

# Toachi Mining CEO sees big potential at Ecuador VMS project

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**Toachi Mining Inc.** ([TSX: V.TIM](#), [RBNDF, Forum](#)) is a fast-emerging resource junior currently developing its flagship La Plata project in Ecuador, an asset it considers to be one of the premiere high grade gold-copper-zinc opportunities available in the Americas today.

Headed by a highly experienced team of financiers and geologists, Toachi has just released a NI 43-101 compliant resource estimate for the La Plata project, which is comprised of two mining concessions, covering 2,300 hectares, and located 100 kilometres southwest of the capital city of Quito.

Having identified more than 14 discrete exploration targets across the property concessions, the company is very confident that La Plata will eventually attract the attention of a mid-sized mining company with the resources to put the site into production.

Stockhouse recently caught up with Toachi Mining President and CEO Jonathan Goodman to discuss what investors can expect from Toachi following the announcement of the new resource estimate and senior management changes.

## What is the investment case for Toachi Mining right now?

Toachi Mining's initial resource estimate has about a billion-dollar worth of rock nestled just under 2 million tonnes of material. The average grade is about \$520 per tonne. Given that the south zone grade is much higher than the overall deposit, the numbers will be significantly higher than that in the early years of production.

Naturally, you are going to have recoveries and costs associated with it. Since you are dealing with such a high grade deposit, you have a tre-

mendous value proposition. I believe we have already discovered enough resource to justify the project as a small mine, which is why we are heading towards the PEA.

The value proposition we have is a \$20-million-dollar market cap. A project of any merit and value will be more compelling than that.

## Can you tell us what attracted you to the La Plata project in Ecuador?

It's not often you come across a project where you encounter both excellent widths and very attractive grades, there is usually a trade off. In a VMS deposit, which typically have multiple lenses and lots of exploration upside. Therefore, not only do we have an attractive initial deposit, there is a lot of upside as well, and that is what you are looking for, something that can grow with the company.



**What did you hope to do with the project?**

Well I mean the reality of it is, you see a lot of junior mining companies that are developing to sell. However, this project is small enough to build. The option of selling exists along with the option of building. It is a very manageable scale because it is both a small mine with a high grade, allowing for a small company to develop without having to dilute the shareholders much.

**What sets the company apart from its competitors in the exploration space?**

We are an exploration and development story. We have a very large, 2,300 hectare, property with all kinds of exploration potential either not far from surface or very deep. Essentially nestled on top is a very nice initial resource which can make a nice small to medium size mine in its own right.

So what sets us apart, is we have two stories in one.

**Toachi recently announced that Jonathan Goodman is taking over the President and CEO position from founder Nick Tintor. Can you explain the reasons for the transition and outline what the change will mean for the company?**

The company was founded by Nick Tintor, Laurie Curtis, and myself. When we originally appointed Nick as CEO, the intent was for the initial 1-2 years since Nick's background is geology and he has experience working with companies in the geological stage. Since we reached the point where we are embarking on a PEA, this means we are doing environmental studies, metallurgy and other things that are not straight geology. The thinking was to move forward with a transition where we had the best skill set in place.

My background is the founder of Dundee Precious Metals, where I have developed many mines and taken projects to a much more advanced level. The decision to place me as CEO fit with the natural evolution of the company.

**How does Goodman differ from his predecessor Nick Tintor in terms of what he brings to the table as the CEO?**

As mentioned above. I have a much more diverse mining background, taking projects well beyond the initial exploration and development stage.

**You have indicated that the company is entering a new phase in its development? Can you please elaborate?**

We are not just drilling holes for the sake of initial resource, we will still have exploration.

We are also embarking on a PEA and pushing towards a mine plan with defined economic parameters. What's different now is we are actually developing a project at the same time as exploring for a project.

**You have announced that Laurie Curtis will become Chairman. Can you discuss Curtis's track record and explain what his day to day role will be in helping the company achieve its strategic goals right now?**

First and foremost, as Chairman of the board, Laurie Curtis does not have a day to day role. Laurie is a PhD geologist with a wealth of experience, including founding and building Intrepid Mines into a billion-dollar market cap company.

Laurie is someone that I've known for over 20 years and he has north of 40 years of work experience, plus he has a relationship with our partner on the La Plata project, Allen Brown Hidalgo. Therefore, Laurie brings a lot

to the table, a deep geological database in his mind and a lot of historical relationships. Most important, he is an old friend, a large shareholder, and truly cares a lot. He is certainly a valuable member to our team.

**Ecuador gained a reputation as a mining jurisdiction to avoid when a previous government slapped punitive duties on mining projects. How has the investment climate improved in recent years?**

The interesting thing is that the government that slapped all of those taxes on, is the same government that is now more friendly towards mining. That is a very important development, because what they realized is that they pushed too hard, and therefore made a policy shift to being friendlier towards mining.

What's changed is the government wants to see increased mining investment and are working with mining companies. What is key for Toachi though, is a lot of those taxes don't apply to the small and medium mining sector in Ecuador. So even if they were tough on larger projects, our project would still have very favourable economics.

**You have recently announced a NI-43-101 compliant resource estimate for the La Plata project. Now that you have achieved this milestone what does it mean for the project and how will you proceed from here?**

As mentioned, we've now got two projects integrated into one. The 43-101 was very successful, we actually found more than we were expecting to find and a slightly higher grade than we were expecting.

We believe the project can be turned into a mine in its own right, in addition to the vast exploration program property wide. We are advancing the resource to a PEA status and

we are targeting before the end of Q1 2018 to receive that.

**You recently closed a \$3.7 million private placement offering. How does that leave you positioned to carry out your programs for the balance of the year and into 2018?**

Well, we have ample cash, and since I have only been CEO for a few weeks, we are in the process of revising all of our budgets, I believe we are positioned well from a cash standpoint to execute our programs.

**What does the project require in terms of tonnage and grades in order to be considered economic?**

That's a difficult question, because every project is different. What gives us the confidence is that we already surpassed a key economic milestone.

If you look at our presentation and showing the block model, the south zone is significantly higher than the overall deposit. As an underground mine, you usually want to start at the deepest level and move up. Our mining strategy would be to attack the bottom of the south zone, which has some of the best grades and shows it has a lot of material well over what would be a \$800 rock, even though you then must assume an all in recovery with smelting of 70%, that's over \$560 a tonne.

You see a scenario where you are going to be able to get very high grades in the early years, which will get you quick payback of capital. You see other comparable projects like Atico and Excellon that are doing very well. Atico has been doing reasonably well, even with the significantly lower grades than we are going to have so we look at all of that. If you look at Roxgold, they built a mine for \$120 million dollars in Burkina Faso, with output of 700 tonnes

a day. I believe if you can build a 700 tonne per day mine in Burkina Faso for \$120M, it will cost you less money to build a 500 tonne per day mine in Ecuador.

And looking at the way things are likely to pan out, we think we have already broken the back of economics with this project.

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