



Latin Resources

Jun 30th 2015

Latin Resources new deal on Guadalupito attractive to partners

Latin Resources (ASX:LRS) has reduced the price it has to pay the Guadalupito Project vendors in Peru by US\$7.2 million with no cash payments until after the release of a successful Definitive Feasibility Study.

The new terms facilitate the company's goal of attracting direct investment in the project from a joint venture partner.

Guadalupito hosts a JORC Inferred Resource of 1.3 billion tonnes at 5.7% heavy minerals as well as a conceptual exploration target of between 3.9 billion and 5.1 billion tonnes grading 3.2% to 8.4% heavy minerals.

Besides the reduction in the purchase price, a new payment schedule has also been agreed with the pending amount paid in 5 annual instalments beginning 6 months after the release to market of a favourable DFS that the company has a maximum of four years to achieve.

In addition, 2 million ordinary shares will be issued to the vendor every 5th January in 2016, 2017 2018 and 2019.

Chris Gale, managing director, commented:

"Latin is confident that having eliminated any cash obligations to the vendor prior to completing a favourable DFS the project will attract the appropriate investment partner we have been seeking, allowing for all investment going forward being dedicated to the funding of DFS which is the next crucial step to bring the project into production."

Sale agreement

Besides the reduction in the purchase price as well as the elimination of any cash obligations to the vendor until completion of the Definitive Feasibility Study.

Latin Resources has also agreed to increase the Royalty payment to the vendors from 1.5% NSR to 3.0% NSR, with 1.0% NSR able to be extinguished by Latin Resources by the payment of a further US\$10 million at Latin's option.

The new terms were accepted by the vendors in consideration of the current challenging investment environment, and with the full understanding that deferring cash payments beyond the DFS completion is required in order to achieve the direct investment sought by the company in the Project from a JV partner.

Finally, the letter agreement commits the parties to proceed as soon as possible to complete the required documentation to register the agreement as previous amendments have been under Peruvian law.

The revised cash payment schedule is:

- January 2020: US\$250,000;
- January 2021: US\$750,000;
- January 2022: US\$1 million;
- January 2023: US\$2 million; and
- January 2024: US\$6 million.

Price: A\$0.009

Market Cap: A\$3.461M

1 Year Share Price Graph



Share Information

Code: LRS

Listing: ASX

Sector: General Mining

Website: www.latinresources.com.au

Company Synopsis:

Latin Resources (ASX:LRS, SETSQX:LRS, OTCQX:LNRDY) is focused on Peru where the company has several projects, including Ilo Norte where the focus is iron, copper and gold, while at Guadalupito the target is iron and heavy mineral sands.

Author:

Proactive Investors +61 2 9299 5001

action@proactiveinvestors.com.au



Guadalupito Project

The Guadalupito Project covers 24,000 hectares and consists primarily of andalusite and magnetite.

Discrete liberated mineral grains of recoverable size of zircon, rutile and ilmenite have been identified.

It has established infrastructure, easy access to water and power as well as an attractive location just 25 kilometres from the port city of Chimbote and one of Peru's largest steel smelters.

Analysis

Today's news of amendments to the Guadalupito sales agreement is significant, as Latin Resources will no longer have to continue with cash payments until completion of the Definitive Feasibility Study.

This paves the way for a potential joint venture partner to view the project on much more attractive terms.

If a partner farms-in to Guadalupito, Latin Resources would have positioned itself to advance the project at a minimal cash spend.

Key catalyst:

Latin Resources securing a joint venture partner to rapidly advance Guadalupito, or one of its other prospective projects.

Proactive Investors Australia is the market leader in producing news, articles and research reports on ASX emerging companies with distribution in Australia, UK, North America and Hong Kong / China.

You understand and agree that no content published constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential advisability, value or suitability of any particular security, portfolio of securities, transaction, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including company related products and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made.

However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The contributors make every effort to ensure that the information and material contained in this report is accurate and correct and has been obtained from reliable sources. However, no representation is made about the accuracy or completeness of the information and material and it should not be relied upon as a substitute for the exercise of independent judgment. Proactive Investors does not accept any liability, including negligence, for any loss or damage arising from the use of, or reliance on, the material contained in this report. There are general risks associated with any investment in securities. Investors should be aware that these risks might result in loss of income and capital invested.



WARNING: No recipients should rely on any recommendation (whether express or implied) contained in this document without obtaining specific advice from their advisers. All investors should therefore consider the appropriateness, in light of their own objectives, financial situation and/or needs, before acting on the advice.

DISCLOSURE: The Company, its directors, associates, employees or representatives may not effect a transaction upon its or their own account in the investments referred to in this report or any related investment until the expiry of 24 hours after the report has been published.