.00**	**7.80**	**1.2**
	PS-0022	0.92	16.30	2.1				
	PS-0041	0.85	7.30	1.6	C	**1.85**	**5.50**	**1.5**
	PS-0042	1.00	3.94	1.4				
T-3	PS-0016	0.70	0.33	0.9	A	**1.35**	**0.18**	**0.7**
	PS-0015	0.65	0.02	0.5				
	PS-0026	0.65	0.02	0.7	B	**1.53**	**0.01**	**0.7**
	PS-0025	0.88	0.01	0.7				
	PS-0017	1.35	0.02	0.5	C	**1.35**	**0.02**	**0.5**
T-4	PS-0049	0.40	0.78	3.4	A	**1.28**	**0.41**	**2.3**
	PS-0048	0.43	0.48	1.8				
	PS-0047	0.46	0.03	1.3				
	PS-0052	0.43	0.40	7.3	B	**1.43**	**0.32**	**3.2**
	PS-0051	0.48	0.48	1.7				
	PS-0050	0.51	0.11	1.1				

First Drilling Program Details and Summary of Results

Golden Arrow's current prospecting permit in the Alvaro area allows drill holes up to twenty meters in depth. The objectives of this initial shallow drilling program were to follow and characterize the high-grade mineralized quartz vein structures below the surface and confirm the continuity of gold mineralization in the veins.

The program included 41 holes totaling 550 meters of NQ diamond core drilling. The holes tested three of the four more prospective gold vein showings where surface and trench sampling has returned multiple high-grade gold assays. In most cases the quartz veins were intercepted at a depth of 5 to 10 meters down hole. The average core recovery for the entire program was 74%; hole DHTD-30 was discarded due to very poor recovery. Visible gold was observed within the quartz veins in four holes, and due to the possibility of coarse gold in the veins, the intervals with quartz veins were not split and whole core was submitted for assay.

Drilling confirmed the continuity of several of the veins and gold mineralization at depth, however in some cases, veins showed little continuity below the surface, due to either a lenticular vein shape or as a result of fault displacements.

As shown in Table 1, below, approximately half the holes returned intercepts of greater than 0.5 g/t gold, with a best interval of 6.0 meters at 14.53 g/t gold, including 0.5 meters at 143.50 g/t gold, in hole DHTD-18 at Showing 1. Hole DHTD-17 intercepted the same vein closer to surface, and returned 2.53 g/t gold over 2.95 meters.

Table 1. Drill Intercepts >0.5g/t Au.

(Intervals are downhole length, true width to be confirmed with geologic modelling.)

- 143.5 g/t gold over 0.5m, within 6m averaging 14.5 g/t gold at 3-9m depth and
- 11.8 g/t gold over 3.16m, within 7.75m averaging 6.1 g/t gold at 1.70-9.35m depth

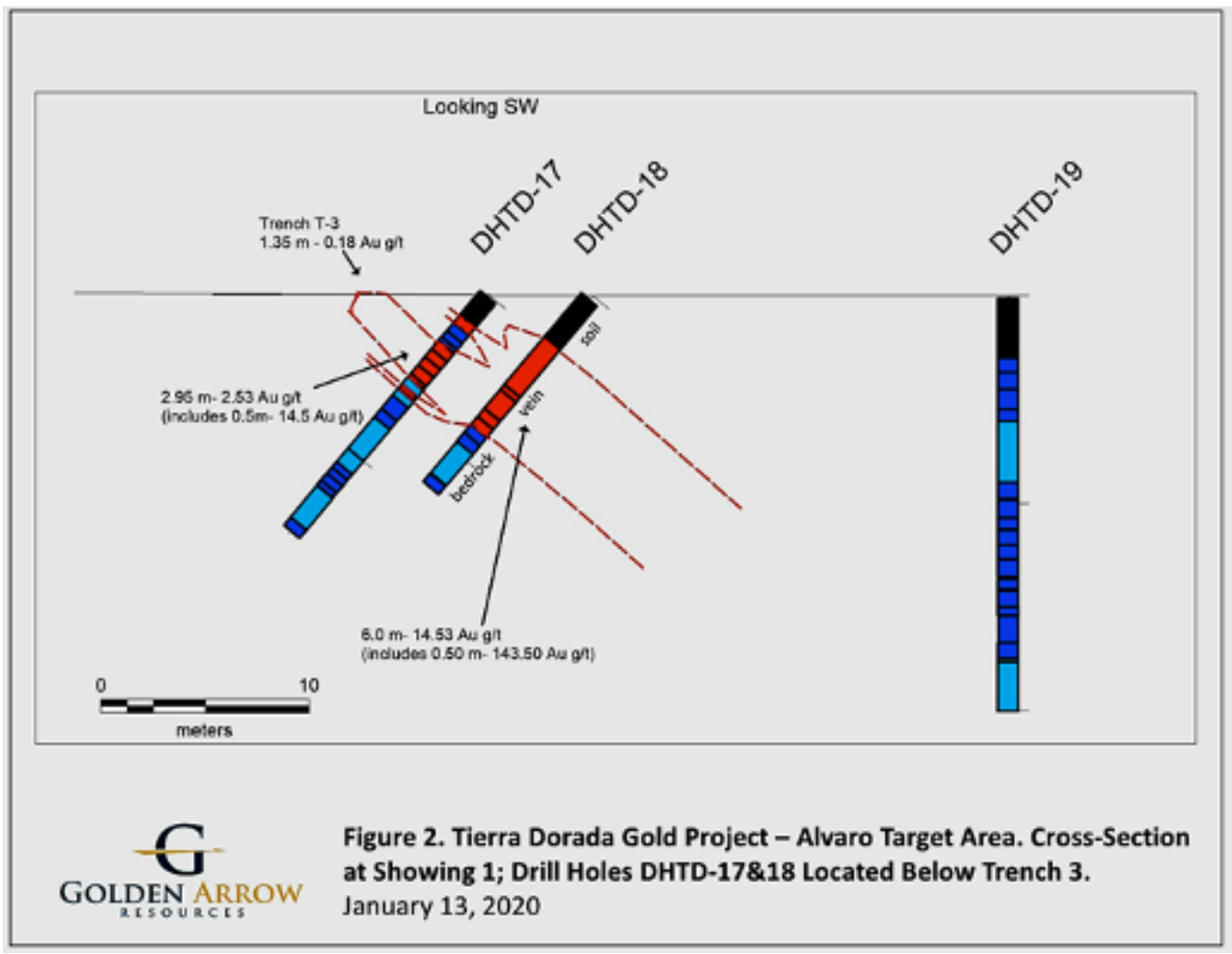


Figure 2. Tierra Dorada Gold Project – Alvaro Target Area. Cross-Section at Showing 1; Drill Holes DHTD-17&18 Located Below Trench 3.
January 13, 2020

