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EXPLORERS' LEAGUE COMPANIES *ON THE MOVE*

Columbus Gold Jumps Into the Spotlight

Last month, Columbus Gold (V.CGT) went from having no gold resources to having two million ounces of gold by acquiring the Paul Isnard project in French Guiana. They've partnered with a politically-connected French company on a property that appears to have further exploration potential. Here's the scoop from XL-er John Prochnau...

Explorers' League Editor Jeff Clark: John, there's some buzz in the industry about your acquisition, so tell us how you came about acquiring the property and what attracted you to it.

John Prochnau: We were introduced to the owner of the property last year, a publicly traded French company called Auplata (Euronext: ALAUP). At the time, Auplata had been mining saprolite gold ores at two projects in French Guiana for five or six years and were interested in attracting a partner to look at the larger potential in the primary ores. Auplata was not terribly experienced in the mining business and felt they needed help assessing and ultimately exploring, developing, and operating the larger and longer-term mines. The existing operations are entirely based on gravity recovery of free gold in the saprolitic ores, and they have not addressed the higher potential underlying primary deposits. So they approached us with the idea that we could help them with that, but our interest wasn't seriously triggered until they acquired the Paul Isnard project early this year from Golden Star (T.GSC; NYSE.A.GSS).

Jeff: How big is the current resource?

John: Paul Isnard has a 43-101-compliant inferred resource of two million ounces gold, at a grade of 1.69 grams per ton.

Jeff: And I read that part of the project has been in production before.

John: The Paul Isnard property package consists of a number of historic mining concessions, and there's been extensive alluvial mining on those for over 100 years. The production is undocumented, but it's estimated to have been about two million ounces, so it's substantial.

The deposit in which we have interest, on which the resource is based, is called Montagne d'Or, or Gold Mountain, and it's had no historic production. All of the past alluvial production and a small amount of bedrock production has come from other parts of the concessions, but there's no modern mining now, except for a few illegal Brazilian miners, who aren't operating close to Montagne d'Or.

Jeff: Assuming the deal closes, what's your next step with the property?

John: The current resource has been defined by only 11,000 meters of drilling on very wide centers – most holes are on 100-meter centers or greater, with some 50-meter offsets on individual sections. That drilling extends over a strike length of 3,000 meters down to a depth averaging between 100 and 150 meters. There is a hole or two that goes down to 200 meters.

The body is open internally between some of the wider-spaced drill holes. We know it's open at depth and also open along strike, based on some very limited drilling and geochemical expressions, which extend east and west of the known deposit. It's a tabular, steeply dipping lenticular body with two zones, one averaging about 40 or 50 meters thick and the other a parallel zone averaging maybe 20 meters. So our initial drill program is going to focus on confirming the earlier work by Golden Star and then some off-set drilling to extend resources both laterally and at depth within the defined deposit.

Jeff: So the goal is to bring it to a measured and indicated resource?

John: Yes. SRK, who did the resource estimate for Golden Star and who are in the process of updating it for Columbus, stated it would require at least 50 meter centers, and in places maybe 25 meter centers, to move that resource to measured and indicated. So our initial program is more or less two-phased: one, about 4000 meters of drilling to confirm and expand the resource; and two, a further 10,000 meters to bring the deposit to the hole density required to move the resource into measured and indicated.

Jeff: It sounds like there's still a lot of potential.

John: The potential for major resource expansion at Montagne d'Or and for important new discoveries on the large Paul Isnard property and French Guiana generally remains very good. The area is very under-explored compared to the rest of the Guiana Shield; much more work has been done in neighboring Suriname, and in Guyana (former British Guiana) and Venezuela than in French Guiana, so we think positioning ourselves with a strong resource property at Paul Isnard and partnering with Auplata creates a strong opportunity for us.

Jeff: What about Auplata as a partner?

John: Auplata will become a significant shareholder in Columbus through the transaction – there is no cash involved, just share consideration and work commitments to develop the property. And we view Auplata's direct ownership interest in Columbus as being very positive because they're a French company and have been operating in French Guiana for a number of years. They have very good contacts, both at government levels in France itself and with the governor and the head of the mining council in French Guiana. So they will be very good partners and their direct interest in Columbus brings significant benefit to the project and Columbus' business interests in French Guiana generally.

Jeff: How are the politics for mining in French Guiana?

John: The political climate for gold mining in French Guiana was discredited several years ago with rejection of the mining permit for IAMGOLD's Camp Caiman project. However, Camp Caiman presented several project-specific environmental concerns and we don't feel the action taken there reflects the situation in French Guiana generally.

We have a partner in Auplata which currently operates two mines and is permitting a third with cooperation of the local government in Cayenne which, by the way, actively encourages and promotes the gold sector. At Paul Isnard itself, boundaries of regional forest reserves have been established outside the historic mining areas, including Montagne d'Or, to purposely provide for mining development there. We frankly view any lingering perception of an unfavorable climate for mining in French Guiana resulting from the Camp Caiman situation as offering opportunity and competitive advantage to Columbus working with our established French partner in an under-explored region with great discovery potential.

Jeff: We're glad you're still working, John. The industry needs people like you out there doing what you do best. So no plans to slow down?

John: Thank you, Jeff. Well, the plans to slow down and the fact of slowing down because of creeping creakiness are two different things, but no. I like what I'm doing, the people with whom I'm working, the projects in which I'm currently involved, and the opportunity for new successes, and so I fully intend to remain active. I've become kind of an elder statesman in the ventures with which I'm involved, and people still seem to accept the creakiness if the judgment, common sense, and experience remain helpful, so as long as that continues I'll keep active and offering my opinion.

Jeff: That's great, John. Thanks for talking with us.

John: You're welcome. It's always a pleasure to discuss the gold business.

Comments: While the company has two million inferred ounces, there's still a lot of work to move them into measured and indicated, which will take time and money. The company has the money to advance the project, but there's also the question of political risk. Management has invited us to tour the property, which sounds like a good way to put those questions to rest. More on this soon.

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