

Fax Alert #1, Vol. 2003

# Natural Resource Investor

## & WORLD GOLD STOCK REPORT

New Oroperu Resources Inc. (TSXV: ORO.U)

*"Your Key to Emerging Winners"*

Late January 2003

## **Barrick JV Slates Extensive Exploration To Expand 1.76-mil. oz. Gold Resource at Company's Tres Cruces Gold Project in Peru. Only 30% of Gold Property Explored to Date.**

***Added Bonus: Tres Cruces is only 15 km. from Barrick's 7.3-mil. oz. gold discovery at Lagunas Norte/Alto Chicama.***

Barrick's recent grassroots gold discovery at Lagunas Norte/Alto Chicama in Peru refocused the entire mining industry's attention on the continuing gold potential of this historically rich gold exploration region. Barrick in late 2002 estimated an indicated resource of 5.74-million gold ounces

and an additional inferred resource of 1.53-million ounces.

Slated for completion of a feasibility study this year, Barrick's project is anticipated to produce some 500,000 ounces of gold per year for the first decade at cash costs averaging \$US 130/oz. The cost estimates are based on assumptions related to the project's Pierina-like similarities in geology and metallurgy. Barrick has estimated capital costs at \$US 300-million to \$US 350-million, after budgeting \$US 35-million for exploration at Lagunas Norte/Alto Chicama in 2002.

As the Lagunas Norte discovery was catching fire, however, less well recognized at the time was that Barrick also entered into a joint-venture in the same area on the nearby Tres Cruces Gold Project, with an exploration junior that was not then publicly listed. That junior, now trading as New Oroperu Resources Inc. (TSXV: ORO.U), holds 50% outright plus an option to acquire the remaining 50% of this advanced-stage gold project.

Located just 15 km. from Barrick's 7.3 million ounce Lagunas Norte discovery, the 7,600-acre Tres Cruces project is hosted in a similar geological setting, the Tertiary Calipuy Volcanics. To date the property has only been about 30% explored at

## **CORPORATE INFORMATION**

### **New Oroperu Resources, Inc.**

Exchange	TSX Venture
Symbol	ORO.U
Recent Price	\$US 1.60-\$1.80 range
Shares Outstanding	11,251,571 (incl. 2,203,333 spec. wts.)
Shares Outstanding Fully Diluted	15,426,571
Contact	K. Wayne Livingstone, CEO; Aris Morfopoulos, CFO
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surface and not at all to depth. However, based on more than \$US 6-million of prior exploration and development, it already boasts a measured and indicated resource of 1.76-million gold ounces contained in 34.5-million near-surface tonnes of ore grading 1.59 g/t. This resource was achieved by New Oroperu and partners with nearly 35,000 meters of drilling and extensive metallurgical test-work between 1996 and 1999.

Barrick and New Oroperu have agreed to terms whereby Barrick may acquire up to 70% interest in Tres Cruces, as follows:

- To earn a 65% interest in the Tres Cruces property, Barrick must:
  - Spend a minimum of \$US 1.75-million to explore the property over 40 months starting from June 1, 2002.
  - Make annual payments of \$US 200,000 to New Oroperu until the \$1.75-million is spent on exploration. Once the exploration expenditure commitment has been met, Barrick would pay the company \$US 250,000 annually until a production decision is made.
  - Make a production decision. Barrick must pay all further exploration and other costs related to Tres Cruces until a production decision is made.
  - New Oroperu will hold a 3.5% NSR on the property.
  - Oroperu has the option to reduce its interest to 30% from 35% by electing to have Barrick finance all additional costs after the production decision. If Oroperu takes the financing option, Barrick pays an advance royalty of \$US 1,000,000 on production decision. This royalty is reduced to \$650,000 if Oroperu finances itself.

## Company Hits the “Sweet Spot”

Concurrent with the Barrick JV deal, whose definitive agreements are now being finalized for signature, New Oroperu quietly went public three months ago. The company commenced trading last October 25 as a Tier 1 issuer on the TSX Venture Exchange, the Exchange’s most senior designation. The company’s shares are quoted in \$USD under the symbol ORO.U.

At the start of trading, New Oroperu completed a unit financing of \$US 1,732,000 for continuing exploration programs on other of its gold exploration properties in Peru, and for general working capital purposes. It now finds itself on a very strong financial footing.

The company’s management, in fact, sees New Oroperu in “the sweet spot” for potentially significant growth in values. That’s because the Tres Cruces is believed to have the potential for very significant gold resource expansion, both in terms of added surface-style mineralization on the remaining large untested areas of the property, and the potential for high-grade gold zones at depth.

The currently defined 1.76-million oz. gold resource at the Tres Cruces remains open to step-out exploration to the south and southeast for about 3 km. beyond areas of prior drilling. Management believes that one of Barrick’s objectives will be to test the expansion of this near-surface resource.

Barrick has also informed New Oroperu that it is re-examining the geologic model of Tres Cruces in light of the nearby Lagunas Norte discovery. New Oroperu’s management believes there may be significant potential for additional discoveries at depth in higher-grade deeper feeder zones. That view is based on prior high-grade intercepts at depth showing visible gold, along with other indications that the underlying mineralizing system at Tres Cruces has extensive vertical range. This exciting potential will also, in due course, be tested by drilling, the company says.