Hole	Showing		From	To	Interval (m)	Au (g/t)	Description
DHTD-03	1		4.05	4.28	0.23	1.70	gneiss with qz veinlets (VG)
DHTD-05	1		6.50	6.70	0.20	6.57	qz vein
DHTD-06	1		2.06	2.39	0.33	1.07	qz vein
DHTD-09	1		8.00	9.00	1.00	1.43	qz vein
			7.30	8.00	0.70	2.54	qz vein
DHTD-12	1		0.00	1.53	1.53	15.63	qz vein
DHTD-13	1		3.50	4.30	0.80	1.17	gneiss and schist
DHTD-14	1		2.25	2.68	0.43	3.78	gneiss with qz veinlets
DHTD-15	1		1.60	3.80	2.20	0.81	qz vein
			7.51	8.00	0.49	4.01	Mn veinlets in schist
DHTD-16	1		2.00	4.50	2.50	0.53	qz veinlets in saprolite
DHTD-17	1		3.25	6.20	2.95	2.53	qz vein
		includes	***3.25***	***3.75***	***0.50***	***14.50***	***qz vein***
DHTD-18	1		3.00	9.00	6.00	14.53	qz vein
		includes	***7.50***	***9.00***	***1.50***	***56.77***	***qz vein***
		includes	***8.00***	***8.50***	***0.50***	***143.50***	***qz vein***
DHTD-20	1		3.38	3.80	0.42	9.72	gneiss with qz veinlets
DHTD-22	4		1.30	1.85	0.55	1.21	qz vein
DHTD-23	4		9.10	9.55	0.45	2.48	schist with qz veinlets
DHTD-24	4		1.65	2.05	0.40	1.37	qz vein
DHTD-31	2		0.06	2.50	2.44	2.61	qz vein
DHTD-32	2		0.62	3.43	2.81	0.82	gneiss interbedded with schist
			6.60	13.90	7.30	1.06	gneiss interbedded with schist
DHTD-33	2		**2.43**	**6.45**	**4.02**	**1.03**	gneiss interbedded with schist
		includes	***4.20***	***4.70***	***0.50***	***5.31***	***qz vein***
DHTD-34	2		1.86	7.75	5.89	0.73	gneiss interbedded with schist plus qz vein
DHTD-35	2		0.12	0.44	0.32	9.33	soil with qz fragments
			1.70	**9.45**	**7.75**	**6.09**	***qz vein and schists***
		includes	***3.84***	***7.00***	***3.16***	***11.80***	***qz vein***
		includes	***7.00***	***9.45***	***2.45***	***3.08***	***schist***
DHTD-36	2		12.60	15.17	2.57	7.68	qz vein
			15.17	15.81	0.64	1.17	gneiss
DHTD-37	2		22.75	24.00	1.25	1.49	gneiss
DHTD-38	2		9.00	10.10	1.10	0.58	gneiss
DHTD-39	2		3.36	4.40	1.04	1.16	qz vein and gneiss
DHTD-40	2		***9.90***	***15.00***	***5.10***	***1.31***	qz vein andgneiss
		includes	***12.10***	***13.05***	***0.95***	***3.89***	qz vein

Planned Geophysical Program

Quantec Geoscience has been contracted to perform an IP Gradient array survey at the Alvaro target area The survey is planned to cover a minimum area of 4,000 by 1,000 meters (400 hectares) with lines every 100 to 200 meters perpendicular to the interpreted strike of the veins. The purpose of the survey is to detect quartz veins under soil cover and provide information on the lithology, alteration and structures. If the survey yields positive results, it will be expanded to cover another 400 hectares.

4.2 km2 IP survey covered Showings 1-4 and surroundings; multiple new targets identified, including:

• 1700 m anomalous trend including Showing 1, open to the NE & SW; SW extent connects to broad higher chargeability anomaly

• A strong coincident chargeability and resistivity anomaly identified 250m SW of Showing 2

• A higher chargeability zone coincident with sub-outcrops of ferriferous gneiss northwest of Showing 3

• The holes tested three of the four more prospective gold vein showings where surface and trench sampling has returned multiple high-grade gold assays (see News Releases dated December 5, 2019 and May 27, 2020 for descriptions of the showings and previous results). In most cases the quartz veins were intercepted at a depth of 5 to 10 meters down hole. The average core recovery for the entire program was 74%; hole DHTD-30 was discarded due to very poor recovery. Visible gold was observed within the quartz veins in four holes, and due to the possibility

