

05 February 2015

## **LATIN'S PARTNER ZAHENA TO EARN 70% OF ILO ESTE PROJECT**

### **Highlights**

- **Latin's 100% owned subsidiary Peruvian Latin Resources SAC (PLR) has signed a Binding Terms Sheet (BTS) to document the terms of a rights assignment and earn-in option to transfer 70% ownership of its Ilo Este Project to Compañía Minera Zahena SAC (Zahena) for a total consideration of US\$1.0 million cash and minimum exploration work commitments totalling 11,000 m of diamond drilling valued at approximately US\$3.0 million.**
- **PLR to receive staged payments over 3 years totalling US\$1.0 million.**
- **A minimum of 5,000 m of diamond drilling to be completed by Zahena within 6 months, 3,000 m more within 12 months and a further 3,000 m for a total of 11,000 m within 18 months.**
- **Once Zahena's 11,000 m of drilling is completed, the US\$1.0 million in payments to PLR can be made before schedule to exercise the option and earn 70% of Ilo Este.**
- **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.**
- **In addition 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.**

Latin Resources Limited (ASX: LRS) ("Latin" or "the Company") is pleased to announce that its 100% owned subsidiary Peruvian Latin Resources SAC (PLR) has signed a Binding Terms Sheet (BTS) to document the terms of a rights assignment and earn-in option to transfer 70% ownership of its Ilo Este Project to Peruvian firm, Compañía Minera Zahena SAC (Zahena), for a total consideration of US\$1.0 million cash and minimum exploration work commitments of 11,000 m of diamond drilling valued at approximately US\$3.0 million.

Under the BTS, which is to be formalised as a definitive contract according to Peruvian Law by 15 February 2015, PLR will receive the following cash payments:

<b>Payment Trigger</b>	<b>Payment Amount</b>
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\$ 75,000
18 months from the Inscription Date.	US\$ 150,000
24 months from the Inscription Date.	US\$ 150,000
30 months from the Inscription Date.	US\$ 200,000
36 months from the Inscription Date.	US\$ 350,000
<b>TOTAL</b>	<b>US\$ 1,000,000</b>

In addition to completing the above cash payments, Zahena is required to complete a diamond drilling program for a minimum of 5,000 metres with 6 months of the Inscription Date, 8,000 metres within 12 months and a total of 11,000 metres within 18 months (valued at approximately US\$3.0 million).

The Inscription Date will occur shortly after the approval of a modification to the drilling permit which will accommodate Zahena's drill plan which includes drill targets on the southern intrusive belt, and also covered targets to the west and south east of the Chololo Fault.

The drill permit modification will be undertaken by PLR's service division for which Zahena has agreed to pay US\$45,821.17. Work on the modification to the drilling permit has begun and approval is expected in May.

The assignment of rights and earn-in option are given over the mining concessions Latin Ilo Este I, Latin Ilo Este II, Latin Ilo Este III, Latin Ilo Este IV, Latin Ilo Este V, Latin Ilo Este VI, Latin Ilo Este VII and Latin Ilo Este IX totalling 6,200 hectares (Figure 5).

Zahena has elected not to proceed with the option on Ilo Norte and will now focus efforts on exploring the enormous Copper (+Au/Ag/Mo) porphyry system at Ilo Este. Zahena is expected to provide final results of their exploration work at Ilo Norte over the coming weeks, which will be reported in due course.

Latin managing director Chris Gale said: *"We are very happy to continue working with Zahena at Ilo Este, a partner who has proven their drilling capacity at Ilo Norte."*

He went on to say: *"Permit modification at Ilo Este is now Latin's primary focus to allow drilling to recommence under Zahena's control as soon as possible. With Zahena's drill plan aimed at testing virgin and covered targets, we are confident that through this deal Latin's shareholders are assured of realising value from the enormous copper porphyry system at Ilo Este on an accelerated timeframe."*

*Ilo Este has first class infrastructure on the doorstep, 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 Cuacone, Toquepala and Cerro Verde copper mines, all within 130 km of Ilo Este."*

And in closing remarked: *"While Ilo Norte has not fulfilled Zahena's expectations for a large disseminated mineralised body, we believe that with drill holes still 400 metres apart there remains good potential for building on the high grade structurally controlled mineralisation at Ilo Norte reported in 2014."*

