

**Today's Notes:**

**1. Antioquia Gold**

**1. ANTIOQUIA BOTTOMS (CHRIS BERRY, MBA)**

*"All that glisters is not gold"*

The above quote from Shakespeare is meaningful, but it is particularly pertinent today to Antioquia Gold (AGD:TSXV). The company is continuing to execute its gold exploration strategy in Colombia but last week **announced** a strategic relationship with Desafio Minero S.A.C. of Peru. We think this is very positive. It is a sign of a company setting the stage for its future and making the choices necessary to create value over the long term. According to the press release:

*Desafio is the exploration arm of Consorcio Minero Horizonte S.A. ("Horizonte"), the fifth largest gold producer and second largest underground gold producer in Peru. Horizonte and Desafio are both privately held and controlled by the Navarro-Grau Group.*

The Navarro-Grau Group of companies produces approximately 200,000 ounces of gold per year. The group has 32 years of experience in the exploration, development and operation of underground narrow-vein deposits. It has a strong pipeline of projects at the exploration and development stage, and is actively involved in expanding their operational footprint and developing new mining opportunities in Peru and Latin America.

This deal is a vote of confidence in Antioquia's management and properties. This South American mining group clearly sees the value in trading their expertise to increase their market share in what could prove to be a high grade Colombian gold resource. The exact terms of the deal can be found in the press release (link above). This is a significant step for the company for a number of reasons:

- Antioquia will raise a total of CDN \$3,234,160 from the deal. This financing will take the company through the end of this year and beyond as they move towards a 43-101 compliant resource on their flagship Colombian property, Cisneros. The funding also offers Antioquia the possibility of exploring their additional 30,000 plus hectares that are in the company's "back pocket" for now.
- Antioquia gains considerable regional exploration and production expertise as Desafio has been producing gold from a similar geologic structure in Peru for over 30 years. This know-how is a competitive advantage for Antioquia and will pay off in the long run.

Desafio, in turn, will own 19.99% of Antioquia, will have a Board seat as long as their ownership position stays above 10%, and has right of first refusal on any properties Antioquia may choose to dispose of.

While there are those that may balk at the terms of this deal, I'm of the opinion that during the evolution of any junior, they face the choice between taking dilution in the stock (shares) or taking it in the ground (through a JV, for instance). Antioquia has replenished their balance sheet without undue dilution but is now allied with the powerful know-how of a current gold producer in Peru. This is a small price to pay for liquidity and added regional geologic expertise. In addition the share price of Antioquia appears to have bottomed at 19 cents. It now rests at 26 cents approximately where this deal was done with Defasio.

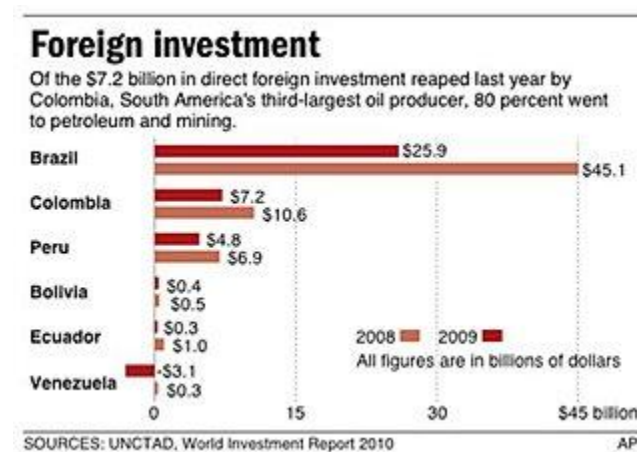


The situation continues to evolve and improve for Antioquia. They now are well funded, have extensive technical prowess and knowledge of the region's geology, and are located in one of the next great emerging markets – Colombia. This news, plus recent announced **assays** bodes well for the stock going forward as they move towards a NI 43-101 resource estimate at Cisneros and explore the 30,000+ hectares they haven't even yet begun to explore Colombia.

By completing this strategic partnership, Antioquia is telling the market that they will succeed in two areas:

- 1) Achieve their goal of gold production in Colombia, and
- 2) Create shareholder value in the process.

On the geopolitical front, Antioquia's exploration and development activities are occurring in an increasingly stable geopolitical backdrop. Colombia's President Santos was inaugurated on August 7th and he'll bring a decidedly favorable bent to foreign investment in Colombia's mining industry. In fact, as [this article](#) explains, many are starting to realize that we're on the verge of a resource boom in Colombia's mining and oil sectors. The chart below confirms these sentiments.



Conduct your own due diligence on Antioquia. The company is now positioned to be a success story in an emerging part of the world. This could prove to be a wise move in uncertain economic and geopolitical times. Despite the slowing economic picture we stand by our commodity discovery philosophy particularly, gold, silver, rare earths and on the energy side uranium, gas and oil.

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