



## AFFINITY GOLD CORP

### **Monthly Shareholder & Investor Conference Call – March 28, 2014**

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#### **Moderator: Mathew Winn**

Welcome everybody, this is our monthly Affinity Gold Corp. shareholder call my name is Matthew Winn, I am your moderator. I'd like to warmly welcome everybody to the call today, we have a lot of good information to pass on, we've been preparing for it, we are excited about it, and so we are going to go ahead and go through our agenda, and then I will turn it over to Corey.

Today we are going to talk about our updates and accomplishments; we have a 180 day plan that Corey is going to give us some more information on, with some details and status updates on that. We would also like to introduce a special guest today, who is on our strategic advisory committee and then Corey is going to wrap up with some key messages.

So with that said and without any further ado, I'd like to



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introduce Corey.

### **CEO: Corey Sandberg**

Hello everybody, thank you for joining us today, so as Matthew said we will go ahead and go through the agenda. We are going to be starting with the strategic advisory committee that we announced yesterday, that was one of the goals of the 180 day plan. I hope that everybody had a chance to look at the bios of the committee members and if you have any questions please email them to me, we can always provide more information, but what I want to reiterate if you haven't looked already at the website, or read the news release that the strategic advisory committee has been set up to really help Affinity Gold and create a group of advisers to help us, guide with the leadership of the executive management team that will be coming on board, along with myself and to the Board of Directors that we are currently cultivating, as how we develop our business going forward, both on the ground in Peru and elsewhere as well as a public company and keeping certain key things in mind as we do that.

The advisory committee is made up of a number of individuals across various backgrounds and skill sets, which you can see from their bios. we've got exploration expertise in there, hands-on mining operations development & management expertise, corporate law, finance and investment, environmental remediation and energy conservation, corporate administration and management, and quite a bit more. One of the things that I wanted to do, and I will be doing this going



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forward, is in each monthly call we will be bringing in guest speakers starting with the advisory committee members. This

month I wanted to bring in Raziel Zisman as our guest speaker and share a bit more about Raziel. So what I am going to do is I am going to go ahead and hand it back to Matthew, and he is going to go ahead and introduce Raziel and we are going to go ahead and have Raziel speak a little bit, and Matthew will have a couple questions for Raziel. However due to time constraints with Raziel, he will only have about 10 minutes with us today, so shortly after he introduces himself he will be logging off and going on to other engagements. Go ahead Matthew

### **Moderator: Mathew Winn**

Okay thanks Corey, and thanks for sharing that update with us. I'd like to introduce Raziel Zisman; he is the executive chairman of Alicanto Mining Corp. a private project generating company with offices in Canada and Colombia, and of Fenix Geoconsult Ltd., a consulting company providing consulting and technical exploration services in Colombia, Armenia and the Democratic Republic of Congo. Raziel grew up in Lima, Peru and studied development economics at Sussex University in the UK, followed by studies in Canada where he took a law degree at Osgoode Hall Law School as well as graduate degrees in economics, environmental studies and law. He is a Director at the Canadian Council for the Americas (CCA) and is also a Director of the Prospectors and Developers Association of Canada (PDAC), where he also serves as a member of the



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Aboriginal Affairs and Securities committees. So with that said I would like to see if we can un-mute Raziel. Hello Raziel are you there?

### **Guest Speaker: Raziel Zisman**

Yes hello Matthew, how are you?

### **Moderator: Mathew Winn**

Welcome to the call today Raziel.

### **Guest Speaker: Raziel Zisman**

Thank you very much, I'm sorry I am in transit for this call, on my way to another meeting but I will have 15 to 20 minutes to introduce myself to the company, and I am very pleased to have joined the strategic advisory committee.

### **Moderator: Mathew Winn**

Raziel we just had a couple of questions for you, how long have you known Corey and what has he been doing with Affinity Gold?

