



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: Hello and welcome to all our listeners for a new Smallcaps.us interview. We invited Mr. Bill Pincus today, the President and CEO of Esperanza Resources, to give us an update on his Company's progress. We'll also take a look at Global Minerals Ltd. This Company, which has a silver project in the Republic of Slovakia, is 28 percent owned by Esperanza and is also headed by Mr. Pincus. Both Companies are listed on the TSX Venture Exchange. Esperanza Resources with ticker symbol EPZ and Global Minerals with ticker CTG. Bill, we're delighted you could join us, welcome.

Mr. Bill Pincus: Well thank you very much.

Smallcaps.us: First, I'd like to discuss Esperanza Resources. Listeners may recall that its primary property is Cerro Jumil in the State of Morelos in Mexico. Bill, would you give us a quick recap of this project?

Mr. Bill Pincus: Sure. The project was discovered by our geologists back in 2005 and over the past number of years, we've brought it forward so that it's now a feasibility stage project. If all goes well, we would anticipate production in 2014. The project is located in South Central Mexico, and I would characterize it as a gold deposit and it's a pretty straightforward open-pit heap-leachable project. That should produce something in the order of 100,000 ounces of gold annually.

Smallcaps.us: In April of last year, a new drill program was initiated at Cerro Jumil with the goal to upgrade and expand the defined resource estimate. This program is

still ongoing, but would you tell us a bit about the results so far?

Mr. Bill Pincus: Absolutely. The resource that we've estimated contains 1.2 million ounces of gold in all categories. That was done in 2010 and since then, as you've mentioned, we've probably drilled another 20,000 meters which is quite a bit. We haven't re-estimated, but I'm confident that when we do, we'll certainly be north of 1.5 million ounces and if we get some luck with a new area called the Southwest Extension, we will be pushing 2 million ounces of resource by the time we re-estimate.

Smallcaps.us: So it's certainly safe to assume that the resource will be expanded based on your current drill results?

Mr. Bill Pincus: I think there's no doubt about that. We've got enough drilling, we have not quantified that yet at this point in time but there's just no doubt that we've expanded the dimensions of the ore deposit.

Smallcaps.us: You received a Preliminary Economic Assessment, or PEA, in September of 2011 for Cerro Jumil. Can you remind us of what was in the PEA?

Mr. Bill Pincus: The PEA, as the name indicates is sort of the first level of engineering economic study of a project. And what we looked at is a pretty simple open-pit gold operation. It will produce 100,000 ounces of gold annually at a cost of approximately \$500 per ounce. And the estimated capital cost is on the order of \$115 million, which is fairly reasonable for this type of mining project.

Smallcaps.us: Great. Now, because the PEA was so positive, Esperanza decided to complete a Bankable Feasibility Study by the end of 2012. Would you describe how such a study works and what the Company will have to do in order to complete it?

Mr. Bill Pincus: Sure. The Feasibility Study is essentially taking the Preliminary Economic Assessment and refining all of the estimations. Wherein a PEA, you would say it's plus or minus 35% cost estimation. In a feasibility study, you would say it's plus or minus 10 to 15%. And so this requires a much higher degree of engineering. It requires a much higher degree of cost estimation.

Essentially, the cost estimates will be based on quotations for major equipment items, local labour rates, etc. It will be a fairly involved process to estimate what the cost will be, but it gives you a high level of confidence on what the project can achieve both technically and economically.

You know, one of its principal purposes is to allow a financial institution to come in and decide whether or not they want to loan to this project.

Smallcaps.us: So the Bankable Feasibility Study is expected for the fourth quarter of this year, but is it correct that you're already close to assigning the Lead Arranger for the financing?

Mr. Bill Pincus: It is. We've been in contact with a number of potential Lead Arrangers, or financial institutions, which are interested in lending to this project. Our philosophy is that the definition of a Bankable Feasibility Study is whatever the bank says it is. You can't go to a textbook and then say, "This is what it should have." It's what the bank wants it to have.

So we would like to appoint the Lead Arranger early in the process so as we develop our feasibility study, they are in the position to do their due diligence and provide us input that if they need to see more in the feasibility study or we're going overboard in another area, we

could get that and adjust accordingly so when the feasibility is completed, the Lead Arranger has also completed his due diligence, and that should speed up the approval process.

Smallcaps.us: And to wrap up our look at Cerro Jumil, can you briefly tell us about the work currently being conducted at the property and what's on the road ahead?

