



## Esperanza Resources Corp. (EPZ-V)

Esperanza Resources Corp. is a mineral exploration Company focused on advancing the development of its 100%-owned Cerro Jumil gold project in Morelos State, Mexico, and its 35%-owned Strieborná silver/copper/antimony project in Roznava, Slovakia. Both projects have NI 43-101 compliant resource estimates. Additionally, the Company continues to identify and explore new precious metal projects in Mexico and Peru.

*Initial Report – July 18, 2011*



### Investment Highlights

✓ Esperanza Resources owns 100% of Cerro Jumil, a silver/gold property in Mexico and close to 36% of Global Minerals, a Company with the 100% owned Strieborná silver/copper/antimony property as its main asset. Both properties have an NI 43-101 resource estimate and lots of potential for expanding that estimate. Additionally, Esperanza has several blue sky properties in Peru and Mexico.

✓ Esperanza is very well financed. It had almost \$10 million in the bank on March 31, 2011 and will receive an additional \$17 million in the coming weeks from the sale of its 30% stake in the San Luis property to Silver Standard Resources.

✓ EPZ has a diverse management team with decades of experience. Mr. Pincus, the Company's CEO, oversaw the exploration and feasibility of the 155-million-ounces Pirquitas silver deposit in Argentina. Furthermore, it has several skilled explorationists on board. Dr. Bartos is responsible for the discovery and development of San Bartolome, a 150 million ounces silver deposit in Bolivia. And Mr. Bond was instrumental in the discovery and exploration of the Pirquitas deposit as well as the West Chance (Sunshine Mine) and Esquel deposits.

✓ Prices for gold, silver and other metals remain high. Although there may be some speculation in the metals market, we believe that the gradual rise of gold over the past 8 years, indicates this is a solid trend that won't see a strong reversal any time soon.

✓ With interests in two advance-stage projects, a full treasury and an exciting exploration portfolio, Esperanza is well positioned for future growth and creating new opportunities to further enhance shareholder value. Based on peer comparison we initiate coverage of Esperanza Resources with a buy recommendation and a conservative price target of \$2.11, or 40% higher than today's 30-day average stock price. The target price has lots of potential for upward revision as additional results are announced.

<b>Symbol:</b>	<b>NSX</b>
<b>Industry:</b>	Metals & Mining
<b>Market:</b>	TSX Venture Exchange
<b>Recent Price:</b>	\$1.71
<b>52-Week Price Range:</b>	\$1.23 - \$2.48
<b>Market Cap:</b>	approx. \$98.86 million
<p><b>Esperanza Resources Corporation</b>                      543 Granville St. Suite 501                      Vancouver, BC V6C 1X8 - Canada                      Phone: (866) 890 5509  <a href="http://www.epzresources.com">http://www.epzresources.com</a></p>	

## The Company

Esperanza Resources Corp is a Canadian exploration Company dedicated to identify, acquire, explore and develop mineral resource properties. EPZ's objective is to advance its key projects as quickly as possible to production. It will consider divestiture of non-core assets to fund continued project development. At the same time it continues to place emphasis on new grass-roots discoveries. In 2010 the Company changed its name from Esperanza Silver Corporation to Esperanza Resources Corp. to better reflect its diverse activities.

Since Esperanza's startup in 2002 its geologists have discovered two major gold projects: San Luis in Peru and Cerro Jumil in Mexico. Additionally, in 2010 Esperanza acquired an approximate 36% interest in Global Minerals Ltd. (TSX: CTG), 100% owner of the Strieborná silver/copper project in Roznava, Slovakia.

The **Cerro Jumil** property in Morelos, Mexico is an advanced project with over 41,000 meters of drilling, pilot-scale metallurgical work and other completed technical studies. It is currently envisioned as an open-pit, heap-leach gold project. The deposit contains 935,000 gold equivalent ounces classified as measured and indicated plus 233,000 gold equivalent ounces classified as inferred.



