

## **Augen Gold Corp. In Less Than A Year Has Been Able To Take A 130,000 Ounce Deposit And Show The Potential For 1 Million Ounces**



**Resources**  
**Gold Exploration**  
**(GLD-TSXV)**



**J. David Mason, B.Sc., M.Eng**  
**Chairman, CEO and Director**

**BIO:**

Mr. Mason is the CEO of Augen Capital and has spent 25 years in the investment business of which 10 years was as a Mining Analyst (Wood Gundy and Walwyn Inc.), approximately 11 years as an IDA Member Firm branch manager and an adviser to individual retail investors.

**Company Profile:**

Augen Gold is a gold exploration company with 24,581 hectares of staked and patented mining claims in the Southern Swayze Greenstone Belt, including the formerly producing Jerome Gold Mine. The claims cover a 45 kilometre long section of the Ridout Deformation Zone, believed to be the western extension of the Kirkland Lake/Larder Lake Break. The geological setting is comparable to the major gold camps of Timmins and Kirkland Lake, and the claims contain numerous gold showings that have received very little historical exploration. Augen Gold is the first company to have assembled such a coherent ground position in this belt. Augen Gold has performed a detailed airborne geophysical survey over the whole area, and its sampling program has confirmed the historically reported gold values. The correlation of many gold showings with geophysical features indicates excellent potential for the discovery of additional deposits. The Company's objectives are to aggressively explore the gold showings that correlate with geophysical anomalies, continue resource definition at the Jerome Mine, and to expand its property portfolio with highly prospective mineral assets.

**Interview conducted by:**  
**Lynn Fosse, Senior Editor**  
**CEOCFOinterviews.com**

**CEOCFO:** Mr. Mason, you have an interesting background; why are you running Augen Gold today?

**Mr. Mason:** I started up the parent company Augen Capital back about fifteen years ago and over that time period have been able to identify a number of exceptional opportunities in the market place, bringing them often from concept

through to investments that are ready for institutional investors. This is a role that has never successfully been bridged by the investment dealers within Canada. Early in my career I saw a need for a merchant bank to do so. Augen Gold represents one of a number of companies that we have taken in that position, some have returned as much as 40 times our original investment and we hope to do the same with Augen Gold.

**CEOCFO:** Good Plan!

**Mr. Mason:** I had the opportunity back in 2006 to acquire the property and there was no tradable corporation attached to it. So this is something that has been from a dead start as opposed to acquiring a company and moving it forward.

**CEOCFO:** What is special about the property?

**Mr. Mason:** The special thing is, first, we have arguably the largest gold exploration property in Canada. We have 45 kilometers long contiguous claim group right in the heart of the gold belt of Ontario, and it is called the Swayze Gold Belt, which is parallel to the Porcupine Destor fault properties. The Claims are located half way between Sudbury, Ontario and Timmins, Ontario. Believe it or not, despite the size, it is something we can drive to in a passenger car, on a paved highway.

**CEOCFO:** How were you able to snag the property?

**Mr. Mason:** We actually bought it as a result of litigation that was going on. The original Jerome mine was mined by an affiliate of Noranda Mines one of the biggest mining companies in Canada, in the late 1930's. It was then a small package of patented claims and there was some past production in that time period.

Since then no one has done anything but limited development on the Jerome mine, but the litigant was farsighted enough to acquire the entire belt by staking and put together a marvelous package. However, it was clearly not within their capabilities to take it further and there are a number of legal issues that have come up as a result. The claims were awarded to one side and we bought the claims from them.

**CEOCFO:** What is happening right now on the property?

**Mr. Mason:** When we started with this, the only resource was the historical resource, which was not 43-101 compliant. It was done by very capable engineers who I knew in the mid-1980's and they had come up with a resource estimate of 130,000 ounces of gold, which was not enough to excite majors obviously. But what we noticed on this that like most

older properties they were chasing the high-grade narrow veins and the assay walls have never been tested. There was 200,000 feet of old drilling starting from 1936 right through the present on this mine, and we added another 10,000 meters (30,000 feet) of diamond drilling during the first half of 2008. That was part of the process of taking Augen Gold public, and with that data

we put it on a computer model and again this is not 43-101 compliant. However, we have a press release, which shows that there is three quarters of a million ounces using cut off grade of 1 gram/ton that indicated with this model, and at a lower cut-off rate even higher than that. My own personal opinion is that there is a minimum of a million ounces at the Jerome mine alone. The Jerome mine is only one kilometer of the 45 kilometers. The gold is found in the contact between what is called a porphyry and the metamorphic sedimentary rock and we can trace this almost entirely; there are some breaks in it from one end of the property to another. Our task over the next three years is to find out how many other Jerome deposits there are on this property and the objective of course would be to come up with several million ounces that would be attractive any major mining company.

