

27 July 2016

# **LATIN SIGNS BINDING TERMS FOR EARN-IN OPTION WITH GLOBAL COPPER PRODUCER OVER PORPHYRY COPPER TARGET, SOUTHERN PERU.**

## **Highlights**

- Latin Resources Limited (ASX:LRS) 100% owned subsidiary Peruvian Latin Resources SAC (“PLR”) has signed a Binding Terms Sheet (BTS) with the Peruvian subsidiary of Canada mining giant First Quantum Minerals Ltd - Minera Antares Perú S.A.C., (“Antares”), to document the terms of a rights assignment and earn-in option to transfer up to 80% ownership of its Pachamanca/MT-03 Project to Antares.
- Antares to complete geophysical survey and following which may elect to proceed with a rights assignment and an option to earn an initial 51% of the project by completing 4,000m of drilling within 6 months of obtaining drilling approvals.
- Antares may exercise the first option within a maximum of 48 months after obtaining advanced stage drill permits, and will earn 51% on completion of drilling and technical studies to support a JORC resource estimate of >1Mt contained copper equivalent.
- PLR to receive staged payments totalling US\$0.5 million over the option period, as an additional condition precedent to exercise the option.
- Antares can earn up to a total of 80% of the project when technical documentation of work completed is provided to support a decision to mine. PLR free carried up to decision to mine. Antares will have an option to buy PLR’s remaining 20% share based on an independent valuation. PLR will then retain a 2% NSR royalty.
- Antares will have the right to reduce the NSR to 1% by paying US\$40 Million cash to PLR.

**Latin Resources Limited** (ASX: LRS) (“Latin” or “the Company”) is pleased to announce that its 100% owned subsidiary Peruvian Latin Resources SAC (“PLR”) has signed an earn-in agreement with the Peruvian Subsidiary of First Quantum Minerals Ltd., Minera Antares Peru SAC (“Antares”)

First Quantum Minerals is the largest copper producer in Canada and the Binding Terms Sheet (“BTS”) documents the terms of a rights assignment and earn-in option to transfer up to 80% ownership of Latin’s Pachamanca/MT-03 copper project to Antares.

The rights assignment and earn-in option is given in return for a total consideration of US\$0.5 million cash and exploration work, resource 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 BTS is to be formalised at Antares’ election as a definitive contract according to Peruvian Law by 30 September 2016. On signing the definitive contract, Antares will be assigned rights and an initial option by PLR to earn 51% of the 8,900 hectares of concessions hosting the Pachamanca/MT-03 covered porphyry copper target.

Antares will obtain all permits required for initial and advanced drilling phases, and once obtained, will have 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 (or equivalent) to earn 51% of the project.

During this option phase, the following cash payments will be made by Antares to PLR:

<b>Payment Trigger</b>	<b>Payment Amount</b>
8 months following granting of all permits to complete initial drilling phase	US\$ 50,000
20 months following granting of all permits to complete initial drilling phase	US\$ 75,000
32 months following granting of all permits to complete initial drilling phase	US\$ 100,000
44 months following granting of all permits to complete initial drilling phase	US\$ 125,000
56 months following granting of all permits to complete initial drilling phase	US\$ 150,000
<b>TOTAL</b>	<b>US\$ 500,000</b>

On earning 51% of the project, a second option to earn an additional 29% of the Project is granted. To earn this total of 80% of the project, Antares must provide to PLR the technical documentation of work completed to support a decision to mine. PLR will be free carried up to a decision to mine.

Following a decision to mine PLR and Antares will contribute to funding according to their respective participation, or be diluted. Antares will have an option to buy PLR’s remaining 20% share based on an independent valuation of the Project.

In the event PLR is diluted below 10% participation, the participation will convert to a 2% Net Smelter Return (NSR) which is the net revenue from the sale of the copper less transportation and refining costs. Antares will have the right to reduce this by 1% in return for a US\$40 million cash payment to PLR.

The assignment of rights and earn-in option are given over the mining concessions Fremantle 7, Dockers 1, Dockers 2, Dockers 3, Dockers 4, Vandals 1, Vandals 2 and Latin Morrito 2 totalling 8,900 hectares.

