

# Colossus Minerals Inc. Files Notice of Intention Under Bankruptcy and Insolvency Act

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TORONTO, Jan 14, 2014 - [Colossus Minerals Inc.](#) (TSX:CSI)(OTCQX:COLUF) ("Colossus" or the "Company") As indicated previously, the Company was unable to rectify its inability to make the December 31, 2013 interest payment on the Convertible Gold Linked Notes ("Notes") prior to the close of business on January 10, 2013.

Colossus announced today that the Board of Directors has approved a proposal (the "Term Sheet") received from certain holders of Notes and [Sandstorm Gold Ltd.](#) ("Sandstorm") outlining the terms of a restructuring of Colossus that provides for interim debtor-in-possession financing (the "DIP Financing") to fund the Company as it pursues, in tandem, a six week sale and investment solicitation process (the "Sale Process") and a restructuring of Colossus' capital structure through the conversion of Colossus' debt into equity (the "Restructuring").

The Board of Directors has also approved today the filing by the Company of a notice of intention (the "NOI") to make a proposal under the Bankruptcy and Insolvency Act (Canada) (the "BIA"), which is intended to enable Colossus to pursue the Sale Process and Restructuring with the benefit of creditor protection and under Court-supervision. Duff & Phelps Canada Restructuring Inc. ("Duff & Phelps") was named as the proposal trustee in the NOI.

In the coming days the Company intends to seek an order from the Court (i) approving the terms of a DIP Financing credit facility (the "DIP Credit Facility") and (ii) approving the terms of the Sale Process, which is to be administered by the Company and its financial advisor and overseen by Duff & Phelps.

The DIP Credit Facility will be a senior secured, term credit facility with an initial maximum credit amount of up to US\$4,000,000, subject to increase by up to an additional US\$6,000,000 with the consent of the lenders under the DIP Credit Facility. Interest under the DIP Credit Facility will accrue at the rate of 20.0% per annum and be payable monthly in arrears. The DIP Credit Facility will be used to: (i) provide working capital, maintenance capital expenditures, other capital expenditures, financing charges and other ordinary course expenditures, (ii) pay fees, costs and expenses associated with the DIP Credit Facility; (iii) pay fees, costs and expenses in connection with the proceedings necessary to implement the BIA Proposal; and (iv) pay fees, costs and expenses in connection with the Sale Process. The maturity date of the DIP Credit Facility will be the earliest of: (i) the date that is 12 weeks after the commencement of the proceedings under the BIA unless extended on terms satisfactory to the lenders, (ii) the effective date of the BIA Proposal and (iii) the date upon which the proceedings under the BIA are terminated.

Subsequent to the court order referred to above, the Company intends to pursue a dual track process of: (a) administering the Sale Process and (b) taking all necessary steps and seeking necessary creditor and court approvals for the implementation of the Restructuring. The Restructuring is to be undertaken by way of a proposal to creditors under the BIA and an arrangement under the Business Corporations Act (Ontario) (the "Proposal"). If the Proposal is implemented there will be changes to Colossus' share capital and shareholdings without a shareholder vote, and all claims of creditors of the Company (other than the 2% net smelter return royalty to be issued to Sandstorm) will be converted to equity. If the BIA Proposal is implemented and the initial maximum amount of the DIP Credit Facility (defined below) is converted into equity securities, former holders of Notes will hold approximately 51.5% of the Company's outstanding common shares, Sandstorm will hold approximately 38.8% of the Company's outstanding common shares, lenders under the bridge loan will hold approximately 8.0% of the Company's outstanding common shares and existing shareholders of the Company will hold approximately 1.7% of the Company's outstanding common shares.

Holders of Notes and the common shares are cautioned that consummation of a sale or investment transaction or the implementation of the Proposal and the completion of the transactions contemplated thereby are subject to many factors such as board approval, the negotiation and execution of definitive documentation, court approval and regulatory approval. There can be no assurance that any transaction will be completed on the terms described herein, or that existing shareholders or holders of Notes will ultimately receive or retain any value.

## **Cautionary Statement Regarding Forward-Looking Information**

*Forward-looking statements in this press release include statements regarding the ability of the Company to obtain financing or if obtained to obtain on commercially reasonable terms, the timing and nature of future exploration and development programs that are dependent on projections that may change as drilling continues, or if unexpected ground conditions are encountered. The Company does not currently have any mineral properties that are in production or that contain a reserve as defined by National Instrument 43-101. In addition, areas of exploration potential are identified which will require additional drilling to determine whether or not they contain similar mineralization to areas that have been explored in more detail. Significant additional drilling is required at Serra Pelada to fully understand system size.*

*Except for statements of historical fact relating to Colossus, certain statements in this press release relating but not limited to the Company's exploration and development plans, activities and intentions, constitute "forward-looking information" within the meaning of the Securities Act (Ontario) or "forward-looking statements" within the meaning of the United States Private Litigation Reform Act of 1995. These forward-looking statements represent management's best judgment based on current facts and assumptions that management considers reasonable. Forward-looking statements are frequently characterized by words such as "target", "plan", "expect", "project", "intend", "believe", "anticipate" and other similar words, or statements that certain events or conditions "appear to", "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The factors include but are not limited to risks related to the timing and completion of the transactions on the terms described herein (if at all), the Company's relationship with COOMIGASP and/or those seeking to control it, the joint venture operation, actual results of exploration activities, the inherent risks involved in the exploration and development of mineral properties, changes in project parameters as plans continue to be refined, delays in obtaining government approvals, the uncertainties of project cost overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future, the uncertainties inherent to conducting business in Brazil and the rest of Latin America, the availability of equipment and supplies, unexpected adverse climate conditions, the reliance on only a few key members of management, as well as those factors discussed in the section entitled "Risk Factors" in the Company's most recent Annual Information Form which has been filed with Canadian provincial securities regulatory authorities and other regulatory filings which are posted on SEDAR at [www.sedar.com](http://www.sedar.com). Unless required by law, Colossus undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.*

## Contact

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