



Transcript of

Update interview with Mr. Bill Pincus,



President and CEO of Esperanza Resources Corp.



TSX Venture Exchange: EPZ

**Smallcaps.us:** Hi everyone, and thanks for tuning in. We have a great Smallcaps.us interview lined up today with Mr. Bill Pincus, President and CEO of Esperanza Resources Corp. The company has witnessed some exciting developments since we first spoke about a year ago. We are overjoyed to have Mr. Pincus back for an in-depth look at Esperanza and its investment potential. Esperanza Resources is listed on the TSX Venture Exchange under ticker symbol, EPZ. Bill, it's great to have you back, thanks for being here.

**Bill Pincus:** Well, you are very welcome Wim. And thanks for inviting us to come back and tell you about our company.

**Smallcaps.us:** Some time has passed since our original interview and we're sure some listeners may need a recap of the Company's objectives and mission within the mining and exploration markets?

**Bill Pincus:** Sure, well, let me give you the 30-second capsule review. We started in 2002, as I think the classic Canadian exploration company and have evolved since then. And the evolution, of course, is based on our success in finding and identifying ore deposits. Our first big success was with the San Luis Project which was a joint venture with Silver Standard Resources. We then discovered the Cerro Jumil Project in Mexico which is now moving from advanced exploration into feasibility and then finally we made an investment in a company called Global Minerals who has a silver project in Europe.

So we are evolving from a being a classic exploration company. Our objectives over the course of the next year or two are to move our projects into production or divest them, and obviously, divest them at a significant profit, but we can talk about the specifics as the interview goes on.

**Smallcaps.us:** Thanks for the refresher. A mining company's properties obviously are its most important assets. So let's take a look at Esperanza's portfolio. The most

advanced project today is Cerro Jumil in Mexico, which was in the pre-feasibility stage when we last spoke. Can you give us an update on this property and Esperanza's outlook for it?

**Bill Pincus:** Yes. Since we last spoke, there has been a lot of development on the project. The first thing was last autumn, we announced a new resource estimate and increase of about 46% in the measured and indicated resources and we are continuing to drill today. So we would expect that we will be adding more to those resources. We have undertaken what I would classify or characterize as pilot-scale metallurgical testing. We more or less have pinned down the metallurgical process that we will be using which will be leach heap with two stages of crushing and now we are in the process of updating the preliminary economic assessment which is sort of a scoping study. This is anticipated in July and what we will be modeling as a pretty classic open pit leach heap mine production - and caution, here is forward looking statement, but the production should be on the order of 100,000 ounces of gold a year. But we'll have to wait to see what the final numbers from the study say. So the project is moving forward.

We have made progress. We are negotiating a long-term land agreement with the community and all signs are positive for this project to move into full feasibility in the next 12 months and then obviously and hopefully into construction and development shortly thereafter.

**Smallcaps.us:** I see, very interesting. Late April of this year, you announced that drilling at the Pucarana property in Peru had begun. What are your thoughts on this project's prospects?

**Bill Pincus:** Well, Pucarana is a grassroots prospect that we have developed, our crew down in Peru. It is the first time this prospect has ever been drilled; there is a new vein system that we discovered, it's in the very good neighborhood adjacent or within the same district as the significant producing mines. But let me be clear, exploration is high risk. This is

the first time it's being drilled and I'll wait to see what the results are from the drilling and that's the real proof. So we, obviously, liked it enough to drill it, we will see what the assays say.

**Smallcaps.us:** We have also just learned that drilling has started at Esperanza's 100% owned Colqui Orcco property, also in Peru. What can you tell us about this project?

**Bill Pincus:** Well, it's similar to Pucarana in the sense that it's a grassroots prospect of ours. It is a high-grade silver rich vein system; you see the veins for, I think it's up to almost two kilometers along the surface and you have multiple veins. We've had samples, admittedly narrow veins up to four kilos of silver per ton. So it's very promising and once again, it's one of these prospects that has to be drilled. That's a proof for us; can we outline an ore deposit. So we are in the first stage of drilling; we are quite enthusiastic, but I will put in the disclaimer until we get assay results back to see what's really happening, it's a prospect.

**Smallcaps.us:** And are there any other projects in Esperanza's pipeline that you can discuss?

**Bill Pincus:** Well, yeah, we have a number of prospects that we are getting ready to drill or doing some of the early exploration work done. Beyond the two that we have mentioned, we have another one, only about five kilometers from Colqui Orcco called Pucará. We are now in discussions with the community for an agreement so we could go ahead and drill and that will be ready to drill. Another prospect in Mexico is called Gallos Blancos. This is not too far from Camino Rojo which was a big discovery. We'll be, in the course of this summer and early autumn, doing geophysics work with the hope of defining drill targets that we could test in the autumn or early winter next year. And then beyond that we have any other number of prospects that we will hope to bring up to the drill-ready stage in the foreseeable future.

