

1 JULY 2014

PERU, BRAZIL

COPPER, GOLD, MAGNETITE,
ANDALUSITE, ZIRCON, ILMENITE, RUTILE

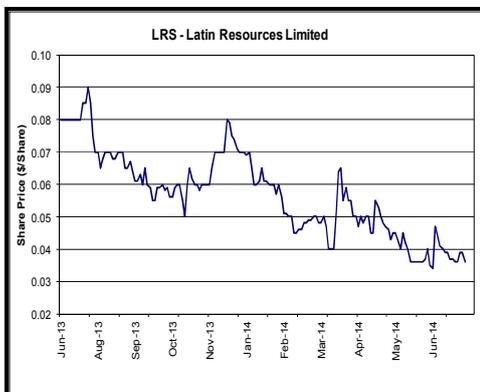
SCOPING STUDY, ADVANCED EXPLORATION

EXCHANGES: ASX:LRS

CAPITAL PROFILE

Share price (A\$)	0.036
52 week range (A\$/share)	0.034 to 0.09
Number of shares (m)	249.9
Options, warrants and incentive rights (m)	84.7
Fully diluted (m)	334.6
Market capitalisation (undiluted) (A\$m)	9.0
Debt (A\$m)* - Jun 14F	2.5
Enterprise value (A\$m)	10.9
Major shareholders: Junefield Group (20.17%), Dempsey Resources (11.04%), Directors and mgmt (7%)	
Avg monthly volume (m)	1.5
Cash (A\$m) - Jun 14F	0.6
Price/Cash (x)	15.0
Price/Book (x)	0.5
Listed company options:	Yes

*Convertible notes: \$2.5m; cp \$0.07 for 35.7m shares; mat. Jul '15.



DIRECTORS

D Vilensky (Non Exec Chairman)
C Gale (Managing Director)
M Rowbottom (Non Exec Dir)
F Li (Non Exec Dir)
Liu Zhongsheng (Alternate Non Exec Dir)

Mr Chris Gale
Managing Director
Latin Resources Limited
Tel: +(61) 8 9485 0601
Subiaco, WA, Australia
www.latinresources.com.au

Analyst: John Wilson
johnwilson@rcresearch.com.au

LATIN RESOURCES LIMITED

Price: A\$0.036

Latin Resource's has copper-gold prospects within a strategic land position in the prolific and tightly held southern Peru copper belt, a region dominated by majors: Ilo Norte (IOCG) high grade Cu-Au intercepts include 30m @ 0.93% Cu (2Q14); Ilo Este is a large scale, well defined Cu-Au porphyry target in the middle of elephant country with potential to be a company maker: initial drilling (3,200m) expected 3Q14. LRS continues to look for a JV partner for the world class, advanced Guadalupito Iron and Mineral Sands Project (scoping study completed) in north coastal Peru.

INVESTMENT POINTS

- Mineral exploration and development company based in Peru, focused on Cu-Au exploration and large scale iron and mineral sands deposits.
- Ilo Cu-Au projects (Peru): LRS has a strategic landholding (11 projects covering 110,000ha) in the tightly held Ilo district of southern Peru dominated by majors such as BHP, RIO, Southern Copper, Junefield, Antofagasta and Anglo. LRS pegged ground early (2008) prior to renewed interest in the area.
- Ilo Norte Project (100/30% LRS) – IOCG target: High grade copper intercepts 2Q14 include: 30m @ 0.93% copper and 0.12 g/t gold from 282m including 6m @ 3.1% copper and 0.45 g/t gold. Peruvian partner Zahena is funding US\$5.35m exploration spend and paying US\$3.65m to LRS over 4 years.
- Ilo Este(100% LRS): High priority - early stage porphyry target with confirmed Cu-Au mineralisation and alteration typical of porphyry systems; significant soil and rock chip anomaly over 3km², magnetic anomaly. LRS drilling 3,200m expected 3Q14.
- Southern Peru copper belt is a major copper producing region with half of Peru's 1.2mtpa copper output mined within 100km of LRS. LRS tenements are proximal to power and key transport infrastructure - rail, road and port.
- Guadalupito Project (100% LRS): World class resource 1.1bt @ 6.1% Heavy Mineral (HM); conceptual exploration target 4.5bt @ 6.1% HM.
- Magnetite, andalusite (used in refractories), rutile-ilmenite-zircon and potentially gold are the main valuable components of the very large and shallow Guadalupito mineral sands deposits identified to date.
- High quality (>61% Fe, <2.5%Ti) magnetite concentrates produced in bulk magnetic separation tests – supports an early magnetite production pathway.
- Share price catalysts include: (i) An initial drill program at Ilo Este on a well defined Cu-Au porphyry target 2H14; and (ii) Guadalupito JV partner - interested parties continue to talk though timing of any agreement is unclear - however, this is a large scale project and securing a partner would get LRS over the critical funding hurdle to unlock project value.
- Well supported by Chinese Junefield Group which now holds 20% of LRS.