of coarse gold in the veins, the intervals with quartz veins were not split and whole core was submitted for assay.
• Drilling confirmed the continuity of several of the veins and gold mineralization at depth, however in some cases, veins showed little continuity below the surface, due to either a lenticular vein shape or as a result of fault displacements. As shown in Table 1, below, approximately half the holes returned intercepts of greater than 0.5 g/t gold, with a best interval of 6.0 meters at 14.53 g/t gold, including 0.5 meters at 143.50 g/t gold, in hole DHTD-18 at Showing 1. Hole DHTD-17 intercepted the same vein closer to surface, and returned 2.53 g/t gold over 2.95 meters.
• Previous detailed mapping of the trenches indicated that three of the four main showings had a northeast-southwest strike (see News Release dated May 27, 2020). The distribution of chargeable response reported by the Gradient Array surveys confirms this district-wide tendency as seen in Figure 1. Although the chargeability values measured during the geophysical program are relatively low (less than 5 mV/V) they are sufficient to clearly confirm this trend. The Company interprets these chargeable responses to reflect the presence of low but anomalous levels of disseminated sulphides associated with the gold-mineralized vein structures.
• Multiple new anomalies were identified from the Quantec survey, as detailed below. With the exception of the outcrops at Showing 3, all the geophysical anomalies detected in these surveys are covered by soil overburden.
• The veins at Showings 1 and 4 coincide with chargeable and resistive lineaments detected by the Gradient Array survey, as were expected. The anomalous chargeable and resistive trend correlating to Showing 4 has been traced over 850 meters strike extent. Showing 1 is centrally located on a parallel anomalous trend delineated by the gradient surveys over 1700 meters of strike extent, which remains open to both the northeast and southwest. A similar anomalous trend has been identified in the gradient data at a position 250 meters to the northwest of Showing 4, indicating a future target of investigation. The southwest portions of these three trends lead into an extensive overburden-covered area of increased chargeable response coincident with a complex system of resistive lineaments, indicating the potential for additional exploration targets. This broad chargeable target area remains open to the west and south.
• Showing 2, where several of the shallow drill holes intersected high-grade gold, coincides with a resistive lineament
• Showing 2, where several of the shallow drill holes intersected high-grade gold, coincides with a resistive lineament trending WSW-ENE, which has been delineated by the Gradient Array surveys over 900 meters of strike extent and which remains open to the west. This feature exhibits weak chargeability response. Several similar trends are evident to the north and south of Showing 2, the most conspicuous being a strongly resistive and chargeable east-west lineament detected 250 meters to the south of the showing in an overburden covered area.
• Showing 3 is an extensive feature of anomalous gold responses trending northeast-southwest and was not tested with the current shallow drilling program. Two chargeable trends have been delineated by the geophysical surveys crossing the Showing 3 trend at a shallow oblique angle. Anomalous gold values have been sampled at positions proximal to the points of intersection, suggesting a structural relationship with mineralization. Geological mapping in the vicinity of Showing 3 suggests the zone of increased chargeability located a short distance to the northwest coincides with sub-outcrops of ferriferous gneiss.
• The two P-DP lines in Figure 3 indicate that the chargeable trends evident in the gradient data extent to depths below the maximum depth of the survey. The P-DP 2D models will be used to interpret local targets, structures and lithologies and will be utilized for planning follow-up work and drill targeting.

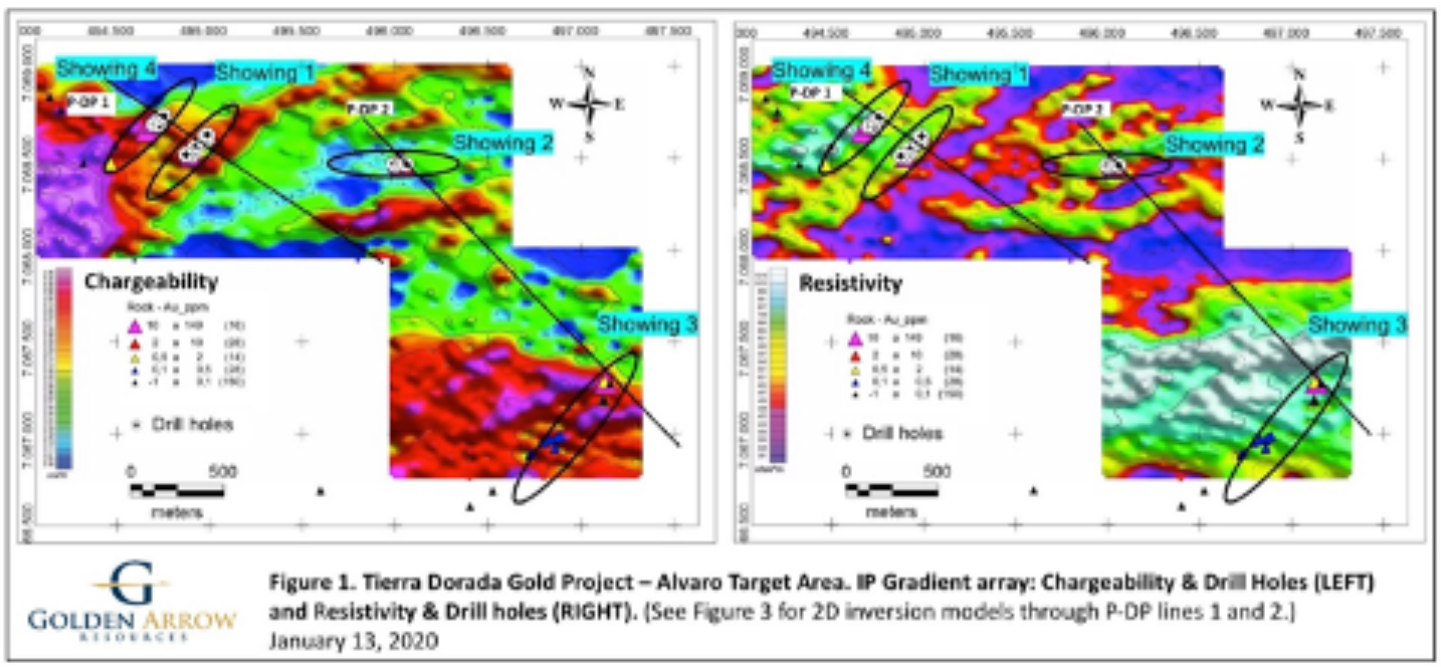


Figure 1. Tierra Dorada Gold Project – Alvaro Target Area. IP Gradient array: Chargeability & Drill Holes (LEFT) and Resistivity & Drill holes (RIGHT). (See Figure 3 for 2D inversion models through P-DP lines 1 and 2.)
January 13, 2020