### **Guest Speaker: Raziel Zisman**

I've known Corey for a number of years; he has consistently impressed me by his perseverance, determination, and good business instincts. He has seen the opportunity that he is now crystallizing in Affinity, to develop a mining company with



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near-term low cost production assets, and one of the reasons when he invited me to join the strategic advisory committee I said yes, is that we share the same vision being solid in the mining sector, to be conscious of the communities we work in, and also because we share the view that there is a lot of value to be unlocked by following this path.

### **Moderator: Mathew Winn**

Excellent that was my next question Raziel, why you decided to join the Affinity Gold strategic advisory committee, so thank you for expanding on that question. One other question we would like to ask you is what would you personally like to impress upon our shareholders as to your thoughts on the direction of the company and its future potential?

### **Guest Speaker: Raziel Zisman**

Well, in the mining sector, which is going through a worldwide bit of a crisis right now because of the economy, most companies don't know what they want to do, because the old traditional exploration model which requires lots of money and long payout period, we see many many opportunities in what most companies dismiss as small operations, and combining with the technical expertise that we have when we see a small operation, we can also look at the bigger picture to see whether there is great geological potential in the area. So we can accomplish short term early production to generate cash flow and at the same time look carefully at the areas around these properties then we accomplish two streams of value, one



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the immediate cash flow, and second the discovery of potentially very interesting deposits in areas by which the very nature attract early production. So it is a win-win combination.

### **Moderator: Mathew Winn**

Raziel I think Corey also had a question for you. Corey?

### **CEO: Corey Sandberg**

Hi Raziel it's Corey, I wanted to ask you if you could expand a little bit on some of the potential in Latin America as far as what we are doing looking at Peru and some other opportunities, but also with regards to what your commitment is to the environmental and social aspects to the work we are doing.

### **Guest Speaker: Raziel Zisman**

Well, the environmental and social aspects are vital to mining operations. People treat them as a secondary issue, they are not. And the analogy I say is that, when you run an airline, everything has to run extremely well. Pilots have to be competent; the aircraft has to be well-maintained and including the food and the service aboard has to be very good. It's similar in mining, if you miss out on one of those components the thing won't take off. And when you do them well, and this is what we have found in Columbia, you attract property owners they come to you, because you develop trust, they know you would do it well, and also as an ethical



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business person they will come to you with proposals that they are afraid of coming up to other people because they feel that they won't get a fair deal. So when you treat people fairly and decently, similar kinds of people come to you, and for me that is a very important component of building a strong company with a long life span.

### **CEO: Corey Sandberg**

Perfect, thank you- I think that's important I just wanted to make sure that you could also share what your thoughts are on that as they align very much with the Affinity Gold's vision, and plans for going forward as far as how we will operate, and also tying in to, later on, the eco-mining model eventually that we will be talking more about. Raziel, before we let you go, is there anything else that you would like to add as this is your first time talking or sharing with the Affinity Gold shareholders?

### **Guest Speaker: Raziel Zisman**

All I want to say is my philosophy with shareholders is that we respect them absolutely. When I worked as a lawyer for very large and important people in the mining sector, while impressing upon them their devotion to the shareholders, we keep that in mind every day that they trust us with their money, we treat that relationship very seriously. Because this is a difficult business with ups and downs, and if management has a good vision it may take sometimes a bit longer to



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implement it, but the value proposition is huge. I believe in the industry, I believe in the ability of creating a lot of value for shareholders, and I believe in the importance of being technically very competent. So we try to accomplish that by starting with very very experienced people in the sector who are great discoverers in their own right, and with that combination when you go into the field you will see things through different eyes. But again to accomplish that you need to have the shareholders supporting you in the ups and downs, and then everybody will realize value.

### **Moderator: Mathew Winn**

Raziel we just want to extend a warm thank you for joining us on the call today, and being part of our strategic advisory committee. We are going to go ahead and move on to the next portion of our call here, so at this time I am going to turn it over to Corey and he is, talk about some of the key messages, and some updates on the 180 day plan, so with that said I'd like to turn it over to Corey.