EXPLORATION AND FINANCIAL FORECASTS

YEAR END: December	Mar-14a	Jun-14F	2013a	2014F	2015F
Exploration and evaluation (A\$m)	0.54	0.50	3.20	2.04	2.00
Corporate (A\$m)	0.72	0.10	3.70	1.02	0.40
Exploration/(Expl.+ Corporate) (%)	43	83	46	67	83
Funding duration at current burn (years)			0.1	0.4	0.5
Shares on issue (pr end) (m shares)	236.8	246.8	213.6	286.8	336.8
Drilling - RAB (m)*	0	0	10,000	0	0
Drilling - Other/Diamond (m)*	10,000	0	30,000	10,000	10,000
Land holding ('000 ha)	172	172	192	172	172
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m)	0.0	0.4	2.3	2.0	2.0
Funding from JV partners (A\$m)	0.7	0.7	0.0	2.0	2.0
Cash (A\$m)^	0.8	0.6	0.4	1.2	1.3
Cash backing (Ac/share)	0.3	0.2	0.2	0.4	0.4
Net asset backing (Ac/share)	7.7	7.5	7.1	7.0	6.6

* All drilling metres are RCR estimates. ^ Potential for early exercise of Zahena option at Ilo Norte to add \$3.45m to cash in 2015. Quarters stated on calendar year basis.

KEY PROJECTS

Project	Ownership/ Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Ilo Norte	100/30%	Cu,Au	Zahena	IOCG	na	Mid Expl	Peru
Ilo Este	100%	Cu,Au	na	Pophyry	na	Early Expl	Peru
Guadalupito	100%	Fe,Zr,Ti, Au,Al	na	Sands	mag sep.	Scoping Study	Peru
Borborema	100%	Fe	na	Itabirite	na	Early Expl	Brazil

COMPANY COMMENT

Overview: LRS listed on the ASX Sep '10. LRS is focused on exploration and development of its portfolio of iron, mineral sands, gold and copper projects in Peru, where it has been active for over 5 years and spent >A\$15m to date. The exploration projects are close to infrastructure, including road, port and a large steelworks.

Chinese Investment: The Chinese diversified group, Junefield acquired an initial 16.8% stake at A\$0.28/share and has since increased to current 20.17%.

Ilo Projects (southern Peru): LRS has a strategic landholding with 11 projects and 110,00ha in the prolific southern Peru copper belt, part of the world's most prolific copper belt on the west flank of the Andes in Chile and Peru. This is a major copper producing region with half of Peru's 1.2mtpa copper output mined within 100km. LRS pegged ground early (2008) in coastal Southern Peru prior to renewed interest in the region and now holds a strategic land position in the tightly held Ilo district dominated by majors like BHP, RIO, Southern Copper, Junefield, Anglo American and Antofagasta. The region is host to a number of tier one porphyry copper deposits including Cerro Verde (4bt @ 0.39% Cu, 0.01% Mo), Toquepala (3.4bt @ 0.47% Cu, 0.023% Mo) and Cuajone (2.4bt @ 0.48% Cu, 0.017% Mo). There is established power and transportation infrastructure including rail, road and port, as well as a copper smelter and refinery. Process water would likely require construction of a desalination plant, now a standard infrastructure addition in this part of the world. The area is largely uninhabited desert and there are no social, environmental or land access hurdles envisaged. Ilo Norte is the most advanced of the projects, however Ilo Este as a porphyry target potentially represents far larger upside.