Latin managing director Chris Gale said: *“We are extremely excited through our established relationship with FQM and the collaborative MOU signed early in 2015 has resulted in this deal .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 .*

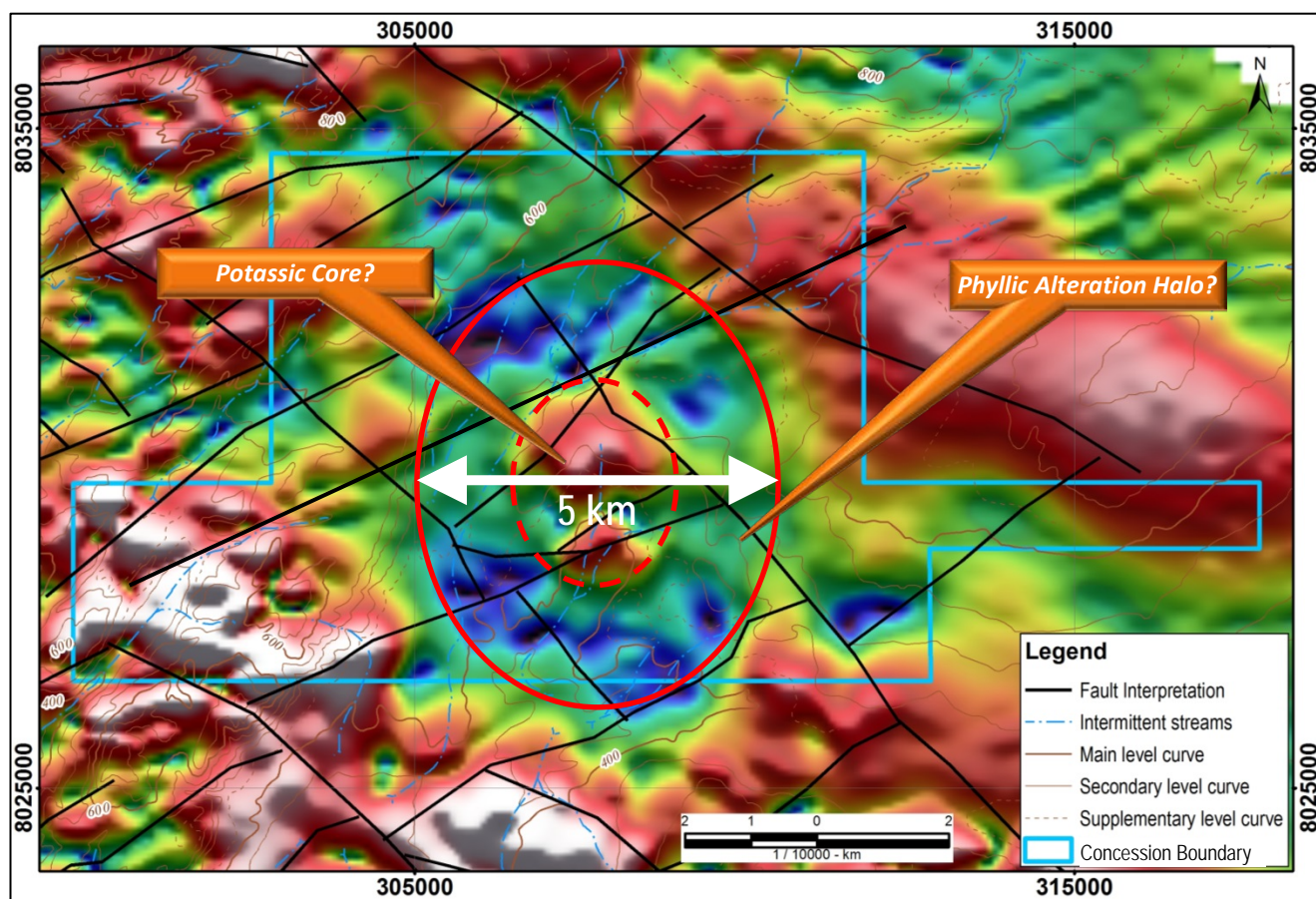
*A large target in a very fertile copper district, Pachamanca/MT-03 which first class infrastructure on the doorstep, right in the heart of a major copper producing region, right along trend from an existing porphyry deposit at Southern Copper's Tia Maria (639Mt @ 0.39% Cu & 0.19g/t Au). There are also 125 Billion pounds of contained copper in published reserves and resources including the Cuajone, Toquepala and Cerro Verde copper mines, all within 130 km of the Project."*