### **CEO: Corey Sandberg**

Thank you, with regards to the 180 day plan, there were three things there that we are targeting to do, to accomplish. Which include, becoming current in our filings, finalizing the strategic advisory committee, as well as going into production on one of our projects. With regards to production, we are





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producing on the Cambalache project, and I will go into more details on that in just a minute. With regards to the strategic advisory committee, everybody has seen the news, yesterday we finalized that. Hopefully people are given some comfort as to the caliber of talent that is coming on board as well as committed to going forward and build the company. So both of those two have been accomplished, what has not been accomplished yet but we feel that we are close, is becoming current in our regulatory filings. So with that I will go ahead and start giving some brief updates with regards to these items.

With regards to our regulatory filings we've managed through the unforeseen issues and delays, and currently trying to plan our trip to Peru in the month of April. The Peru audits will also be performed by LL Bradford. So we are right now coordinating with that we are going to have one of our team members who's also on our steering committee Sebastian Wahl, he'll be back in Peru in about another week or week and a half, and we will be coordinating our audit trip at that time with the auditor and Sebastian. Right now, so that everybody knows, this is my sole focus over the next 30 days, and there is very little else that my focus will be on other than getting the audits done in filing our comprehensive 10K. At this point that is really the last major milestone that we need to accomplish in the first phase of implementing our turnaround strategy. We have a number of things plans beyond the filings, once we get those current, there's quite a bit planned with the steering committee members that is dependent on us being current in



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our filings. So please understand that this, over the next 30 days will be my sole focus. And we will accomplish this objective, I am a bit disappointed in myself that we haven't accomplished this in the last 180 days, however there were certain aspects of what we were contending with that were out of my hands, and a bit out of our control. It's just something that we have to roll with the punches, do the best we can, but- this will get done.

With regards to the current production at Cambalache; Cambalache is going well, we recently shipped our second round of ore. That is at the plant now, and I believe, although we haven't talked to David yet; I will be later this afternoon, and David will be at the plant over the weekend watching, overseeing the processing of our ore. So we should have the ore shipping processed by I'm guessing Monday or Tuesday. That's the second round. The final sale is still pending for the first round of ore shipment which I mentioned in a news release previously; that should be the first week of April roughly.

The other thing that we are doing right now in regards to Cambalache, we are currently, what we are trying to do is identify more strategic relationships that we can leverage, that are mutually beneficial, but create the opportunity to bring substantial value to the company. We are currently in talks with certain refineries and concentrate buyers with the goal of establishing more strategic relationships, which are mutually



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beneficial, and offers more than just a one-hit opportunity such as a one project opportunity. So that's something we are currently working on, I am very excited about some of the potential there, and will be able to share more once some things solidify a bit further than where they are today.

The one other piece that we're focused on right now at Cambalache which also ties into another business model that we've been working on for some time that is near, getting closer to reality I should say. One of the things regarding

Cambalache that we are also focused on is putting the pieces together, for building a 100 TPD plant. When I say putting the pieces together, I mean the relationships, the financing, and the overall, you know this kind of ties into some of the talks we are having with the concentrate buyers and refineries and others. But we are focused right now on building that 100 ton per day plant on-site so that we no longer have to incur the costs of shipping ore, as well as paying the fees for ore processing. So those are key things that we are working on right now with Cambalache. Once we, the nice thing is once we build a plant on-site, we will be able to improve our margins from not having to incur those costs that I mentioned, the other thing is that we will be able to better manage the stockpiling of ore on-site, and not be limited to the total space where we stockpile ore, simply because as it's coming out of the adits it'll go right to the processing plant on-site. Currently also what we are doing is we are working on starting to build up the infrastructure on the property, so we are looking at, we



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just finished rebuilding the ore bins on-site to handle and be able to store more ore. The other thing we are working on right now is planning out, you know, what repairs we can do quickly, or what we can salvage with regards to the infrastructure that's there in the adits such as the rails, previously when the mine was operating on a more efficient basis there were railcars in the adits. So those are the things we're looking at right now and planning for either to build and or to improve upon what's there to get the operations more streamlined and where they need to be.

