

**With Cobalt A Commodity That We Use Every Day As An Important Part Of  
The Lithium Batteries Used In Our Backberrys And Hybrid Cars As Well As  
Turbine Engines, Artificial Joints And For Hardening Of Steel,  
Puget Ventures Inc. Is Rightly Focused On Cobalt**



**Mining  
Mineral Exploration  
(PVS-TSXV)**



**Michael A. Dehn  
Chief Executive Officer**

**BIO:**

A former Senior Geologist for Goldcorp in Red Lake District, Michael was recently President and CEO of Nayarit Gold Inc. He currently serves as Director of Metalore Resources Ltd., NWM Mining Corp Ltd., and Orex Exploration. and provides management consulting services to a number of resource companies.

**Company Profile:**

Puget Ventures Inc. is a TSX Venture Exchange listed mineral exploration company that controls the Werner Lake Greenstone Belt, including the advanced

stage Werner West Copper Cobalt deposit, one of Canada's only primary cobalt properties, located in Northwestern Ontario. Puget is also currently exploring the Trout Bay copper-zinc property in Red Lake, Ontario under option from Goldcorp Inc.

**Interview conducted by:  
Lynn Fosse, Senior Editor  
CEOCFOinterviews.com**

**CEOCFO:** Mr. Dehn: What is the vision at Puget Ventures?

**Mr. Dehn:** Puget Ventures is junior exploration company active in Northwestern Ontario, exploring for base metals primarily cobalt in the Werner Lake Greenstone Belt and zinc, copper, germanium, and indium in the Red Lake Greenstone Belt.

**CEOCFO:** Why did you choose cobalt?

**Mr. Dehn:** Actually, cobalt chose us. Our goal is to find undervalued and high-grade assets. We came across the past producing Werner Lake cobalt mine. It was opportunistic for our company, we were a young company, and we have only been listed now for about a year and a half, and we strongly felt the acquisition would add shareholder value. We were looking to supplement our already high-grade zinc projects we have with Goldcorp Inc. in Red Lake. This project came to us from the vendor, the right size, grade and location – and price. Our board mandate was to focus on base metals in northwestern Ontario, and it just happens to be in our base metal commodity group we were looking for. We weren't really targeting cobalt, but once we got into the due diligence of the project and saw the

merits of the project we were very happy we did end up with a cobalt project.

**CEOCFO:** What is cobalt being used for today?

**Mr. Dehn:** Cobalt is a primary metal used in many projects like turbine engines, artificial joints, hardening of steel, but probably the most common use is in lithium ion batteries. Cobalt and lithium are in these batteries on a 1/1 chemical ratio, but by weight the is about three times as much as a cobalt as lithium. And cobalt costs about seven times as much as lithium does per pound – so there is a net twenty-one time more cobalt by dollar value in a lithium ion battery as there is lithium. Lithium ion batteries are in your Blackberry, and hybrid cars. Many of your rechargeable batteries that are in cameras are lithium. It is a relatively everyday used commodity, but everyone hears the word lithium and they miss the word cobalt. Cobalt is just as important to a lithium battery as lithium is. On a dollar value, it is significantly more important. So in our area you are looking at a cobalt deposit near surface, that historically the produced at a 2% grade cobalt.

**CEOCFO:** Is there anything special or different about drilling for cobalt?

**Mr. Dehn:** In North America cobalt is really a by-product of the nickel mines in Canada. In the North America there is really not any primary cobalt except for Puget Ventures in Canada and Formation Capital in the US. Everything else is really a secondary product. In our project as well as Formation, cobalt is the primary metal. Formation has been working on a deposit down in the States for many years. We are picking up a project that we

can move to production relatively quickly. We have an advantage that the previous property owners had a all the permits ready to go into production and they had a plant ready to process the ore. We are coming at this at a very quick time frame; anyone else who is going to be looking at cobalt at this point is probably looking for a nickel deposit and by-product cobalt.

**CEOCFO:** What is the world's supply of cobalt and what is the pricing?

**Mr. Dehn:** The recent price has been \$16 to \$20 lb. Demand seems to be increasing every year between 7% and 10%. The US strategic reserve of cobalt is going down. Cobalt has quite a large product coming out of the Democratic Republic of Congo (DRC) and DRC production is inconsistent, which would be a good way to describe it. You are not certain what the production is going to be on an annual basis and Asian buyers have been going into domains like the DRC to corner production or get enough production for the Asian market. Anything that Puget would produce from Werner Lake is relatively small. It wouldn't really impact a global market by any material means, but it would be a domestic source for North American cobalt. Even with Formation Capital and ourselves, we would produce far less cobalt than the North American market needs.

