



# Latin Resources

Jul 13<sup>th</sup> 2015

## Latin Resources' in deal with Zahena at Ilo Este Project

Latin Resources (ASX:LRS, SETSQX:LRS, OTCQX:LNRDY) has secured a deal over its Ilo Este Project which will provide cash payments, while the company still maintains exposure to exploration upside.

Latin's wholly-owned subsidiary Peruvian Latin Resources SAC (PLR) has signed a definitive contract.

The contract under Peruvian Law grants a rights assignment and earn-in option to transfer 70% ownership of its Ilo Este Project to Peruvian firm, Compañía Minera Zahena SAC (Zahena).

The total consideration is US\$1.0 million cash and minimum exploration work commitments including 11,000 metres of diamond drilling worth around US\$3.0 million.

Chris Gale, managing director for Latin, commented: "With the earn-in option agreement formalised, and permit modification completed, we are very pleased that Zahena have now commenced preparative works to start drilling.

"Two drill rigs are expected to commence drilling within the coming weeks, and based on Zahena's past performance at Ilo Norte we are confident that we will see rapid advance through the newly modified and approved drill program."

The benefits of Ilo Este include first class infrastructure on its doorstep, while being positioned in the heart of a major copper producing region.

Highlighting the prospectivity, there are 125 billion pounds of contained copper in published reserves and resources all within 130 kilometres of Ilo Este.

### Exploration success payment

Following exercise of the option, a newco will be formed where PLR retains 30% ownership which Zahena will have a limited option to buy out for a cash sum to be negotiated plus a 2% Net Smelter Return royalty on all mineral sales.

PLR will receive an "exploration success" payment of US\$5 Million in the event that a successful definitive feasibility study is produced to exploit mineral resources from the Ilo Este either during the option period or following the formation of newco.

### Payment triggers

Under the contract, PLR will receive the following cash payments:

- US\$75,000: 6 months from the date the definitive contract is inscribed in the Peruvian Public Registry (Inscription Date) or the completion of 4 exploratory holes on the Project, whichever occurs first.
- US\$ 75,000: 12 months from the Inscription Date.
- US\$150,000: 18 months from the Inscription Date.
- US\$150,000: 24 months from the Inscription Date.

**Price:** A\$0.009

**Market Cap:** A\$3.077M

### 1 Year Share Price Graph



### Share Information

**Code:** LRS

**Listing:** ASX

**Sector:** General Mining

**Website:** [www.latinresources.com.au](http://www.latinresources.com.au)

### Company Synopsis:

*Latin Resources (ASX:LRS, SETSQX:LRS, OTCQX:LNRDY) is focused on Peru where the company has several projects, including Ilo Norte where the focus is iron, copper and gold, while at Guadalupe the target is iron and heavy mineral sands.*

**Author:**

**Proactive Investors** +61 2 9299 5001

[action@proactiveinvestors.com.au](mailto:action@proactiveinvestors.com.au)



- US\$200,000: 30 months from the Inscription Date.

- US\$350,000: 36 months from the Inscription Date.

A large copper porphyry system

Ilo Este is a large copper porphyry system with coincident gold, silver and molybdenum mineralisation.

Latin recently completed three diamond drill holes for a total of 2073.3 metres drilling over 1.1 kilometres of strike.

The first hole was consistently mineralised from surface to 200 metres down hole depth.

Uncut average grades of 200 metres at 0.14% copper, 0.1g/t gold, 22ppm molybdenum and 0.8g/t silver.

Maximum grades included 0.34% copper, 1.4g/t gold, 251ppm molybdenum and 5.4g/t silver.

## Analysis

Latin Resources has secured a deal over its Ilo Este Project which will provide cash payments, while the company still maintains exposure to exploration upside.

The total consideration is US\$1.0 million cash and minimum exploration work commitments including 11,000 metres of diamond drilling worth around US\$3.0 million.

The project is in a highly prospective area, and there are 125 billion pounds of contained copper in published reserves and resources all within 130 kilometres of Ilo Este.

Latin also recently launched a non-renounceable entitlement issue of one new share for every one existing priced at \$0.008, which if fully subscribed would raise \$3,076,798 before costs.

Proactive Investors Australia is the market leader in producing news, articles and research reports on ASX emerging companies with distribution in Australia, UK, North America and Hong Kong / China.

You understand and agree that no content published constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential advisability, value or suitability of any particular security, portfolio of securities, transaction, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including company related products and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made.

However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.



The contributors make every effort to ensure that the information and material contained in this report is accurate and correct and has been obtained from reliable sources. However, no representation is made about the accuracy or completeness of the information and material and it should not be relied upon as a substitute for the exercise of independent judgment. Proactive Investors does not accept any liability, including negligence, for any loss or damage arising from the use of, or reliance on, the material contained in this report. There are general risks associated with any investment in securities. Investors should be aware that these risks might result in loss of income and capital invested.

**WARNING:** No recipients should rely on any recommendation (whether express or implied) contained in this document without obtaining specific advice from their advisers. All investors should therefore consider the appropriateness, in light of their own objectives, financial situation and/or needs, before acting on the advice.

**DISCLOSURE:** The Company, its directors, associates, employees or representatives may not effect a transaction upon its or their own account in the investments referred to in this report or any related investment until the expiry of 24 hours after the report has been published.