Mr. Bill Pincus: Sure. The major work being conducted right now is that we're actively drilling. We have two rigs looking to expand the ore deposit. We've begun a detailed metallurgical test program. I understand we have something like 75 tons of material that we're going to ship from Southern Mexico up to a laboratory in Reno, Nevada. That's going to be leaving in about a week.

We're doing geotechnical studies which will allow us to design a safe open-pit with good pit-slope stability. We are also well-advanced in our negotiations with the local community who is the landowner for a long-term exploitation agreement. That's another key aspect of what we have to accomplish. And all of this will be used and put together in the feasibility study and the permitting process that will begin towards the end of this year.

Smallcaps.us: Alright. Now, on to Global Minerals Ltd., as I mentioned earlier, Esperanza owns 28% of that Company's outstanding shares. So as a shareholder of Esperanza, it's also very important to keep track of Global Minerals' progress. To get started, would you tell us about the history of the Company's main property Strieborná in Slovakia?

Mr. Bill Pincus: Strieborná is an interesting project and it's been known for quite a long time. It was first explored and developed by the then Slovakian state mining company called Zelba, starting back in 1980. It was explored by tunnelling underground from a parallel vein that Zelba was exploiting.

Over the course of the next 15 years, they explored extensively largely by underground

tunnelling and drifting on the vein, and they've defined a resource which is pretty significant. It's high grade silver, it contains right now 25 million ounces of silver, and probably 75 million ounces of copper. So it's a high-grade silver-copper deposit.

And what happened is in the mid 1990s, they actually prepared it for mining and shipped 30,000 tons to a concentrator and then sold that concentrate. But then shortly thereafter shut down the mine. And the reason they shut it down was because you have to take yourself back to the mid 1990s the transition from a command to a market economy created a lot of confusion in Slovakia. It was also a time of very depressed metal prices. So essentially, the project has been on standby since then.

Global Minerals acquired the property from the government in 2007 with a local partner. Esperanza came in in 2010 when Global needed financial support. Subsequently, we have restructured the management and the board of directors, recapitalized the company, we begun the rehabilitation of the mine and beginning metallurgical and further geological studies to get this property in production as soon as possible.

Smallcaps.us: I see, and what work is currently being conducted at Strieborná?

Mr. Bill Pincus: Well, our major effort right now is in dewatering the mine, it was allowed to flood starting in the mid 1990s, and in rehabilitating both surface and underground infrastructure. So we pumped down from the surface, we're about 120 meters below the surface now. We have to get about 210, 220 meters before we could really begin geologic work.

We've rehabilitated the old hoisting mechanism and the shaft to make that safe and functional. We brought power into the project and we installed a water treatment plant to treat the mine water de-charge.

We're also working on a PEA for this project, which includes metallurgical test work based on sample material that we have. We're doing a

new mine design and a mine plan based on the existing resource.

Smallcaps.us: That's interesting. And what are the upcoming plans for this property?

Mr. Bill Pincus: Well, first and foremost, once we get down to that 220 meter level and regain underground access to some of the drill stations that were left behind, we intend to drill to expand the resource and to improve the potential economics of the project. We also will be concluding the PEA and probably moving right into a feasibility study after that.

And then also we have consolidated a very large claim block of something like 135 square kilometres. Within this area, there's something like 90 known vein occurrences, mostly identified by the Slovakian Geological Survey but as far as we know, no really detailed work has been done on this area, certainly not in modern times. And so we'll be focusing a certain amount of effort on outside exploration, looking for new deposits and hopefully what will be the development of a new mining district.

Smallcaps.us: And well, I'm sure carrying out those plans will require a fair amount of money, are those funds available?

Mr. Bill Pincus: Yes they are. Global minerals completed a round of financing so we're sitting right now with about \$14.5 million in the bank, which is plenty for what we need to accomplish in the foreseeable future.

We were very gratified that there was a very strong response to our financing. Most of our existing shareholders elected to participate, as well as bringing in some new and strong shareholders as well. So we're feeling comfortable, we've got money in the bank and we know what our job is ahead of us.

Smallcaps.us: Great. Thanks again Bill for taking the time to talk with us today. We'll make sure to keep track of both these Companies as they move forward and we'd love to have you back again in the future for another interview.

Mr. Bill Pincus: It's always my pleasure.

Interview Feedback

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<http://www.smallcaps.us/smallcaps-us-gets-the-latest-from-esperanza-resources-ceo-bill-pincus>

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