*He went on to say: "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 . If FQM move to mine the project this will mean a sizable and significant operation providing an exceptionally bright future for Latin, either through a significant 20% retained participation, or sizeable royalty stream."*

## **ABOUT PACHAMANCA/MT-03**

### **Geophysics**

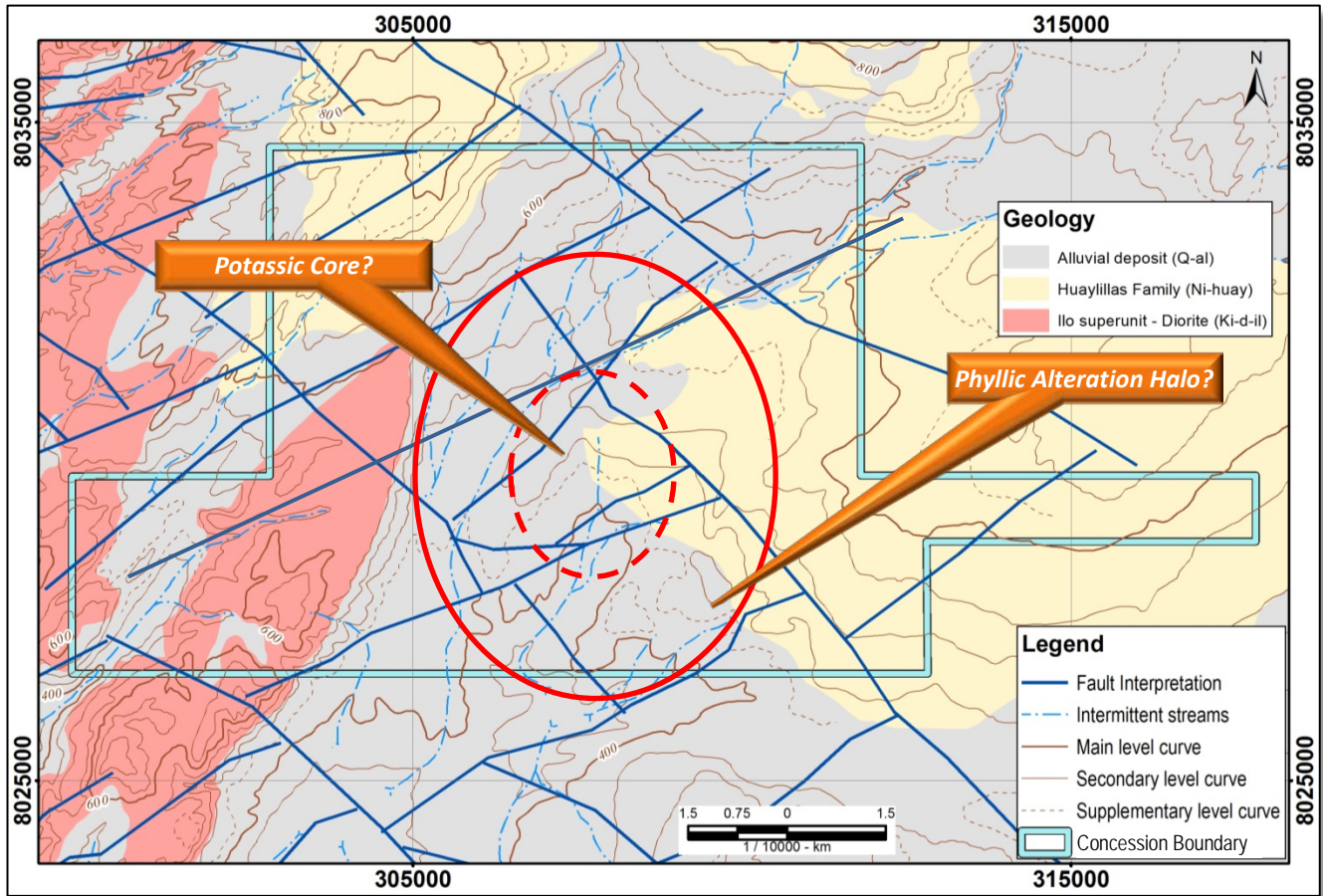
A 5 km diameter circular feature observed in the analytical signal processed from aero-magnetic data (Figure 1), shows a donut shaped low (possibly a phyllic alteration zone) surrounding a central high (possibly a potassic alteration zone). Interpreted Andean and cross arc structures also intersect in the target area. Together these features qualify as a potential large copper porphyry target in an area of the Southern Peru copper belt that is completely covered by recent sediments.