**Smallcaps.us:** Okay, that's good to know. Now let's take a look at some other exciting

**developments at Esperanza Resources. Recently, we have heard that the company sold its stake in the San Luis Project to Silver Standard Resources. What can you tell us about this event and the company's motive for the sale?**

**Bill Pincus:** Well, the San Luis Project was a joint venture with Silver Standard. They were the majority partner and the operator of the project. And quite frankly, we decided that from an operational point of view, it made more sense for us to sell our interests to them. We have made what we consider as a fair deal and it allows them to go forward without having to worry about a JV partner and it provides us with pretty significant financial resources which we can use to focus on our other projects.

So I think it's a win-win situation all round. The deal is they are going to pay us 17 million dollars Canadian in cash. Any production is subject to a 1% royalty payable to us and then Silver Standard owns 6.5 million Esperanza shares which they will then return to us and we will cancel. So in effect, we are adding to our treasury, we are securing a hopefully long-term source of income through the royalty and we are actually concentrating our shares rather than diluting our shareholders at the same time. So I think it's a good deal.

**Smallcaps.us:** Very nice. Now thanks to this deal, Esperanza's balance sheet, obviously, became even stronger. So is it safe to assume that you won't be raising money in the near future?

**Bill Pincus:** That's right. I don't foresee any raises until such time that we made a developed decision on any of our other projects. But the treasury is full. It is as full as it has ever been. We have a good property portfolio and we have in the bank the funds to advance those properties. So no, I don't see any financing in the near future.

**Smallcaps.us:** And another very interesting event is that Esperanza recently acquired a strategic interest in Global Minerals Ltd. Can you give some color on Global Minerals

**and where do you see your involvement going?**

**Bill Pincus:** Well, this is a very interesting story. Global Minerals is the owner of a project a Silver/Copper/Antimony Project in Slovakia, which is very much off the beaten track for us. But as fortune would have it, it's a project that I was involved with and some of the people in our company were involved in the mid 1990's. At that time, it was owned by one of the Slovakian state mining companies and we were invited in as a private company to take a look at it. We very much liked the project, but unfortunately, could not come to an agreement with the mining company.

So time passes on, Global Minerals in 2007 gets a hold of this project spent a fair amount of money on it and there is a defined resource; it's been explored fairly thoroughly by over 3000 meters of underground tunnel. So you have significant amount of underground development. And what you are looking at in terms of all categories is something on the order, right now 25 million ounces of silver and 50 million pounds of copper. We clearly believe that we're going to add overtime significantly to that resource, but right now, you have enough really to start putting something into production.

We made an equity investment in Global. We now own approximately 36% of the company and we helped restructure the board of directors, I have come in as a director of the company. We brought in a couple of other guys, we have also brought in the new VP of Exploration; someone with a very good experience in this type of mining or this type of geologic environment. And we just kind of rejuvenated the company and it's now quite

active in trying to move this project forward in Slovakia.

**Smallcaps.us:** **That's great. Bill, do you have any final thoughts for our listeners today? Why should they take a good look at Esperanza?**

**Bill Pincus:** Well, I guess, like any CEO, I believe, my company is undervalued. In our case, I guess to a certain degree, we're a victim of our own success. And I know that sort of sounds self-righteous, but we first made a name for ourselves with a discovery of San Luis. We then followed up with Cerro Jumil; we now, I think, have another big hit with Strieborná in Slovakia.

But the marketplace has been uncertain as to where the value is in our company. Are we a Mexican gold play? Are we a Peruvian gold/silver play? Are we a European silver play? No one quite knows. And I think our task is to structure the company in such ways to create the maximum value for our shareholders of the various assets we have. And I think we are, over the course of the next 6 to 12 months, we are going to accomplish that and I think that will be reflected in the share price.

**Smallcaps.us:** **Excellent! Thanks again for taking the time to speak with us, Bill, and we will keep an eye on Esperanza as its interesting projects unfold. We certainly hope to have you back soon for another interview.**

**Bill Pincus:** Well, you're very welcome and thanks for the opportunity. It's always a pleasure, Wim.

## **Interview Feedback**

We welcome your questions and feedback regarding this interview at: <http://smallcaps.us/esperanza-resources-update-on-a-diversified-minerals-company>

## **About Smallcaps.us**

Smallcaps.us highlights solid and honest companies with a market cap below \$100 million. We focus on fundamentally undervalued Companies with real revenues and earnings and we have a special interest in stocks with a high potential, innovative product or service.

## **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](#)

## **Copyright**

You're free to distribute this publication. You may not however add, remove, or change any content or links within this publication.

## **Legal Notice Regarding Forward Looking Statements**

The interview referenced herein may contain certain "forward-looking statements" within the meaning of applicable securities laws, including without limitation, statements related to the Company's plans, strategies, objectives, expectations, intentions and adequacy of resources. Investors are cautioned that such forward-looking statements involve risks and uncertainties including without limitation the following: (i) the Company's plans, strategies, objectives, expectations and intentions are subject to change at any time at the discretion of the Company; (ii) the Company's plans and results of operations will be affected by the Company's ability to manage its growth, and (iii) other risks and uncertainties indicated from time to time in the Company's public filings.