



Transcript of update interview with Mr. Bill Pincus



President and CEO of Esperanza Resources Corp.



TSX Venture Exchange: EPZ

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**William Pincus - President and Chief Executive Officer.** Mr. Pincus became CEO of Esperanza in 2002 and has over 30 years of industry experience. Prior to Esperanza he was Vice President of Sunshine Mining Company, overseeing the development of the 155-million-ounce Pirquitas silver deposit.

Previously, Mr. Pincus was Executive Vice President of the mining consulting firm, Pincock, Allen and Holt. Prior experience includes both FMC Gold (now Meridian Gold) and Atlas Corporation where he was involved in the successful exploration and acquisition of various precious metal projects. He is a Certified Professional Geologist.

**Smallcaps.us** Welcome everybody and thank you for joining Smallcaps.us. We have invited Mr. Bill Pincus today, the President and CEO of Esperanza Resources, to give us a brief update on the Company and to discuss the progress it's made during the past few months. As a reminder, Esperanza Resources is listed on the TSX Venture Exchange under ticker symbol EPZ. Bill, it's a pleasure to speak with you again, welcome.

**Mr. Bill Pincus:** Well thank you Wim, it's a pleasure to be here again.

**Smallcaps.us:** Since our previous interview, in May of this year, several interesting events took place at Esperanza. Let's start with talking a bit about the Company's flagship property Cerro Jumil in Mexico. A couple of weeks ago, you published a Preliminary Economic Assessment for that project. What are some of the highlights in that report?

**Mr. Bill Pincus:** Well yes, in fact two weeks ago we did publish the results of what we call the PEA. What this report shows is that Cerro Jumil will become a pretty classic, pretty typical open pit heap leachable type gold deposit. In terms of some of the specific parameters what we're now forecasting is annual production of a hundred thousand ounces of gold per year. We are also looking at a cash cost of approximately \$500 dollars per ounce, and initial capital cost of approximately \$115 million dollars, which per mining project is relatively modest. Now at the same time we have identified something like ten different exploration targets, both surrounding Cerro Jumil adjacent to the ore deposit as well

as elsewhere on our 15,000 hectares claim block.

**Smallcaps.us:** OK, very interesting. There's also an ongoing drill program at Cerro Jumil. First, can you explain what the objectives are of that campaign? And secondly, what were the first analytic results you received from the lab?

**Mr. Bill Pincus:** Well the drill campaign has really got two purposes right now. We're a little more than a half way into a fifteen thousand meter drill program. Initially, the focus was to upgrade the small amount of resources that we had in the indicated category into the measured and indicated category, a higher degree of certainty. We've largely accomplished that. And now we are looking to expand the ore deposit. So we're essentially stepping out from the known mineralization and we are looking to see how far that goes. Beyond that, we're now in the process of permitting additional drilling on the claim block. We have, outside of the immediate area of Cerro Jumil itself, six different drill targets and as soon as we can get that permitted and the drill rig onsite, will begin drilling those. With of course, the hope of identifying another new deposit.

**Smallcaps.us:** That's good to know. And do you have an idea when we can expect the next drill results?

**Mr. Bill Pincus:** Yes, we've been receiving drill results. Typically what we do is, we will drill two or three holes and then we will ship all of those samples to the assay lab. Usually enough to fill up the big flatbed truck. So we get results on an ongoing bases. In July we announced some

pretty good results fairly typical of the types of intercepts we've seen Cerro Jumil. And I think we will be announcing new results in the next two weeks.

**Smallcaps.us: What are the latest developments at Global Minerals Ltd? For listeners who aren't aware, Global Minerals is also a listed company on the TSX Venture Exchange with ticker symbol CTG and is 28 percent owned by Esperanza Resources. So it's clearly a significant asset of Esperanza and as such important to follow its progress.**

**Mr. Bill Pincus:** Yes it is. Right now at Global Minerals our project is an advanced stage exploration project in Slovakia. A little bit off the beaten path, for us anyway. Right now we are in the process of preparing to de-water the old mine.

