

# Carpathian Gold approaching near term production in Brazil

*The mineral exploration and development company Carpathian Gold Inc. (TSX-CPN) recently announced the completion of a three-part financing (\$180 Million total) including the latest bought deal, issuing a total of 93.8 million Carpathian common shares. The final financing round for \$51.6 million was raised with a syndicate of investment dealers led by Cormack Securities Inc. The syndicate has agreed to purchase an additional 12.1 million shares at 0.55 per share as part of the over-allotment which makes up part of the total. Although pleased with the financing, Mike O'Brien, Carpathian's Manager of Investor Relations claims the company has a lot more to be happy about. "A portion of that financing is going to be allocated to Brazil and a portion to Romania," he says. "Both of these projects have really big upsides."*

Carpathian Gold was originally a private company that was operating in Romania when Dino Titaro, Carpathian's current President and CEO offered to buy the company and take it public. Titaro, a

geologist, ran his own consulting firm, ACA Howe at the time and had been a consultant on the project. He acquired Carpathian Gold in 2004, and according to O'Brien it was the first Capital Pool

Company in Ontario. The company started drilling in Romania in February 2006, and hit the first gold-rich deposit in the same month. "We hit one deposit (Colnic) in February," says O'Brien "and the next one (Rovina) in March, all on the same licence. In 2008 we found a third deposit (Ciresata), and that is a real winner. It has really made this project kick. It is an underground deposit with very good grades. It's a gold-copper porphyry, but it's very gold rich".

O'Brien joined Carpathian in early 2006 and started the communications department taking responsibility for branding, continuity, public relations/investor relations efforts, advertising and marketing. As Manager of Investor Relations, he claims the company is considerably undervalued. "If we do a comparison to our peers," he says "there is a list of about 20 advanced exploration companies worldwide that has over six million ounces (CPN has 8.5 Moz) of gold, most nearing production and we are the most undervalued. The group median right now is that they are trading at about 80% of their net asset value, and we are trading at 50%. So the upside is, it's a very good time for investors to invest in Carpathian."

Although the gold price is speculative, O'Brien claims that the general consensus amongst analysts is that it's heading above the USD \$1500 mark. "We are very bullish on the gold price," he says. "It is going to be a very bullish market for the next 8 to 10 years at least."

Carpathian currently owns 100% of two properties, one in Brazil and the other in Romania. The Brazil project, called Riacho Dos Machados (RDM) is the

company's primary lead project, and is near term production. A previously producing gold property owned by Companhia Vale do Rio Doce, Brazil's largest mining company, RDM was an open pit oxide deposit. Acquired by Carpathian in 2009 for \$15 million worth of stock, the company has since spent another \$10 million on it. "We already have a Net Present Value (NPV; discounted @7.5% using US\$1000 gold price) of \$143 million with a 41% internal rate of return," says O'Brien. "So the numbers are very good. That is all going to change. The deposit has already been upgraded. When we first acquired RDM it had 550,000 ounces of gold historically. Right now we are at 1.5 million ounces and our feasibility study is due by the end of 2010."

Carpathian's Rovina Valley project (RVP) in Romania has 3 gold-copper porphyry discoveries with 7 million ounces of gold and 1.445 billion pounds of copper. "That is not even close to being finished," says O'Brien. "There are other deposits, and it is still three to four years away from even getting close to production because of the sheer size of it. We did a Preliminary Economic Assessment this year and the numbers were exceptionally good. Even though there is 1.445 billion pounds of copper, there are gold rich cores in these deposits, and that is what we are going to focus on initially."

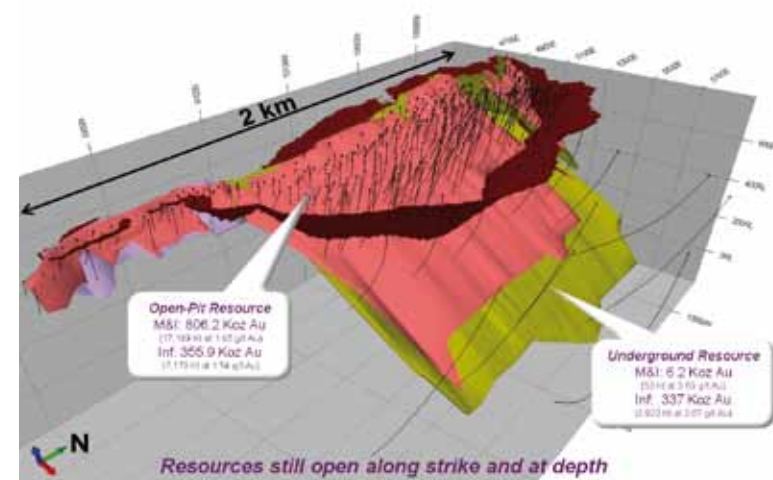
Although the company doesn't predict generating revenues until mid 2012, and has no current plans to start new projects at this juncture, O'Brien claims the gold project in Brazil offers huge opportunities. "It is a 22,000 hectare property," he says "and the RDM mining concession that we are putting



The drilling set up for our first of 3 one thousand metre holes in Romania from this past February.



RDM Brazil.



RDM Brazil.



One of our Drill core storage buildings in Romania.

into production is only 1,000 hectares, so there is another 21,000 hectares of exploration targets. The upside is that we will continue to explore as we go into production. We are an advanced exploration company, but we plan on being in that mid-tier producer category in very short order, producing in excess of 100,000 ounces a year."

As a North American based company operating projects on foreign soil, O'Brien claims the company is very well aligned with the locals. "We are very well entrenched in our locations," he says. "We have a great relationship with the governments and the local people. The current mandate in Romania right now is jobs. But we also take our social responsibility very seriously. We are active in the social community, and have a local community centre in Romania where locals can visit and talk to our people about the project advancement, what we have done, and where we are going. We are pleased with the progress in Romania and Brazil."

O'Brien claims the company's priorities are to keep their fundamentals intact, prove up more ounces in Brazil and get the project into production. "We now have full project financing for RDM, plus sustaining capital" he says. "We've raised \$180 million in only three or four months. We have two very good projects. Our Romanian project is extremely large, and that deposit is only going to get bigger. However in the near term, the gold project in Brazil will generate revenue and cash flow to further our ongoing exploration targets, enhance shareholder value and our corporate growth going forward."

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