## ABOUT ILO ESTE

Ilo Este is a large Copper Porphyry System with coincident Gold, Silver and Molybdenum mineralisation which has been mapped at surface over more than 3km<sup>2</sup>, and believed to potentially continue over a similar area under cover to the east of the area where it outcrops both as an extension to two ESE striking intrusive belts under cover, and also potentially fault offset by a major, apparently low angle listric fault striking to the NE. Rio Tinto (RTX) drilled shallow RC holes at Ilo Este in 2000 in the northern of the two ESE striking intrusive belts.

Latin recently completed three diamond drill holes for a total of 2073.3 m drilling over 1.1 km of strike within the northern of the two ESE striking intrusive porphyry belts that make up the overall 3km<sup>2</sup> mineralised system identified by mapping and surface sampling reported in Q2 2014.

The first hole, **IE-JDD-001** was consistently mineralised from surface to 200 m down hole depth, with uncut average grades of **200 m @ 0.14% Cu, 0.1g/t Au, 22ppm Mo and 0.8g/t Ag, (with maximum grades of 0.34% Cu, 1.4g/t Au, 251ppm Mo and 5.4g/t Ag)**, including the following intersections applying a 0.1% Cu cut-off grade for the average (Avg), with the maximum (Max) grade of each metal in each intersection included for comparison (sample intervals are over 2m lengths of core):

From (m)	To (m)	Interval (m)	Cu (%)		Au (g/t)		Mo (ppm)		Ag (g/t)		m <0.1% Cu included in avg
			Avg	Max	Avg	Max	Avg	Max	Avg	Max	
0	10	10	0.15	0.32	0.11	0.23	22	31	0.2	0.5	2
36	72	36	0.15	0.28	0.09	0.17	19	38	0.6	1.7	6
78	96	18	0.20	0.28	0.12	0.22	14	19	2.1	5.4	0
104	142	38	0.14	0.23	0.09	0.20	11	30	0.7	3.8	8
148	200	52	0.19	0.34	0.15	1.4	39	251	1.1	2.7	4

The second hole, **IE-JDD-002** was also consistently mineralised from surface to 318 m down hole depth, with uncut average grades of **318 m @ 0.13% Cu, 0.1g/t Au, 14ppm Mo and 0.9g/t Ag, (with maximum grades of 0.46% Cu, 3.1g/t Au, 86ppm Mo and 3.2g/t Ag)**, including the following intersections applying a 0.1% Cu cut-off grade for the average (Avg), with the maximum (Max) grade of each metal in each intersection included for comparison (sample intervals are over 2m lengths of core, only intersections greater than 2m are shown):

From (m)	To (m)	Interval (m)	Cu (%)		Au (g/t)		Mo (ppm)		Ag (g/t)		m <0.1% Cu included in avg
			Avg	Max	Avg	Max	Avg	Max	Avg	Max	
0	110	110	0.21	0.46	0.11	0.40	16	86	1.0	3.2	12
Incl. 0	84	84	0.24	0.46	0.13	0.40	15	75	1.1	3.2	0
134	144	10	0.19	0.38	0.71	3.1	25	36	1.0	1.8	0
236	250	14	0.19	0.32	0.07	0.11	26	45	0.6	1.1	2
276	292	16	0.22	0.31	0.07	0.16	14	28	1.1	2.2	0
296	302	6	0.15	0.18	0.04	0.05	11	16	0.6	1.0	0

The third drill hole, IE-JDD-003, was completed to 697.9 m depth and was also consistently mineralised from surface to 472 m down hole depth, the longest mineralised intersection to date at Ilo Este, with uncut average grades of **472 m @ 0.11% Cu, 0.09g/t Au, 11ppm Mo and 1.6g/t Ag, (with maximum grades of 0.33% Cu, 1.5g/t Au, 68ppm Mo and 41g/t Ag)**, including the following intersections applying a 0.1% Cu cut-off grade for the average (Avg), with the maximum (Max) grade of each metal in each intersection included for comparison (sample intervals are over 2m lengths of core, only intersections greater than 2m are shown):