**Cerro Jumil is located 80 kilometers south of Mexico City, and 12 kilometers from Cuernavaca in the State of Morelos.**

Esperanza is now updating the Preliminary Economic Assessment on Cerro Jumil from 2009, to reflect the most recent resource estimate and new metallurgical information currently being completed. This, together with on-going drilling to expand the resource, will be used as the basis for a future

feasibility study. (See page 3 to 5 for more information on Cerro Jumil).

**San Luis** is a gold-silver property located in the central Ancash Department, in Peru and was discovered in mid 2005 by Esperanza geologists as part of an on-going reconnaissance program conducted under a Joint-Venture agreement with Silver Standard Resources Inc (TSX: SS0 & NASDAQ: SSRI).

Originally, both Esperanza and Silver Standard held 50% of the San Luis property. However, Silver Standard increased its holdings, first to 55% by funding US\$500,000 in exploration work and later to 70% by funding all activities necessary to complete a feasibility study.

In February 2011 Esperanza agreed to sell its remaining interest in the property. In May 2011, Esperanza received regulatory approval for the transaction and in June 2011 Esperanza's shareholders approved the sale. The transaction is expected to close in the third quarter of 2011.

Under the terms of the agreement, Esperanza will receive as consideration for the sale:

- A payment of CDN\$17 million;
- Return of the 6,459,600 shares of Esperanza owned by Silver Standard. EPZ plans to cancel these shares which will reduce the number of outstanding shares by approximately 11%; and
- A one percent net smelter return royalty on all production from San Luis.

The **Strieborná** property in the Republic of Slovakia is a well defined silver/copper resource ready to be advanced to the feasibility level. This project is currently held through Esperanza's investment (~36% equity ownership) in Global Minerals Ltd. Strieborná contains 14.3 million ounces of silver and 48.1 million pounds of copper in the measured and indicated categories plus an additional 8.7 million ounces of silver and 29.8 million pounds of copper in the inferred category. (See page 5 and 6 for more information on Strieborná).

Furthermore, the Company has active prospecting programs in Mexico where it controls three properties totaling 44,333 hectares and in Peru where it controls 11 projects totaling 16,670 hectares.

Finally, Esperanza is well financed. In 2010, it closed three private placements for over \$11.6 million in gross proceeds. And it will receive C\$17 million from the sale of the San Luis property.

## MINERAL RESOURCE & RESERVE

Mineral Resources are sub-divided in order of increasing geological confidence into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than an Indicated Mineral Resource. And an Indicated Mineral Resource has a lower level of confidence than a Measured Mineral Resource.

A Mineral Resource can increase from Inferred to Indicated and later to Measured based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques such as outcrops, trenches, pits, workings and drill holes.

Mineral Reserves are also sub-divided in order of increasing confidence into Probable Mineral Reserves and Proven Mineral Reserves.

A 'Probable Mineral Reserve' is the economically mineable part of an Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified, while with a 'Proven Mineral Reserve' the economic extraction must be justified.

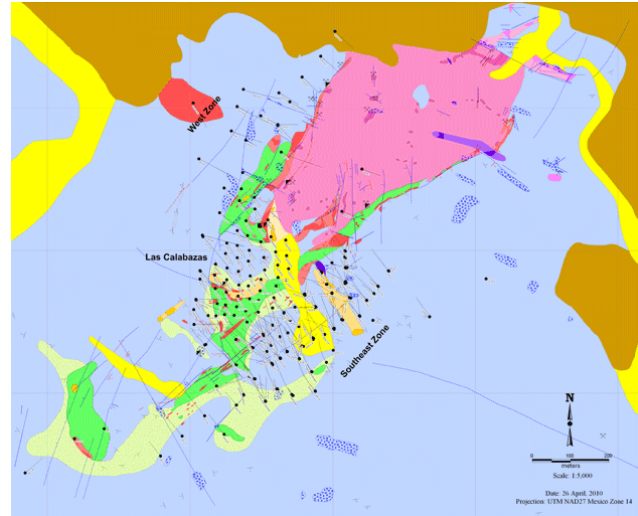
*Source: CIM Definition Standards For Mineral Resources and Mineral Reserves*

## Cerro Jumil

Cerro Jumil is a 15,025 hectares silver/gold property located 80 kilometers south of Mexico City and 12 kilometers from Cuernavaca in the State of Morelos. The property is easily accessible year round and is nearby excellent infrastructure.

