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Iamgold suits up for Colombian gold

In an interview with Mineweb, Steve Letwin, Iamgold president and CEO, outlines the intermediate gold producers strategy on Colombia.

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HALIFAX, NS -

These past two months it has become obvious Iamgold (TSX: IMG, NYSE: IAG) has a thing for Colombia after it splurged \$20 million on three minority interests in three junior explorers operating in the country's Middle Cauca gold belt. One smallish stake in a Colombia-bound explorer would not suggest any grand design on a country where Iamgold has not been a major player. Two such acquisitions might begin to spell a theme, but could just as easily come down to mere coincidence. But in biting into three regionally-related juniors in quick succession, it is hard to grant credit to chance.

First, early in November, Iamgold bought a 14-percent stake in Vancouver-based Colombia Crest Gold (TSX-V: CLB) for C\$3.4 million. Then, four days later, Iamgold went after Bellhaven Copper & Gold (TSX-V: BHV), also based in Vancouver, taking a 10-percent stake for \$6 million. Finally, less than a month later, it was Tolima Gold's (TSX-V: TOM) turn when Iamgold acquired 13 percent of the Toronto-headquartered junior for \$10 million.

The common thread here was not only Colombia, but three companies with mineral concessions in close proximity - in some cases adjacent claims - with a focus on the Middle Cauca gold belt, where juniors, intermediate producers and majors alike have been particularly active in recent years - though not so much Iamgold. Among other assets, Bellhaven holds some million ounces in gold resources with substantial copper to boot at its La Mina project; Colombia Crest has concessions nearby to Bellhaven; and Tolima owns property close to the 10 million ounce Marmato project held by Gran Colombia Gold (TSX: GCM).

This junior buying spree marks the beginning of what may evolve into a bolder Colombian adventure for Iamgold, suggests Steve Letwin, Iamgold president and CEO in a recent interview with *Mineweb*. Letwin, formerly an oil and gas man who took the helm of Iamgold a year ago, takes credit for leading Iamgold on its Colombian foray. He ties Iamgold's crush on Colombian mineral exploration - which gold-wise especially has taken off in the past few years - to his background at Enbridge and Transcanada where through their energy operations he was exposed to Colombia.

"When I first joined (Iamgold) I basically talked about my interest in trying to get into the country. As I say I have very strong ties down there...and so you put together the fact there are some good opportunities in Colombia with the comfort of being there."

For Iamgold this is about discovering how voracious its appetite is for Colombian gold. Letwin uses tentative language to describe the Colombian gambit. "Let's get a toe in the water," Letwin says. "See how cold the water is and figure out whether or not we want

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to go for a bigger swim. That's really what we're doing."

It is in large part a chance for lamgold to learn what it means to operate in Colombia's nascent gold mining sector. The 1980s and 1990s were scarring years for Colombia, decades in which violence reigned. A state at war with rebel groups and paramilitaries, who often had ties to the illegal drug trade, precluded extensive foreign investment in mineral exploration.

The 2000s, however, have been a different story with a surge in exploration activity on the back of greater political stability and stronger metal prices. But despite the clamour for Colombia's mineral wealth in the past decade, owing to the long period of violence that retarded mineral development the country's mine permitting regime, in particular as regards the environment, has not been seriously tested.

"So we want to make sure that we understand it - we learn the process - and that the government's comfortable granting them (permits)," Letwin says.

Taking smaller stakes in juniors is a time honored strategy by producers akin to a wolf marking territory or being closest behind prey in a game of stalking prospective assets. It is sometimes a prelude to a takeover.

To use a non-lamgold example: Back in 2009 Underworld Resources was advancing the White Gold project in Canada's North, a discovery which became largely responsible for kicking off what some refer to as Yukon's second gold rush. Kinross Gold (TSX: K) took note and bought a 9 percent stake in Underworld in June of that year. Then eight months later, as Underworld's exploration results were increasingly substantial, Kinross went for the kill through a C\$140 million takeover. Many such investments are not so savoury - just small bites to test one's appetite - but the potential is always there.

In lamgold's case such potential exists. Letwin says he would consider pursuing greater positions in Colombia Crest, Tolima and Bellhaven. "If everything works out then we obviously would look at the math and figure out whether it makes sense (to go after bigger stakes) for our shareholders and their shareholders." And if lamgold gets an even stronger taste for more Colombian gold, it is ready to pounce on property. Letwin says lamgold is considering amassing its own package of mineral concessions in Colombia. "Once we get comfortable we'll move very quickly," Letwin says.

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