Ilo Norte (100/30% LRS, IOCG): A 10,000m drill program (12 holes to 800m depth) was completed 2Q14 (12 months ahead of schedule) intercepting high grade copper within a large 2,000m by 800m IP anomaly. Best intersection: IN-019 30m @ 0.93% copper and 0.12 g/t gold from 282m including 6m @ 3.1% copper and 0.45 g/t gold. The highest copper grades were associated with narrow structures. Geological interpretation along structures is underway in anticipation of a follow up drilling through 2H14. This deposit style is frequently <100mt with grades >1% Cu and 0.5% Au. In this location, given the steep topography in the target area, potential mining would be underground via an adit to access the deeper parts of any deposit. Zahena, a Peruvian company is farming in and operating the project. It can earn 70% by spending US\$9m over 4 years (from Mar '14) comprising staged cash payment to LRS of US\$3.65m and exploration commitments of US\$5.35m.

Ilo Este (100% LRS, Cu-Au porphyry): LRS has multiple drill targets on this Cu-Au porphyry prospect which has potential to be a company maker (targeted deposit style > 1bt at ~0.5% Cu and associated Au,Mo); 6km from the Pan American Highway, railway and electrical substation, and 32km from the port of Ilo. The project contains two intrusive belts each over 1km in length and 0.5km wide with Cu-Au mineralisation and alteration typical of Cu-Au porphyry systems; and significant soil and rock chip anomaly over 3km². The porphyry is exposed in places and there is potential for the system to extend beyond the Chololo Fault - which represents further upside. The Northern belt is the initial focus and contains a magnetic anomaly 800m x 200m from 250m below surface. Drilling expected 3Q14: a 4-

hole, 3,200m program is proposed to 800m depth and angled to test 400m width. This first stage of drilling is expected to provide indicative grades and depth of the system. Results expected 4Q14. RIO drilled 12RC to 80-200m depth before relinquishing the ground 2005/06 - leaving much of the prospect untested. RIO also pulled out of other projects in the region which went on to prove up large deposits, including Tia Maria (640mt @ 0.39% Cu and 0.19g/t Au) - proposed mine now owned by Southern Copper; and Mina Justa (413mt @ 0.79% Cu and 220mt @ 8g/t Ag and 0.06g/t Au) - Minsur bought a controlling 70% stake in the project in 2012 for US\$505m. Ilo Este has attracted initial interest from majors though LRS is not farming it out at this stage.

Guadalupito Iron & Mineral Sands Project (100% LRS): Situated in coastal north Peru 400km from Lima. The project is strategically located adjacent to a major highway and only 25km from Chimbote Port (also major steelworks at Chimbote which could potentially take magnetite product). Key products are magnetite, andalusite (used in refractories, glass and ceramics), zircon, rutile and ilmenite. LRS has established a world scale resource at Guadalupito (Inferred Resource 1.32bt grading 5.7% HM, 1H13). Ausenco completed a **Scoping Study** in 3Q12. LRS is continuing to refine the flowsheet and currently is focused on an initial simplified Stage 1 (15mtpa) operation producing magnetite and a high purity andalusite concentrate from the Los Conchaes deposit. This would be a low capex and opex 'starter operation' to generate initial cashflow to finance and build a larger Stage 2 operation producing the full suite of saleable products.

