Vena Provides Update on Azulcocha West Polymetallic Project

26.05.2014 | Marketwired

TORONTO, ONTARIO--(Marketwired - May 26, 2014) - Vena Resources Inc. (the "Company" or "Vena") (TSX:VEM)(LMA:VEM)(FRANKFURT:V1RA)(OTCBB:VNARF) announces that after four years of an arbitration process in Peru the Company will be able to restart exploration activities of the promising Azulcocha West polymetallic property located only 6 kilometres west of the existing Azulcocha mine and milling operation. The Azulcocha West claims are strategically important to the long term economics of Vena given its close proximity to the Azulcocha Mine processing facilities owned by Azulcochamining S.A. (now owned by Trafigura Beheer B.V.)

Azulcocha West Property - The 2,583.2 hectare Azulcocha West project is located immediately west of the Azulcocha mine/mill concessions. The property was staked by Vena in 2006 to cover 30 known polymetallic showings including skarn, manto and vein deposits in the area. In 2006, Vena signed a letter agreement ("LA") with Empresa Minera Los Quenuales S.A. ("LQ"), a company owned by Glencore of Switzerland, to explore the property. The program consisted of detailed mapping, geophysics, trenching, rock sampling and diamond drilling.

Both the Jurassic limestones of the hanging wall and the Cretaceous sandstones of the footwall of the Conchas - Gran Bretana Fault have been intruded by Neogene Granodioritic calc-alkaline laccoliths. The largest of these is the granodioritic Chuquipite intrusive that is approximately 4 kilometres in diameter and is in contact with the Condorsinga limestone. The smaller San Pablo Intrusive, classified as dacite porphyry, is approximately 700 metres x 200 metres in size and intrudes the northern limb of the limestone. The two intrusive bodies are approximately 1.5 kilometres from each other.

The juxtaposition of the two metal rich intrusions with reactive limestone wall rocks in the presence of the western extension of the Conchas - Gran Bretana Fault (a major regional ore host) has been responsible for the proliferation of mineralization. Drilling indicates that the two most important structures are the 2.5 kilometre long northern contact of the Chuquipite intrusive (Maria Fe and Valeria skarn/replacement showings) and the approximately 500 metre long Recuperada vein. There is a marked contrast between the mineralogy of the two structures: the Maria Fe is zinc rich metasomatic with abundant skarn minerals in the gangue whereas the Recuperada is silver rich with a silica gangue that appears to be epithermal. There is also a contrast in depth of oxidation with the Recuperada sulfides having been much less affected by supergene processes. Due to the differences in strike and dip of the two structures there is a convergence of the two mineralized systems near the eastern end of the Maria Fe showing.

The best drill intersection at Maria Fe is 23.9 metres of 11.46% zinc in the transition zone (mixed oxide/ sulphide) at a vertical depth of about 140 metres. The trenching/ drilling at the Recuperada structure indicates that there are two approximately 140 metre long zones of mineralized vein: the northeast zone - width 0.48 metres at 279.8 g/t Ag, 1.2% Pb, 0.79% Zn; and the southwest zone - width 1.40 metres at 73 g/t Ag, o.51% Pb, 0.76% Zn. A total of 3,800 metres of drilling were completed, over 100 trenches were excavated and 1,100 channel samples were taken. Given the magnitude and grades along the contact zone and based on all the previous geological work performed, a multimillion ton resource can be visualized.

Vena will work on delivering a *National Instrument* 43-101 report as soon as possible.

Significant Drill Intersect at Azulcocha West							
TARGET	DRILL ID	WIDTH (mt)	Au g/t	Ag g/t	Cu %	Pb %	Zn %
Valeria	V-04-08	2.05	10.33	477.97	0.25	36.76	0.44
Maria Fe	MF-10-01	23.90	0.09	20.66	0.12	0.24	11.46
Maria Fe	MF-10-02	7.79	0.07	23.52	0.22	0.23	4.56
Maria Fe	MF-10-05	5.15	0.03	13.95	0.31	0.01	8.85

Maria Fe Bx	R-01-08	5.60		188.99	0.39	0.25	0.43
Recuperada	R-01-08	4.05	0.14	139.00	0.27	0.37	0.79
Recuperada	R-02-08	2.40	0.03	86.12	0.05	0.37	0.18
Recuperada	MF-01-08	12.20	0.07	59.18	0.03	0.52	0.05

Azulcocha West Arbitration - Under the original agreement in 2006 with LQ and extended three times thereafter, LQ agreed to invest US$2,750,000 in exploration expenditures, provide a satisfactory feasibility study for Vena and pay Vena US$1,000,000 to acquire a 51% interest in the Azulcocha West Project. None of those requirements were met. In April 2010, Vena and LQ signed a Letter of Intent ("LOI") to be followed by a binding agreement including all new terms.

As previously disclosed in Vena's financial disclosure documents, the main issues of the arbitration were the following: (i) LQ argued that the LOI effectively extended the term of LA therefore it was not necessary to sign a further binding contract and LQ sued Vena for US$13,000,000 in damages for loss of profits; and (ii) Vena countersued LQ for US$9,130,000 in damages based on the fact that the LOI did not extend the LA's term and further that LQ acted in bad faith preventing the signing of the future contract (LQ 's lawyer had sent a draft of the future contract which contained the new terms).

During the arbitration proceedings it was discovered that LQ drilled six additional holes but did not disclose the technical results to Vena. And further, LQ performed this drilling without all the required authorizations and permits. Recently, Vena re-assayed those drill holes and found significant intersects that at the time could have substantially improved the understanding of the Azulcocha regional geology. Vena made several decisions over the last few years regarding Azulcocha that might have been significantly different if all of the technical data had been available to the Company. Possibly this would have involved an alternative decision with respect to the sale of the mine/mill as part of the regional investment strategy.

The arbitration panel, in a controversial decision, with two votes in favor and one against has determined that Vena Peru and Azulcochamining S.A. jointly and severally pay LQ an audited sum of US$2,342,092.51 for damages despite the fact that LQ did not comply with a single term in the original option agreement even after Vena granted three extensions. In its opposing statement, the dissenting arbitration panel member dismissed in every respect LQ's claims and in contrast to the decision determined that LQ should pay Vena US$4,970,000 for loss of profits.

Juan Vegarra, Vena's Chairman and CEO stated: "We are pleased Azulcocha West can be advanced shortly. The property's significant mining potential and proximity to an existing milling operation adds tremendous value to our current holdings. As the Company just received notification of the arbitration decision, Vena's legal team is analyzing the arguments and scope of the extensive arbitration documents and will respond accordingly in due course."

This press release has been reviewed and approved by David Bent, P. Geo., Vena's Qualified Person as defined by NI 43-101.

Forward-Looking Statements:

This press release contains forward-looking statements. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "would", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur. The forward-looking statements are based on certain key expectations and assumptions made by Vena. Although Vena believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Vena can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. In addition to other risks that may affect the forward-looking statements in this press release are those set out in Vena's management discussion and analysis of the financial condition and results of operations for the year ended December 31, 2013 and the first quarter ended March 31, 2014 and its annual information form for the year ended December 31, 2013, which are available at www.sedar.com. The forward-looking statements contained in this press release are made as of the date hereof and Vena undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Contact

Vena Resources
Juan Vegarra
Chairman & CEO
(416) 364-7739, ext. 120
jvegarra@venaresources.com
www.venaresources.com