

Latin builds scale and fast track for lithium

ASX-listed explorer looks to make up ground on its peers

EXPERIENCED SOUTH AMERICA-focused energy minerals junior Latin Resources (AU:LRS) is looking to fast track into production of hard-rock pegmatites in Argentina.

The company has just secured the Condor concessions in the San Luis district, as it adds further scale to its portfolio which already contains the country's largest lithium hard-rock pegmatite holding.

Importantly, Latin is in discussions with the owners and operators of

processing plants in the province to enable a spodumene circuit to be added to an existing plant.

The acquisition, coupled with the company's other lithium projects and the existing processing capacity in San Luis, presents a unique opportunity for Latin to fast track production of spodumene concentrate once they produce a JORC resource, managing director Chris Gale explains.

He said Latin's aim was to establish a maiden lithium JORC resource mid-year and become a producer in the energy minerals sector, to meet the widely-anticipated growing demand and take advantage of buoyant lithium prices.

The company's strategy of developing projects then delivering shareholder value by bringing in joint-venture partners and third-party agreements is gathering pace and allowing it to hone its focus on fast tracking its lithium potential, plus adding value to its cobalt and copper projects in Peru.

Latin already has a high-level scoping study underway with Primero Consulting Engineers, to determine a flowsheet to produce spodumene concentrate.

Adding a circuit to an existing plant in San Luis would negate the normal lengthy plant approvals process and offer substantial cost benefits, Gale noted.

The new Condor concessions are in the vicinity of historic lithium mines and some of the pegmatite outcrops are being mined for feldspar and quartz.

The deal follows the finalisation of the sale this month of Latin's remaining Peruvian copper assets to Toronto-listed Westminster Resources (CN:WMR), essentially realising more than US\$5 million for assets that were previously not providing any value.

Westminster acquired the projects for total proceeds of A\$6.8 million (US\$5.3 million) in cash and shares, giving Latin a 40% stake in the Canadian company and allowing it to turn its attention to lithium and cobalt in Argentina.

However Latin continues its exposure to copper through a 2017 joint-venture deal with Canadian copper major First Quantum Minerals (CN:FM) over Latin's MT03 copper project in Peru, which is bringing in US\$500,000 of staged payments and First Quantum is starting drilling soon as part of its quest to earn an initial 51%.

Latin is also in talks to sell its 1.3 billion tonne mineral sands project in Peru as it moves to advance its lithium projects in Argentina.

In a further strategic partnership, Latin Resources has agreed to fund a lab-scale pilot plant using technology patented by the University of Cuyo (UnCuyo) that obtains lithium carbonate from spodumene.

"We're a big believer in the renewable energy, electric vehicle, energy storage space," Gale said at the company's head office in Perth. "I think lot of people are starting to catch on to the fact it is a real business, it's not going to be a bubble."

"We'd like to think we can offer some lithium material for that sector very soon."

Given Argentina's north comprises one-third of South America's 'lithium triangle', which is renowned for its resources and brine prospectivity, Gale has a ready answer for deliberately seeking out the country's hard-rock lithium potential.

"The bottom line is that a hard-rock lithium project has lower capex than brine and less lead time to develop and put into production," he said.

"We did a fair bit of research to see what was available in the lithium geology in South America and came across a 20-plus year old white paper that had detailed lithium pegmatites in Argentina.

"We sent the team out from our Peru office to do some field work and ultimately secured the concessions in Catamarca and a district called San Luis."

Latin Resources now has more

Latin is drilling to establish a maiden resource mid-year





than 266,000ha in the San Luis, Catamarca and Salta provinces, which it describes as comprising the largest lithium hard-rock pegmatite landholding in Argentina.

A 5,000m drilling programme at Catamarca last year intersected high grades, including 3m at 2.98% lithium oxide.

The company is now turning its attention to San Luis, where drilling is imminent and Gale said approvals were falling into place.

"Once we assess the drilling results along with the prospectivity, we'll make a call on which project area we start to develop first," he said.

Samples from the San Luis area were used by the UnCuyo scientists, who developed the patented process about to be further tested in the lab-scale pilot plant, which is currently being built thanks to the funding from Latin.

"It's the holy grail, really, that everyone's looking for, finding a way to turn spodumene into a lithium carbonate more efficiently and therefore cheaper," Gale said.

"There are quite a few companies developing processing techniques, so we thought for the investment size, it was worth the risk.

"The other thing it offers is giving back to Argentina."

Under the UnCuyo deal, Latin Resources has secured the first option to acquire an exclusive licence for the commercial use of the technology in Argentina, Australia, China, Canada and the US.

The company raised A\$2.5 million towards the end of 2017 and Gale expects the upcoming exploration to be fully funded, with further cash coming in from the company's joint-venture arrangements.

Looking to the months ahead, Gale said there would be a steady newsflow, starting with drilling results from San Luis and more field work at Catamarca, including flying a geophysical survey.

The company also plans to start work at its greenfields La Rioja

cobalt project, three concessions that surround the historic King Tut cobalt-gold mine that operated more than 100 years ago.

Gale indicated the company would also further increase its hard-rock landholdings and see results emerge from the Primero study, resource definition drilling, First Quantum drilling, Westminster exploration and UnCuyo testwork.

"We've got a lot coming over the next three to six months," Gale said.

"After 10 years of operating in Latin America and building a solid foundation, I think we're nearly in a position where we can move to the next stage, the development of our projects into production.

"We're moving strongly into the renewable energy space and we want to become a producer, whether that's on our own or with a partner to help develop the project."

Comparing the company's market capitalisation with fellow ASX-listed lithium companies, Gale pointed out the value differential between explorers, companies with a JORC resource such as Altura Mining (AU:AJM) and Tawana Resources (AU:TAW), and developers including Pilbara Minerals (AU:PLS) around A\$1.4 billion) and producers such as Galaxy Resources (AU:GXY) A\$1.3 billion).

"There are some great lithium companies here in Australia like Pilbara, Altura Mining and Tawana Resources – they've done a terrific job of developing a JORC resource and moving to production," he said.

"Once you hit that JORC resource, you get market caps anywhere between A\$200 million-\$500 million – and it doesn't have to be 1 billion tonnes, just look at emerging miner Altura with about 40 million tonnes and a market cap of A\$600 million.

"We're a company that's about to start drilling and establish a JORC resource, with a A\$25 million market cap – I think we'll certainly be a lot higher by the time we establish a resource in June."

Latin Resources is aiming to fast-track into lithium production



'It's the holy grail, really, that everyone's looking for'

– CHRIS GALE
MD

LATIN RESOURCES AT A GLANCE



HEAD OFFICE

Unit 3, 32 Harrogate St, West Leederville, WA 6007

Tel: +61 8 6181 9798

Email: info@latinresources.com.au

Web: www.latinresources.com.au

DIRECTORS

David Vilensky; Chris Gale; Brent Jones

MARKET CAPITALISATION

A\$28.8 million (February 16)

QUOTED SHARES ON ISSUE

2.62 billion