The company is currently focused on testwork at the **Los Conchaes** deposit (1.1bt grading 6.1% HM) where it has taken a 2000kg bulk sample composite to refine the flowsheet design and produce sample product for market development. LRS is continuing to add value to the project with reduced expenditures in the current weak market while it seeks a JV partner to take the project through feasibility and into production. Purchase price of US\$20m payable in installments over 10 years (plus 1% NSR). Payments are loaded towards back end with LRS recently renegotiating US\$4.9m of payments over the next 4 years to be deferred 'til 2018 - 2021.

Borborema (100% LRS, iron ore , Brazil): greenfield project prospective for itabirite and DSO, 200km from the coast with established rail to Suape Port at Recife. Geological mapping and rock chip sampling underway.

Investment Comment: LRS's share price has suffered the fate of many of its peers in the sector over the past year. However, the company is making good progress with two highly prospective, potential company making projects: the advanced stage Guadalupito Iron and Mineral Sands Project, and the earlier stage Ilo copper-gold project situated in a tier one copper belt. **Potential share price catalysts** include: (i) initial drilling at Ilo Este expected 3Q14 - a large scale Cu-Au porphyry target; (ii) further drilling at high grade Ilo Norte expected 2H14; (iii) talks continue with potential JV partners at Guadalupito, and although timing of any agreement is unclear, this is a large scale project and securing a partner would get the project over a critical funding hurdle to unlock value and advance it through feasibility. The company closed an SPP June 20 raising \$400k and is in discussions to raise a further \$1.7m.

RESERVES AND RESOURCES

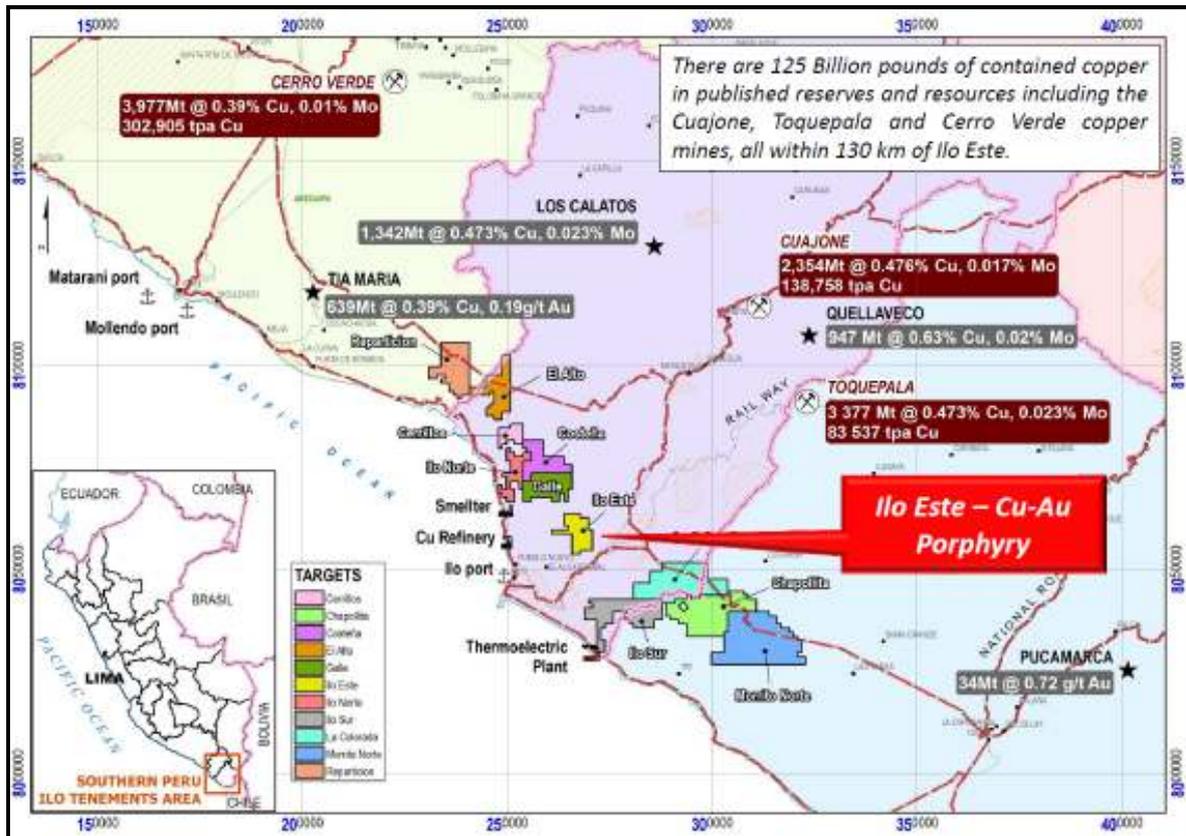
Code for reporting mineral resources - Australian: JORC							
Iron (Fe), Mineral Sands	Classification	Project Equity	Ore mt	HM * %	Cut Off % HM	HM mt	HM Equity mt
Guadalupito Iron & Mineral Sands Project							
Resources							
Guadalupito - above water table	Inferred	100%	127.0	8.3	1.0	10.5	10.5
Guadalupito - below water table	Inferred	100%	1,202.1	5.4	1.0	64.9	64.9
Guadalupito - total resource	Inferred	100%	1,329.1	5.7	1.0	75.5	75.5
<i>Los Conchaes (included in above)</i>	<i>Inferred</i>	<i>100%</i>	<i>1072.8</i>	<i>6.1</i>	<i>1.0</i>	<i>65.4</i>	<i>65.4</i>
Conceptual Exploration Target							
Guadalupito		100%	3.9-5.1bt	3.2%-8.4%			