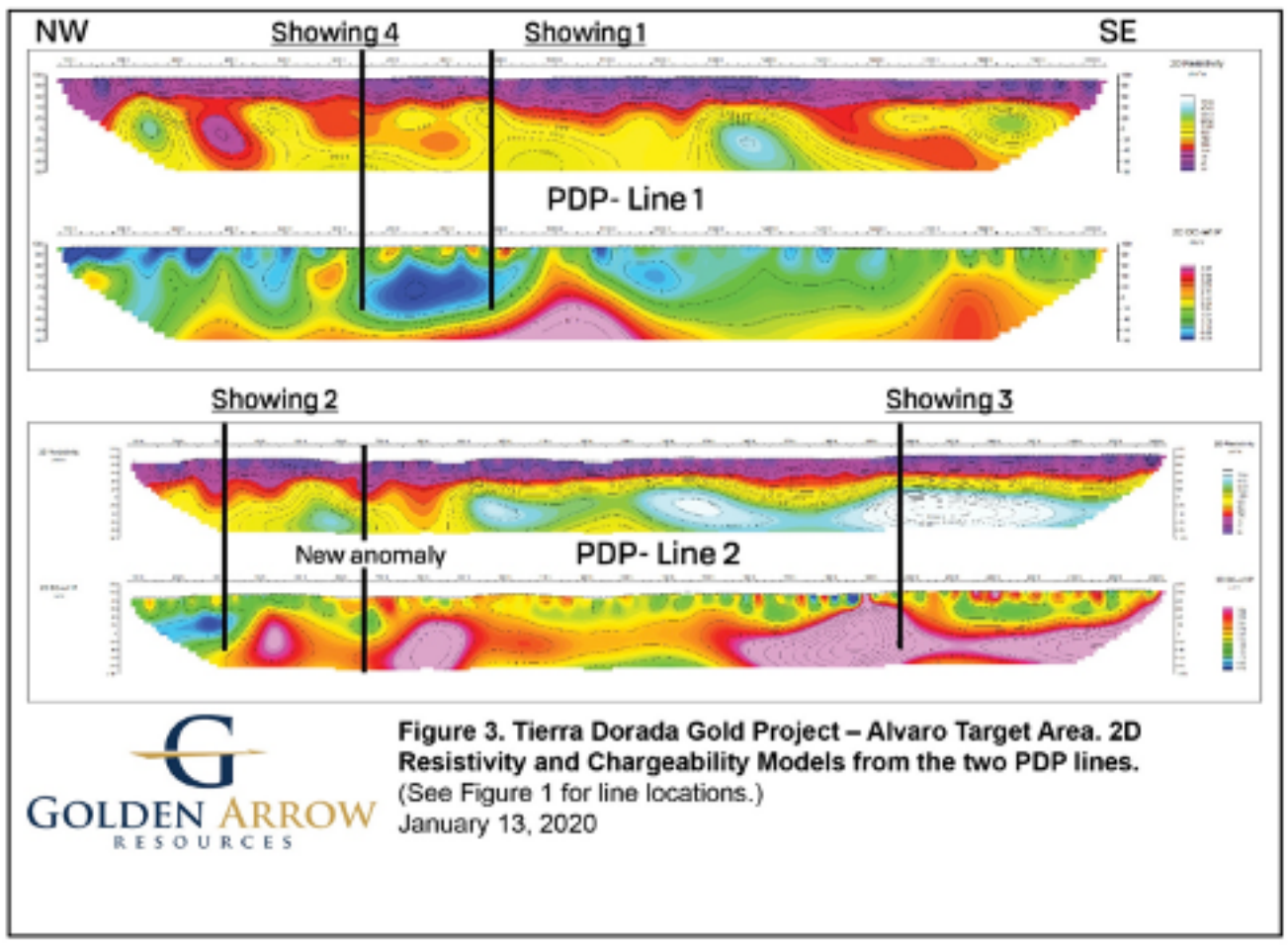
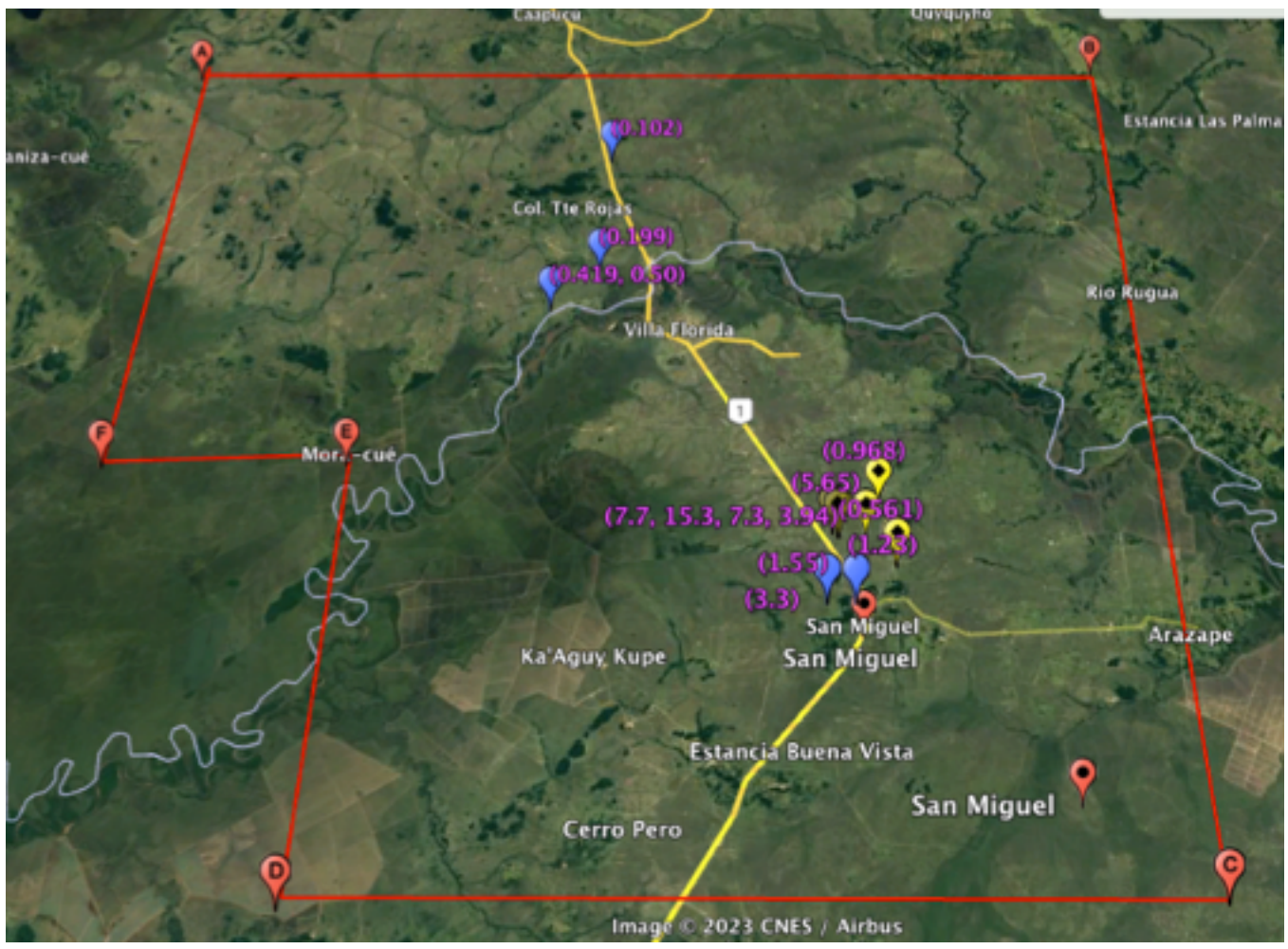
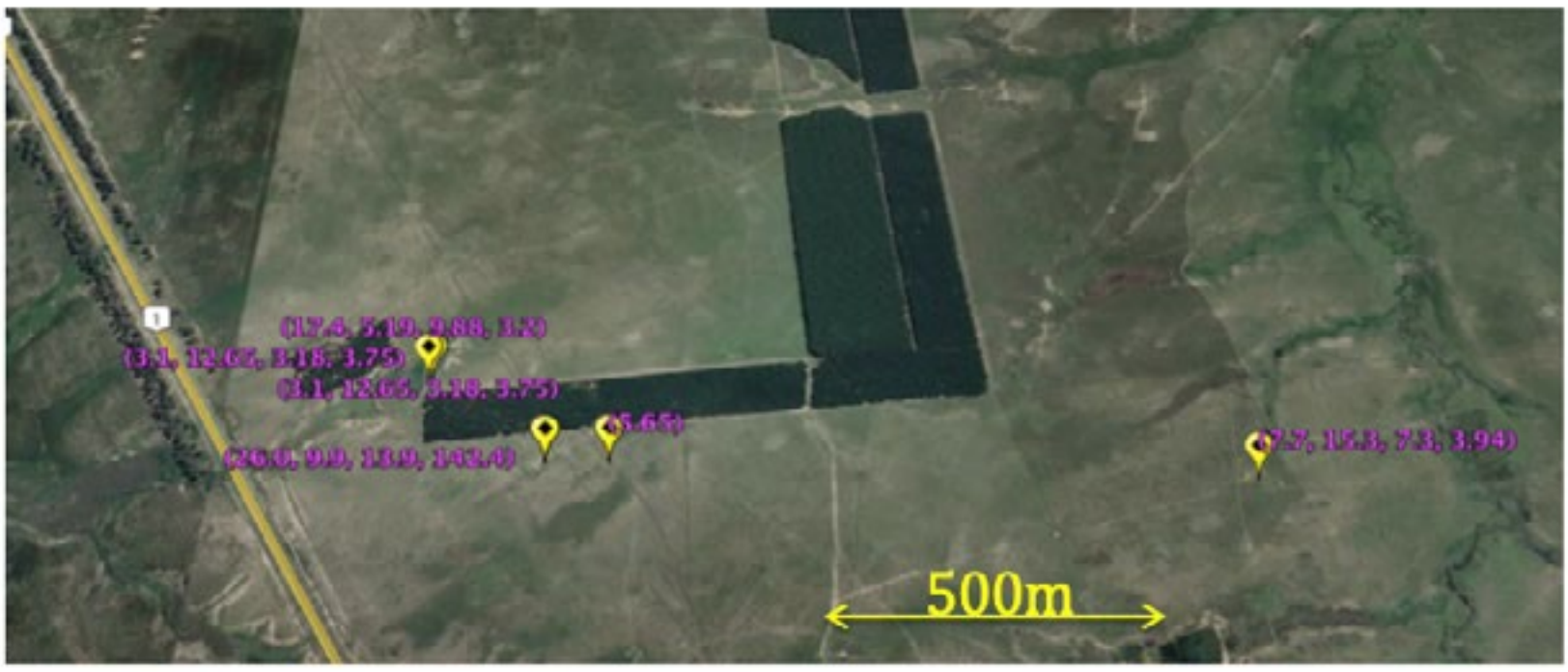


