



Transcript of

Initial interview with Mr. Hans van Hoof



Chairman and CEO of NSGold Corporation

NSGold
corporation

TSX Venture Exchange: NSX

Smallcaps.us: Hi everybody and thanks for tuning in for another Smallcaps.us interview. For those of you who remember, last October, we spoke with Mr. Glenn Holmes, the Chief Financial Officer of NSGold Corporation. NSGold has since made exciting progress both in its mineral exploration activities and in its stock price.

Today, we are pleased to welcome the Company's Chairman and Chief Executive Officer, Mr. Hans van Hoof, to catch up on NSGold and to discuss the milestones ahead.

As a reminder, NSGold is listed on the TSX Venture Exchange with the ticker symbol NSX, and on the Frankfurt Stock Exchange under symbol ONS. Hans, we are delighted that you are here. Welcome.

Hans van Hoof: Yes, hi, it's a bit overdue, but at last.

Smallcaps.us: Hans, before we get your take on the proposed split of the Company and on the development plans for your most advanced properties, can you give us a brief recap on NSGold and its operations?

Hans van Hoof: Sure. As you know we listed last year with our Nova Scotian properties with Mooseland being the main one of course. In the meantime, we've added 4 other properties and another 6000 hectares with rare earth potential. And then of course in February, we started to look at Dios Padre which was added in March. So I guess most of your listeners probably know the other details from that.

Smallcaps.us: Okay, great. Now, let us get right to the BIG news. A couple of days ago, you announced that you started the process to split the current Company in two. Please tell us all about it and also explain your motives for this action.

Hans van Hoof: You know my background, I have always been in hedge funds and one of the strategies we were doing was getting involved in Companies for crystalizing value by splitting or spinning off divisions.

Since we bought Dios Padre, it was a good acquisition and the market recognized it. It probably even went a little bit too fast in the beginning, but when the share price settled between 50 and 60 cents we have done also a lot of work on Mooseland,

which I am sure we'll come back to, and to be honest if you look at the valuation of both properties and the cash in the Company, it clearly doesn't value both. It tends to be either one or the other, so it would be much better for the shareholders to see the value of both properties.

And when I talk about properties for instance in Nova Scotia there's a lot of optionabilities and the same in Mexico of course.

But the main thing is that from a corporate point of view, we are a little bit stuck because we're seeing deals on both sides, and with the share price, without valuing both side of the Companies properly, any share issue would basically give away the other part of the Company for free. And as a shareholder, I am not happy with that. So that is why we are splitting the Company now before we do any subsequent transactions.

Smallcaps.us: So if I understand it correctly, current shareholders will receive one new share of NSX Silver Inc for each share they currently own of NSGold.

Hans van Hoof: Yes, that is definitely the intention to keep it as simple as possible, one to one, clearly we've got pre-approval from the exchange, I hope that the final details will be as they are now, but one to one is the most obvious ratio.

Smallcaps.us: And the target date is September?

Hans van Hoof: Yes, towards the end of September. To be honest, I was surprised that this could go that quick, which is good because the end of the September that leaves us the whole of Q4 when a lot of exciting stuff should happen with exactly the structure we wanted.

Smallcaps.us: Okay. Now let's zoom in on the Company's most advanced projects, first of all, Mooseland. You recently received an NI 43-101 compliant resource estimate for the property that showed some strong inferred gold resources. What can you tell us about that?

Hans van Hoof: Well, first of all the 390,000 ounces that came out in the 43-101, I was a little bit disappointed because first the West Zone was so much stronger and there was no real reasons for East Zone not to be similar. But the problem with the East Zone was that the last 3 holes were rained out. So the third-party who prepares the 43-101 and

signed off on it, they felt a little less confident without those last 3 holes.

But you shouldn't forget that in the last program, where the 43-101 was published for, was basically to prove the older results, so the Hecla and a little the Azure one as well. And as Hecla came out with 304,000 ounces, 390,000 ounces gives us a very good start. But our next program, which hopefully will start next week, will step out beyond the past work that has been done. So we are really looking forward to that. Doing new work where we think with the new technologies we can show significantly more.

Smallcaps.us: Over to the Dios Padre silver property in Mexico. NSGold announced that it's starting a phased exploration program at Dios Padre and that it targets a resource estimate of at least 60 million ounces of silver. Can you give us some insight on that?

Hans van Hoof: We started the line cutting on the property. It sounds really basic, which it is. It's literally cutting lines, cutting the bush away.

