



Why Colombia?

“The new BRICs are Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa (CIVETS). They are countries with major populations, dynamic, diverse economies, political stability and each of them has a brilliant future. Any company with global ambitions will have to take immediate action in these markets.”

Michael Geoghegan, CEO HSBC April 26, 2010 in his speech to Am Cham Hong Kong

We are of the opinion that Colombia is the most attractive place to invest in Latin America and it certainly stands out among the new BRICs. Colombia is becoming regarded as an emerging country with excellent social and business activities. The Colombian economy is the third largest in Latin America after Brazil and Mexico. The country has a population of 44 million and is rich in many natural resources such as oil, natural gas, titanium, gold, copper and uranium.

At Hoesgen Investment Partners, we are particularly interested in Colombia's gold sector and will discuss an investment opportunity further in this article.

According to The World Bank in *Doing Business, 2010*, Colombia ranks the highest in Latin America for investor protection and fifth in the world. Exports have tripled in last 10 years and they have the fastest growing labour force in Latin America. The Colombian government is committed to generating the most favourable conditions for domestic and foreign investment instruments such as the free-trade zones regime and legal stability contracts.

The current administration of President Santos is making all the right moves in converting Colombia to an economic powerhouse. Only recently elected, Santos began his term with a strong mandate after winning 69% of the vote in the presidential runoff vote in June. He has pledged to continue the former President Uribe's crackdown on FARC and maintain his pro-business approach, which has seen foreign investment grow five-fold since 2002. The left-wing guerrilla group, FARC, Revolutionary Armed Forces of Colombia, has largely been confined to the jungles

and the nasty drug wars that used to ravage the country are long over.

The rapid economic growth and FDI (Foreign Direct Investment) in Colombia have risen dramatically. The graph shows an Economist Intelligence Unit forecast on the FDI 2010 inflows of the CIVETS and the FDI inflows as a proportion of the 2010 GDP.

Colombia rates the highest based on this chart. Not surprising to us, since the main sectors that attract foreign capital into Colombia are mining, oil and manufacturing.

The success of companies like **Ventana Gold Corp.** [VEN-TSX] has caused an explosion of new resources companies coming to the public markets. One that has got us particularly excited is **Batero Gold Corp.** [BAT-TSXV].

We first introduced this story last February in our article titled *Angus Resources acquiring Colombian gold company*. Since then, Angus Resources has completed its transaction and recently changed its name concurrent with coming back to trade on July 30th. This also followed a \$5 million financing led by Canaccord Genuity. The terms were \$0.50 per unit with a half warrant at \$0.75 which represented an approximate \$15 million market capitalization. Our team, Hoesgen Investment Partners, were the lead brokers on this transaction.

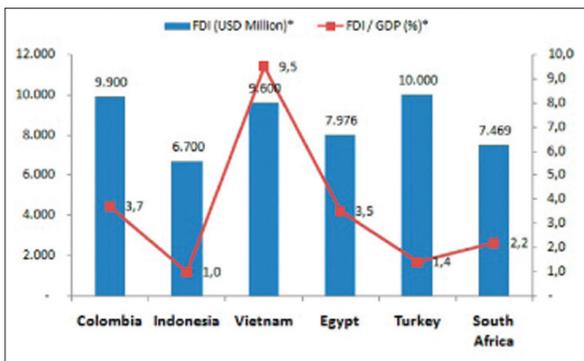
Batero Gold Corp. is a Vancouver-based precious and base metals exploration and development company focused in Colombia's emerging and prolific Mid-Cauca porphyry gold and copper belt which hosts two significant gold deposits: Marmato deposit (Medoro Resources), located approximately 20 km north of

Batero-Quinchia; and La Colosa deposit (AngloGold Ashanti), located approximately 60 km south of Batero-Quinchia. This belt is also host to other recognized porphyry gold deposits (primary) including Sunward's Titiribi, Bellhaven's La Mina and B2 Gold's Quebradona.

Batero is located within the Quinchia district and it has the right to earn a 100% ownership in the Quinchia Project, comprising a 1407.43-hectare tenement. The Batero-Quinchia Project includes three known gold porphyry target centres. The Quinchia district, and Batero's project, are considered socially stable, mining friendly, and are supported with a comprehensive infrastructure network.

We think this is a first class project; what also makes this company stand out is the management. Most noteworthy is Rafael Alfonso Roa, B.Sc., Director of Colombian Operations and Exploration Manager for Batero. He is considered one of the pioneers of AngloGold Ashanti Colombia, where he was Exploration Manager and Vice President. He headed up the political social strategies for the company between 2003 and 2008 and is regarded as the leading individual in the country in this capacity.

Roa was Exploration Manager for AngloGold Ashanti and led the discovery team at La Colosa, Colombia – a 12.9 million oz gold deposit. Roa's career includes working for Billiton and TVX Gold in senior roles and as General Exploration Manager. He was also the advisor to the Department of Mines, the Geological Colombian Service – Ingeominas. Brandon Rook heads the company as President/CEO and has 15 years of experience both as a geologist, project manager, and



* Note: 2010 forecast

Source: Economist Intelligence Unit (EIU)

entrepreneur.

Though the acquisition closed in July 2010, work was ongoing in Colombia to establish operations and corporate structures. Phase I of the exploration program is nearing completion and includes surveying and line cutting of an 80-plus line-kilometre grid. The grid surface area encompasses three mineralized target centres. Also, the grid will encompass other new occurrences recently mapped including numerous breccia zones, visible shears

and other fault zones. The primary fault zones interpreted by Batero's Colombian geological team are multiple shallow-dipping and bedded shear zones emplaced via several tectonic events. La Cumbre Sur being priority one target area.

Previous drilling at Cumbre by AngloGold Ashanti includes the discovery drill hole intersecting

at surface 276 metres of 0.75 grams gold/tonne and 0.14% copper and remained in mineralization at the end of hole. Other drill holes intersected 103 metres of 0.68 grams gold/tonne; 0.11% copper, and 112 metres of 0.69 g/t and 0.13% copper.

The company recently announced their work program for the fall and it's impressive to say the least. Project highlights include a Phase II drill program consisting of 15,000 metres and three drill rigs commencing September, 2010. Batero's

primary short term objective is to generate a compliant NI 43-101 resource estimate.

Batero is currently trading at \$1.25/share as we write this. With the upcoming drill program we anticipate this to be an exciting company to follow this fall. For more information regarding Batero please visit www.baterogoldcorp.com ■

Dennis Hoesgen and Eric Hoesgen are Investment Advisors with Canaccord Wealth Management, a division of Canaccord Genuity Corp. The information contained in this article was obtained from sources believed to be reliable; however, we do not represent that it is accurate or complete. This report is provided as a general source of information and should not be considered personal investment advice or solicitation to buy or sell securities. The views expressed are those of the authors and not necessarily those of Canaccord. Eric Hoesgen and Dennis Hoesgen can be reached at 604-643-7705 or HIP@Canaccord.com. (Member CIPF)