

March 02, 2010

This Year Should Be Transformational For Pan American Goldfields, As It Drives For Growth On All Fronts

By Alastair Ford

It was no fun when the storms of the global financial crisis were at their wildest, not even for companies working in relatively safe jurisdictions and mining the most desirable of all the commodities, gold. One such company was Mexoro Minerals, and just how desperate things became is illustrated by the abrupt break that occurred midway through the assay work that the company was undertaking on core taken from a 100 hole drill programme on its key Cieneguita gold project in Chihuahua. Now that the world is getting back on an even keel, Cieneguita is up and running and in production. But it's working off a 1.25 million ounce resource that has been calculated on the basis of information gleaned from only 52 of the 100 holes drilled. At the time, the company couldn't afford to get the rest of the core processed, and in a move that looks admirably pragmatic in retrospect, went ahead and built a mine anyway, based on the data that was already in.

This, of course, doesn't tell the whole story. To fill in the gaps, the subheading from the company's press release dated November 19th 2009 offers a good shorthand version of the other key developments that took place towards the end of last year. "Gold production started", it starts, "Board Executive reorganized. Equity financing, and property sale dramatically improves financial position; Available cash and income from gold production ensures funding". Okay, so whoever writes the stuff could do with an editor, but there's no doubt at all about the core message. Someone's fixed this company, and set it back on the road to prosperity. But who?

The short answer is that it was Mario Ayub, a Mexican mining specialist who joined the board of Mexoro in late 2009. It is he who will oversee the advances from here on in, the most immediate of which is an imminent move from the OTC to the TSX-Venture exchange, and a corresponding, and long-heralded change in the company's name, from Mexoro to [Pan American Goldfields](#). That's a name that speaks of ambition, but on his track record, there seems little doubt that Mario can live up to it. Chris Anderson, who has been enthusiastically spreading the word on Pan American in recent weeks, pitching the company's story to newsletter writers in Canada, and other members of the press, including Minesite, points out that the company's Cieneguita mine is the eighth that Mario's personally put into production, and that Mario's family has a history of operating mines in Mexico that goes back for generations.

As a condition of the C\$2.5 million fundraising that occurred in November, two former directors made way for new blood. Perhaps the less said about that the better, but the vacancies that were created allowed for Mario's appointment, as well as for that of George Young, one of the founders of Mag Silver, who has joined the board as president. Add in

the new appointment of John Clair as Director, Finance, a man who boasts Goldman Sachs and Cambridge Associates on his CV, and Pan American's board begins to look as though it's got some heavy hitters on it.

In truth, Mario's appointment was always in the offing, ever since he put up the US\$9 million required to get Cieneguita up and running and into production, back in May of 2009, using his family vehicle MRT Investments. Pulling the fat from that fire took a little bit of juggling, and the company sold off its other main project, the Guazapares property, also in Chihuahua, to Paramount Gold and Silver Corp for US\$3.7 million along the way. That paid down significant outstanding debt, and put enough cash into the kitty to keep the wolf from the door. So, MRT did a job of work across the spring and summer of 2009, and by autumn Cieneguita was up and running, perhaps not to its full potential, but at very nice initial run rate of roughly 35,000 ounces per year.

With the dawning of 2010, as gold remained strong, and everyone started to recover their nerve, the time for expansion seemed nigh. So, back to those drill holes on Cieneguita, from which the 1.25 million ounce resource was booked, and back, specifically, for a closer look at the core from the 48 holes that didn't go into making up that resource number. No surprises, then, that a new, improved 43-101 resource is due out in a matter of weeks, or that the market gossip is that it should roughly speaking double the resource ounces the company holds in the ground. It doesn't even take the back of an envelope to do those sums.

With the new 43-101 resource, the company will be one step closer to making it onto the TSX-Venture exchange, having already filed most of the requisite legal documents, and attained a sponsor. The company hopes that the TSX-V will help to deliver the sort of rating that it feels it deserves, as it plans for growth to production rates of 100,000 ounces of gold per year, and more. To help the shares along, there's also likely to be upside from the company's exploration property at Sahuayacan as drill results start to come in. But in the immediate term, it'll be those extra resource ounces at Cieneguita that'll make waves. It should be interesting to watch.

For more articles like this, register for FREE at www.minesite.com