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## LATIN RESOURCES OPERATIONS UPDATE

### SUMMARY

- **Exploration activity continues in Peru.**
- **8 diamond drill holes for a total of approximately 4,500m has been drilled to date at Ilo Este by JV partner Zahena, assay results for the last two holes pending.**
- **First Quantum subsidiary has notified the Company of its interest in Pachamanca/MT-03 copper target south of Ilo under collaborative exploration MOU for a 6 month exclusivity extension to undertake further exploration.**
- **Discussions commenced with potential new joint venture partners for Ilo Norte.**
- **Guadalupito Andalusite project has been put on market for potential sale.**
- **Significant reduction in Net debt and costs achieved.**

Latin Resources Limited (ASX: LRS) (“Latin” or “the Company”) is pleased to provide an operational update of its Peruvian exploration business. The deteriorating market conditions for junior exploration companies has forced many juniors to grind to a halt with little or no work being carried out on their projects.

However, Latin's strategy of identifying and securing joint venture partners in 2015 for its copper projects in Ilo has allowed the company to continue to further explore including drilling its Ilo Este project and field geophysics work on its Pachamanca/MT-03 Project south of Ilo.

Throughout 2015, Latin also focused its attention on identifying and evaluating projects presenting short term cash flow generating opportunities. To this end it did reach favourable terms on the Filipina copper project in Chile but ongoing depressed market conditions for copper prevented the financing of this opportunity forcing Latin not to proceed with the project.

That said, Latin intends to continue to evaluate new project opportunities throughout Latin America in 2016, in particular those with more favourable mineral characteristics in the current market and global demand cycle.

## **CORPORATE**

- During 2015 the Company made significant inroads in strengthening its balance sheet by reducing Net debt by 59% or \$8.5 million. The reduction in Net debt was mainly due to the successful, renegotiation of the acquisition price for the Guadalupito project and the repayment of a \$2.5 million convertible note in cash and shares.
- The Company was also successful in cutting Employee and Overhead costs by \$1.2 million by reducing employee numbers by 43% and tighter cost control as it aligned its business with its strategy of progressing its projects via joint venture arrangements.
- The size and composition of the Board was changed during 2015 with the resignations of Mr Mark Rowbottam, Mr Zhongsheng Liu and Mr Frankie Li and the appointment of Mr Brent Jones to assist with capital raisings and new business strategy.
- The Company expects to continue these initiatives into 2016 by reducing debt and extracting further cost savings whilst still maintaining exploration work with its joint venture partners in Peru.

The Company is set to receive a research and development rebate of up to \$900,000 in the next 30 days which will primarily be used to strengthen its balance sheet further by paying creditors and reducing debt in accordance with its objectives.

## **PROJECTS**

### **Ilo Norte**

The Ilo Norte Iron Oxide-Copper-Gold (IOCG) project is located 10km from the Southern Peru Copper smelter, and 25km from the port city of Ilo. The project was drilled by Latin in 2011 (2,690m of RC), and again in 2014 by exploration major, Compañia Minera Zahena SAC (Zahena), (12,658m of Diamond Core).

Of the 16 diamond drill holes drilled by Zahena over a 2 km<sup>2</sup> area, 14 made several intersections over the length of the holes. Within each of these 14 holes, totals of between 21m to 189m of low grade Cu mineralisation (0.1%-0.3% Cu) were intersected, highlighting the extent of the mineralised system. A number of higher grade intersections related to structures were also made including 18m @ 0.66%Cu and 0.09g/t Au and 30m @ 0.93% Cu and 0.12g/t Au. Zahena returned the project to Latin in 2015 having not identified a large disseminated ore body.

At least 3 km<sup>2</sup> of intense alteration (Magnetite-Pyrite-Albite-Kspar) has been defined between Latin's drilling in 2011 and the drilling undertaken by Zahena in 2014. Structures are abundant, both NE/SW and NW/SE directions appear important controls on mineralisation, with significant offsets apparent from the drilling.

