

Juniors need to hang on until 2017 for investment cash

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A mining exploration company boss says Australian resource juniors won't need to hang on for much longer before fresh capital is injected by investors.

Chris Gale, managing director of Peru-focused copper explorer, Latin Resources Limited, said the small uplift was evident in the company's just completed round of investor briefings in London.

Addressing the first day of the Paydirt 2015 Latin America Downunder Conference, Gale said 2017 will see a turnaround in investor sentiment for the resource sector.

"The change in sentiment is small at this stage but is being led predominantly by high net worth investors and small cap funds with some institutions starting to take notice of the change as they are incredibly underweighted in the resource sector," Gale said.

"The London equities markets, particularly for miners and explorers, have historically been among the first movers and there are definitely green shoots appearing, and the AIM mining index has outperformed the broader market over the past three months."

For Australian juniors, Gale said this meant "hanging in for the final stretch".

"The fresh capital injections are on their way," he said.

The Latin Resources executive said, however, domestic Australian capital raising markets remained dead to juniors.

This contrasted with the company's recent success in locking in a Peruvian copper major to fund new drilling work and other work program commitments on one of the Australian's flagship projects hugging the far southern Peruvian coastline.

"It would have been impossible for Latin Resources to lock down a \$3 million capital raising locally, but we have got that commitment for our Ilo Este project and are now looking forward to a fresh drill campaign starting next month – something we could not have otherwise afforded to do."

The funding is via a joint venture with Peru's Compania Minera Zahena SAC.

The agreement covers a total consideration of US\$1 million cash for the Australian explorer, exploration work commitments totalling a further \$US3 million, and the immediate commencement of an 11,000 metre drilling program.