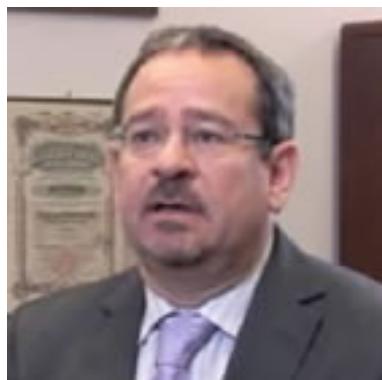




## Transcript of initial interview with Mr. Yannis Tsitos



President and CEO of Stronghold Metals Inc.



TSX Venture Exchange: Z

February 13, 2012

**Mr. Yannis Tsitos - President and CEO of Stronghold Metals Inc.** Mr. Tsitos, MSc., has over 25 years experience in the Mining Industry, having spent 19 years with BHP Billiton group, where he had the title of New Business Manager for Minerals Exploration based in Vancouver, when he left in December of 2007. He holds a B.Sc degree in Physics from the University of Athens and a Master's degree in Applied Geophysics and Geology from the University of Birmingham, U.K.

Mr. Tsitos brings to the Company a wealth of knowledge and extensive experience in the mining sector focused on exploration and development for a wide spectrum of commodities, from gold, base metals, nickel and diamonds to bulk minerals such as bauxite, coal and iron ore. He has been instrumental in the identification, negotiation and execution of more than 50 exploration agreements with juniors, majors, as well as with state exploration and mining companies. Mr. Tsitos has also been part of two discovery teams with BHP Billiton in porphyry-copper and nickel-sulphide deposits.

**Smallcaps.us:** A warm welcome everyone to another Smallcaps.us interview. Our guest today is Mr. Yannis Tsitos, the President and CEO of Stronghold Metals Inc. Although we've been following the Company for a few months, this is our first interview with a Stronghold representative. Stronghold is listed in the U.S. and Germany, but its main listing is on the TSX Venture Exchange with ticker symbol Z. Yannis, I'm very pleased you could join us today. Welcome.

**Yannis Tsitos:** Thank you very much. It's a privilege for me to speak at Smallcaps.us. Thanks a lot for the invitation.

**Smallcaps.us:** During the interview, we'll go into a lot more detail about your most important gold property, Eagle Mountain, which is located in Guyana. But first, can you start by giving us a brief introduction of the Company?

**Yannis Tsitos:** Yes. Stronghold Metals Inc. is listed in three exchanges. The primary listing is in Canada, on the TSX Venture under the symbol Z. It's effectively a six years old company, but I am involved with the company as the President and CEO for the last three years. We have some exceptional exploration assets in Brazil, which moved in the company with an agreement back in 2009. And at the end of 2010, we concluded an agreement with IAMGOLD Corporation, the big gold miner, on optioning and effectively acquiring up to 95% of the Eagle Mountain Gold Project located in Guyana, South America. This is effectively our

flag project at the moment. It's an exceptional project to our opinion. And I will describe later in the interview why I feel it's such a good opportunity for Stronghold and its shareholders.

**Smallcaps.us:** Thank you. Two weeks ago you announced an important change to the earning and joint venture agreement with Omai Gold, a subsidiary of IAMGOLD, to earn a 100% interest in Eagle Mountain. Can you explain the changes and why this is important?

**Yannis Tsitos:** Of course. We effectively leveraged the conditions of the bad market to achieve better terms for the corporation in our relations with IAMGOLD. To clarify, in the original agreement we had to do three things:

- We had to incur \$3.5 million exploration expenditures over two years;
- We had to do a series of cash payment to IAMGOLD. We did all the initial ones and we had to do some more this current year and next year; and
- Then we had to issue six million shares of before October 2012, which would have made IAMGOLD a 9% shareholder in the company.

We recently amended this agreement so that all cash payments were removed, except for a post-production payment of \$5 million. In exchange for the removal of the cash payments we had ahead of us, we are immediately issuing an additional 7.5 million shares to IAMGOLD to obtain a 50% interest of the company that holds the Eagle Mountain title in Guyana

That will place IAMGOLD as the biggest shareholder of Stronghold at the level of 16%. We are very privileged to have IAMGOLD as the biggest shareholder because that by itself is placing certain credibility to the group and the management of Stronghold, but also to the quality of the asset. So that's the most important change.

Furthermore, to earn the remaining 50% interest, we only have to pay \$1 million, in cash or Stronghold stock, by April 30, 2013. The option to pay in shares is also fundamentally different compared with the original agreement with IAMGOLD.

**Smallcaps.us:** Okay. That's good to know. There's already a very nice resource estimate for the property. Would you share a bit more about that estimate?

**Yannis Tsitos:** Yes. When we got the project from IAMGOLD at the end of 2010 and as part of the transaction, we had to do an NI 43-101 independent technical report. That presented the resource as effectively 733,000 ounces approximately of inferred resource, which is exactly 18 million tons grading at 1.27 grams per ton, calculated at .5 grams per ton cut off, or effectively 787,000 ounces when you put .3 grams per ton cut off at 1.11 grams per ton, total grade for the project.

That was the resource when we got the project. In the meantime, we have drilled 78 holes in the last six months of 2011, and effectively more than 98% of the holes hit gold at a significant grade, if not, better to the historical grade.

So we hope that the new resource will be enlarged. In addition to that, we hope that a certain amount of ounces will be moved from the inferred category to the indicated category. So the new 43-101 will come out by an independent engineering firm some time in the end of March.