The property is primarily delineated in three gold dominant zones, the Southeast Zone, Las Calabazas Zone and the West Zone. Gold

associated silver mineralization is mainly concentrated in the West and Las Calabazas Zones.



Cerro Jumil geology map with drill holes indicated as black dots.

## History

There are several inaccessible shafts, adits, and prospect pits on Cerro Jumil estimated to be from the 1970's. Total mining production however, was insignificant.

Recursos Cruz del Sur, S.A. de C.V. was the first professional Company to carry out reconnaissance geology in 1993 and to acquire an exploration concession over the area in 1994. In 1995, the property was optioned to Teck Cominco Ltd., which carried out line cutting, surface mapping and rock chip sampling, trenching, airborne magnetic and radiometric surveys. In 1998, Teck completed four diamond drill holes totaling 822 meters, but returned the property to Recursos that same year.

In 2003, Esperanza signed an agreement with Recursos whereby it could acquire a 100% ownership interest in Cerro Jumil, subject to a 3% Net Smelter Royalty (NSR). Three years later, EPZ exercised its option to complete the purchase in return for paying US\$417,375 and issuing 500,000 common shares. Recursos also maintained a 3% NSR on production from the property.

## Exploration Programs

Starting in 2005, Esperanza initiated a 1,200 meter drilling program testing targets in and around the West Zone. A total of eight drill holes were completed, in which the Company discovered gold

and silver mineralization. This was followed by the discovery of extensive surface gold mineralization in the Southeast Zone, a few months later.

To find out more about the Southeast Zone, the Company began a second program of diamond core drilling in November of 2005. A grand total of 4,850 meters of drilling was completed and again extensive gold and silver mineralization was found.

Late 2006, EPZ started an extensive drilling program, consisting of a combination of exploration drilling and "in-fill" drilling to collect sufficient information necessary to complete a resource estimate. The drilling continued into the first quarter of 2008 and by that time a total of 31,420 meters in 66 diamond core and 101 reverse circulation drill-holes had been completed. The Company also conducted additional metallurgical testing indicating 72-73% recovery of gold under simulated **heap-leach** conditions. All this information led to an initial resource estimate in September 2008.

## HEAP LEACHING

Heap leaching is an industrial mining process to extract metals and other compounds from ore. The mined ore is usually crushed into small chunks and heaped so it can be irrigated with a dilute alkaline cyanide solution to dissolve the valuable metals.

The solution then percolates through the crushed ore until it reaches the storage pond. The leach solution containing the dissolved minerals is then collected and treated in a process plant to recover up to 90% of the target mineral.

The dilute cyanide solution is either re-used in the heap-leach-process or sent to an industrial water treatment facility where the residual cyanide is treated and residual metals are removed.

One year later, the Company completed a Preliminary Economic Assessment (PEA) of the project incorporating the results of the resource estimate, preliminary metallurgical test work, a preliminary mine design and initial operating and capital cost estimates.

**The study demonstrated the potential for a highly profitable gold mine using standard low-cost technologies to recover gold and silver.** Start-up

capital costs are estimated to be \$72 million. Annual production of over 50,000 ounces of gold is forecast at a cost of \$418 per ounce.

## Resource Estimate

The Company continued with an infill and expansion drill program, focused primarily on the Las Calabazas zone. Based on those, and previous, drillings it was demonstrated that mineralization is continuous between the Las Calabazas zone and Southeast zone.

