

Latin Resources stitches up \$9M deal for Ilo Norte

Resources Roadhouse Friday, November 29, 2013

THE BOURSE WHISPERER: Latin Resources' (ASX: LRS) 100 per cent-owned subsidiary company, Peruvian Latin Resources SAC (PLR) has signed a Binding Terms Sheet (BTS) for a rights assignment and earn-in option to transfer 70 per cent ownership of its Ilo Norte project to Peruvian firm, Compañía Minera Zahena SAC (CMZ).

The deal entails payment of a total consideration of US\$3.65 million cash and minimum exploration work commitments totalling US\$4 million plus the execution of a 4800 metre diamond drilling program valued at approximately US\$1.35 million.

Payment Trigger	Payment Amount
The date of signing the public deed of the definitive contract reflecting the terms of the BTS (Execution Date) (no later than 20 December 2013).	US\$ 100,000
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\$ 100,000
12 months from the Inscription Date.	US\$ 300,000
24 months from the Inscription Date.	US\$ 600,000
36 months from the Inscription Date.	US\$ 800,000
48 months from the Inscription Date.	US\$ 1,750,000
TOTAL	US\$ 3,650,000

Source: Company announcement

In addition to completing the above cash payments, CMZ will also be required to complete a program of six diamond drill holes for a minimum of 4,800m (valued at approximately US\$1.35 million) and invest a further US\$4 million in exploration of the project within four years.

A further condition of the BTS where the first 12 diamond drill holes for a minimum of 10,000m must be completed within 18 months.

“We are extremely pleased to have reached these terms with Zahena that will allow for the short term realisation of value at Ilo Norte through a thorough drilling campaign that is ready to drill on a very exciting target,” Latin Resources managing director Chris Gale said in the company’s announcement to the Australian Securities Exchange.

“We are also pleased to have secured more financing for the company while at the same time advancing our exploration goals without having to go to the equity market for more funds.

“Ilo Norte is Latin’s most advanced exploration property in the South of Peru and is located right in the heart of a major copper producing region, where there are 125 billion pounds of contained copper in published reserves and resources including the Cuajone, Toquepala and Cerro Verde copper mines, all within 100 kilometres of Ilo Norte.

“We will continue to use the Ilo Norte model to both secure funding for the company while unlocking value through exploration of our extensive ground holding in one of Peru’s hottest copper belts.”