What we have is a deposit that's adjacent to a previous mine known as Maria. And we need to de-water that mine, it's been flooded since they shut down the pumps in mid nineteen nineties. So once we do get that de-watered and get underground access, we'll be able to begin a drill program that we believe will allow us to expand the already significant high grade resource of 27 million ounces of silver.

At the same time we've been refurbishing some of the surface facilities, we've refurbished the hoisting mechanism on the shaft, we've acquired about twenty hectares of surface land, which we will need for eventual operations, and we've also begun a regional exploration program in our exploration claim block surrounding the mine.

**Smallcaps.us: And talking about Global Minerals, I noticed that congratulations are in order as you became the new CEO of the company a few weeks ago.**

**Mr Bill Pincus:** Well that's true. The previous management did a great job in putting the property together and keeping body and soul together through some difficult times in 2008 and 2009. But the board of directors decided that it's now time for more focus on the project

and more technical focus. So, I've assumed the CEO roll, but I brought in some technical expertise particularly a gentleman named Keith Droste, who is helping me put together the programs and supervising the programs on the ground. And I think this is what this project needs.

**Smallcaps.us: In August, the sale of your 30% stake in the San Luis property to Silver Standard Resources was closed. Esperanza received \$17 million Canadian Dollars for the sale. What do you plan to do with those funds?**

**Mr. Bill Pincus:** Well together with that money we now have approximately \$23 million dollars in the bank and clearly the primary spending will be focused on our Cerro Jumil project. We estimate to take it to feasibility by the second half of 2012, which will cost about \$5 million dollars. In addition we will continue to fund Global Minerals when and as needed. And, of course, we always have our exploration programs ongoing. Right now, we have something around eleven different exploration concessions in Mexico and in Peru. Spending is at a low level, but should we have the good fortune to discover a new and third deposit we'll be in a great position to continue to explore that.

**Smallcaps.us: You mentioned to me, right before the interview, that you recently spent some time in Europe to talk with a number of fund managers. What was their opinion about the current market condition and about Esperanza?**

**Mr. Bill Pincus:** Well this is quite possibly the worst possible time I could have arranged for a road show in Europe. There is quite a bit concern about the Euro and the gold prices consolidated somewhat. Generally the people I am talking to are long term quite bullish on the price of gold and I think they are also quite bullish on Esperanza. Clearly we are in the period of uncertainty and I think a lot of people will be staying on the sidelines until there is a clearer view of which direction things are heading.

Our share price, like many other at this point of time, has taken a significant fall. We're back to the levels we were a year ago. But if I look at the Company, we're significantly stronger than we were a year ago. We have less shares outstanding. We went from 57 to 51 million shares outstanding thanks to the buyback that was part of the San Luis deal. Last year at this time, our treasury was in the neighbourhood of six million dollars and we now stand at twenty three million dollars. And our Cerro Jumil project is just that much closer to being a full development project and we clearly demonstrated a significant viability.

So, of course, you hear every CEO talk about how undervalued his company is, but I think we are in a very strong position and the reaction of most of the fund managers that I have spoken with, well I think they've agreed with me.

**Smallcaps.us: OK, I see. So Bill, is it fair to say that despite all the recent market turmoil, Esperanza is executing everything as planned?**

**Mr. Bill Pincus:** I really think that is true. We've closed the deal for San Luis, we've completed

the preliminary economic assessment on Cerro Jumil, we're advancing Global Minerals, and I think we are in a very strong position with significant cash assets, which is a very good place to be in times of market uncertainty.

**Smallcaps.us: Before we close, what is the key message that you want to convey to investors about Esperanza?**

**Mr. Bill Pincus:** Well I think the key message is that we're clearly in a transitional state moving from your classic exploration company into a development company. We have the cash resources to do so, we have the man power resources to do so and we're in a very good position to weather what's clearly a turbulent time in financial markets. And as you look at Esperanza, I hope you'll agree that we are a true value proposition.

**Smallcaps.us: Bill, thank you very much for updating Esperanza's intriguing story. And of course we'll make sure to keep track of the Company's future developments.**

**Mr. Bill Pincus:** Wim as always, it's been a pleasure.

## **Interview Feedback**

We welcome your questions and feedback regarding this interview at: <http://smallcaps.us/esperanza-resources-continues-to-execute-as-planned>

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