Additionally, EPZ was able to increase its 2008 resource estimate with 46% in measured and indicated gold-equivalent resource ounces. The new, and current, resource estimate for Cerro Jumil includes 935,000 gold equivalent ounces in the measured and indicated categories and 233,000 gold-equivalent ounces in the inferred category.

Category	Tonnes (000)	Au g/t	Ag g/t	Au oz (000)	Ag oz (000)
Measured	10,111	0.87	0.9	282	296
Indicated	24,295	0.81	2.1	630	1,655
<b>M&amp;I Total</b>	<b>34,406</b>	<b>0.83</b>	<b>1.8</b>	<b>913</b>	<b>1,951</b>
Inferred	8,596	0.83	6.9	230	1,904
<b>The Cerro Jumil resource estimate from September 2010</b>					

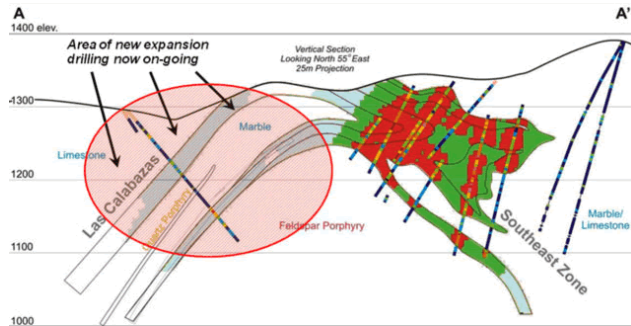
An additional silver resource adjacent to the primary gold zone contains a further 2,392,000 tonnes averaging 43.2 g/t silver (3,322,000 million contained silver ounces) at a silver cut-off grade of 25 grams per tonne. This silver rich zone is outside of and is generally adjacent to or in the hanging wall of the gold mineralized zone. **It is not contained in the estimate presented above.**

## Next Phase

In April of 2011 the Company began a new 15,000 meter drill program to expand and upgrade the currently defined gold resource. Work will primarily focus on areas adjacent to the known resource and the Calabazas zone.

Esperanza also started work on an Environmental Impact Statement. Although completion of this document is dependent on completion of a Feasibility Study, as much background information as possible, including hydrology, flora and fauna characterization, socio-economic studies, etc, is already being collected.





This illustration above shows a cross-section through the southeast zone of Cerro Jumil. The dark red area denotes the Measured resource mineralization, the green area is Indicated resource mineralization and the light blue is Inferred resource mineralization.

The ongoing 15,000 meter drill program focuses on expanding the currently defined gold resource and upgrading known inferred resources to the measure and indicated categories. The new drilling area is shown in the pink circle.

## Strieborná

In October and November 2010, Esperanza acquired a strategic interest of close to 36% in Global Minerals Ltd. (TSX: CTG) for a total investment of approximately \$2.9 million.



Global Minerals' primary asset is its 100% owned Strieborná silver-copper deposit in Slovakia, located 320 km to the east of the country's capital Bratislava.

The 140 hectares property is part of a historic mining district near the town of Roznava, known for its iron-ore production and the neighboring Maria Mine (now shut down).

Additionally, the Company has applied for exploration concessions on approximately 125 square kilometers of land surrounding the core property. Roznava is a county town with some 20,000 inhabitants which has modern road and rail links.

## History

The Mária Vein, which is part of the Strieborná property, was already actively mined in the 14<sup>th</sup> century, making it one of the oldest known and mined vein occurrences in the region. The Mária Mine was in operation until the end of the second World War when it became part of the newly established state enterprise Železorzudné Bane š.p. (ŽELBA). The mine continued in operation under ZELBA until the 1990's.

In 1981, the Strieborná Vein was discovered adjacent to the Mária Mine and subsequently explored on four underground levels totaling over 3,000m in length. Exploration was conducted by the exploration branch of the Slovak Geological Survey from 1982 until 1994.



One of the four underground tunnels at the Strieborná property.

