

## Oroco on the Trail of Sonoran Gold & Silver

By Andrew K. Burger  
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**E**ILAT, Israel ([ResourceInvestor.com](http://ResourceInvestor.com)) -- Having raised C\$4.4 million in a March 12 IPO Vancouver's Oroco Resources [TSX:[OCO](http://www.resourceinvestor.com)] has moved quickly out of the gate by acquiring concessions for its Cerro Prieto Project, a gold, silver and polymetallic prospect in Sonora, Mexico. The company on April 9 [announced](#) that through its Mexican subsidiary Minas de Oroco Resources S.A. de C.V. it completed the acquisition of the San Francisco and San Felix properties and mining concessions by making a final US\$1.5 payment.

Combining the San Francisco and San Felix concessions with the previously acquired Cerro Prieto North concession gives Oroco mining rights to a 2,723 hectare plot that includes the historic Cerro Prieto Mine, which from 1906 to 1912 reportedly produced between 500-720 tonnes per day of gold and silver ore grading three to 15 grams/ton Au and 50-60 g/t Ag.

Management is already bringing together the equipment and human resources to conduct an exploration program. "We are in a position, with sufficient capital, to aggressively push the Phase One exploration program, and are optimistic about the asset," Stephen Leahy, Oroco's president and CEO, stated. It has historic production, significant recent exploration conducted by a former property option holder that lead to a resource estimate, and considerable blue sky available though the potential at depth and on strike."

### Getting Set for Phase One Exploration

Oroco spent a total US\$2.5 million, along with a 2% Net Smelter Royalty to the previous owners, to acquire the San Francisco and San Felix properties. It is moving forward as quickly as possible to commence its C\$1.0235 million Phase One exploration program, which is expected to take five to seven months to complete.

The program is to include 6,000 meters of diamond drilling, sampling within the Cerro Prieto Mine workings and surrounding property, 200-metre interval trenching along a 6.5 kilometer shear zone, ground geophysical surveys and initial, small-scale bench metallurgical testing, according to Oroco Resources' Rav Deol.

"The company has already secured surface access rights, a drilling contractor, a local crew that includes two geologists and labour, as well as all ancillary requirements. Drilling is therefore expected to commence shortly and be completed on schedule," Leahy told *Resource Investor*.

Based on historical and its own exploration work, all reporting a consistent level of mineralization, Oroco management has "a high degree of confidence in its development potential," according to Smith. Historical data includes reports from several exploration programs conducted since 1969 that culminated in 1998 with a 23-hole reverse circulation drilling program.

"Having it fully paid for - subject to a 2% NSR - gives us tremendous flexibility in the timing of expenditures and future fund raising," Leahy added. The funds to complete the acquisition were raised at a time and price of our choosing. Investors can therefore have confidence that the company will not have dilution forced on it due to the need to raise money at times and prices not in the best interests of the company because of the need to meet property payment deadlines."

### Exploration to Date

Morgain Minerals' 1998 RC drilling program resulted in an estimated bulk underground resource of 7.061 million tons of ore at an average gold equivalent grade of 4.40 g/t and an open pit resource 1.391 million with an average gold equivalent grade of 2.47 g/t, bringing the total estimated resource to more than 1.1 million ounces gold equivalent.

Conducted prior to the establishment of Canada's NI 43-101 resource estimation and reporting requirements, Oroco is working to verify and provide a more detailed resource estimate in compliance with NI 43-101.

According to Leahy, "the average thickness of mineralization included in Morgain's resource estimate is 18 metres and 10 metres, respectively, suggesting low mining and processing costs in line with the \$40 to \$70 per tonne in similar Mexican underground mining operations."

Average assays of channel samples taken by Oroco over a sampled 408-metre strike length across the vein on the 800 level haulage drift of the Cerro Prieto Mine are 3.45 g/t Au, 6.22 g/t Ag, 0.54% Pb (lead), and 1.27% Zn (zinc).

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"Assays on the vein on the 900 and lower levels showed values well in excess of these including a channel sample across 2.70 metres of 0.197g/t Au, 701 g/t Ag, 4.98 Pb, and 4.79 Zn and 0.387 g/t Au, 401 g/t Ag, 4.34% Pb, 3.56% Zn, and 0.605% Mo (molybdenum)," he added.

Oroco believes there is significant resource potential below historical exploration work and mining.

"Morgain's drilling was confined within the area of historical workings, a strike length of 725 metres and a vertical extent of 400 metres, though the geological structure can be traced on surface for the property's 1.7 km length and is evident for significant additional strike length, up to an additional 5 km, on the Cerro Prieto North concession," Leahy explained.

"Mineralization is open at depth and Oroco's best individual assay of its program, 1050 g/t Ag and >30% Pb was obtained at the lowest level of the historical workings. As a mesothermal system there is significant additional depth possible. Consequently, we feel that considerable exploration potential exists on the project."

### **Investment Potential**

In addition to the Cerro Prieto North, San Francisco and San Felix properties that comprise its Cerro Prieto Mine Project in Sonora, Oroco wholly owns three other unencumbered properties in the state of Guerrero- taken together called the Xochipala Project - including two within the original Morelos National Reserve less than three kilometers from the Goldcorp Los Filos-Bermajal gold mine. The properties are reported to contain similar mineralization as that which hosts Goldcorp mine.

When it comes to investment potential, 8 million of Oroco's 27.593 million shares outstanding are restricted by escrow and voluntary pooling agreements, and a high percentage is owned by of institutions, Deol noted.

The company also has an experienced and proven management team with more than enough cash on hand to see the Cerro Prieto's Phase One exploration program through to completion. "Current market conditions for junior miners are therefore not weighing on the company and we continue to have tremendous support from investors even those worried about any short term fluctuations," Leahy commented.

"The company has tremendous flexibility in future fund raising. Existing warrants at C\$0.90 are sufficient to raise in excess of C\$3.6 million when exercised and with a modest number of shares outstanding an additional equity offering can be achieved while still maintaining a highly attractive capital structure," he concluded.

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