

# International PBX Renews Investor Attention with Copper Extension North and West on Copaquire



## George Sookochoff President & CEO

**International PBX released a scoping study in 2009 that revealed positive economics for its Copaquire copper-moly project in Chile. At the time, the project looked more like a moly-copper project than a copper-moly project because the economics weighed so heavily in favour of the molybdenum. Now with drill results outside the limits of the deposit that weigh heavily in favour of copper, company President and CEO George Sookochoff, believes the next scoping study will reveal a different story – a copper story with molybdenum credits great enough to nullify operating costs.**

**Resource Intelligence:** Your share price has jumped significantly lately. What do you think has caused this?

**George Sookochoff:** I think the primary reason is that we are finally getting the recognition that the project is due. We've had a major investment from Jintian Copper, which is the largest copper processing company in China — they consume 400,000 tonnes of copper every year. They are looking for a company that will be able to produce copper in the long-term for their needs and we were one of the first companies that they invested in directly. It was that endorsement from them that gave us greater credibility in the minds of our shareholders.

If you look at our recent press releases, you'll see we've had drill results that suggest this project will be a much bigger copper deposit than was originally believed. Originally we did a scoping study to determine the value of the molybdenum and copper on the project. What we came up with was a significant project that appeared to be economically viable. However, most investors were left thinking that this was a modestly sized molybdenum project with copper. Based on our recent drilling and airborne surveys we're now seeing the footprint of a much larger copper deposit — a late-stage molybdenum-copper porphyry that was pushed into an older copper porphyry. We first proved up the moly-copper porphyry; now we're moving on to the copper porphyry, which I believe will be much larger.

**RI:** How much did Jintian invest?

**GS:** Jintian participated in a \$3.8 million non-brokered private placement on November 30, 2010. They acquired 10 million shares at \$0.25 per share and warrants to acquire 5,000,000 shares at \$0.35 per common share. They later exercised the warrants for an additional \$1.75 million towards advancing our forthcoming drill program on our Copaquire copper project in Chile.

**RI:** What is the nature of your relationship with Jintian? Is there some agreement for future involvement in mine development?

**GS:** At this time, they've only participated in the equity financing. Their long term goal is to ensure copper supply, so we're determining if that is a possibility from our end. Our initial strategy was to develop and then sell the project outright, but development of a mine and production facility may be an option, too.

**RI:** Let's talk about your forthcoming SpinCo transaction. It seems that this event may have accelerated the increase in your share price.

**GS:** Yes. I think it was very important. We announced the spin-off in December. The proposal will result in each PBX shareholder receiving up to one share in the new company for each share held in PBX.

PBX will retain all assets relating to the Copaquire copper-molybdenum and the Huatacondo properties in order to focus on their advancement. We'll transfer our iron oxide-copper-gold (IOCG) projects to the new corporation. These six projects, Tierra de Oro,

Sierra Pintada, Palo Negro, Hornitos, Tabaco and Zulema are all located in the IOCG belt of Chile, which is one of the most prospective IOCG provinces in the world and hosts numerous copper-gold deposits including Candelaria (470Mt @ 0.95% Cu).

Doing the spin-off will allow us to focus on unlocking the value at Copaquire, while allowing another team to focus on the value of the IOCG projects. The markets for these metals is so strong right now, we believe they all need to be advanced quickly to gain the most upside from each.

**RI:** When can we expect that to be finalized?

**GS:** After the shareholders meeting on February 25, it will probably take up to three months after that.

**RI:** Let's talk about the Copaquire deposit. It's got moly and copper and you've got a scoping study out on it already. What did it tell you about the metallurgy that suggests it will be economic?

**GS:** We pushed ahead on a scoping study in the first place because we wanted to prove up value quickly. The project is uniquely located in a world-class copper porphyry belt and we are surrounded by majors. In fact, we're a part of the same system as Collahuasi and Quebrada



Recent drilling at Copaquire has revealed 267 metres grading 0.57% copper.

Blanca, which are two of the biggest copper mines in the world. These two mines are within the same geological structure as Copaquira, and geologically speak, they're very close.

As I mentioned, our deposit is unique in that it has a late stage molybdenum porphyry that pushed through the copper porphyry, and pushed the copper body to the side. This is just a small portion of our project, so now that we know the size of the molybdenum-copper porphyry, we're exploring to the north and west, where we see two different things happening.

**RI:** You're about to begin a very significant drill program.

**GS:** Yes, we're looking at 40,000 metres of drilling in a two pronged approach. One drill will focus on continuing on north into the Sulfato Zone where we had excellent drill results in 2010, with one drill hitting 267 metres grading 0.57% copper. We plan to use this drilling to add more copper resources to our current resource estimate and economics. Based on what we've seen to date, which is 0.3%-1.6% copper, we're looking at a target of an additional 300Mt in Sulfato North and Sulfato South.