From (m)	To (m)	Interval (m)	Cu (%)		Au (g/t)		Mo (ppm)		Ag (g/t)		m <0.1% Cu included in avg
			Avg	Max	Avg	Max	Avg	Max	Avg	Max	
0	472	472	0.11	0.33	0.09	1.5	11	68	1.6	41	212
Including:											
6	64	60	0.11	0.23	0.08	0.29	9	36	1.3	5.4	28
84	178	94	0.15	0.33	0.15	0.44	10	34	2.4	12	2
188	284	96	0.12	0.25	0.11	1.5	16	38	2.4	41	40
292	298	6	0.12	0.13	0.05	0.06	23	29	1.4	1.9	0
306	310	4	0.13	0.15	0.07	0.09	23	25	0.9	1.0	0
316	322	6	0.12	0.12	0.06	0.07	18	32	1.2	1.9	0
334	342	8	0.12	0.17	0.24	0.73	13	28	2.6	6.3	2
360	364	4	0.17	0.23	0.12	0.12	9	12	1.7	2.3	0
384	472	88	0.12	0.23	0.07	0.34	7	27	0.8	1.9	32

The mineralisation observed in IE-JDD-003, clearly verifies the importance of the porphyry system as mapped over more than 3km<sup>2</sup> as a large and significantly mineralised system with substantial scope for improved grades within the overall envelope of alteration and mineralisation mapped to date. The three holes drilled so far, each hosting porphyry copper mineralisation, cover 1.1 km of strike in the northern intrusive belt (Figure 1 & 2), with the southern intrusive belt still to be tested (Figure 3).

