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## Delavaco Capital spawns Dalradian Resources, Tolima Gold

In the early 1990s Andy DeFrancesco was working as an equity trader at C.M. Oliver -- Canada's oldest brokerage house until it was bought out later that decade by Canaccord Capital.

DeFrancesco focused on oil and gas and mining and worked with "some smart guys along the way -- many of whom spread their wings and went out on their own or went to work for guys like Robert Friedland."

"That was the motivation for me," recalls DeFrancesco, founder and chief executive of Delavaco Capital, a private equity firm. "When I got to a certain stage I wanted to go out on my own and not just fund companies but develop them."

After leaving C.M. Oliver, DeFrancesco spent some time at Canaccord and then worked as a senior partner at Standard Securities, a boutique brokerage house, before leaving in 2005 to manage the money of Aaron, Michael and Simon Serruya -- a high net-worth family in Toronto that in 1986 created Yogen Frusz, a successful international chain of frozen yogurt and smoothie stores.

It was during that time that DeFrancesco came across some oil and gas concessions in Colombia and what eventually became part of Delavaco Energy, a company DeFrancesco created and later sold to Alange Energy for US\$100 million in 2009. The rest, as they say, is history.

Since then DeFrancesco, who studied political science and economics at Western University, has started a number of companies with the backing of Pat Dicapo, president of merchant bank PowerOne Capital Markets, including Dalradian Resources (DNA-T), which has gold assets in northern Ireland.

Dalradian completed its initial public offering at \$1.50 per share raising \$34.1 million on Aug. 1 2010 and wooed Patrick Anderson as the company's chairman and chief executive officer.

Today the stock is trading at \$2.01 per share and over the last year has traded in a range of \$1.40 per share (Aug. 10 2010) and \$2.75 per share (Oct. 7 2010). Dalradian has 69.1 million shares outstanding.

Dalradian's flagship mesothermal gold deposit -- Curraghinalt -- is situated on the junior's 84,000 hectare Tyrone project in northern Ireland's Tyrone and Londonderry counties.

Curraghinalt has a National Instrument 43-101 indicated resource of 400,000 ounces (0.95 million tonnes grading 13.24 grams gold per tonne) and an inferred resource of 1.16 million ounces of gold (2.46 million tonnes grading 14.64 grams gold). The deposit remains open along strike and down dip.

Today the company released new drill results that continue to extend two of the main resource veins along strike and down dip. Two drill holes stepped out 225 and 270 metres tot he east of the T17 vein resource block and intersected 2.54 metres grading 20.61 grams gold per tonne and 3.58 metres of 9.5 grams gold. Other highlights of the drilling included 5.04 metres grading 7.58 grams gold and 0.33 metres of 244.42 grams gold from the No. 1 vein.

Dalradian has already started fieldwork on its 2011 regional exploration program and its initial efforts will concentrate in the area immediately outside the Curraghinalt deposit.

DeFrancesco, who still owns stock in Dalradian, says his management team is second to none and describes chief executive Anderson as a "superstar" in the industry.

Anderson was a director, president, chief executive officer and co-founder of Aurelian Resources, which discovered a 13.7 million ounce gold deposit in 2006 and was acquired by Kinross Gold (K-T, KGC-N) in 2008. Anderson also sits on the boards of Colossus Minerals (CSI-T), Malbex Resources (MBG-V), and Continental Gold (CNL-T).

Other heavyweights on Dalradian's board include Joseph Conway, the former president and chief executive of Iamgold (IMG-T) and currently president and chief executive of Primero Mining (P-T); Sean Roosen, president and chief executive of Osisko Mining (OSK-T); and Ari Sussman, chief executive of Continental Gold and chairman and chief executive of Colossus Minerals.

Now DeFrancesco is busy launching a new company called Tolima Gold with assets in the Antioquia region of northwestern Colombia -- a jurisdiction he is familiar with from his earlier forays in the oil and gas sector.

Like Dalradian, DeFrancesco is concentrating on building a strong management team at Tolima, which he hopes to take public later this year. The management team includes Colombian business heavyweights such as Augusto Lopez, a director at Medoro Resources (MRS-V) and at Pacific Rubiales Energy, and the former president of Bavaria, the country's largest beverage producer.

"We try to partner with the higher profile guys," DeFrancesco says in a telephone interview. "What you want to do is have the most credible and strongest management and board. What we find or don't find -- that's always going to be up in the air -- but when you've got good mining management around you it makes everything a lot easier and you'll notice success typically follows the same groups."

Tolima has acquired some of its ground from Medoro Resources and currently is negotiating on other projects that would give the company "a real leg up -- a real bump to the company that would take it from more of an exploration play into the development side," DeFrancesco says.

As for Colombia, DeFrancesco says, it's a great place to work and the ministry is very supportive of mining.

"You get tremendous government support," he says. "They don't renege on their contracts like other countries."

In addition to Colombia, DeFrancesco is currently looking at potential acquisitions in the Ukraine and Gabon.

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