

Resource on the radar for Tesoro

High drilling production rates and consistently impressive results at Ternera had Tesoro Resources Ltd mulling over the option to add more rigs at its flagship El Zorro project in Chile last month.

Four rigs continued to operate 24/7 at Ternera, where Tesoro has successfully expanded the mineralised footprint by about 300% in the short time since the company listed in February 2020.

"We are weighing up whether we put another couple of rigs there to get a bit more focus on the infill, and similarly, to focus on some of the extensions we are finding which are so far out. We can quickly potentially draw a circle around another 20-30,000m of drilling," Tesoro managing director Zeff Reeves told **Paydirt**.

Tesoro has already drilled 128 diamond holes across the El Zorro project, in Chile's coastal Region III area, for a total of 40,000m.

"We have a few things to do before we pull the trigger on another couple of rigs. We probably have enough data, including the outstanding 30-33 holes being assayed, to do a maiden resource estimate. I am on record on saying that we'd like to see something that could support a 100,000 ozpa operation for 10 years-plus. Whether we get there on the initial resources is to be seen but we are probably going to be close to that."

A maiden resource at Ternera could appear sometime around mid-year for Tesoro.

"We really see that maiden resource as being a starting point and stepping-stone. There are certainly extensions in this that we have picked up and not going to be able to include in that resource simply because of time," Reeves said.

"We have signalled to market that we want to get this resource out by mid-year to form the basis of our scoping study. We can expand that study in parallel with the resource, we really want to get that scoping study work underway and completed as soon as possible so we can start that permitting process."

In late March, multiple wide, shallow gold intercepts were reported at Ternera, headlined by 50m @ 1.73 g/t gold, in-

cluding 6m @ 8.47 g/t and 25.4m @ 1.39 g/t, including 1.9m @ 10.3 g/t.

Meanwhile, at the time of print another discovery was confirmed at El Zorro with widespread surface gold mineralisation – 3m @ 8.33 g/t gold, 12m @ 0.95 g/t and 3m @ 2.31 g/t – reported at Ternera East.

"We want to fast-track the project

funded to continue drilling across El Zorro in 2021, and build upon the 35,000m of drilling already completed at Ternera alone.

"The more we drill this thing, the bigger and bigger it gets, it really is quite a phenomenal system. The last hole we drilled still has gold in it and there have been no complete dusters," Reeves said.

"I think we have collared the 132nd hole Tesoro has drilled into El Zorro with nearly 40,000m of drilling completed, which is a phenomenal success rate."

Despite the latest pullback in the gold sector, Tesoro fared well in the market during 2020, however, Reeves admits Australian investors still struggle with "the big ocean between them and the project".

El Zorro's coastal setting, which Reeves likens to a project situated along Western Australia's coral coast in a place like Geraldton, means infrastructure is not a concern, while Chile's standing as a world-class mining jurisdiction should also not be forgotten, he said.

"From recent experience just getting on the ground drilling in Chile is just a breeze to work in compared to WA; there is less red tape to work through. The marketing that we are doing is looking to attract that North American investors base, which is familiar with South America, particularly Chile," Reeves said.

Exposure to the North American investment community is something Tesoro will continue to build upon as project development and funding scenarios start to be considered.

"A potential Canadian listing is always an option," Reeves said.

"We will certainly look to raise some capital there when it comes to building a mine for example because they are more familiar with the jurisdiction. In the Australian market we are constantly regurgitating that Chile is a world-class mining destination and the sovereign risk is limited and probably less than in Australia."

– Mark Andrews



Zeff Reeves

through development but there is already mineralisation that we are seeing in our working model that is off way in the distance. We can join the dots and put a drill hole in the middle of the project and mineralisation is still there," Reeves said.

"We are optimistic that it will continue to grow and that the maiden resource will be a solid foundation with legs to grow. I envision that we will be drilling for the remainder of the year."

Having raised in excess of \$30 million since March last year, Tesoro is well