

Brazil Resources Inc. Announces Agreement to Acquire 100% of the Cachoeira Project from Luna Gold Corp.

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- **Project has an NI 43-101-compliant indicated resource of 446,000 oz gold and an inferred resource of 221,300 oz gold**
- **Project is located in the prolific Gurupi Gold Belt nearby to three of the Company's current gold projects in northern Brazil**

VANCOUVER, July 11, 2012 - [Brazil Resources Inc.](#) (the "Company" or "Brazil Resources") (TSXV: BRI) (OTCQX: BRIZF) is pleased to announce that it has entered into a definitive share purchase agreement (the "Agreement") with [Luna Gold Corp.](#) ("Luna") to acquire all of the issued and outstanding shares of Luna Gold (International) Corp., a wholly-owned subsidiary of Luna, which owns an indirect 100% interest in the Cachoeira gold project in Pará State, Brazil (the "Cachoeira Project").

Amir Adnani, Chairman of the Company, stated: "We are very pleased to announce the Agreement to acquire the Cachoeira Project, with its substantial prior exploration and mineral resource estimate. This will make the Company's fourth and most advanced project in the prolific Gurupi Gold Belt, with similar geology and lying on-trend and 85 km. northwest of the other three projects. The acquisition is consistent with the Company's strategy to increase its exposure in this richly endowed mineral province."

Steve Swatton, President and CEO, added, "The geological team here is qualified and standing by to get on-site, and to start developing this resource with additional definition drilling, extension drilling, initial economic studies and licensing. It should be noted that all or most of the greenstone-hosted resource is near-surface and is believed to be open-pittable, with substantial room for growth laterally and to depth."

The Cachoeira Project

The Cachoeira Project is located on the Gurupi Gold Belt, approximately 220 kilometres southeast of the Pará State capital of Belém and about 270 kilometres northwest of the port city of São Luis, Maranhão State. The Cachoeira Project comprises one contiguous block consisting of two mining and three exploration licenses covering approximately 4,742 hectares. Between 1985 and 2008, Luna and prior operators, completed drilling programs at the Cachoeira Project consisting of 183 diamond core holes (23,263 m), 94 RC holes (6,732 m), eight combined diamond/RC holes (1,307 m), and 488 auger holes (5,798 m) for a total of 773 holes drilled (37,100 m).

Luna previously completed a National Instrument 43-101 ("NI 43-101") technical report respecting the Cachoeira Project dated February 3, 2011, which was prepared by Scott Wilson Roscoe Postle Associates Inc. and entitled "Technical Report on the Cachoeira Project, Para State, Brazil" (the "Report"). The Report estimated:

- an indicated mineral resource of 12.5 million tonnes at 1.11 g/t Au, or 446,000 ounces of gold; and
- an inferred resource of 5.4 million tonnes at 1.27 g/t Au, or 221,300 ounces of gold,

for the Tucano, Arara and Coruja deposits at the Cachoeira Project as at December 22, 2010. In addition, the Report stated that good potential exists for continuation of mineralization at depth and between the three deposits following the major structural corridor.

In addition to governmental royalties, the Cachoeira Project is subject to a 4.0% net profits royalty payable to prior owners. Up to one-half of such royalty interest may be re-acquired prior to the first anniversary of

commercial production at the Cachoeira Project by paying the holders US\$1,000,000 for each 0.5% increment of the royalty interest. If production is not achieved at the Cachoeira Project by March 10, 2014, a US\$300,000 per year payment in lieu of the royalty will be payable to the royalty holders.

Investors are encouraged to review the full Report, which is available for download under Luna's profile at www.sedar.com. To the best of the Company's knowledge, information, and belief, there is no new material scientific or technical information that would make the disclosure of the mineral resources set forth herein and based on the Report inaccurate or misleading. Brazil Resources plans to complete an updated technical report respecting the Cachoeira Project prior to closing of the transaction.