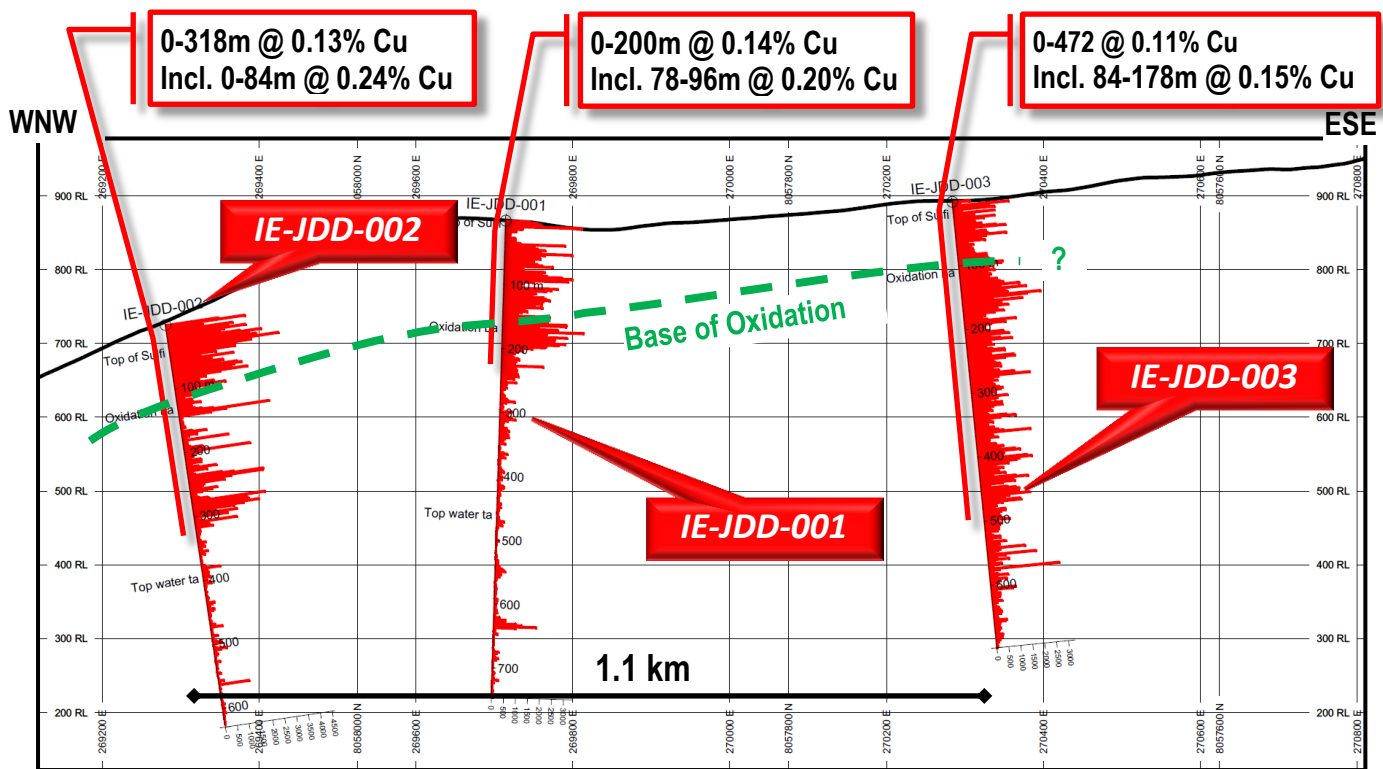


Figure 1 – Long section parallel with the strike of the Northern Intrusive Belt showing copper assay results (red) from drill holes IE-JDD-001 and IE-JDD-002. Note the base of oxidation. Section line appears on map in Figure 3.

The likely extension of the northern intrusive belt under cover to the East South East increases the size potential of the already very large system, as does the possible fault offset upper portion of the porphyry which may host the typically higher grade phyllic zone. The phyllic zone is only observed in restricted areas