* Average HM grade in the sand fraction (-1mm +53µm) which is 76% of total tonnage is 7.6% (10.6% HM above water table). The sand fraction represents a higher grade screened deslimed product likely to form ROM feed in production.

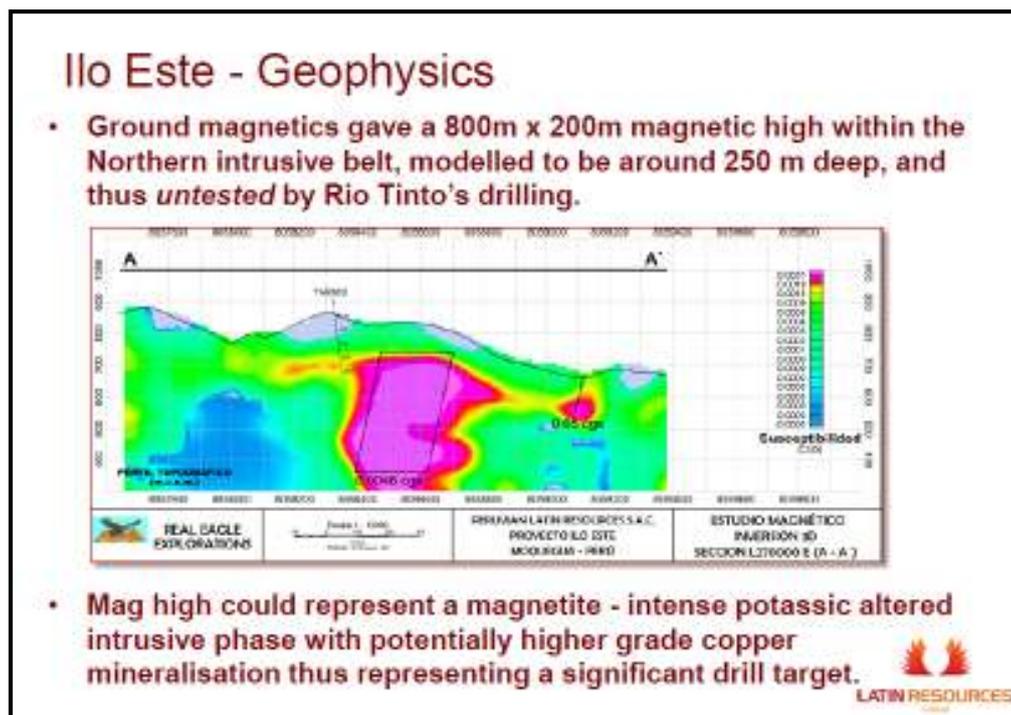
The world's most prolific copper belt is on the west flank of the Andes running through Chile and Peru. LRS pegged ground early in southern Peru and now holds a strategic land position in the tightly held Ilo region dominated by majors. The region is host to tier one porphyry copper deposits including Cerro Verde (4bt @ 0.39% Cu, 0.01% Mo), Toquepala (3.4bt @ 0.47% Cu, 0.023% Mo) and Cujajone (2.4bt @ 0.48% Cu, 0.017% Mo).