Our original deposit size for the Cerro Moly zone to the south was 307 million pounds moly and almost 1.2 billion pounds copper. If we can achieve our targets to the north, we think we can reach about 700 Mt tonnes of ore, which is close to our neighbor Quebrada Blanca. So this deposit certainly has the potential to become one of the biggest in the region.

The second prong of our drill program will focus on the Marta area to the west, where 2010 Titan dep penetration IP geophysical survey delineated 10 large targets. What we really like about the work that the Titan survey did is that it matched perfectly with our known ore bodies, so we think there's a good likelihood that our targets will see positive re-

sults. Some of the targets (see accompanying image) look positively huge, even in comparison to Cerro Moly, so there's some really good looking "blue sky" here.

**RI:** Some analyst reports have stated that your cash costs could actually be in the negatives. How is that so?

**GS:** We've got so much molybdenum that this could be a stand alone moly mine. As credits to a copper mine, our cash costs could be less than zero because of potential revenues from molybdenum sales.

**RI:** Your scoping study recommended a plant size. What was the capacity and mine life?

**GS:** It's a 36,000 tonne per day mill with a 24 year mine life. This 36,000 tonne per day is solely based on water availability. Preliminary engineering studies show that we have 200 liters per second of water available on our property. We're doing more testing for water availability and we expect to increase that mill rate significantly.

**RI:** Based on the scoping study, how much copper and molybdenum would you produce over the life of the mine?

**GS:** The total resource is 1.1 billion lbs of copper and 313 million lbs of molybdenum but the scoping study reduces that amount because it bases it on \$2.25 copper and \$10.50 molybdenum. Over the 24 year mine life, based only on existing resources, the scoping study suggests production of 785 million lbs of copper and 166 million lbs of moly. Considering that copper and moly prices are both nearly double the prices used in the scoping study, then we could obviously mine out a greater portion of the resources.

**RI:** How big is the entire project area that you own right now?

**GS:** It's about 25 square kilometers.

**RI:** How much of it have you explored?

**GS:** Just a fraction of that; probably 20% at most.

**RI:** Where will PBX be in 2 to 3 years time and how do you plan to get there?

**GS:** There are two scenarios, PBX will either be sold to a major or it will have some very significant partners from Asia that will take us all the way into production.



## Investor Highlights:

**Stage:** Scoping Study

**Market cap:** \$54,898,897  
as of February 17, 2011

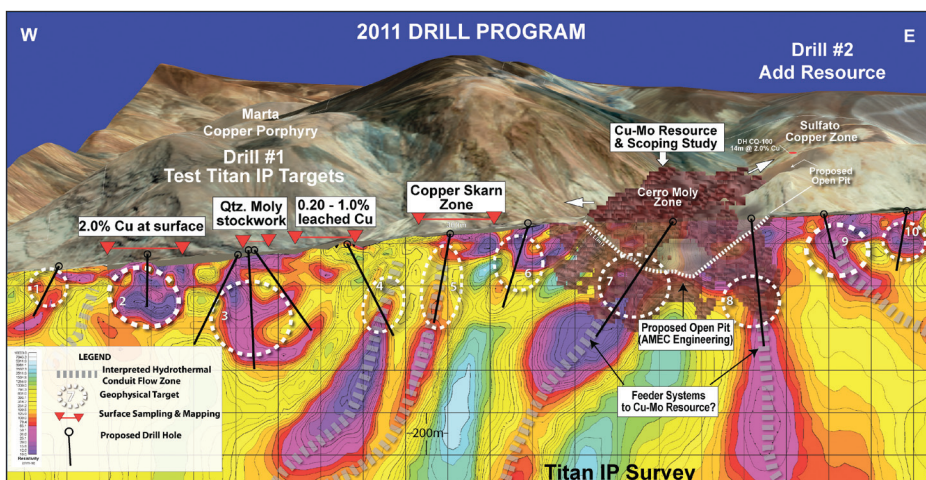
**Share price:** \$0.49  
as of February 17, 2011

**Commodity:** Copper,  
Molybdenum, Gold, Silver

**Mine life:** 24 years

### Highlights:

- Copper Moly project located in one of the most productive copper belts of the world
- Property surrounded by majors
- 2 operating mines nearby - Quebrada Blanca (1BT) & Collahuasi (7BT)
- Project has similar geological profile to that of nearby mines
- Project at Scoping level
- AMEC Engineering mine plan suggests 36,000 tpd mine operation over 24 year mine life
- 2010 drilling confirms the potential to outline a higher grade starter pit
- Significant blue sky potential remaining



Titan IP Surveying has revealed massive new copper targets.