Resource results reported by the Geological Survey were checked in a program conducted in 1994 by London-based CMX Resources Limited (CMX). The program involved detailed geological mapping of the underground workings, structural and mineralogical studies and verification sampling. CMX confirmed geological interpretations made by the Geological Survey. The work conducted by CMX was the last exploration activity on site and since then, all underground workings are flooded.

## Resource Estimate

In 2007, Global Minerals gained control over the Strieborná property and asked AMC Consultants (AMC) to prepare a NI 43-101 Technical Report. AMC used the following key information and data for the mineral resource estimate:

- Results of underground exploration and diamond core drilling on the Strieborná Vein conducted by the Geological Survey from 1981 until 1994;
- Results of a verification program conducted by CMX Resources Limited in 1994; and
- Reports on structural geology, geochemistry, mineralogy, hydrogeology, historical resource estimates, metallurgical test work and on mining and economic studies also generated by the Geological Survey

The NI 43-101 technical report on the property defined a **significant silver/copper/antimony resource which is expected to be economically significant**. It included 1.9 million tonnes (Measured and Indicated) grading 231.7 g/t silver, 1.1% copper, and 0.7% antimony and 1.5 million tonnes (Inferred) grading 180.0 g/t silver, 0.9% copper and 0.7% antimony.

Category	Tonnes (000)	Ag g/t	Cu %	Ag oz (000)	Cu Lbs (000)
Measured	215	468	2.2	3,235	10,428
Indicated	1,710	202	1	11,105	37,699
<b>M&amp;I Total</b>	<b>1,925</b>	<b>232</b>	<b>1.1</b>	<b>14,340</b>	<b>48,127</b>
Inferred	1,500	180	0.9	8,681	29,762

**The Strieborná resource estimate from April 2008. The mineral resource is based on 394 channel samples taken on four levels, one raise and 10 drill hole intercepts. No cut-off grade was applied. Note that we've omitted the antimony data.**

It was found that the resource occurs within a mineralized structure of 1.2 kilometres long, 600 metres deep and an average thickness of 3.4 metres.

In addition to the Strieborná vein, the property includes several parallel veins and similar structures. Although these veins have been explored by underground tunneling and drilling and are known to be mineralized, they have not been included in the resource estimate as further exploration is required. These will be tested for metal potential in subsequent drill programs (see 'Next Phase' below).

Process test work on a bulk sample from the Strieborná Vein using the process developed by Sunshine Mining and Refining Company indicated that 90-95% of the minerals bearing silver and copper can be recovered by conventional flotation. Hydrometallurgical treatment of the concentrate can then be used for selective removal of antimony, arsenic and mercury. The residual concentrate

containing the silver and copper will likely be sold to independent smelters.

## Next Phase

Global Minerals started a new drill program in March of 2011 designed to re-confirm high grade mineralization in the upper portion of the Strieborná vein, to test for extensions along strike and to test known parallel veins. Eight drill sites were selected with 3400 meters of core drilling planned. The projected target area was not included in the NI 43-101 compliant resource estimate by AMC and is obviously aimed at increasing the resource.

Additionally, de-watering of the underground tunnels is expected to begin later this year. Once access is available underground, drill stations will be rehabilitated and drilling will begin. Underground access will also provide the opportunity to collect bulk samples for metallurgical testing.

In June of this year, Global Minerals announced that the first results from the drill program were promising and consistent with previous underground sample data and resource estimates in the vicinity of the drill holes intersections.

## SLOVAKIA

Slovakia is a full-standing member of the European Union and is a modern, developing country. The country has a long mining tradition and passed new mining legislation in 2004 which provides a clear and transparent framework to acquire mineral concession and develop mining projects. Slovakia together with Slovenia and Estonia are the only former Communist nations to be part of the European Union, Eurozone, Schengen Area and NATO simultaneously.