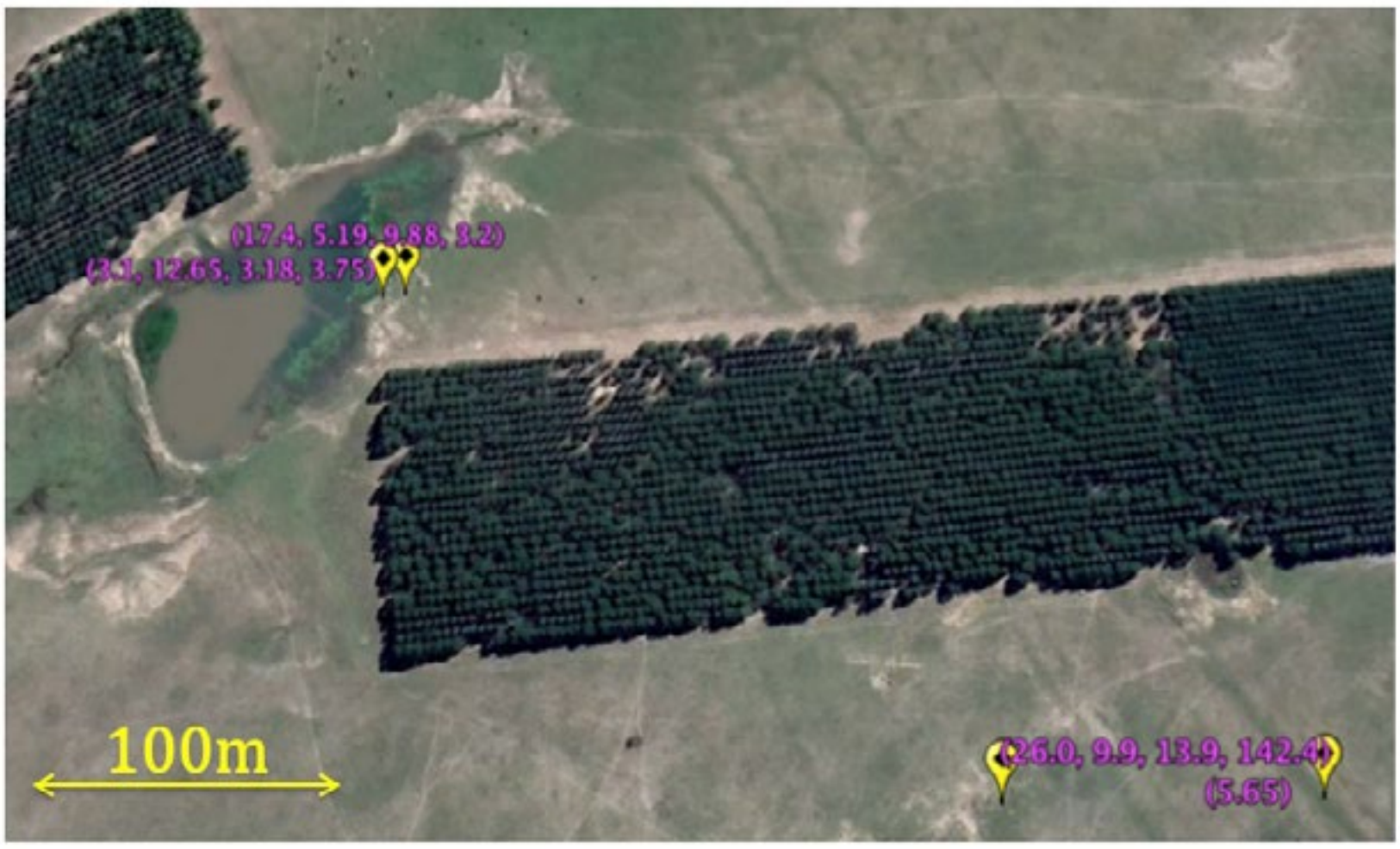
Figure 3. Tierra Dorada Gold Project – Alvaro Target Area. 2D Resistivity and Chargeability Models from the two PDP lines.
(See Figure 1 for line locations.)
January 13, 2020

