

Junior explorer Latin Resources Limited sees first 'green shoots' in investor sentiment

By [Rebecca Curtin](#)

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[Photo: The junior explorer says "green shoots" investment will allow good projects to get off the ground. \(Rox Resources\)](#)

A junior explorer based in Western Australia says the first "green shoots" of new mining investment are beginning to show.

Latin Resources Limited's managing director Chris Gale said after a tough year, he was able to see small changes in sentiment during the company's investor briefings in London.

"It's the first time I've seen some positivity around investor presentations for at least 12 months," he told ABC Rural.

"London seems to be back in the market again for mining, most of the funds are small cap funds and certainly the sector in general is underweighted in mining stocks.

"There certainly is some green shoots showing and some positivity back in the market."

Mr Gale said the junior mining investment market had struggled through an "abysmal" 12-month period.

"The market over the last three years has been difficult, the last 12 months have been abysmal for raising capital for junior explorers," he said.

"To give you some idea, there hasn't been a mining IPO [initial public offering] for six months, for the first time ever."

It is now a case of hanging in for the final stretch. The fresh capital injections are on their way but potentially not in full force until 2017.

Chris Gale

Mr Gale said the Peru-focused copper exploring company was considering floating on the London stock exchange.

He said for junior miners to be more attractive to investors they needed to consider trying things differently, including considering dual listing on stock exchanges and joint venture partnerships.

He said he was hopeful sentiment towards investing in juniors was beginning to change.

"I think those companies that have held and continue to survive in this market obviously have good projects but manage to get through the tough times," he said.

"I suggest that those companies will get through the tough times, will start to see some investment back into the market perhaps end of this year, early next year.

For Australian resources juniors, it is now a case of hanging in for the final stretch. The fresh capital injections are on their way but potentially not in full force until 2017."

PRICES STILL DOWN, SECTOR STARVED OF INVESTMENT

Independent analyst Peter Strachan said Mr Gale's comments were an optimistic take when commodity prices were continuing to take a battering.

"We've seen recently continued weakness in the iron ore price which is back down ... we've seen the nickel price taking an absolute hammering, the copper price is also quite weak, the only bright spot seems to be gold which seems to be hanging in," he said.

"I can't see that listing on 20 stock exchanges is going to make any difference, quite honestly it's just an extra cost.

"Really it's a global market and you only have to list in one decent stock exchange and you should get recognition globally.

"Certainly the market for joint venture is there and is a reflection of the fact that people can't raise money in their own market or in any market."

Mr Strachan said the junior investment market still remained "effectively closed".

"We've had a capital strike, if you like, for the last two years," he said.

"The junior sector has been really starved of capital, there are 20 or 30 good companies out there with fantastic prospects, but their share price trades at two or three cents.

"We're going to need to see commodity prices rising substantially to see those green shoots come through and we're going to need to see some freeing up in capital markets that brings additional equity into these projects."