



Latin Resources

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Latin Resources has opportunity to become near-term copper producer

Latin Resources (ASX:LRS) has positioned itself to be a near-term copper producer and cash flow generator, with small-scale production ramp-up potential.

Latin has entered into a legally binding Memorandum of Understanding with Chilean company Minera Activa to carry out due diligence on joint venturing Minera Activa's Filipina Copper Project in Chile.

This would potentially see Latin earn up to 50% of a copper-gold project in Chile, by funding a Bankable Feasibility study.

The project has mining permits that allow immediate small scale production.

There is an existing Measured, Indicated and Inferred Foreign Resource (NI 43-101) of 9.3 million tonnes at 0.80% copper and 0.23g/t gold. With the size of the exploration tenements, there is also the potential for exploration upside.

An extensive 37,000 metres of drilling has been completed between 1990 to 2013 by current and previous project owners.

The location of the Filipina Copper Project is significant and a de-risking element as it sits in one of Chile's premium copper districts with copper mines of Anglo America, Freeport, Antofagasta and Hot Chili (ASX:HCH).

Investors are keen for an exposure to this area, as Hot Chili raised A\$8.1 million last month from investors for its Productora copper project, which is around 40 kilometres away from the project Latin is reviewing.

Adding further intrigue, Productora's resource grade is 90.5 million tonnes at 0.48% copper, 0.11g/t gold and 172 ppm molybdenum.

Therefore, Latin has positioned itself to dial into a project with far superior grade.

Potential early stage operation

Latin said that Minería Activa has informed that there are small scale mining permits in place.

This could allow for an immediate small scale operation producing copper-rich ores that could potentially be sold to ENAMI's toll processing plant in Vallenar, located 38 kilometres away from the project area.

ENAMI is a Chilean state company that processes copper ore, refines and smelts copper concentrates for Chile's small producers, aiming to support their growth.

Therefore, as part of the due diligence, Latin is evaluating the opportunity as a possible near term production and cash flow for the company.

Minería Activa also has an option agreement over the surface property for mine and tailings and additional permits for camp, magazine store, underground diesel storage, laboratory and other mining activities.

Memorandum of Understanding

Price: A\$0.008

Market Cap: A\$3.077M

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 Guadalupe the target is iron and heavy mineral sands.

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The agreement gives Latin an exclusive 45 day period to complete a due diligence on the project to ascertain a project valuation, and potential consideration negotiated in good faith on the completion of the due diligence.

Chris Gale, managing director, commented:

"We are very pleased and excited to evaluate the Filipina Project as it may represent a tremendous value creating opportunity for Latin Resources and potential near term production and cash flow generator for the company."

Conditions of the due diligence include:

- The ability to enter into a joint venture agreement by funding a Bankable Feasibility Study to earn up to 50% of the Project; and
- The ability at any stage during the due diligence period to elect not to proceed with the joint-venture by notifying MA within a 14 day period.

The Filipina Project back story

The Filipina Project is a 10,122 hectare property wholly-owned by Minería Activa, the mining branch of Larrain Vial, a local financial institution.

Larrain Vial acquired the property in 2010 and from 2011 2013 performed exploration works in the central part of the property.

The mining property comprises 6,500 hectares of exploitation concessions or mining claims and 3,622 hectares of applications for exploitation concessions in process of being constituted.

Anglo's Manto Verde Cu/Au project which in 2013 produced 56,800 Mt of fine copper; Freeport's Candelaria Cu/Au project which in 2014 produced more than 180,000 t of fine copper.

Other projects in the area are developed by Pucobre (Mina Manto de Cobre), Hot Chili (ASX:HCN) (Productora Copper Project, Frontera Copper Project, and Banderas Copper Project) and Antofagasta Mineral's Astillas.

Analysis

Latin Resources MD Chris Gale has used his in-country contacts to potentially fast-track the company to copper production and cash flows in one of Chile's premium copper districts.

The area is infrastructure rich with a highly skilled workforce.

There are no shortage of majors in the region, including Anglo America, Freeport, Antofagasta and the ASX-listed Hot Chili.

Hot Chili last month raised over A\$8 million for its Productora project, which is around 40 kilometres from the Filipina project which Latin is reviewing.

Productora's resource has a grade of 0.48% copper and 0.11g/t gold, while Filipina's is 0.80% copper and 0.23g/t gold.

Filipina already has small scale mining permits in place, which could allow for an immediate small scale operation producing copper-rich ores.

Then there is the opportunity to sell these to ENAMI's toll processing plant in Vallenar, located just 38 kilometres from the project.

Latin's partners

Adding further interest to Latin are the companies it is already working with on other projects.



These include Compañía Minera Zahena SAC (Zahena) and Minera Antares Perú S.A.C. (Antares), subsidiary of the \$10 billion plus capped First Quantum Minerals (TSE:FM).

Earlier in the month Latin secured a deal with Zahena over its Ilo Este Project which will provide cash payments, while the company still maintains exposure to exploration upside.

Considering Latin has a market cap. circa \$3 million (before rights issue which is currently open), the company is highly leveraged to any deal and exploration success.

Latin therefore is a copper play to watch, with a dual focus of potential near term production from one project, while on other projects being free carried while generating cash with some of the biggest copper companies in the world.

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