## Other Properties

The Company has active prospecting programs in Mexico and Peru. In Mexico it controls three properties totaling 44,333 hectares in the Guerrero-Morelos gold belt. All properties are early-stage exploration with work focusing on the definition of new drill targets. In Peru the Company controls 11 projects totaling 16,670 hectares. Its three most advanced projects in Peru are Pucarana, Colqui Orcco and Pucará.



**Pucará, Colqui Orcco and Pucarana, Esperanza's three most advanced properties in Peru.**

## Pucarana

Esperanza and joint venture partner Estrella Gold (TSX-V: EST) each control 50% of this 1,889 hectares project. It is located in southern Peru, between Buenaventura's (NYSE: BVN) Chipmo and Poracota mines, which have an annual production of 360,000 oz of gold and 131,000 oz of silver. EPZ can earn-in to 60% of the Pucarana project by expending US\$1.3 million over a four-year period, which commenced in April of 2011 upon receipt of the drill permit, and by making cash payments of US\$80,000 to Gallant Minerals Peru Ltd. S.A.

The Company's geologists have defined an extensive zone of structure and rock alteration that is similar to the nearby Chipmo mine. Rock chip sampling has yielded values as high as 1.6 g/t gold. It's expected that the principal zone of precious metal mineralization is 350-550 meters below the surface based on comparison to the Chipmo mine.

Drilling at Pucarana started in April of 2011 and includes 2,500 meters in 10 diamond-drill core holes. No results have been announced so far.

## Colqui Orcco

The 100% owned Colqui Orcco property consists of 600 hectares and is located in the Cusco

Department and was identified by Esperanza geologists in a regional exploration program.

Mapping and rock chip-channel sampling on trenches have identified three steeply dipping quartz veins with a total strike length of 2,500 meters and widths up to 4.6 meters. High-grade mineralization was encountered in two of the veins, yielding silver values of up to 4,984 g/t and gold values of to 1.3 g/t. The vein textures, metal ratios, anomalous geochemical indicators, and accompanying alteration are all suggestive of the uppermost portion of a silver rich hydrothermal system.

In May of this year, Esperanza initiated a drill plan which includes 1,800 meters in 12 diamond-drill core holes and may be expanded depending on results. No results have been announced on this project either.

## Pucará

Similar to the Colqui Orcco property, Pucará is 100% owned by EPZ and consists of 600 hectares located in the Cusco Department. A quartz zone with an outcrop strike length of 200 m before it dives under alluvial cover has been identified. Channel samples from this zone have returned results up to 339 g/t Ag over 9.6 meters including 488 g/t Ag over 2.9 m. An initial drilling campaign with 10 drill holes totaling 1,500 m is planned for later this year.

## Financials

For fiscal year 2010, ending December 31, 2010, Esperanza Resources recorded a net loss of \$3.7 million. In the first of quarter of 2011 the loss was close to \$1.5 million. This was relatively higher due to the equity in the loss of Global Minerals Ltd, which was the result of acquiring the 36% equity position in that Company late 2010.

It's hard to compare results quarter over quarter as exploration expenses differ significantly due to the timing of drilling activities and general reconnaissance work. As EPZ has no mines in operation yet, we don't expect it to start generating meaningful revenues for the next few quarters.

## Balance Sheet as of March 31, 2011

Esperanza Resources is very well financed. In 2010 it raised more than \$11.6 million in three private placements.



Additionally, the Company will receive \$17,000,000 from the sale of its interest in the San Luis joint venture to Silver Standard. Esperanza's shareholders approved the sale on June 8, 2011 and a definitive agreement between the two parties was announced on July 5, 2011.

	<b>03/31/11</b>
Cash and Cash Equivalents	9,644,930
Investment in associated Company	2,486,876
Exploration & evaluation assets	1,747,010
<b>Total Assets</b>	<b>14,210,449</b>
Accounts Payable & Accrued Liabilities	248,063
<b>Total Liabilities</b>	<b>248,063</b>
Total Stockholder Equity	13,962,386
<b>Most important balance sheet data for the period ending March 31, 2011. Source: Company Filings</b>	

The Company's cash and cash equivalents position as of March 31, 2011 was \$9.64 million, obviously not yet including the sale of the San Luis stake. As a result, Esperanza has sufficient working capital to fund its exploration and administrative expenditures. It won't need to raise additional money during the next twelve months.