The Agreement

Subject to the terms of the Agreement, immediately upon closing of the transaction, Brazil Resources will acquire 100% of the issued and outstanding shares of Luna Gold (International) Corp., which holds an indirect 100% interest in the Cachoeira Project through its subsidiaries. The consideration payable by Brazil Resources to Luna under the Agreement will consist of:

- (i) \$500,000 cash and 1,428,000 common shares of Brazil Resources ("BRI Shares") upon closing of the transaction;
- (ii) \$300,000 cash and 1,214,000 BRI Shares within 12 months of closing the transaction;
- (iii) \$300,000 cash and 1,214,000 BRI Shares within 30 days of receipt of approval of a mine development plan by the DNPM and the environmental preliminary licenses for a gold mining operation relating to the Cachoeira Project;
- (iv) \$2,500,000, payable in cash or BRI Shares, at Brazil Resources' sole discretion, upon commencing mine construction at the Cachoeira Project, consisting of completion of \$500,000 of expenditures towards such construction; and
- (v) \$3,000,000, payable in cash or BRI Shares, at Brazil Resources' sole discretion, one year after achieving commercial production at the Cachoeira Project.

Notwithstanding the foregoing milestones, all of the payments from Brazil Resources to Luna will become due and payable four years after the closing date of the transaction. Any discretionary share-based payments will be valued based on the volume weighted average trading price of the BRI Shares for the 10 days prior to such payment. Brazil Resources' payment obligations will be evidenced by a promissory note issued by the Company to Luna, containing customary events of default and acceleration provisions, and will be secured by security interests granted by the Company and its subsidiaries to Luna against, among other things, interests in the Cachoeira Project and the shares of the subsidiaries to be acquired under the Agreement.

Completion of the transaction is conditional upon, among other things, customary closing conditions and the receipt of all required consents and approvals, including the approval of the TSX Venture Exchange and completion of an updated NI 43-101 compliant technical report by the Company.

About Brazil Resources Inc.

Brazil Resources is a publicly listed mineral exploration company with a focus on the acquisition and development of projects in emerging producing gold districts in Brazil and other parts of South America. Currently, the Company is advancing its Montes Áureos, Trinta and Maua Gold Projects located in the Gurupi Gold Belt in the state of Maranhão in northeastern Brazil, and its Pireneus Gold Project in Goiás State, in central Brazil. Brazil Resources is also seeking to acquire and develop additional gold properties in Brazil and other locations in South America.

Technical Information

Paulo Pereira, the Company's Vice President of Exploration has supervised the preparation of the technical information contained in this news release and reviewed the Report on behalf of the Company. Mr. Pereira

holds a Bachelor degree in Geology from Universidade do Amazonas in Brazil, is a qualified person as defined in NI 43-101 and is a member of the Association of Professional Geoscientists of Ontario.

FORWARD LOOKING STATEMENTS

This news release contains certain forward-looking statements that reflect the current views and/or expectations of the Company with respect to its performance, business and future events, including statements relating to the completion of transactions contemplated under the Agreement and the Company's plans and expectations regarding the Cachoeira Project. Forward-looking statements are based on the then-current expectations, beliefs, assumptions, estimates and forecasts about the business and the industry and markets in which the Company operates, including, without limitation, assumptions relating to the ability of the Company and Luna to satisfy the conditions required in order to complete the Agreement and related agreements and the expected effects or benefits of the acquisition of the Cachoeira Project on the business of the Company. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumption which are difficult to predict. Investors are cautioned that all forward-looking statements involve risks and uncertainties, including, without limitation: any inability of the parties to satisfy the conditions of the closing under the Agreement, inherent risks involved in the exploration and development of mineral properties; uncertainties involved in interpreting drill results and other exploration data; any inability of the Company to implement its business plan in respect of the Cachoeira Project as planned or at all; the Company may lose or abandon its mineral rights or may fail to receive necessary permits, approvals or licenses respecting its properties, including the Cachoeira Project; fluctuating prices of commodities; potential delays in exploration or development activities, mine development and production costs; regulatory restrictions, including environmental regulatory restrictions and liability; an inability to raise additional funds when necessary; potential defects in title to the Company's properties; fluctuations in currency exchange rates; operating hazards and risks; competition; potential inability to find suitable acquisition opportunities and/or complete the same; and other risks and uncertainties listed in the Company's public filings, including the company's annual management's discussion & analysis. These risks, as well as others, could cause actual results and events to vary significantly. Accordingly, readers should not place undue reliance on forward-looking statements and information, which are qualified in their entirety by this cautionary statement. There can be no assurance that forward-looking information, or the material factors or assumptions used to develop such forward looking information, will prove to be accurate. The Company does not undertake any obligations to release publicly any revisions for updating any voluntary forward-looking statements, except as required by applicable securities law.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

[Brazil Resources Inc.](#)

Patrick Obara

Telephone: (855) 630-1001

info@brazilresources.com

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