Some of the information of Golden Arrow I had gathered previously are shown in this Google Earth view, where I have outlined same results in the Alvaro sector and an additional sector to the north where SEMINSA had located similar gold values and important copper values in the streams up to 350ppm copper, where the usual anomaly is below 40ppm Cu. In this sector we have located several outcrops in the granite for potential copper porhyries.



Some of the highlights discovered by LUCCA S.A. in the Alvaro & San Miguel area are outlined with a yellow marker for the gold values sampled in narrow quartz veins and stream sediment samples outlined by a blue marker.





View of the location 3km to the north of San Miguel in the ALVARO sector, where LUCCA S.A. executed several trenches and shallow drilling in relation to the narrow quartz veins located in limited outcrops which were exposed by a farm road where the farmer had excavated a small water reservoir. This view illustrates the difficulty to scout for gold targets in this flat topography covered by farming, organic soil and laterites. One way to efficiently located the potential gold targets and its potential size on surface is by executing a soil grid to the “C” horizon with an auger or execute drilling down to 400m based on the IP survey.

Phase 2 drill hole results by Golen Arrow (LUCCA S.A.)

We obtained new information for the results of their last drill holes executed by LUCCA S.A. in the ALVARO sector, where they obtained some remarkable results particularly for silver with two of them in quartz outcrops locate 4.6km NW of San Miguel and two located 2.7km to the NW of San Miguel, where the values in DHTD-50 are at the surface with high values for silver and tungsten in the laterite and DHTD-52 three meters to the SE, where they intersected in the amphibolite different mineralization for gold and lead 8m down. Another drill hole DHDT-67 located 300m to the east of the general area with the abundant quartz veins on surface and two drill holes DHDT-68 and DHDT-70 located in a new sector 4.6km NW of San Miguel. This new otherwise unexplored areas show the great economical potential in the district.

Table 1. Tierra Dorada Phase 2 Drill Intercepts Au>0.5g/t or Ag>100g/t
(Intervals are downhole length, true width to be confirmed with geologic modelling.)

Hole	Target	From	To	Interval (m)	Au g/t
DHTD-52		8.00	8.50	0.50	2.60
DHTD-67	Alvaro	73.75	77.70	3.95	0.57
DHTD-69	Alvaro North	4.80	5.30	0.50	0.57
DHTD-70	Alvaro North	9.36	11.60	2.24	0.61
DHTD-72	Alvaro	1.60	2.07	0.47	0.59
DHTD-73	Alvaro	77.00	77.55	0.55	0.54
DHTD-74	Alvaro	0.50	1.35	0.85	6.18
DHTD-65	Itayuru North	3.1	5.7	2.6	5.17
	including	***3.8***	***4.2***	***0.4***	***27.73***