**CEOCFO:** Would you tell us a little bit about your other projects?

**Mr. Dehn:** Norpax is a nickel deposit that we have right adjacent to Werner Lake cobalt project. Our Werner Lake properties are part of a 70 kilometer property package, and Werner Lake cobalt project is almost at the very west end, but just to the west to it is Norpax, which is an underground explored nickel/copper/PGE mine. It was never put into production, but it was developed back in the 1940's and 1950's. It a nice fit with an historic resource of over 1 million tons of 1.3 % nickel. Our geologist, Toby Hughes is currently up there drilling putting in some deep holes underneath the historic workings to confirm the continuity of mineralization to depth. Assuming we can go twice as deep, we hypothetically can double the size of the

historic resource. On the east end of the property we are in a very copper/rich domain with intersections of 100 feet of 1% copper and drill holes on surface values of up to 12% copper. Werner Lake is just abundant in base metals. It is just really low in silver and gold, but enriched in platinum, palladium, nickel, copper, cobalt. It is a very nice structurally controlled mineralized belt, but it also appears to be fault controlled, which is a little atypical of other base metal deposits that are massive sulfide or intrusive hosted. It would be more similar to a base metal version of a high-grade gold vein system like those the Red Lake where the mineralization tends to follow long structures and have very good vertical continuity.

**CEOCFO:** What is the financial picture like at Puget Ventures?

**Mr. Dehn:** We raised \$3.5 million in the last month, so our cash is quite good. We were a little concerned, we were a tight

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**- Michael A. Dehn**

company and only had 12.5 million shares outstanding prior to the financing, so we were always told by institutional investors that liquidity was an issue and since our financing has been completed, liquidity has really increased, and there is descent trading everyday in the stock. The volatility in the stock does not bounce up and down as much as it used to, which is also good; there is some stability in the share price. Now we have the cash to go ahead and do work. But it is always good to have a little more. A geologist can always spend more money as successful drilling leads resource definition and more drilling. If we had a larger budget we wouldn't necessarily be going out looking for new projects, we would be accelerating existing projects that we have.

**CEOCFO:** What is the timetable going forward?

**Mr. Dehn:** Our anticipation is to have a 43-101 compliant resource on an historic area or historic resource completed by April of 2010. By August 2010, we hope to have drilled the deep zones on the cobalt deposits. At the same time we are already going back and getting our permits lined up, negotiating with the native band in the area, they are very cooperative. There is already a closure plan on this property and the Ministry of Northern Development Mines and Forestry has been very cooperative and working with us the project. We are going to have a dual process of engineering and exploration going forward so that within three years we hope to be in production,

**CEOCFO:** Do you find there is an increased interest in the investment community for metals outside of gold and silver?

**Mr. Dehn:** Actually, they are probably the most active I have seen investment gold in years and easiest it has been to find equity. If you look at the heavy rare earth elements or lithium projects that have been sitting on the shelf for in many cases fifty years, and have zero value on the books, suddenly you have \$100 million market cap without even having a resource in the ground. Lithium has really been one of the odd-

ball commodities where the price per pound has not really moved up but the lithium stocks have had a great run. I can't understand why cobalt hasn't followed its path. Cobalt is widely used, it is much more scarce and a much higher-priced commodity. Going forward maybe the run that we have seen in lithium, I expect to see the same in cobalt. Copper has done extremely well recently. Zinc is the one nobody talks about, but if you look at Hud Bays recent share price, zinc must be doing as well going forward. In addition, the commodity cycle is volatile, as is as the US dollar, but demand has been steadily increasing again this year. The only thing that is going to hiccup the commodity price is not demand going forward, but the US dollar. I believe the US dollar is overvalued and there is a lot of debt in the US, so you really could see a significant jump in any commodity.

**CEOCFO:** Why should investors choose Puget Ventures out of the crowd?

**Mr. Dehn:** Puget Ventures is a very small company, a very lean company. Our general and administrative costs are probably one of the smallest in our per group. We also have what I consider some of the premiere assets in North-western Ontario; many of them are old patented producing properties in Werner Lake. In Red Lake the assets come from Goldcorp and the Goldcorp assets do not

fit their gold profile. These are great base metal assets, but they have been in Goldcorp's hand or a predecessor's hand going back to the 1950's and there hasn't really been anyone else who had a chance to get these assets. We are moving forward to explore in Red Lake, explore Werner Lake, and develop in Werner Lake on an aggressive timetable. We are well capitalized. We want to deliver exceptional value to our shareholders.

**CEOCFO:** Final thoughts, what should people reading about Puget Ventures remember most?

**Mr. Dehn:** At this point in time Puget Ventures is cobalt story and cobalt is a specialty metal that you will see more and more demand for in the near future. If you keep your eye on Puget and keep your eye on cobalt prices, you will see an opportunity to participate in the cobalt market.



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