But the interesting thing that Dios Padre has never been properly mapped. So the first thing we are doing is we are cutting the lines, we are doing a geophysics program, which basically looks down into the ground. It's a bit like x-ray scan type of thing that can see the anomalies. And then we'll start surface drilling and because of the nature of the Dios Padre (because of the old workings) hopefully we can also start doing some underground drilling as well. Which means you go into an old mine shaft and start drilling 3-dimensionally. That's a huge advantage because you can drill a mountain out from the inside. But we'll be able to report on that by the end of the year.

Smallcaps.us: Before we continue, let's clear the air here because 60 million ounces of silver is a tremendous amount at today's silver price. So I can imagine that some people are a little sceptic here, especially in light of the fact that First Majestic Resource, the previous owner of Dios Padre, executed an exploration and development program in 2006 and later abandoned the property. Can you shed some light on that?

Hans van Hoof: You know what the first question I asked when the property came to us. First of all the historical reports are there. But I hope that by December when the reports come out from the drill results, people can see for themselves what's there.

To come back on the previous owners, not only First Majestic but also Silver Standard, they're 2 big Companies. At the time they walked away for very specific reasons. They had other capital commitments at the time. First Majestic was putting its mines into production. There was a big payment coming up and it was just the decision not to commit the capital at Dios Padre. Also, don't forget silver was around \$12 per ounce, which makes a big difference in the economics.

But those things do happen quite a lot in mining, I mean, if you look at the Mooseland. Hecla and Azure spent over \$30 million there. You know we still picked it up quite cheaply, and we showed there's even more than they thought there was and they still walked away. So the mining business is not always rational.

Smallcaps.us: Okay, that is a great example. Now, an obvious question, with all those activities ahead, is if the Company has plans to raise additional capital in the short-term?

Hans van Hoof: At the moment we've got \$2.5 million in cash. As we put out in the press releases, around one million dollars is earmarked for Mooseland, which by the way is a million dollars we have to spend there for tax reasons, for the flow through shares. And we're starting off within a program for \$700,000 in Mexico. Clearly that leaves us enough cash. But as always, when the right investor comes along, you can do a placing. And I would only do it if think it would be really beneficial for the Company and especially the share price.

Smallcaps.us: Thanks for sharing that with us. Now that we are talking about the Company's share structure. Who are, next to you, other significant shareholders in NSGold?

Hans van Hoof: Well, it's the other people in the management and the rest... it's mainly high net worth individuals, both in Canada and Europe. We used to have flow through funds called MineralFields, they owned 3.3 million shares and all those shares have been placed out.

Smallcaps.us: As always, we are curious about what the future holds. So what are the most important milestones, next to the split, in the foreseeable future for NSGold and NSX Silver? And where do you want to see both Companies 12 months from now?

Hans van Hoof: Well, I would like to see them both at \$5 each (laughs). But the main thing is, by the end of Q4 we should have both 43-101's out on Mooseland and Dios Padre.

And as you can imagine, and could have read in our press releases, there's quite a lot of other things going on behind the scenes where we want to add value. So at the moment I can only say towards the end of the year, when we come up with solid results from both property.

Smallcaps.us: Great, one final question. And I must say I am really curious to hear your answer to this one because you may not have a geologist's background, but you sure have a tremendous amount of financial experience. Gold and silver prices are climbing again and some actually say they are overbought. But what are your thoughts on the future of gold and silver prices?

Hans van Hoof: That is nice one. But the forecast of gold and silver, I'll just leave them to the experts. And my old boss George Soros is quite vocal on

things like that and in Canada you have Eric Sprott predicting \$100 per ounce of silver.

To be honest, I don't know. When we got into Mooseland gold was trading at around \$700 and the cash flows looked very good. So you can just imagine what \$1500 or \$1600 gold looks like. The same for Dios Padre. When we first looked at that, silver was trading at like \$23 to \$25 and again the numbers looked amazing.

So the only thing I can say is like, the numbers where they are at the moment, and personally I think there could be a QE3 but that is a completely different discussion, you know I am not unhappy.

Smallcaps.us: Fantastic. Thanks very much for your time and insight today, Hans. Of course, we'll be keeping a close eye on NSGold and we hope to have you back in the future for another interview.

Hans van Hoof: Okay, no problem, and I am glad that we could have a chat.

Interview Feedback

We welcome your questions and feedback regarding this interview at: <http://smallcaps.us/smallcaps-us-interviews-nsgold-ceo-about-company-split-and-milestones-ahead>

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