

Levon Resources could benefit from growing Chinese demand for Mexican minerals

Levon Resources (Levon) is a Canadian gold, silver, zinc and lead and precious metals exploration company that is engaged in the acquisition, exploration and development of natural resource properties in Canada, Nevada and Mexico. Its flagship is the silver, gold, lead and zinc Cordero project, which is located 220 km south of Chihuahua, Mexico.

Levon (TSX: LVN) recently reported that it has completed the fourth phase of drilling at the Cordero property involving 24 core holes testing the Aida claim, located in the middle of the property. Levon has received 14 Assays so far, revealing considerable potential tonnage for silver (Ag), gold (Au), zinc (Zn), and lead (Pb) mineralization, which is present from the surface in and around the Aida claim. Levon also noted that three of the new holes “intersected wide, higher grade mineralization across mineralized volcanic feeder zones at depth within the volcanic Cordero Felsic Dome Complex”.

Mexico has a centuries' long mining tradition; even before the arrival of the Spaniards, and until today. It stands out for its production of silver, gold zinc and lead among a host of other high demand metals. Mexico is the largest silver producer in the world, accounting for some 17% of global production. Mexico, moreover, has enormous potential for mining growth. Only 20 % of the territory has been explored and geological studies indicate that two-thirds of Mexican territory contains ore deposits at least as important as the ones that account for most of current production. Levon happens to be located in one of Mexico's most prolific mining areas, the state of Chihuahua. The mining sector also has a privileged position in government support because it is

considered an important engine of economic development in the country. The growth of the Mexican mining sector is mainly due to the increase in prices of several metals and minerals in the 2008-2009 period but there is renewed interest in gold and silver investments prompted by a new 'gold rush' in North America – especially in the Canadian Province of Quebec and – very likely – in Ontario.



Mexico's mining sector growth has also been encouraged by political and financial stability and from its proximity to the United States. Even when the US economy is lagging, Mexico also manages to secure strong export of its minerals to China. Indeed, demand from China will continue to stimulate the Mexican mining sector as the Asian giant is investing heavily in Latin America. Currently, China is the largest gold, zinc and lead producer but if it wants to continue its industrial development, it will be forced to consume more than 50 % of major mineral commodities in the world in the next decade. Moreover, China is also trying to contain environmental pollution deriving from several mining activities – most famously rare earths – so it will need to find alternative sources beyond its borders. Levon is certainly in a position to benefit from just such demand. Indeed, to meet Chinese demand, the global market is witnessing a phenomenon of mergers and purchases from Chinese mining companies, which has significantly affected the Mexican market. For example, the Jinchuan Group Ltd made an offer for Tyler Resources' proposed copper, zinc, molybdenum, silver and gold in the state of Chihuahua. It is very likely that Chinese investors will be looking to buy more companies.

The need for raw materials in the world is growing and in fact many projects are underway in Mexico. Canadian companies like Levon are well positioned to meet this demand. Mexico has an open market economy with a skilled workforce and has signed

several free trade treaties such that it has a free trade agreement with 41 countries. Mexico is a signatory to the North American Free Trade Agreement (NAFTA) with Canada and the United States which entered into force in 1994 liberalizing trade between the three countries.