



# Latin Resources

Jun 12<sup>th</sup> 2014

## Latin Resources and Zahena hit high-grade copper at Ilo Norte, Peru

Latin Resources' (ASX:LRS) has had drilling success with high-grade copper intersections by earn-in operator and partner Compañía Minera Zahena S.A.C. (Zahena) at the Ilo Norte Project in Peru.

Highlights include: 30 metres at 0.93% copper and 0.12g/t gold from 282 metres, including 6 metres at 3.1% copper and 0.45g/t gold in drill hole IN-019 (0.1% copper cut-off).

High grade copper was also intersected in drill holes IN-009, IN-012 and IN-016.

Zahena clearly like what they are seeing during exploration at Ilo Norte which is a major copper producing region, serviced by excellent infrastructure, taking just four months to complete their first 18 months of drilling commitments.

This opens up the way for Latin Resources to be able to monetise the project, as Zahena has an earn-in option for 70% ownership if Ilo Norte for a total consideration of US\$3.65 million cash and exploration work commitments.

Based on the speed of Zahena's work and these results, it seems likely that it will continue with the exploration commitments and move to a joint venture with Latin Resources.

Ilo Norte benefits is just 5 kilometres from a sealed highway, 10 kilometres from a major copper smelter and 25 kilometres from the port city of Ilo.

125 billion pounds of copper within 100kms

Outlining the highly prospective nature of the district, there is over 560,000 tonnes of copper production annually, and 125 billion pounds of copper in published resources and reserves within 100 kilometres of Ilo Norte.

Chris Gale, managing director for Latin Resources, commented: "We are extremely pleased that drilling has advanced so quickly and that serious effort is being expended to properly test this exciting target."

"Zahena have all but completed their first 18 months of drilling commitments in only four months, and we look forward to their continued investment in the project.

"These initial high grade hits within such extensive and intense IOCG style alteration give us enormous scope for discovering significant quantities of higher grade mineralisation in more structurally targeted drilling in the future."

### Drilling details

Twelve holes have now been completed to 800 metres, with assays from the first ten holes received.

The additional results are being evaluated prior to preparation of next phase of permitting for additional drilling.

At least 3 square kilometres of intense alteration (Magnetite-Pyrite-Albite-Kspar) has now been defined between Latin Resources' drilling in 2011 and the current phase of drilling.

**Price:** A\$0.06

**Market Cap:** A\$13.67M

### 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 Guadalupito the target is iron and heavy mineral sands.*

**Author:**

**Proactive Investors** +61 2 9299 5001

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



The importance of the results are that they add weight for the potential to discover significant high grade mineralisation within the overall alteration envelope.

The significance of today's high-grade copper intersections with associated gold is their structural control.

Where such mineralised structures intersect one another, and where they intersect favourable stratigraphic horizons, there is potential to form a significant tonnage, high grade copper ore body with associated gold, with considerable depth extent.

Potential mining access to such an ore body would most likely be underground given the topographic advantage provided by the steep slope to the immediate south-west of the mineralised area.

This area drops from a 1400 metre altitude at the drilling area down to a 400 metre altitude over only three kilometres towards the south-west.

## Potential joint venture

Zahena is spending US\$9 million to earn 79% of Ilo Norte, under the earn-in option.

Latin Resources wholly-owned subsidiary, Peruvian Latin Resources S.A.C. (PLR), is to receive staged payments over 4 years totalling US\$3.65 million.

Following exercise of the option, a Newco will be formed where PLR retains 30% ownership.

Zahena will have a limited option to buy out PLR's 30% interest for a cash sum, to be negotiated, plus a 2% Net Smelter Return royalty on all mineral sales.

## Analysis

The importance of the speed of progress by Zahena at Ilo Norte is that it places Latin Resources' in a position to potentially monetise the project quicker than anticipated.

The company's subsidiary PLS is to receive staged payments over 4 years totalling US\$3.65 million, as part of Zahara's earn-in option for 70%.

With Zahara completing in just four months its first eighteen months of drilling commitments, while intersecting high grade copper in a copper and infrastructure rich region, it would be expected that Zahara will continue to earn-in and complete the commitments well within the four year period.

Following exercise of the option, a Newco will be formed where PLR retains 30% ownership.

Therefore Latin Resources' would be well-placed to further monetise the project if the option is exercised. Zahara will have an option to buy out PLR's 30% interest for a cash sum, to be negotiated, plus a 2% Net Smelter Return royalty on all mineral sales.

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