of the outcropping system as mapped, suggesting that it has either been eroded, or possibly cut by the low angle Chololo Fault adjacent to the South East (Figure 2).



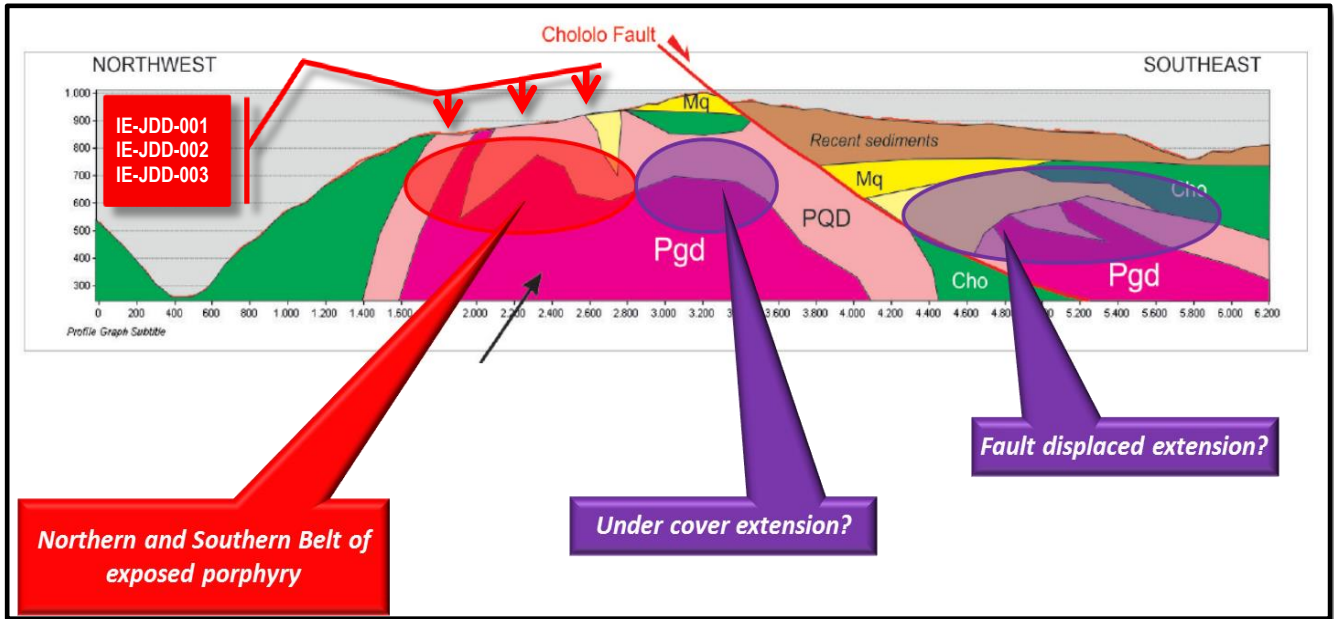


Figure 2– Schematic section showing the exposed porphyry system currently being drill tested, its likely covered extension to the East, and the low angle Chololo Fault that has potentially offset the upper part of the porphyry system, possibly preserving the typically higher grade phyllic alteration zone in the hanging wall of the fault under cover further to the South East.