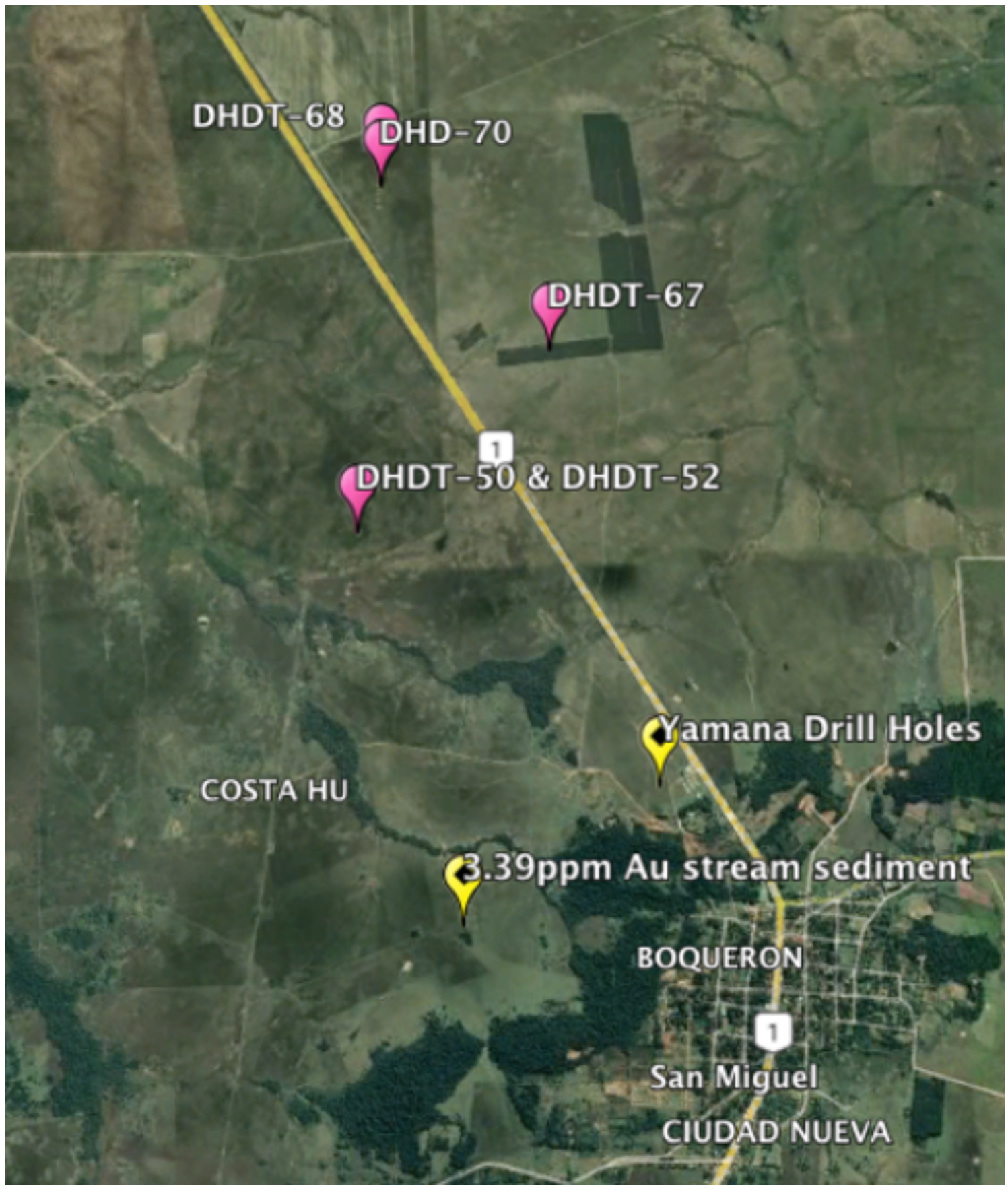
DHTD-50 0m-1.0m laterite 43.9ppm Ag & 772ppm W
1.0m-2.0m laterite 169.0ppm Ag & 1155ppm W
2.0m-2.4m laterite 126.5ppm Ag & 1135ppm W

DHTD-52 8.0m-8.50m amphibolite 2.60ppm Au & 4.642ppm Pb

DHTD-67 73.75m-74.35m calcosilicate 0.72ppm Au & 978ppm Pb
74.35m-75.30m calcosilicate 0.95ppm Au & >1%Pb & >1% Zn

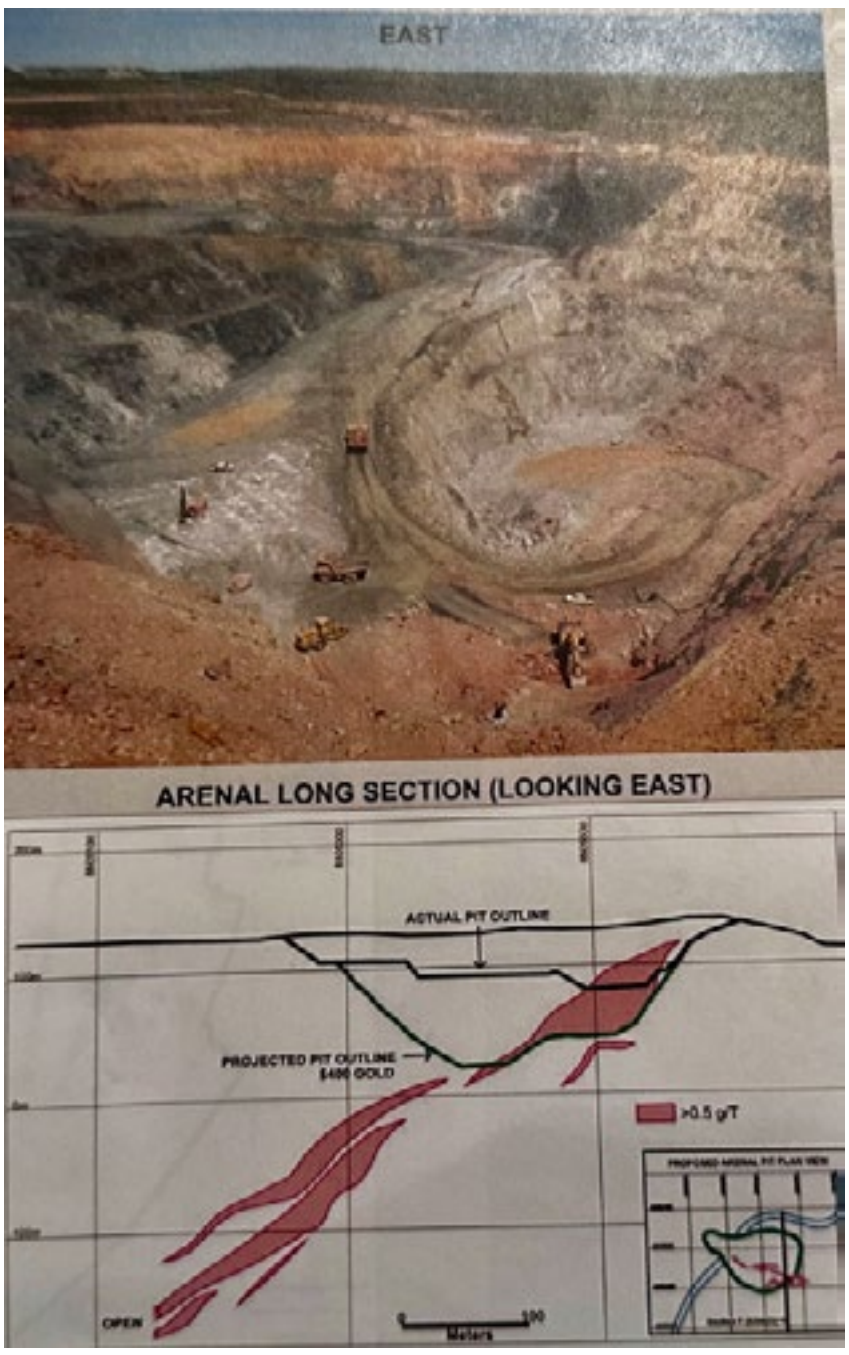
DHTD-68 0m-0.5m quartz 161.6ppm Ag, 941ppm Cu & 945ppm W
0.5m-1.0m quartz 788.71ppm Ag, 2655ppm Cu & 1161ppm W
1.0m-1.4m quartz 723.89ppm Ag, 2774ppm Cu & 1555ppm W