**Smallcaps.us:** That's great. And as a final question on Eagle Mountain, how does the future look like for the property? I mean, are there already plans to move it into

production and, if so, what are the steps to take?

**Yannis Tsitos:** Maybe I should do a small introduction on the deposit. The mineralization starts on surface. And from the historical data and even with our program, we now control about 56,000 meters of drilling and we know that at least 30% to 35% of the resource is within the saprolitic ore, in other words, the wither part of granitoid. The balance of the ore, about two-thirds, is the hard rock, or mineralized granitoid that goes to a maximum depth of 120 meters.

So we're talking about an open pitable target down the line. It's an area that ranges from 2.3 kilometres in one dimension to 1.5 kilometre in the other dimension. And it's still open in three directions from the lateral side.

We have undertaken the task in 2012 to deliver certain studies that will move this inferred resource into higher category. And also through the conclusion of metallurgical tests, we want to move some of the resource to reserves and, therefore, define a mine plan.

We do have results from historical metallurgical tests from IAMGOLD that were done with an independent engineering firm from Toronto, which showed an average recovery of 92%. But we want to compliment this historical work with our tests, build up upon them with additional density tests, levelling tests, and also an environmental-based study that will start in March and hopefully will be finished by October 2012. And build all that material into what's called preliminary economic assessment report, hopefully to come out by the end of the summer of 2012.

And given that we plan to do some additional drilling at the end of the year, the plan is to deliver a pre-feasibility study.

We don't foresee a mine in 2012 but we want to build the right permitting in Guyana and also the necessary engineering studies and financial studies to move to potentially development stage within 2013 and beyond.

**Smallcaps.us: And can you tell our listeners a bit about the company's shareholder structure and its most recent financing activities?**

**Yannis Tsitos:** Yes. The management of Stronghold Metals controls something between 15% and 18% of the company. The biggest shareholder, as I said, now is IAMGOLD at 16%. Sprott Precious Metals Asset Management in Toronto controls another 9% of the company. Then we have a couple of smaller funds on both sides of the Atlantic, in Europe and from the United States and Canada.

So I would say that probably around 45% of the shareholding of Stronghold belongs to institutional investors, therefore, and the management, and the balance being afloat mostly in Canada but also in Europe and limited in the United States because we just listed the company on the OTCQX in October 2011.

To answer the other part of the question, the last financing of the company was done in July 2011. During that financing, Sprott AM and a few other institutional investors came on board. That financing was done at 40 cents with half a warrant at 55 cents.

**Smallcaps.us: And would you mind sharing a bit about Stronghold's management team and the other key members of the company?**

**Yannis Tsitos:** Absolutely. On the board level, we have about 300 years of experience, split between technical people, financial and entrepreneurial people. So these are people that have discovered mines, that led mines into production, that sold mines, and that have raised significant financings to develop projects.

On the management side, I personally come from BHP Billiton. I worked 19 years with the big miner, from technical positions to business development positions. But also, my colleagues around me are very good geoscientists and people that have delivered value to their shareholders in previous ventures.

The team that we have in Guyana is exceptional, effectively when we acquired the project from IAMGOLD, we not only acquired the asset, but also all the trucks, the lab, the camp and all the other assets in the country. But most importantly, their entire team in Guyana.

So from the chief geologists of IAMGOLD that works in the project for the last six years up to all the workers and the technicians and the cook of the camp. Everybody works now for Stronghold. So we are very proud of our team and we have saved a lot of money from our treasury by working very efficiently in the country, and all that at a zero accident level, and no environmental liabilities at all.

**Smallcaps.us: Keeping that in mind, what would you say are the two or three strongest reasons for a long-term investor to consider investing in Stronghold today?**

**Yannis Tsitos:** This is a solid management team that aggressively wants to move the Eagle Mountain from an exploration stage to development phase. We do have other targets in the country and hopefully, as we deliver our program, we are going to make some additional acquisitions as we go.

Now, the second biggest reason is obviously the quality of the asset. Here, we are not talking about some difficult asset in terms of going underground or whatever. We are talking about something that, hopefully we will prove within 2012 in our engineering and financial studies that we will do this year, is that it's going to be an easy open pitable exploitation of the resource with a low operating cost.

So we are located as an asset in a privileged position within Guyana. We are only five kilometres from the road which leads to the capital of Georgetown, and only 200 kilometres south of Georgetown capital. So we are in a good location. Infrastructure is relatively good. Our asset is on surface and has a very good grade.

So these are the two most important reasons for somebody to invest in Stronghold at this stage.

The third one, we feel that Stronghold Metals is undervalued at the moment in terms ounces in the ground or enterprise value per ounce. And I encourage the listener to do some further due diligence on the company and analyze what we have and the actual comparison of Stronghold Metals with other similar type of companies at this stage.

**Smallcaps.us:** Fantastic. Yannis, it's been a pleasure speaking with you today. Thank you for helping us gain insight on your company's potential. And, of course, we'd be happy to have you back for an update in the near future.

**Yannis Tsitos:** I would like to thank you for the invitation and I thank all the listeners for spending their time to hear our story. Thanks a lot.

## **Interview Feedback**

We welcome your questions and feedback regarding this interview at:

<http://www.smallcaps.us/yannis-tsitos-ceo-of-stronghold-metals-wants-to-move-eagle-mountain-into-production>

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## **Contact Smallcaps.us**

Parc de l'Alliance  
Boulevard de France 9a  
1420 Brussels  
Belgium  
Tel. +32 (0)2 352 89 09  
E-mail: [contact page](#)

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