Given drilling to date has been on a broad (400x400m) spacing, Latin believes there is still good potential for defining a significant high grade structurally controlled ore body within the overall alteration envelope. This is supported by the several high grade intersections made to date, along

with the numerous lower grade intersections that are considered the “smoke” indicative of much potential for more “fire” to come.

Two major copper producers are preparing site visits and core review in March and April, encouraged by the potential offered for a higher grade copper ore body within such a large mineralized system combined with a spectacular location with respect to infrastructure.

## Ilo Este

The Ilo Este Porphyry Copper Project is a large porphyry system outcropping over at least 3km<sup>2</sup> located 6km from a sealed highway and 30km from the port city of Ilo, home to a copper smelter and refinery. Three drill holes completed by Latin in 2014 over 1km of strike in the northern part of the system intersected continuous, albeit low grade copper and gold mineralisation (eg. IE-JDD-003, 0-472m @ 0.11% Cu & 0.09g/t Au). With the size of the system and the significant investment required to properly test it, an earn-in option agreement was signed with major explorer Compañía Minera Zahena SAC (Zahena) in July 2015. Under the agreement, Zahena have the option to drill 11,000m over 18 months and make staged payments for a total of US\$1M over three years to earn 70% of the project. A successful feasibility study would trigger a further payment of US\$5M to Latin.

To date Zahena have drilled 8 diamond drill holes for a total of approximately 4,500m and are yet to provide results of mineralisation with more attractive grades of copper. The system is confirmed as extremely large with pervasive low grade copper and gold, and drilling continues with the aim of locating a higher grade core within the overall system. The key to the viability of this project is achieving the higher copper grade than previously assayed.