**Figure 1 – Analytical Signal image of aeromagnetic data with 5 km diameter donut shaped low possibly representing the phyllic alteration zone, surrounding a central high possibly representing the potassic alteration zone of a copper porphyry system. NW trending Andean structures, and NE trending cross arc structures bound the central high. The area is completely covered.**

**Geology**

The geology is dominated by extensive alluvial and young volcanic deposits in the low coastal ranges, obscuring the underlying rocks and any host mineralisation (Figure 2). Outcropping intrusive rocks to the immediate west of the target area together with a geomorphological assessment of the area suggest the cover may be less than 200 m thick.



**Figure 2 – Geology Map showing the donut anomaly completely covered by alluvium (grey) and young volcanics (yellow), and flanked to the west by outcrops of Diorite Intrusive, part of the coastal batholith.**



**Figure 2a – Oblique aerial view of the Project area (cyan), showing relatively flat, covered terrain around the anomaly (red). The Pan-American Highway crosses the top of the view (yellow).**

Antares is continuing with an IP survey over the target which is expected to provide targets for a subsequent drilling campaign to confirm the presence of a suitable mineralised system.

### Infrastructure

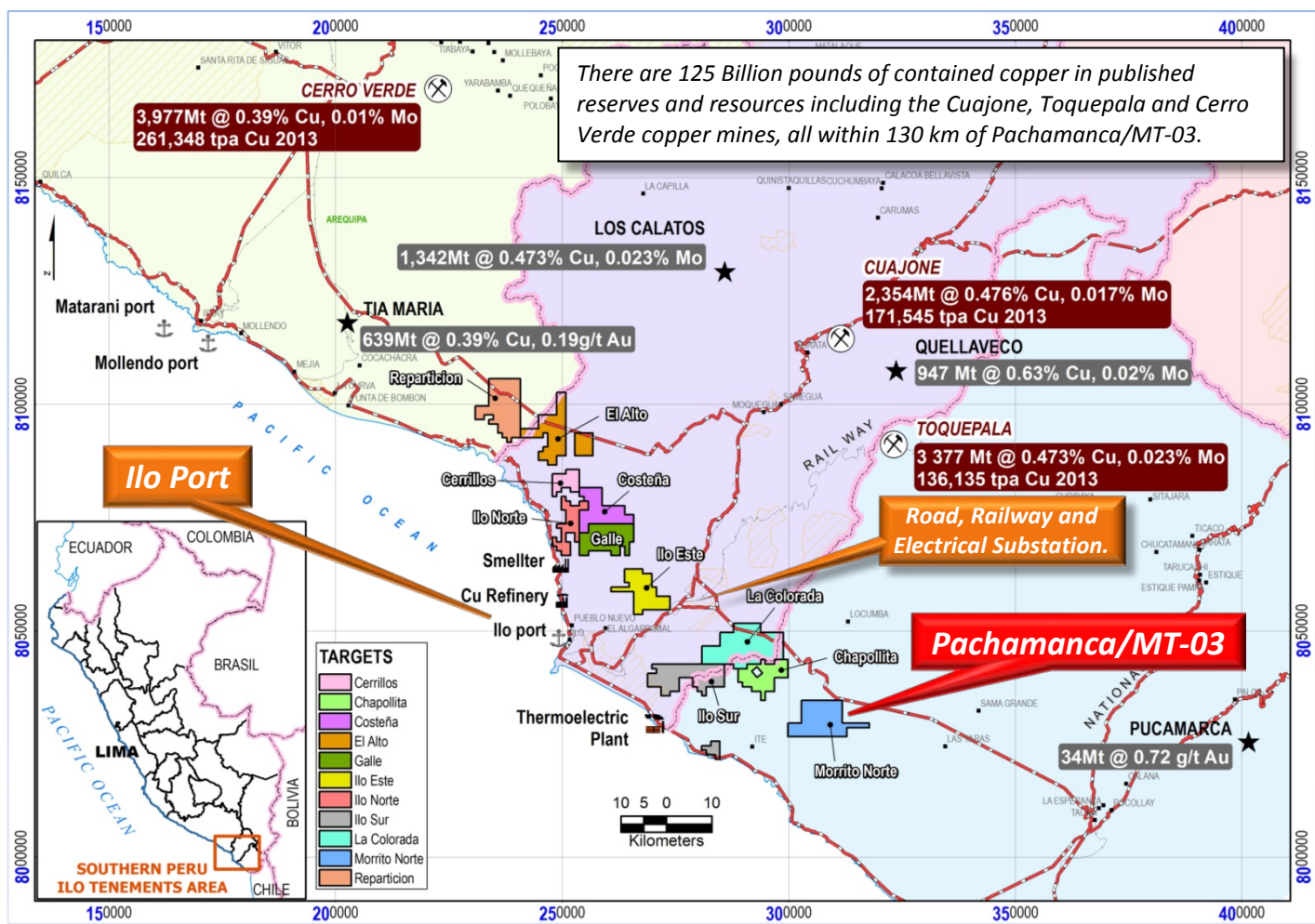
The Pachamanca/MT-03 target area is located between 400 m and 600 m altitude in uninhabited desert of the Tacna Region, adjacent to the Panamerican Highway and high tension transmission lines. There are 80 km of sealed highway between the project area and the port of Ilo. Such magnificent infrastructure located so close to the project would significantly reduce development capital compared with other large porphyry deposits located higher in the Andes.

### Southern Peru's Prolific Copper District

The Western flanks of the Andes in Southern Peru host 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), each of which produced 261,348, 136,135 and 171,545 tonnes of copper respectively in 2013, and together accounted for over 40% of Peru's 2013 copper production.