Also noteworthy is the fact that the investment in Global Minerals is recorded in the balance sheet at the initial cost price of less than \$3 million, while the 36% stake currently has a market value of about C\$17 million.

## Outlook & Valuation

We like Esperanza Resources because it has the right balance of qualities that a mining Company needs.

EPZ has a management team with decades of experience in the exploration, financing and development of mining properties. Mr. Pincus, the Company's CEO oversaw the early development of the 155-million-ounces Pirquitas silver deposit in Argentina.

Furthermore, it has several skilled explorationists on board. Dr. Bartos is responsible for the discovery and development of San Bartolome, a 150 million ounces silver deposit in Bolivia. And Mr. Bond was instrumental in the discovery and exploration of the Pirquitas and other deposits.

EPZ owns 100% of Cerro Jumil, a silver/gold property in Mexico and close to 36% of Global

Minerals, a Company with the 100% owned Strieborná silver/copper/antimony property as its main asset. Both properties have an NI 43-101 resource estimate and lots of potential for expanding that estimate. Additionally EPZ has several blue sky properties in Peru and Mexico.

The Company has sufficient cash to develop the above mentioned properties. It had almost \$10 million in the bank on March 31, 2011 and expects to receive an additional \$17 million in the coming weeks from the sale of its 30% stake in San Luis. In 2010 the Company proved it was able to relatively easy access the financial markets by raising \$11.6 million.

Finally, prices for gold, silver and other metals remain high, meaning that mining remains highly profitable. Although there may be some speculation in the metals market, we believe that the gradual rise, over the past 8 years indicates this is a solid trend that won't see a strong reversal any time soon.

## Peer Comparison

In order to determine Esperanza's fair value, we've compared it with two similar Companies. They both have gold/silver properties in Mexico which have an NI 43-101 compliant resource estimate. We've also added a Company with a project that recently entered production just to see where we are headed.

Kimber Resources Inc. (KBR: TO) owns a 100% interest in the Monterde gold/silver property located in the Sierra Madre, Mexico. Kimber Resources has a NI 43-101 resource estimate for Monterde.

SilverCrest Mines Inc. (SVL: TSX) owns a 100% interest in the Santa Elena Mine, which is located 150 km northeast of Hermosillo, in the State of Sonora, Mexico. Its other advanced mines in Mexico are Cruz De Mayo and La Joya. SilverCrest has a NI 43-101 resource estimate for Santa Elena and Cruz De Mayo and commenced start-up production at Santa Elena in April.

Company	Stock Price	Market Cap (M)	Gold Eq (M oz)	MC / Gold Eq
Kimber	1.57	121.1	1.266	95.64
SilverCrest	1.32	113.1	0.840	134.68
<b>Esperanza</b>	<b>1.51</b>	<b>86.8</b>	<b>1.277</b>	<b>67.95</b>
<b>Gold Equivalent values are based upon a Ag:Au price ratio of 56:1 and a Ag:Au metal recovery ratio of 0.62.</b>				

We've used the Market Cap/Gold Equivalent to compare the Companies. This ratio is a measure of a



Company's market capitalization relative to its total estimated gold equivalent in the ground. We also took into account the volatility in stock price, by using the 30-day average closing price.

## Valuation

What the table above shows is that for Esperanza each ounce of gold equivalent in the ground is valued at \$67.95.

At the same time, the market gives Kimber Resources a valuation of \$95.64 per ounce of gold equivalent in the ground it owns, or 40% higher than Esperanza. For SilverCrest Mines the market assigns a value of \$134.68 per ounce of gold equivalent, or almost double Esperanza's. SilverCrest's higher valuation is justified as it recently entered production. So in order to calculate a peer Market Cap / Gold Equivalent benchmark for Esperanza, we will apply a 30% discount to SilverCrest's valuation. This discount leads to a value of \$94.28 for SilverCrest.