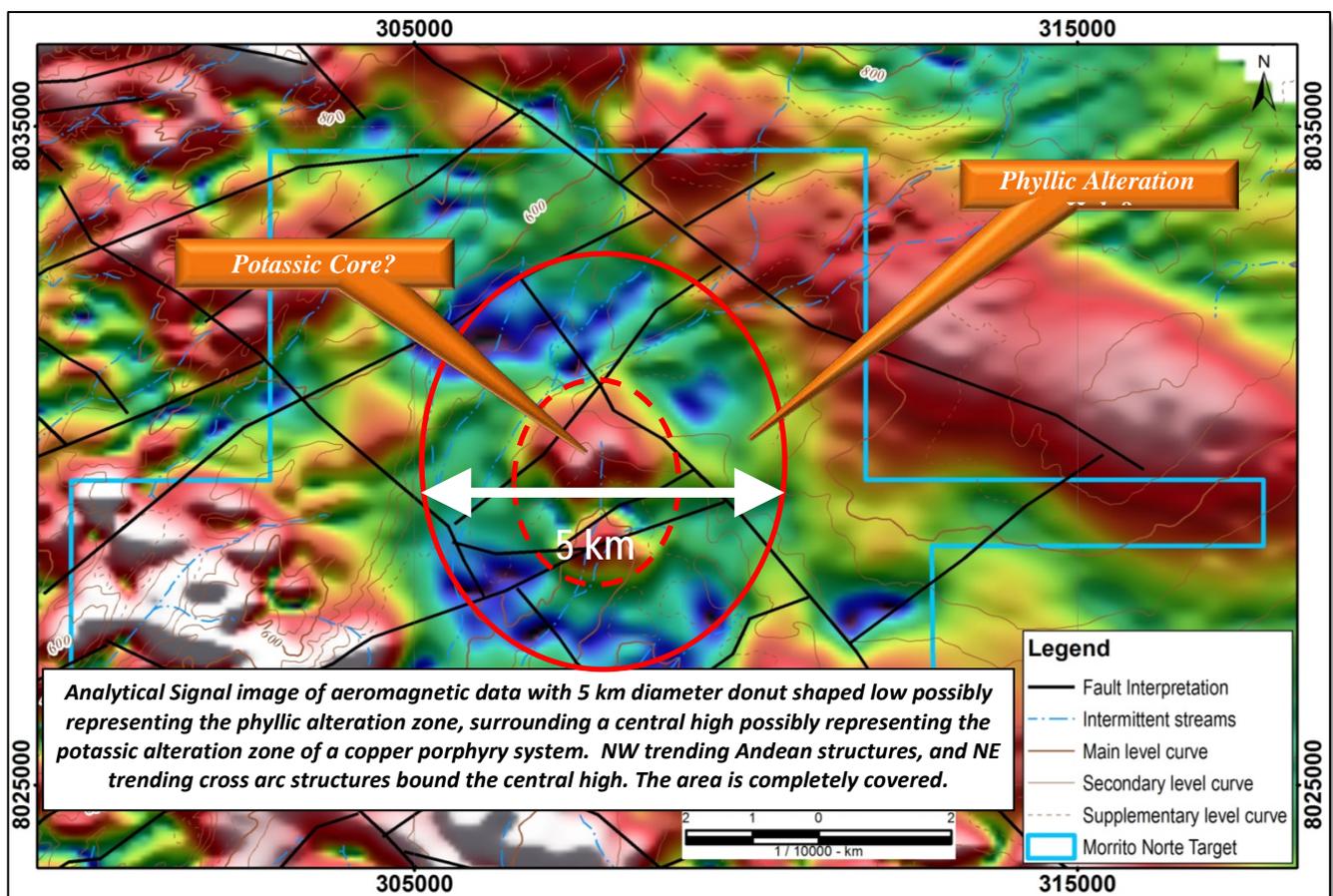


## Pachamanca – MT03 (South of Ilo)

Under a collaborative exploration MOU signed between Peruvian subsidiaries of Latin Resources Limited (PLR) and First Quantum Minerals (Antares) in March 2015, re-interpretation of the Companies integrated datasets by Antares resulted in 6 target areas recommended for follow up.

The highest priority of these, “Pachamanca/MT-03”, was considered by Antares to be a porphyry copper target with potential for greater than 5Mt contained copper. The target was interpreted from aeromagnetic data with a 5 km diameter donut shaped low (possibly representing a phyllic alteration zone) surrounding a central high (possibly representing a potassic alteration zone). Andean and cross arc structures interpreted from the data also intersect in the target area which would be favourable for emplacement of a porphyry system. The entire target area, and any potentially mineralised system, is completely obscured by transported cover making any past exploration of the area likely ineffective.

Three x 4km long IP geophysical survey lines are to be executed in April by Antares over the target seeking to identify evidence of buried mineralisation associated with the magnetic feature. As required under the MOU to maintain any exclusivity beyond the first anniversary of the agreement, Antares has formally advised PLR of their interest in the concessions associated with the “Pachamanca/MT-03” target. In doing so, Antares has earned an additional 6 months exclusivity to undertake the geophysical and other work, and if drill targets are forthcoming as a result, negotiate a JV/earn-in style agreement to allow drill testing to occur.



## **Guadalupito**

Latin Resources has appointed a 3<sup>rd</sup> party to carry out a high end search for a buyer or a joint venture partner of the Guadalupito project.

The Guadalupito project consists of a 1 billion tonne JORC inferred resource that contains Andalusite, Magnetite, Zircon, Ilmenite and Rutile at the Los Conchaes concession. Latin Resources has completed a successful Scoping Study at Los Conchaes that was undertaken by a group of world renowned firms including engineering firm Ausenco Limited, mineral sands specialist MSP Engineering Pty Ltd and Nagrom Metallurgical.

As part of the Scoping Study, a JORC Inferred Resource for Los Conchaes of 1.1Bn tonnes grading 6.1% heavy mineral (including the above mentioned specific minerals) was completed by industry specialist Snowden Mining Industry Consultants.

### **FOR FURTHER INFORMATION PLEASE CONTACT:**

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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, with a specific focus on Peru. The company has a portfolio of projects in Peru and is actively progressing its Iron Oxide-Copper-Gold and Copper Porphyry projects in the Ilo region.

### **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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