



Latin Resources Ltd

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Latin Resources Ltd to be free carried at Peru copper project

Latin Resources Ltd (ASX:LRS) has signed a binding term sheet with a subsidiary of Canadian mining giant First Quantum Minerals Ltd (TSE:FM) to earn-in to its Pachamanca/MT-03 copper project in Peru.

The subsidiary, Antares, may earn up to 80% through staged payments totalling US\$0.5 million over 56 months.

Should Antares earn up to a total of 80%, this will progress the project through to a decision to mine. LRS will be free carried up until this point.

With LRS not having to fund the Peru operations, it can now focus its full attention on its lithium projects in Argentina.

The deal will give the company a dual exposure to copper and lithium going forward.

Chris Gale, managing director, commented:

"This now allows high level technical exploration and drilling to start on the Pachamanca/MT-03 project by the well respected and experienced First Quantum team in Peru.

"We are pleased that Latin will be free carried right through to a decision to mine, this means that we will not have to fund our Peru operations and can focus our attention on our lithium projects in Argentina."

Pachamanca/MT-03 copper project

Pachamanca/MT-03 is an 89 square kilometre project hosting a potentially large copper porphyry target in an area of the Southern Peru copper belt.

The target is a 5 kilometre diameter circular feature identified by aero-magnetic data.

The western flanks of the Andes in Southern Peru host a number of tier one Porphyry copper deposits including:

- Cerro Verde (4 billion tonnes at 0.39% copper, 0.01% molybdenum)
- Toquepala (3.4 billion tonnes at 0.47% copper, 0.023% molybdenum); and
- Cuajone (2.4 billion tonnes at 0.48% copper, 0.017% molybdenum).

Together these mines accounted for over 40% of Peru's 2013 copper production.

Earn-in details

The earn-in agreement option is a binding term sheet with the Peruvian subsidiary of First Quantum Minerals Ltd., Minera Antares Peru SAC.

First Quantum Minerals is the largest copper producer in Canada.

The option is given in return for a total consideration of US\$0.5 million of cash and exploration work, resource

Price: A\$0.015

Market Cap: A\$20.794M

1 Year Share Price Graph



Share Information

Code: LRS

Listing: ASX

Sector: General Mining

Website: www.latinresources.com.au

Company Synopsis:

Latin Resources Ltd (ASX:LRS) is focused on exploration in Peru and Latin America.

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estimation and development studies sufficient to support a decision to mine resources containing in excess of 1 million tonnes of copper metal or equivalent.

Following completion of geophysical surveys, the binding term sheet is to be formalised at Antares' election.

On signing the definitive contract, Antares will be assigned rights and an initial option to earn 51%.

Antares will obtain all drilling permits with up to 4 years to undertake drilling and technical studies to support a JORC resource estimate of at least 1 million tonnes of copper metal equivalent to earn 51% of the project.

Antares can then earn up to 80% by providing technical documentation to support a decision to mine.

Payment triggers which total US\$0.5 million are as follows:

- US\$50,000: 8 months following granting of all permits to complete initial drilling phase;
- US\$75,000: 20 months following granting of all permits to complete initial drilling phase;
- US\$100,000: 32 months following granting of all permits to complete initial drilling phase;
- US\$125,000: 44 months following granting of all permits to complete initial drilling phase; and
- US\$150,000: 56 months following granting of all permits to complete initial drilling phase.

Antares will have an option to buy LRS's remaining 20% share based on an independent valuation leaving LRS with a 2% smelter royalty. Antares can purchase 1% of this royalty for US\$40 million.

Analysis

This deal will see LRS partnered with a major global copper miner and allow it to maintain a dual commodity exposure to copper and lithium.

The deal also allows for the progress of Pachamanca/MT-03 through high level technical exploration and drilling to be conducted by the well respected and experienced First Quantum team in Peru.

Pachamanca/MT-03 represents a large target in a fertile copper district with access to first class infrastructure in the heart of a major copper producing region.

The project is along trend from an existing porphyry deposit at Southern Copper's Tia Maria, measuring 639 million tonnes at 0.39% copper and 0.19 g/t gold.

There are 125 billion pounds of contained copper in published reserves and resources within 130 kilometres of the project.

If a decision to mine is reached, this will mean a sizable and significant operation providing a bright future for LRS, either through a significant 20% retained participation, or valuable royalty stream.

The share price is up 200% year to date, currently trading at \$0.015 per share.

Lithium portfolio

LRS recently lodged applications for an additional 7,051 hectares across two lithium tenements in Argentina.

This builds on the recently made applications for 70,000 hectares of lithium exploration tenements made with joint-venture partner Lepidico Limited in Argentina.

The two most recently lodged tenements cover the Vilisman and Ancasti pegmatite groups which each host a number of well documented lithium bearing pegmatite deposits.

These deposits have been historically mined for lithium, beryl, tantalum and feldspars during the 1950s and 1970s.

Four samples collected by LRS from old mine workings in three pegmatite deposits within the new claim applications



reported grades of 6.6%, 7.1%, 6.3% and 4.9% lithium.

LRS intends to undertake mapping, sampling, trenching and drilling to prepare Mineral Resource estimates.

Joint venture advantages with Lepidico

LRS and Lepidico will create two Australian companies with subsidiary companies in Argentina and Peru.

Lepidico will grant the companies an exclusive right to market and acquire L-Max® licences in each respective country for a period of 12 months.

The L-Max process is a disruptive technology that delivers an opportunity to create a third supply source of lithium, namely lithium bearing micas such as lepidolite and zinnwaldite.

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