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## Colossus to acquire Vale ground near Serra Pelada

**Colossus Minerals** (CSI-T, COLUF-O) and its joint-venture partner Coomigasp, a 45,000-strong co-operative of local miners, have struck a deal with **Vale** (VALE-N) to acquire 7 sq. km of land adjacent to its high-grade Serra Pelada gold-platinum-palladium deposit in Brazil.

The agreement to acquire 100% of Vale's land removes a huge bottleneck for the joint-venture partners, as the 1-sq.-km property the partners currently hold was not sufficient for the project to reach its full potential.

"We didn't have enough land and the mineralization continues to plunge onto Vale ground," Ari Sussman, chief executive of Colossus, tells *The Northern Miner*. "We know there's mineralization right up against the border so logically it should continue on the other side."

Now Colossus says it intends to start an aggressive exploration program in search of other mineralized zones. "It changes the dynamics of the story, which prior to this was finite to most people," Sussman continues. "Various analysts had models on what we have, but to expand that we needed to get the potential continuation of the deposit, which we have now acquired."

Because the Vale option was with Coomigasp, however, it first must be transferred to Serra Pelada Companhia de Desenvolvimento Mineral, the joint-venture company between Colossus and Coomigasp.

For that, Colossus will have to assume all costs associated with the Vale-Coomigasp agreement, plus pay its joint-venture partner another US\$4.5 million plus US\$5.23 per oz. of all precious metals sold. Colossus owns 75% of the joint venture and Coomigasp the remaining 25%.

In order to exercise the option to acquire the 100% interest in the 7 sq. km land area with Vale, Colossus will have to fund all exploration costs at Serra Pelada (a minimum of US\$5 million), produce a reserve estimate within three years, and if the joint-venture company chooses to exercise the option, pay Vale a fee based on the size of the proven and probable reserve. The fee will be calculated at US\$35 per oz. of precious metals contained in the reserve estimate.

In addition to the option agreement with Vale, Colossus has signed a separate agreement with Coomigasp to acquire an additional 74 hectares of property the co-operative owns.

Under that deal, Colossus will pay its

partner US\$2.2 million for the 74-hectare land package, plus a fee of US\$25 per oz. of all precious metals sold from the land in order for the tenement to be transferred to the joint-venture. After all option agreements are completed, the Colossus-Coomigasp joint-venture company ownership will remain at 75%/25%.

Colossus received the environmental licence for Serra Pelada on March 9 and Sussman says he anticipates the joint-venture will receive the installation licence (required to build a mine), and the mining licence itself, in the coming two weeks.

Between 1980 and 1986, Serra Pelada was the site of the largest gold rush in Latin American history. More than 100,000 artisanal miners worked in a 130-metre-deep open pit roughly the size of 15 soccer fields, from which they produced an estimated 2 million oz. gold.

Serra Pelada is in northeastern Brazil's Para state, about 434 km south of Belem, the state capital.

At presstime Colossus was trading at \$6.95 per share. The Toronto-headquartered company has a 52-week trading range of \$1.95-7.21 and 79.7 million shares outstanding.