



Las Cristinas Backgrounder

Venezuela's gold deposits – considered one of the largest in the world – have been world-renowned since the 19th century. Although Venezuela has long been a source of petroleum wealth, it was not until 1989 that legal and economic changes opened the country's minerals to exploration by industrial multi-national companies. Las Cristinas, located near Angel Falls, the world's tallest waterfall, is believed to hold one of Latin America's richest gold reserves. Vancouver-based Crystallex International began its Venezuelan operations in the early 1990s.

A brief chronology Las Cristinas:

- **May 1986** – Inversora Mael, C.A. receives rights to Las Cristinas property (4&6) from Mr. Ramon Torres. Mr. Torres received the titles one month earlier from Ms. Dot Culver de Lemon who was granted the title for Cristina 4 in February 1964 and Cristina 6 in August of that same year. (Notices of the transfers were recorded on the Registry, but not published in the Official Gazette of Venezuela as required under the Venezuelan mining law).
- **November 1988** – Following various refusals by the Ministry of Energy and Mines (MEM) to publish notice of the transfers of the concessions, Mael commences lawsuit seeking invalidation of MEM action.
- **January 1989** – Mael files petition with MEM to renew Cristinas 4 concession, which MEM denies.
- **February 1989** – MEM purports to extinguish Cristinas 4 concession.
- **March 1989** – MEM purports to extinguish Cristinas 6 concession.
- **May 1991** – The Supreme Court of Venezuela rules that the transfer from Ms. de Lemon to Mr. Torres, then from Mr. Torres to Inversora Mael, C.A. was “perfectly valid.” The court orders MEM to publish the notice of the transfers in the Official Gazette.
- **June 1991** – Corporacion Venezolana de Guayana (CVG), a state-owned corporation, awards Placer Dome a contract for the right to form a corporation (MINCA) to explore and mine Las Cristinas 4, 5, 6 and 7.
- **July 1991** – CVG and Mael enter into a settlement agreement in relation to the actions of the MEM which were ruled illegal in the May 1991 court decision.
- **October 1996** – Supreme Court again confirms the validity of the transfers to Mael of the Cristinas 4 & 6 gold concessions and requests that MEM publish the required notice of the transfers.

- **March 1997** – Crystallex acquires Inversora Mael for US\$30 million based upon multiple legal opinions and two Supreme Court decisions that Inversora Mael has valid claim to Las Cristinas 4 and 6.
- **April 1997** – The Supreme Court takes the extraordinary step of directly ordering the publication of the notice of transfer between Mr. Ramon Torres and Inversora Mael in the Official Gazette.
- **April 1997** – Mael commences an action to declare various MEM actions invalid and requiring MEM to recognize Mael’s ownership.
- **May 1997** – Supreme Court publishes notice of transfers to Mael of Cristinas 4 and 6 concessions in Official Gazette.
- **January 1998** – Placer suspends construction at Las Cristinas, citing a need to ensure it gets the best possible terms to finance the rest of the project; and again in August 1999, blaming low gold prices.
- **June 1998** – Venezuela’s Supreme Court rules that Mael does not have status to assert ownership rights over Cristinas 4 and 6 concessions and declines to proceed with Mael’s April 1997 lawsuit.
- **August 1999** – Crystallex files new actions for its claim on Las Cristinas 4 and 6 seeking to nullify (i) the CVG MINCA joint venture agreement and (ii) the effect of the July 1991 settlement agreement.
- **September 1999** – Admission chamber of Supreme Court refuses to admit Mael’s action seeking to nullify CVG/MINCA joint venture agreement.
- **September 1999** – Venezuela enacts new mining law which calls into question the legality of mining contracts issued by CVG.
- **February 2000** - Admission chamber of Supreme Court refuses to admit Mael’s action to nullify the July 1991 settlement agreement. Mael appeals.
- **May 2000** – The Supreme Court grants Mael’s appeal and in June 2000 re-admits Mael’s claim in relation to the 1991 settlement agreement. Decision confirms Mael’s legal standing.
- **July 2001** – Placer Dome sells its interest in Minca to Vannessa Ventures Ltd.
- **November 2001** – CVG terminates its mining contract with MINCA and subsequently takes possession of the property.
- **March 2002** – MEM cancels the Minca copper concessions.
- **April 2002** – By Presidential Decree, Venezuela reserves for the MEM the direct exercise of the mining rights over Las Cristinas, through decree 1757 published in the Official Gazette #37,437 dated May 7th, 2002.

- **May 2002** – Through Agreement entered during May 2002 between MEM and CVG, MEM granted mining rights over Las Cristinas to CVG.
- **September 2002** – Crystallex and Venezuela to develop Las Cristinas