Such a variety of potential over such a large area will require significant time and investment to realise, and for this reason Latin is pleased to have entered into an earn-in arrangement with Zahena in order to more rapidly unlock value for Latin shareholders.

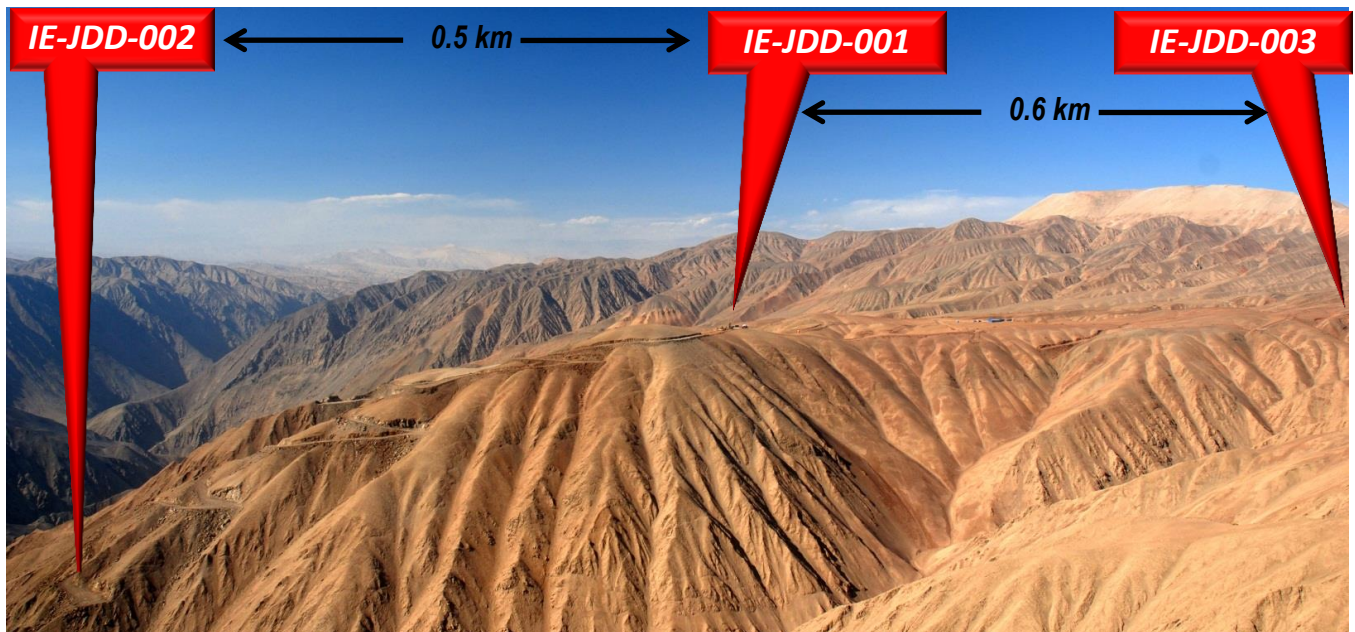
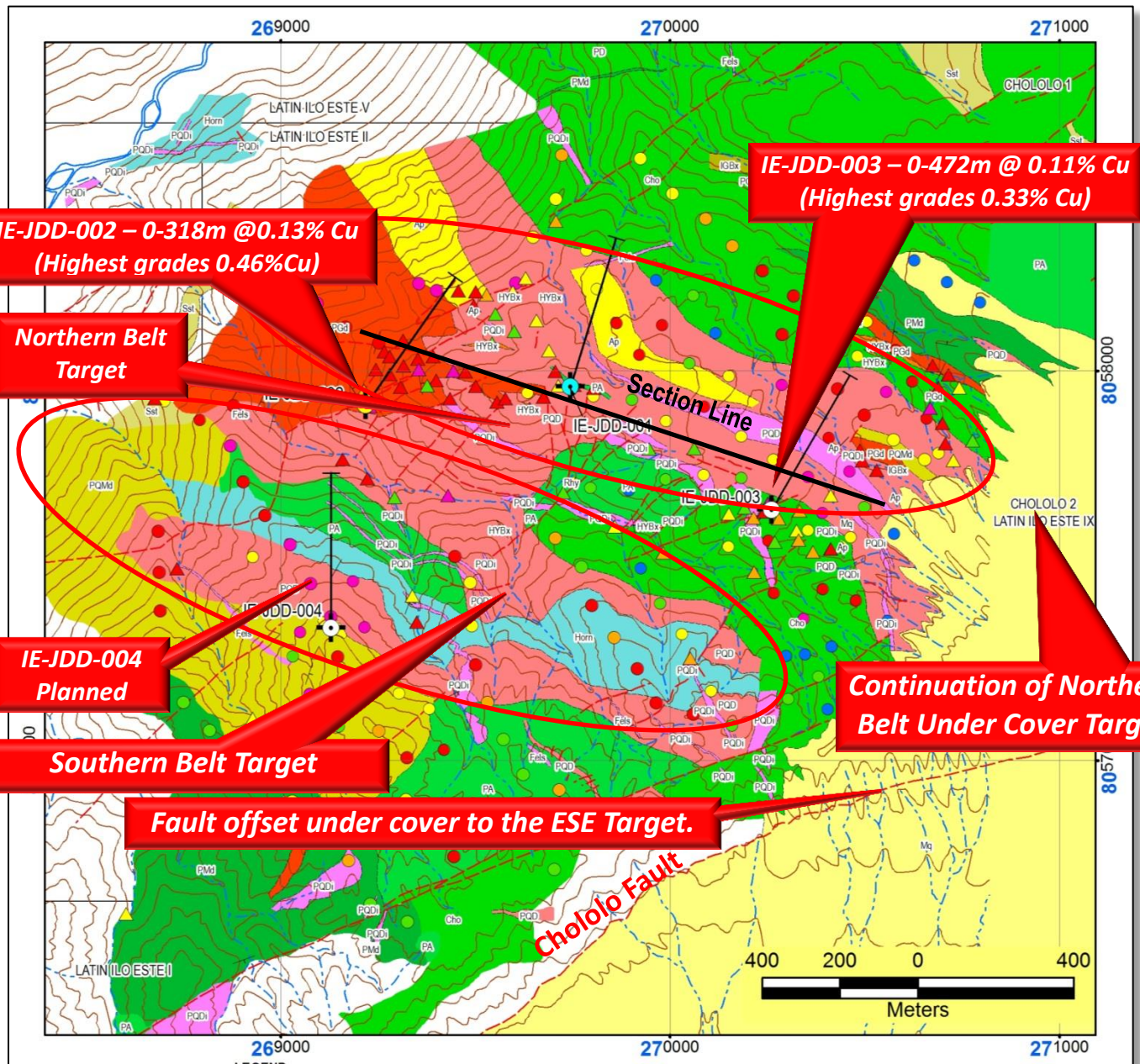