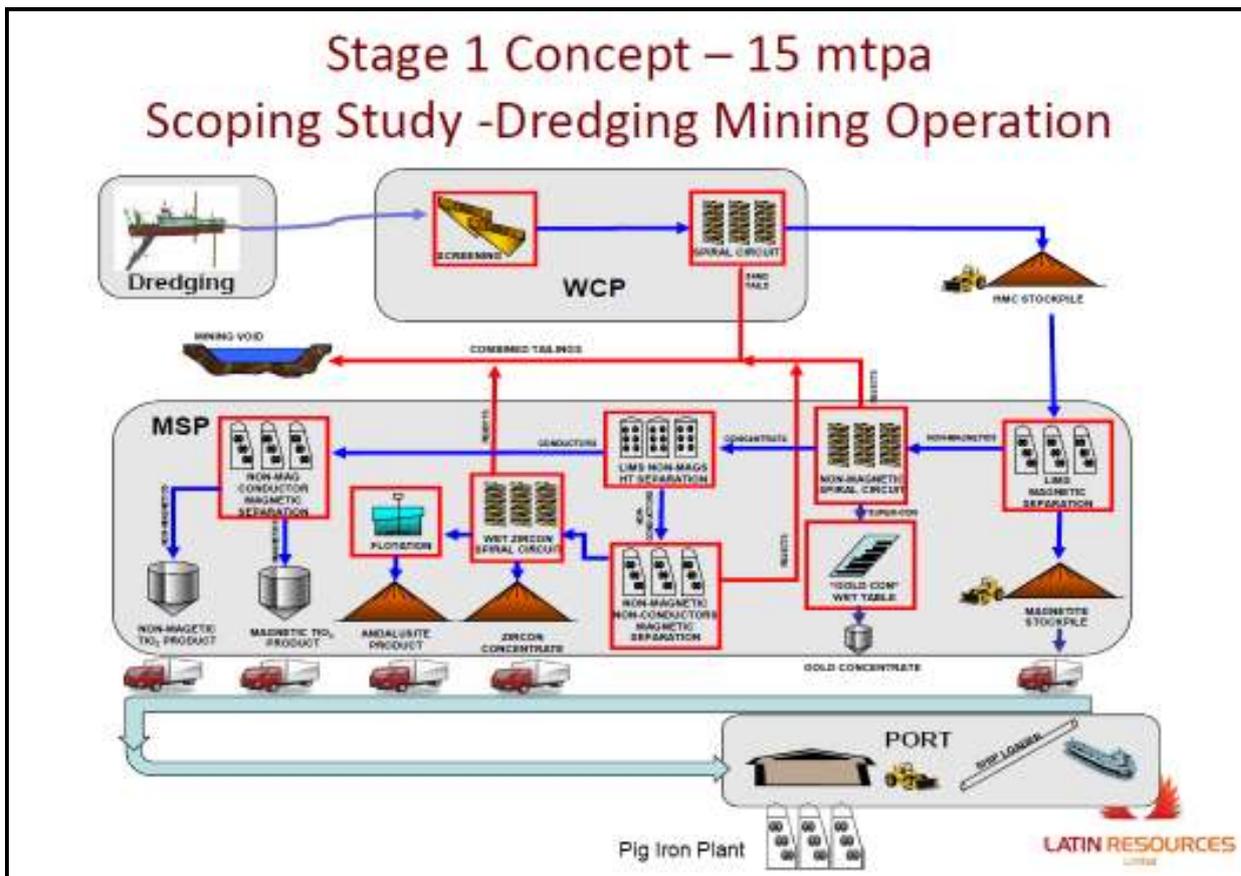
Peru location plan: LRS has a strategic landholding in the prolific southern Peru copper belt: Ilo Norte (IOCG, 100/30% LRS), Ilo Este (Cu-Au porphyry, 100% LRS) - a total of 11 prospects covering 110,000ha. Proximal to established power and transportation infrastructure including road and port; copper smelter and refinery.