**CEOCFO:** What is the financial picture like at Augen Gold today?

**Mr. Mason:** What we raised in hard dollars, and I am not sure if you are familiar with the 'flow-through' program in Canada, but the hard dollars for a number of reasons is what we had to raise and from October of last year through to the first two weeks of January this year. We raised \$1.5 million and some of the service people like the drillers and the geophysicists have been willing to take back shares for debt. So if we add that together it is total financing of close to \$2 million, which puts us in the top 5 percentile of all of the juniors, and most people are raising a considerably smaller amounts these days as it has been a very tough market.

**CEOCFO:** Have you seen the ability to raise funds change in the last few months?

**In less than a year, we have been able to take 130,000 ounce historical resource and show that it has potential for at least three quarters if not a million ounces. Over the next two years, our objective is to increase that to three million ounces. Even if you were to going to value the company at \$20 per ounce in the ground, this equates to a \$60 million market cap, and we are currently a \$10 million market cap company. - J. David Mason, B.Sc., M.Eng**

**Mr. Mason:** Yes we now have nine institutional shareholders in Augen Gold, and several of our shareholders have told us that they believe the junior market is now turning. So now is the time to get well positioned.

**CEOCFO:** What is your two-minute take on the overall economic scenario?

**Mr. Mason:** For one thing, I think everybody got horrified when liquidity was contracting in the last half of 2008. I think it was probably more fear than reality. People have really researched this whole thing with what I would call a mortgage fraud, and we find that people would over even in very remote areas were actually putting money up in highly leveraged financings, so liquidations were very predictable. But if you look at it in the overall context of the wealth that is being created right now in the world, I think it is minor. We did go through a huge scare as a result of liquidity con-

tracting, but the bounce-back in the market shows the resilience and the wealth is there to take advantage of lower prices. I think gold is going to do extremely well in this environment. If you look at how much Chinese citizens are now buying in gold, what their savings rate are, it is just phenomenal; Canadians save very little, Americans are usually in debt, the Chinese though they are not too well off, will save almost everything, twenty percent if they can. Even with all the economically positive things that have happened in China, the Chinese savings rate has exceeded 30%, which means that they have money to invest in Gold itself and the Chinese government is now starting to invest very big positions in our major companies.

**CEOCFO:** How did you manage to get the GLD ticker symbol?

**Mr. Mason:** With great difficulty. We went public with the IPO in June of 2008, and we raised slightly over \$4.3 million. The Jerome mine is one that is prominent in this company and AUJ was available, but one symbol that looked like it was going to become available, which was GLD, but it was attached to a company that was being delisted. So we immediately applied for that sym-

bol and the TSX told us that we had to waited a year, which we did and changed the symbol.

**CEOCFO:** Do you think the GLD gets more attention?

**Mr. Mason:** It does, it gets a lot of attention. Many people think that we are a creative group. We have done other things that are much more creative than that, besides the fact that we put together a huge package that should interest everybody. Also, we created tradable flow-through warrants. Our recent financing package, was hard dollars with one share and one flow-through warrant and we specified that the warrants be separated from shares. Then we went to the CRA and received an approval to have them trade, sold and be exercised by whoever buys them. That is the first time it has happened in Canada. If you think about it, what it has really created was a whole

new currency, people buying flow-through warrants and particularly the ones attached to Augen Gold, which have a life of five years. Any time over the five-year period if they need tax break and the stock is in the money, they can exercise, take the tax break and then sell the stock the following year and defer the tax on the sale of the stock. It is a terrific tax planning tool, but aside from that it

will have a lot more inherent value than your average warrant, because of the ability to get a tax advantage for it.

**CEOCFO:** Final thoughts, why should potential investors pay attention to Augen Gold?

**Mr. Mason:** In less than a year, we have been able to take 130,000 ounce historical resource and show that it has potential for

at least three quarters if not a million ounces. Over the next two years, our objective is to increase that to three million ounces. Even if you were to going to value the company at \$20 per ounce in the ground, this equates to a \$60 million market cap, and we are currently a \$10 million market cap company.



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