With Barrick now slated to kick off exploration of Tres Cruces as the 2003 program year commences, close observers of New Oroperu see the potential for more significant visibility and valuations for the company in coming months.

## Other Projects

New Oroperu also owns a 100% interest in two other prospective gold properties in Peru. Management sees exciting potentials for additional gold discoveries here, and intends to start exploration programs this year at the properties.

The first of these, the Angelica property, is just 8 km. southeast of the Tres Cruces deposit. J. Reeder, P. Geo., in his report for the company, states: “The property appears to have similar surface results

when comparing to the South Zone of the Tres Cruces deposit....” Mr. Reeder has recommended a multi-phased program of exploration for this target, potentially a buried deposit similar to that found below the argillic alteration at Tres Cruces.

The company’s other property, the Trucha Dorado, is also located just 25 km. to the east of Tres Cruces. This property is adjacent to the Virgen deposit discovered and explored by Gitennes in 1996–1998. Gitennes announced a resource of 474,000 oz. gold. About 12 km. to the north of Trucha Dorado, Cambior explored La Arena deposit and announced a resource of 677,000 oz. gold. This latter deposit is associated with a mineralizing intrusive.

Mr. Reeder, in his report on Trucha Dorado to the company, states that “The target model would be similar to the La Arena and Virgen deposits which are hosted in Chimu Formation sediments. It should also be noted that much of the Lagunas Norte deposit is hosted in Cretaceous age sedimentary rocks.” Mr. Reeder recommended a multi-stage exploration program for Trucha Dorado, with initial surface work followed by geophysics and drilling.

## A Born-Again Company

The name New Oroperu Resources will have a familiar ring to readers who were involved in the booming gold exploration sector of the mid-Nineties.

Then trading under the name Oroperu Resources, the company at the time achieved a considerable following when it formed the Tres Cruces Gold Project, then jointly held on a 50-50 basis with Pan American Silver Corp.

Discovered in late 1996 by the company’s current management, led by CEO K. Wayne Livingstone, the Tres Cruces property was expanded to include adjoining ground held by Pan American Silver and first intensively drilled in 1997 by Oroperu. A geological resource of 2 million ounces gold was outlined with 13,600 meters of drilling.

The two partners then optioned Tres Cruces to Battle Mountain Gold which in 1998 and 1999 drilled an additional 21,000 meters of infill and step-out drilling to define a measured and indicated resource of 1.76 million ounces.

As gold prices began a long decline toward the

\$250/oz. level, Battle Mountain Gold was forced in 1999 to withdraw from the Tres Cruces project.

Between 1999 and 2002, Oroperu Resources reorganized, shedding other expensive projects and clearing out debt from its balance sheets, but retaining certain core properties, including its 50% interest in Tres Cruces. The company consolidated its shares on a 1 for 10 basis. The company previously traded on the Canadian Dealing Network but lost its quotation when the Canadian Dealing Network ceased operations.

Then, in May of last year, as the gold exploration sector began showing a strong resurgence based on a newly rising gold price, the now-renamed New Oroperu Resources Inc. made two key moves that ultimately restored it to a publicly listed company status with Tier 1 status on the TSX Venture Exchange, leading to its current position in the mineral-sector markets:

1. First, New Oroperu last May acquired the option from Pan American Silver to purchase the latter’s 50% interest in Tres Cruces, thereby consolidating 100% control of this keystone property under the roof of New Oroperu.

Pan American Silver agreed to accept a package securities-and-cash deal in exchange for giving up its 50% Tres Cruces interest. This involves a formula for share issuances by New Oroperu, annual cash payments, and a partial direct and also net smelter royalty interest in the property. Notably, New Oroperu’s schedule of obligations to Pan American Silver are self-liquidating because of agreements subsequently achieved with Barrick, and so do not require the use of its own capital.

2. With 100% control of Tres Cruces now in hand, New Oroperu was able to move rapidly to enter into a joint-venture agreement on this property with Barrick Gold. Barrick has since then studied the project’s potential and, as definitive JV agreements are now being readied for signature, the big gold producer is set to start on an exploration program to expand this project’s currently defined gold resource and explore the balance of the property.

## Outlook

New Oroperu’s CEO, Wayne Livingstone, has a bright outlook for the company in 2003 and beyond. Management considers that the Tres Cruces Gold

Project offers strong potential for significant growth of its gold resource, with work results to be reported on an ongoing basis. New Oroperu's two other 100%-owned gold exploration prospects near the Tres Cruces also have potential to further increase company values and will be explored.

The company's share structure is well positioned for value-growth potential. Total shares outstanding amount to only 11,251,571 (including 2,203,333 special warrants that will convert into shares). An additional 4,175,000 warrants and options bring the fully-diluted total shares outstanding to just 15,426,571 – and would yield the company up to

an additional \$US 2.6-million cash if exercised.

Based on these fundamental factors, plus recent strongly higher gold prices, New Oroperu could be headed for significant re-rating by the markets in the months ahead.

TSX Venture Exchange: ORO.U. We'd watch it closely. ▲ NRI/WGSR

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