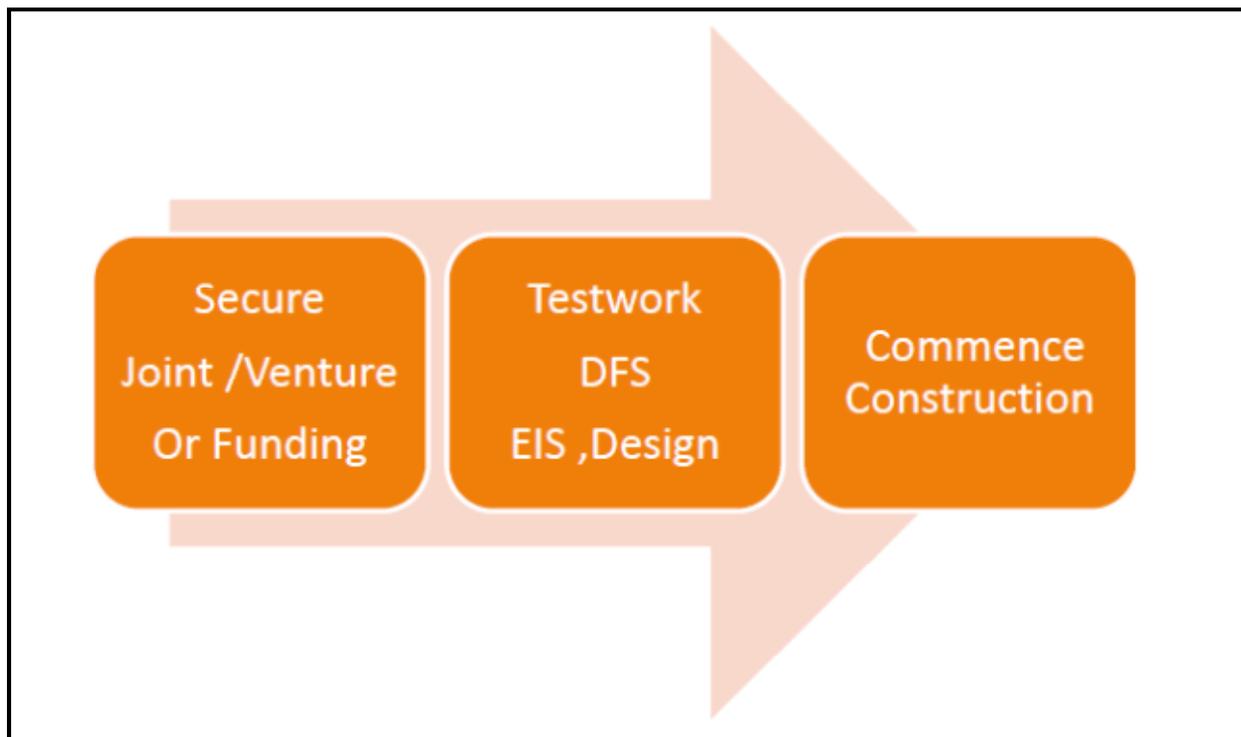
Ilo Este (Peru) has potential to be a company maker for LRS - a porphyry target in the middle of elephant country. It contains two intrusive belts each over 1km in length and 0.5km wide with confirmed Cu-Au mineralisation and alteration typical of porphyry systems; and significant soil and rock chip anomaly over 3km². The magnetic anomaly shown below is a high priority target; LRS drilling 3,200m expected 3Q14.