**The average Market Cap / Gold Equivalent for Kimber and SilverCrest is \$94.96. Using this average, we find that Esperanza is almost 40% undervalued compared with its peers.**

**Based on these calculations and the positive outlook for the Company, we initiate coverage of Esperanza Resources with a buy recommendation and an initial price target of \$2.11 or 40% higher than today's 30-day average stock price.**

## Share Data & Ownership

As at June 28, 2011 there were 57,479,921 common shares issued and outstanding and 3,738,000 stock options outstanding with exercise prices ranging between \$0.69 and \$1.91 per option and expiration dates from September 12, 2012 through to June 8, 2016. All of the outstanding options have vested.

Type of Securities	Number of Securities
Common shares	57,479,921
Options	3,738,000
Warrants	7,057,646
<b>Outstanding shares, warrants and options for Esperanza Resources Corp. as of June 28, 2011.</b>	

The Company has 7,057,646 common share purchase warrants outstanding with exercise prices of \$1.75 per and \$2.75 per warrant. These warrants

expire from February 16, 2012 through December 22, 2012.

## Management

### ➤ 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.

### ➤ J. Stevens Zuker - Senior V.P.

Mr. Zuker is an explorationist with 25 years experience in metals exploration throughout the Americas and central Asia. He joined the Company as Senior Vice President in September 2005. Most recently, he was Vice President Exploration of Gallant Minerals (formerly Harrods Minerals), a private Company. While at Gallant he was responsible for managing and performing grassroots exploration for base and precious metals in Peru and Mongolia, generating new projects and joint venturing them to both major and junior mining Companies. He holds a B.Sc. in Earth Sciences from California State Polytechnic University at Pomona, and an M.Sc. in Geology from the Colorado School of Mines.

### ➤ Paul Bartos – V.P. and Chief Geologist

Dr. Bartos joined the Company in January 2007 to assist in overseeing its exploration activities in Mexico and South America as the Company expanded its programs. Dr. Bartos is a noted authority on epithermal deposits and was with ASARCO Inc. for 20 years, latterly as its Latin American Exploration and Business Development Manager. Among other exploration accomplishments, he is responsible for the discovery and development of mineral resources of the San Bartolome silver deposit in Bolivia. This deposit, owned by Coeur d'Alene Mines, contains an estimated 150 million ounces of silver reserves and is currently in production.

### ➤ William Bond - V.P. Exploration

Mr. Bond has been involved with precious metals exploration and production for 30 years, previously

as Mines Operations Geologist for Homestake Mining Company, Chief Geologist for Asamera Minerals (U.S.) Inc., Chief Geologist for Sunshine Precious Metals, Inc., and Vice President of Exploration for Sunshine Mining & Refining Company. Mr. Bond was instrumental in the discovery and exploration of several major deposits including the 30-million-ounce West Chance silver deposit at the Sunshine Mine, the 155-million-ounce Pirquitas deposit and a multi-million-ounce gold deposit in Argentina. Mr. Bond earned a B.A. in geology from Winona State University and an M.S. in geology from the South Dakota School of Mines and Technology. He is a Professional Geologist registered by the State of Oregon.

➤ **David Miles - Chief Financial Officer**

Mr. Miles is a C.A. with a B.Sc. in Geology who has over 25 years experience in the mining and exploration industry, with over 20 years in a large multinational corporate environment at Teck Cominco Limited. While with Teck Cominco, he held various positions in corporate finance. From 2002 to 2004 Mr. Miles was the corporate controller for Quest Capital Corp. (formerly Viceroy Resource Corporation). Since 2004, Mr. Miles has been the CFO for a number of junior exploration Companies which are listed on the TSX Venture Exchange and whose exploration projects are located in Europe, Asia, Africa and Central and South America.



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