Figure 3 – View of the Northern intrusive belt at Ilo Este taken from the Southern intrusive belt. Approximately 1.1 km separates the first three holes within the large porphyry intrusive complex.





**LEGEND LITHOSTRATIGRAPHY**

Geological Period	Formation	Symbol	Description
UPPER QUATERNARY	Cong	Orange square	Sandstones, conglomerates, rare coals. Poorly consolidated.
	Mq	Yellow square	Boulders, conglomerates. Common granite clasts. Poorly consolidated.
	Cho	Green square	Chocolate Fm (undivided). Andesites, andesitic tuffs, sandstones, siltstones.
LOWER JURASSIC (LIASSIC)	Sst	Light green square	Sandstone, siltstone, minor mudstone.
	PA	Red square	Porphyritic andesite.
	Xtal	Dark green square	Andesitic crystal-lapilli tuff.
	<b>IGNEOUS INTRUSIONS</b>		
CRETACEOUS?	Fels	Pink square	Undivided felsic dyke, largely inferred from satellite image.
	Ap	Light pink square	Aplite, microgranite. Locally silicified and pyrite-rich (argillic altered).
	Rhy	Yellow square	Porphyritic rhyolite, abundant small quartz phenocrysts.
	PD	Light yellow square	Porphyritic dacite. Isolated phenocrysts feldspar and embayed quartz in very fine grained groundmass.
	PGd	Red square	Porphyritic granodiorite, similar to PQDi with common euhedral biotite phenocrysts.
	PQDi	Pink square	Porphyritic quartz diorite. Slightly isolated feldspar, hornblende and quartz phenocrysts in fine grained groundmass.
	PQD	Red square	Porphyritic quartz diorite. Weakly porphyritic, with touching feldspar, hornblende phenocrysts. Plutonic texture.
	<b>HYDROTHERMAL BRECCIA</b>		
	IGBx	Light green square	Igneous breccia, andesitic with microdiorite xenoliths; epidote-rich.
	PMd	Dark green square	Porphyritic microdiorite.
PQMd	Light green square	Porphyritic quartz microdiorite.	
<b>CONTACT METAMORPHIC ROCKS</b>			
Horn	Light blue square	Hornfels. Very fine grained. Protolith uncertain.	

**SIMBOLOGY**

- DH drilled
- DH in progress
- DH Planned
- Projection of DH
- Contacts
- Faults
- Course
- Rivers
- Streams
- Main level curves
- Mining concessions



**Rock Chip Sample Cu (ppm)**

- < 600
- > 600 < 850
- > 850 < 1 300
- > 1 300 < 3 000
- > 3 000

**Soil Sample Cu (ppm)**

- < 60
- > 60 < 150
- > 150 < 200
- > 200 < 800
- > 800



**ILO ESTE's SPECIAL LOCATION**

**Infrastructure**

The Ilo Este mineralised system is located at less than 1000 m above sea level, 6 km from the Pan-American Highway, a Railway Line and an Electrical Substation, and from there 32 km to the Port of Ilo. The project area is also located within uninhabited desert lands owned by the Peruvian State.

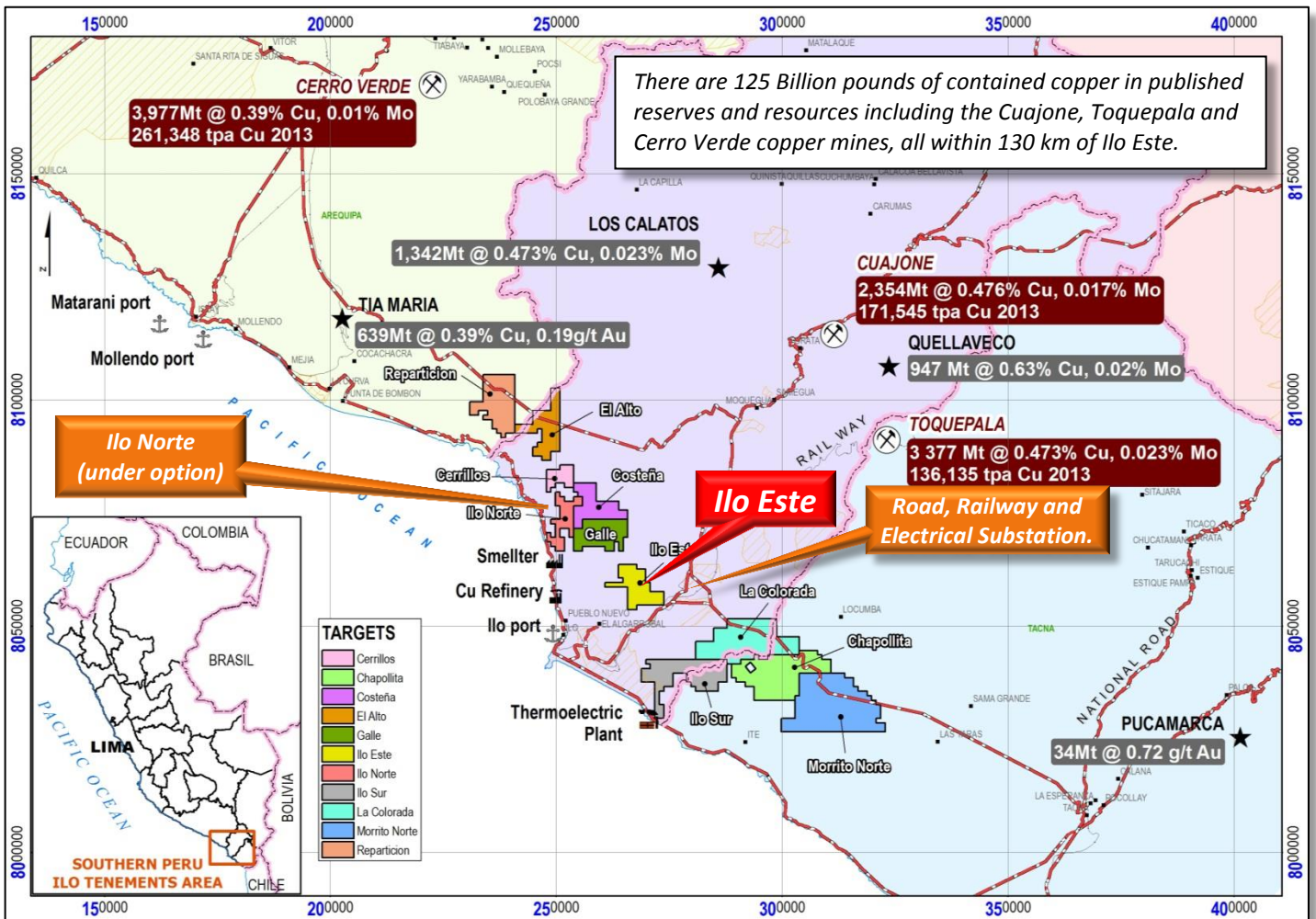
Such magnificent infrastructure located so close to the project would significantly reduce development capital compared with other large porphyry deposits located higher in the Andes.