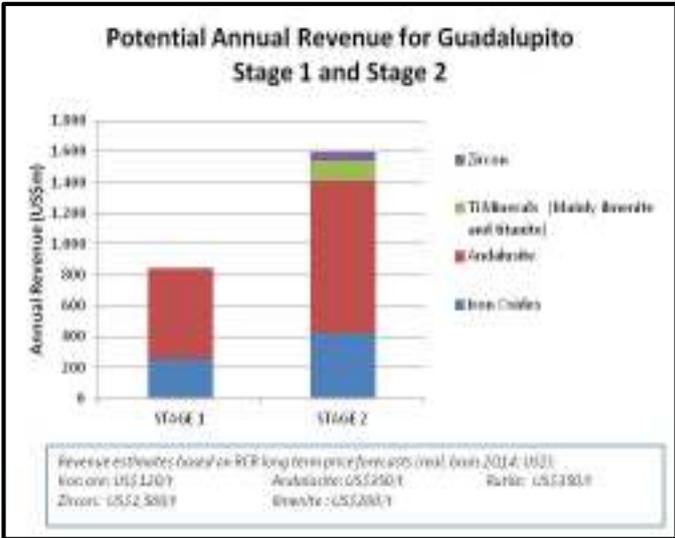
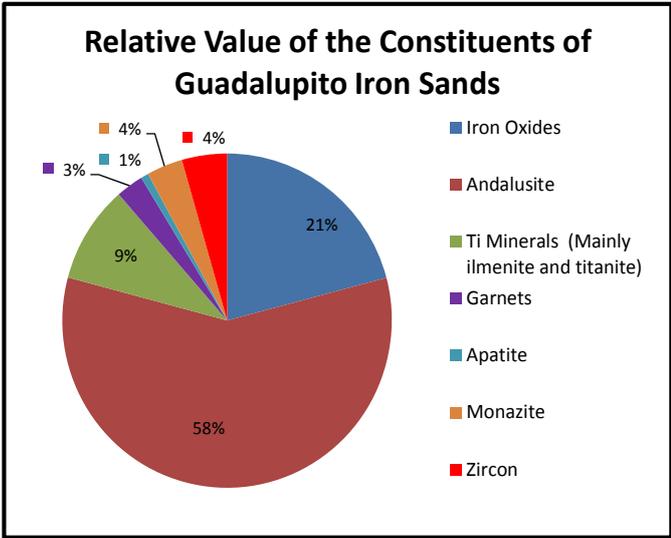
Guadalupito project: LRS intends to commence staged production with a low capex dredging mining operation to produce a magnetite concentrate and andalusite concentrate. Magnetite could be transported 25km south to the port of Chimbote, or directly to the SiderPeru steelworks at Chimbote.



Next steps - Guadalupito project: Securing project JV partner/funding and defining a clear path to production will be key for project valuation uplift.



In the left hand pie chart we have characterised the key components of the Guadalupito iron and Mineral Sands resource by value – dominated by andalusite (58%) and magnetite (21%). Based on our long term price forecasts the 15mtpa Stage 1 operation would generate ~A\$800mpa gross revenue, growing significantly to ~A\$1.6bpa gross revenue for the 25mtpa Stage 2 operation (r.h. graph).



CONTACT

Resource Capital Research
ACN 111 622 489

Level 33, Australia Square
264 George Street
Sydney NSW 2000

T +612 9439 1919
E info@rcresearch.com.au

www.rcresearch.com.au

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