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## Rob McEwen locks horns with past and present foes

Peter Koven, Financial Post  
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Peter Redman/National Post

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In the tiny gold industry, it is only natural that old adversaries step on each other's toes once in a while. For entrepreneur Rob McEwen, his latest investment brings him into the neighbourhood of two of his foes, one former and one very current.

Wednesday, Mr. McEwen's company Lexam Explorations Inc. unveiled a \$3-million investment in junior gold company VG Gold Corp., which is drilling its promising Paymaster property in the Timmins gold camp in Northern Ontario. The 100-year-old camp has received a lot of attention lately after it was revitalized through a discovery by Lake Shore Gold Corp.

"You might call it a renaissance going on there with

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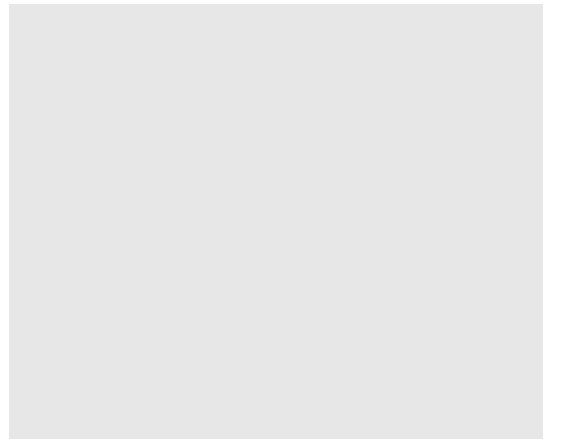
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## Lake Shore and West Timmins [Mining] pulling up

some nice grades. This particular property is in the midst of all that," Mr. McEwen said.

The deal is also interesting because VG's partner on the project is Goldcorp Inc., Mr. McEwen's former company. He built Goldcorp into an industry giant, but had a falling out with the company after it refused to hold a shareholder vote over its \$7.5-billion acquisition of Glamis Gold Ltd.

Adding to the intrigue is the fact that Lake Shore is 40%-owned by Hochschild Mining PLC, a miner based in Peru. Hochschild has a separate joint venture with Mr. McEwen's company Minera Andes Inc., and it is not the friendliest of relationships.

"They're the partner from hell," is how Mr. McEwen puts it.

With regards to Goldcorp, Mr. McEwen maintains that he has no hard feelings and does not consider it an adversary anymore. While he is no longer a shareholder, he said he is happy that Goldcorp has been so successful and delivered value for investors.

He is not so kind to Hochschild, which he claims is making life a nightmare for Minera. They jointly own the San Jose mine in Argentina, but he said that Hochschild, which operates the project, is acting like the sole owner and it is not meeting its budget and schedule.

"I would certainly advise anybody who has any discussions with [Hochschild] to get the very best legal council they can and don't give an inch. Because they'll run over you with a D9 bulldozer," he said.

Mr. McEwen butted heads with Hochschild early this year, when the company made a sudden demand for US\$11.3-million in cash from Minera for the San Jose project, and then offered to buy the entire company when it was short of cash. Mr. McEwen came to Minera's rescue with a \$40-million private placement and became the biggest shareholder.

Shares of VG Gold soared 96% on Wednesday as investors hoped that Mr. McEwen's magic touch would lead to another big score in Timmins.

Tom Meredith, president of VG Gold, said the Paymaster property remains vastly under-explored even though it is close to the long-producing Dome mine. VG optioned it from Goldcorp last year.

VG GOLD CORP.

Close 25.5¢, up 12.5¢

Vol. 3,714,669

Avg. 6-month vol. 53,548

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