**Southern Peru's Prolific Copper District**

The Western flanks of the Andes in Southern Peru host a number of Tier one Porphyry copper deposits including Cerro Verde (4Bt @ 0.39% Cu, 0.01% Mo), Toquepala (3.4Bt @ 0.47% Cu, 0.023% Mo) and Cuajone (2.4Bt @ 0.48% Cu, 0.017% Mo), each of which produced 261,348, 136,135 and 171,545 tonnes of copper respectively in 2013, and together accounted for over 40% of Peru's 2013 copper production.

In addition the Quellaveco (947Mt @ 0.63% Cu, 0.02% Mo), Tia Maria (639Mt @ 0.39% Cu, 0.19 g/t Au), and Los Calatos (1.4Bt @ 0.47% Cu, 0.023% Mo) projects are under development.

**All these projects are within 130 km of Ilo Este.**



Location of Ilo Este Project and 10 other target areas within Latin's over 100,000 hectare concession holding in the prolific Southern Peru copper district.

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**About Latin Resources**

Latin Resources Limited is a mineral exploration company focused on creating shareholder wealth through the identification and definition of mineral resources in Latin America, with a specific focus on Peru. The company has a portfolio of projects in Peru and is actively progressing its two main project areas: Guadalupito (Andalusite and Magnetite) and Ilo (Iron Oxide-Copper-Gold and Copper Porphyry). Latin has also recently acquired the mineral rights covering a total of 40,483 hectares in the new Iron Ore district of Rio Grande do Norte State, Brazil.

**Competent Persons Statements**

*The information in this report that relates to geological and geochemical data and exploration results is based on information compiled by Mr Andrew Bristow, a Competent Person who is a Member of the Australian Institute of Geoscientist and a full time employee of Latin Resources Limited's Peruvian subsidiary. Mr Bristow has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bristow consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to geological and alteration mapping of the Ilo Este Porphyry System is based on a separate report supplied by Dr Warren Pratt (CGeol), a Competent Person who is a Fellow of the Recognised Overseas Professional Organisation "Geological Society of London" and a Director of Geological Mapping Limited, and has no affiliation with Latin Resources Limited other than as a consultant. Dr Pratt has sufficient experience which is relevant to the style of mineralization and the type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Dr Pratt consents to the inclusion in this report of the matters based on his report in the form and context in which they appear.*

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