DHTD-70 0m-0.5m quartz 70.3ppm Ag, 470ppm Cu & 543ppm W
0.5m-1.0m quartz 1184.48ppm Ag, 5258ppm Cu & 893ppm W
1.0m-1.5m quartz 489.23ppm Ag, 1798ppm Cu & 1193ppm W
1.5m-1.93m quartz 713.49ppm Ag, 2353ppm Cu & 1099ppm W


DHDT-68
DHD-70
DHDT-67
DHDT-50 & DHDT-52
Yamana Drill Holes
COSTA HU
3.39ppm Au stream sediment
BOQUERON
San Miguel
CIUDAD NUEVA

Conclusions

The San Miguel Concession covering an area of 150.000 hectares is a unique opportunity to favourably discover one or more economic open pit gold deposits and the potential for copper-gold and molybdenum porphyries. Existing information already outlines several drill targets where these could be in place in less than a year.
There are few opportunities left in the world to explore and mine several gold targets near surface over a concession covering such an extensive area in an optimal geologic and topographic scenario with a right wing government open to private investment which is offering the best tax regime and related incentives in the whole region.
From the obtained data presented by Golden Arrow, it would appear that they did not have the information of Anschutz and the summary of the drill logs of Yamana and none of the SEMINSA mining companies and based their exploration mainly on more recent work done by Paraguay Gold where this company had outlined new showings in the Alvaro sector.
In the prospecting executed by Golden Arrow under very difficult conditions during the COVID 19, the newly discovered target labeled as ALVARO constitutes an exceptional mineralized occurrence for gold, silver, copper, tungsten and rutile over at least three open pit targets with potential areas of several hundred hectares.
Several similar occurrences in northern Uruguay are located in a similar pre-Cambrian setting predominantly composed of gneisses and schists intruded by post-orogenic granitic masses, plugs and dykes. When I visited the district held by Uruguay Mineral Exploration Inc. in 2005, they already were operating a very profitable major open pit operation down to 400m, where the main target was a diagonal structure 40m wide with 2 grams gold (Minas de Corrales). The indicated price of gold at the time was between $US 212/oz - $US 274/oz. Their measured, indicated & inferred recourses were >1.300.000 ounces gold. The exploitation was executed by an Egyptian mining company where the entire operation was open year round to be visited by the public, an excellent example of a well operated mine.



One may predict that the targets in the pre-Cambrian at ALVARO would contain similar values which have been already located over the first 20m depth to be similar down to 400m depth. One may expect an open pit operation at least as good as in Corrales in Uruguay.
From all the gathered information at ALVARO I expect to discover a similar potential for open pit mining in three targets in ALVARO with at least a combined grade for gold, silver, copper, tungsten and rutile over three targets. An open pit mine at current metal values might exceed 2 billion dollars per target.
Of course, the ALVARO target is just a new district in the southern sector of the Minerva concession with the other well prospected targets with trenches and drilling by Anschutz and Yamana in the areas described as San Miguel, Antena, Ita Yuru and Cerro Peró. These targets have been outlined in more detail in this report, where it is evident that these additional targets indicate a big potential open pit targets.
As may be seen, prospecting in the district has only been in a very early stage, where many additional targets may be discovered in the remaining area covering the 154.000 hectares where only 10% has been prospected.
Based on the discoveries in a similar setting in northern Uruguay, these discoveries relate to magnetite. From previous mining of an important magnetite occurrence and several high magnetic anomalies discovered by Anschutz to the east of San Miguel, none of this areas have been followed up for other precious and base metals.

In view that in the sector of the village of San Miguel the main mineralized targets discovered to date are closely located in a radius around 15km, the milling and beneficiation plant and the related tailing ponds might be centralized to be operated for all the open pit and underground targets, where trucking costs would be comparatively low. With this model, the smaller targets would become economic, which otherwise might not economically stand on its own .

The northern section of the concession outlines several promising targets for copper-gold porphyries related to the post-orogenic granitic masses, plugs and dikes intruding the pre-Cambrian.

Recommendations

For the first stage, to give an added value to the project, one should review with more precision all the existing data to be combined with satellite interpretations of the main targets located by Anschutz and drilled by Yamana and Golden Arrow. To optimize the drill targets, these areas should be covered by localized soil grids and geophysics particularly in the San Miguel, Alvaro, Antena and Ita Yuru sectors to be drilled down to 200m - 400m depth.
The same situation applies for the northern block to outline drill targets for other mineralized sectors with an added potential for copper-gold porphyries.

General views of areas to be drilled by San Miguel and Ita Yuru

Paraguayan Mining Law

Prospection surface area cost is $0.50/hectare for one year plus half year. One has to invest $1.00/year/hectare in the field. Exploration over 4 years is $1.00/hectare/year surface rights.
To proceed in Paraguay, the exploration-exploitation concession passes through Congress, where they prepare a specific law for the project. The clauses specify the right to exploit, commercialize and export the mined commodities at a fixed royalty for a period of 20 years renewable. This specific law, where terms may be negotiated before its publication, may not be changed by any government in the future as outlined in the Constitution, but may be modified by request of the concession holder if financial requirements have a justified merit. There are only two taxes: 10% company taxes and 10% sales tax. Royalties would fluctuate around 2.5%. Investments over 5 Million are tax exempt over the first 5 years. The company gets a 10% credit for exports.

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