In addition the Quellaveco (947Mt @ 0.63% Cu, 0.02% Mo), Tia Maria (639Mt @ 0.39% Cu, 0.19 g/t Au), and Los Calatos (1.4Bt @ 0.47% Cu, 0.023% Mo) projects are under development.

**All these projects are within 130 km of Pachamanca/MT-03.**



Location of Pachamanca/MT-03 Project within Latin's over 47,000 hectare concession holding in the prolific Southern Peru copper district.

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**About Latin Resources**

Latin Resources Limited is a mineral exploration company focused on creating shareholder wealth through the identification and definition of mineral resources in Latin America. The Company has secured over 70,000 hectares of exploration concessions in the lithium pegmatite district of Catamarca in Argentina. It is also entering into a joint-venture arrangement with lithium technology company Lepidico.

The company also has a portfolio of projects in Peru and is actively progressing its Iron Oxide-Copper-Gold and Copper Porphyry projects in the Ilo region with its joint venture partners.

**About First Quantum Minerals**

First Quantum Minerals Ltd. is one of the world's leading copper producers as well as a producer of gold, nickel and zinc. First Quantum has mining operations across the globe including in Zambia, Spain, Mauritania, Australia, Finland, Turkey, Panama, Argentina and Peru. The Company is based in Canada and is listed on the Toronto Stock Exchange.

**Competent Persons Statement**

*The information in this report that relates to geological data and exploration results is based on information compiled by Mr Andrew Bristow, a Competent Person who is a Member of the Australian Institute of Geoscientist and a full time employee of Latin Resources Limited's Peruvian subsidiary. Mr Bristow has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Bristow consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

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