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## A Pick-3 from the Precious Metals Summit

BY ANTHONY VACCARO

VAIL, COLORADO — While a host of juniors strutted their wares here at the Precious Metals Summit in mid-September, we recap the presentations of three companies that have a good chance of generating news in the coming months: **Axmin** (AXM-V), **Malbex Resources** (MBG-V) and **CB Gold** (CBJ-V).

### *Axmin*

George Roach took the reins at Axmin over a year ago, and has been driving the company's Passendro gold project in the Central African Republic (CAR) into production ever since.

The project's robustness has been confirmed by two feasibility studies, but the market has been slow to warm to the story.

The cold reception may be attributed to a "political risk overhang," Steve King, an analyst with BMO Capital Markets, says.

That overhang is connected to the CAR government revoking permits a few years back. Since then, however, Roach has arrived on the scene and patched up relations with the government. The company brought the government on-board as a shareholder in Axmin, had the mining licence issued and even had the mines minister make a visit to Toronto last year to speak with investors.

Despite all that progress, it looks like Axmin will only win investor enthusiasm once it shows it can build a mine, and to do that it will need to raise significant capital.

Roach says the company is in the middle of negotiations on the final installment of debt financing.

When and if debt financing is secured, it will come on top of the \$100 million

Axmin has already secured from the Standard Bank of South Africa.

Axmin will need to find \$300 million to build Passendro, and the company wants two-thirds of capital to come from debt.

"We are very close to finalizing the remaining portion of debt financing," Roach told the audience.

He added that debt financing in the CAR is dependent on getting political risk insurance, and at this point such insurance "has effectively been assured."

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*'[Norte de Santander] is in an area where there was formerly FARC activity . . . the situation has improved, and we are the first movers there with large packages of land.'*

— FABIO CAPPONI, CEO, CB GOLD

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With 791 million shares outstanding, look for Axmin to do a share rollback in the neighbourhood of one-for-ten. That will give it a tighter capital structure and make the company more appealing to institutional investors when it looks to raise equity in the future.

Roach says prior difficulties with the government resulted in large amounts of shares issued as the company struggled to stay afloat.

But with those days behind it, Roach is intent on driving Passendro into production.

If he can do it, Axmin shareholders should have a very profitable mine on their hands, with production slated at 200,000 oz. per year at a cash cost of US\$437 per oz.

### *Malbex*

Another name to keep an eye on is Malbex Resources.

The company's management is largely made up of former Aurelian Resources executives. In 2008 Aurelian was sold to **Kinross Gold** (K-T, KGC-N) for \$1.2 billion.

At the head of the management team is Tim Warman, who serves as president and chief executive, and was formerly vice-president of corporate development at Aurelian.

After so much success in Ecuador, Warman has turned his attention to one of Argentina's most prospective areas. Malbex's Del Carmen project sits along the western edge of the San Juan province — an area that is no stranger to mining. Just 20 km west lies the past-producing El Indio mine, and to the north lies Barrick Gold's Veladero and Pascua Lama mines.

As for Del Carmen, the property is already known to host one shallow-oxide gold discovery known as Rojo Grande. The mineralization is so shallow that Warman says there would be no pre-strip at surface for any future mining.

The oxide nature of the deposit also means the ore leaches well. The company is expecting to mine at a low 2-for-1 strip ratio.

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But Warman considers Rojo Grande as just the beginning of the Malbex story. It is part of an alteration system that stretches 9 sq. km — making it one of largest in the belt.

Despite its size, the project was tossed aside by Barrick after it made the Pascua and Veladero discoveries. The robustness of those projects, and the intensive capital they required for development, resulted in Del Carmen being seen as the “ugly third sister,” Warman says.

With \$16 million in bank, Malbex has the money to prove that this sister has hidden beauty.

The current inferred resource sits at 25.4 million tonnes grading 1 gram gold and 13.3 grams silver for 816,600 oz. gold and 10.8 million oz. silver, or 1 million gold-equivalent oz.

That resource base was done on 4,000 metres of drilling in an area that covers less than 2% of the alteration system.

A new field season at the project begins in October and will run until the end of April. Warman points out that last year’s strong share-price run coincided with the fieldwork, and hopes to repeat that scenario this time around.

Over the course of the program, Warman says the company will spend \$8 million on 15,000 metres of drilling with an eye towards expanding Rojo Grande’s resource and testing new zones such as Cerro Amarillo, which was discovered in the first half of the year with an assay of 27 metres grading 0.55 grams gold and 2 grams silver.

## CB Gold

CB Gold’s chief executive Fabio Capponi took to the stump to tell investors about the company’s Vetás gold project in the lush mountains of Colombia.

Like Malbex’s Del Carmen, CB is near some prized gold real estate, with Vetás sitting 10 km south of the former Ventana Gold’s giant La Bodega discovery. Ventana was taken over by billionaire Eike Batista’s EBX Group for \$1.4 billion earlier this year.

Despite the large price tag, Batista’s purchase didn’t make EBX the dominant claims holder in the area. That distinction belongs to CB Gold.

The company plans to have its first resource estimate out on Vetás by early next year. The estimate will likely include high-grade veins and a lower-grade stockwork zone.

Doing business in Colombia can be challenging, but CB benefits from having well-connected members on its team. Colombia’s former mines and energy minister Hernan Martínez sits on its board, and Serafino Iacono, who is one of the few businessmen to complete deals in Venezuela and enjoy immense success in Colombia through **Pacific Rubiales Energy** (PRE-T), serves as an advisor to the company.

Capital usually follows strong corporate leadership, and CB Gold is no exception. The company is well positioned with \$11.4 million in cash, and it boasts strong management support, with insiders holding 23% of the company’s equity.

As for Vetás, much of the property’s

prospectiveness will be uncovered over the coming year.

Early drill results were highlighted by 9 metres grading 11.62 grams gold and 2 metres grading 276 grams from high-grade veins. The stockwork zone returned a highlight intercept of 5 metres grading 5.87 grams.

The company has reported 22 high-grade vein intercepts and has also hit mineralization in porphyry dikes.

The new porphyry discovery returned highlights of 220 metres grading 1.38 grams gold and 16 metres grading 1.88 grams gold.

Capponi says the porphyry is analogous to **AngloGold Ashanti’s** (AU-N) world-class La Colosa gold deposit, which is also in Colombia.

The Vetás property also holds nine small mining operations.

Capponi explains that CB plans to hold production at the site so that it can prolong the shelf life of those mining permits.

Such a delay would allow it to focus on understanding the deposit without worrying about a ticking clock.

Another area of interest for the company is its Norte de Santander project, which is a pure greenfield project 400 km north of Bogotá.

“It is in an area where there was formerly FARC [rebel army] activity,” Capponi explains. “In the past two years the situation has improved, and we are the first movers there with large packages of land.”

He estimates it will take one and half years until the company gets meaningful results.