With regards to, let's see I am going to stick with the projects before I jump onto anything else here, so with regards to Machacala. Machacala right now we are planning to have a surveyor on the property soon. We have been working on a technical report and block modeling based on the data that Goldhawk, Meridian, and Buenaventura had obtained from their work prior to 2004. So there are 45 drill holes on Machacala with an estimated 8400 m worth of drill data. So what we are currently doing is planning for the surveyor to go out and give us updated survey information with regards to the exact locations of the drill holes as well as surveyor boundary areas on the property. Once we have that then we will be able to bring that data into what's been done already and finish the block modeling that we are working on. So there's more to come on that.

With regards to the strategic advisory committee I wanted to



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speak on, as I mentioned before as far as the purpose of the committee, it's really to provide at this moment, is to provide myself and those who are coming on board, a good sounding board for any sort of challenges or issues that we come across, anything that we need help resolving we can reach out. The steering committee is an immense, a very broad and deep base of contacts and relationships, expertise and experience to help in a number of different capacities. The other thing that they bring is really which is more important for us, the potential for new business, new opportunities. And how do we go about developing those new opportunities, capitalizing on them. And also one thing that I want to impress upon people is this: everyone on this committee, you can look at the expertise and skill sets of each and there is a couple of things about this if you look at Affinity today and where it's been, one could maybe even say that it's an overkill. When I was putting the committee together, I am not looking at what it is that we needed or what it is we need today in terms of people and skill sets, it's what we need going forward. And if you look at the projects that Affinity has today versus the expertise, skill sets, and strengths of the committee, one could maybe argue it's overkill. But we put this committee together looking forward quite a bit in terms of what's our strategic plan for development and growth going to require and backed into that to look at the core set that we need to fill for accomplishing our goals. The other thing that was important with each one of these members is that each one has an entrepreneurial mindset, which is required with what we are doing because we



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are challenging status quo to some extent in certain aspects of our business, and more will come with regards to that and we will shed more light on how that's being done. But that was also one of the requirements that I had is that we needed to get away from a traditional mindset in the mining industry and look at more of a forward leaning entrepreneurial mindset. So if anyone has any questions or concerns that they would like to discuss, or ask please feel free to email or call the company. If you call leave a voicemail if I don't answer right away and I will definitely get back to you.

So lastly- I would just like to focus again, and just mention again that we are moving forward, we are sticking to the basics right now in that, the basics when I look at this, that we have to continue creating a compelling story, build a proven management team, make sure that we have a solid growth strategy with real market potential and near term profitability. Those are key aspects of what I call sticking to the basics, and that is what we are doing. The last thing that we are doing, the next 30 days especially will solely have my focus on the regulatory filings for becoming current with our audits that is an absolute requirement for us going forward. So we are currently planning roadshows in late May, early June. We've started to identify the circuit we will be targeting which is likely to be New York, Chicago, and San Francisco. We will be doing that circuit twice about 3 to 4 months apart, the first being that late May early June time frame the second being August September time frame. And we are doing that for a very intentional purpose and that will be to get the story out,



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and set the company up for future growth going into 2015. With that said there will be more to come on that, those are the plans going forward if anyone has any questions again, please email, please call, and we would love to chat. At this time I'll go ahead and hand it over the Matthew.

### **Moderator: Mathew Winn**

Okay, thank you Corey, as we wrap up our call today folks I'd like to thank everyone for joining us, also like to thank Corey for updating the shareholders. I'd also like to provide a special thank you for our special guest today Raziel Zisman. Raziel thank you for joining us, for sharing with us and welcome aboard. Folks we hold our Affinity investor calls the last Friday of every month at 2 PM Eastern 1 PM Central. Our next call will be Friday, April 25. As always we encourage you to email your shareholder questions to us prior to our calls, and with that we are going to wrap it up today thanks again Corey

### **CEO: Corey Sandberg**

Thank you, I appreciate it

### **Moderator: Mathew Winn**

Thanks everybody, have a great day, bye