LATIN AMERICA DOWNUNDER

16-17 May 2018
Pan Pacific Perth

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Bishop urges more free trade

Latin Resources managing director Chris Gale takes Australian Minister for Foreign Affairs Julie Bishop through the company's Latin American portfolio

Donald Trump's shift to protectionism will not halt the course of the Trans Pacific Partnership, the new "gold standard" among free trade agreements, according to Australian Minister for Foreign Affairs Julie Bishop.

Delivering the opening address to Latin America Down Under, Bishop said Australia's relationship with the region would "continue to flourish on trade and Australia is a very strong advocate and join with our partners in Latin America in promoting strong, open liberalised trade".

"TPP11 is, of course, a standout," Bishop said. "Even though the US did not stay in the negotiations, the TPP11 went ahead and concluded a high quality, comprehensive free trade agreement which will be a gold standard for others."

Comprising Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, Peru, New Zealand, Singapore and Vietnam, the TPP11 is the most comprehensive free trade agreement Australia has entered into.

Trump withdrew the US from negotiations following his election but the remaining members revived the agreement in May 2017, eventually signing off on a revised version in March this year.

Bishop said the TPP11 and the recently concluded free trade agreement with Peru were examples of Australia's promotion of open, liberalised trade.

"We are committed to working with different trade groups and countries who are all focused on ensuring the strains of rising protectionism and economic nationalism are overshadowed by the far more beneficial commitment to free, open liberalised trade which is of great benefit to the citizens across Latin America and our continent," she said.

The TPP11 may represent the beginning of a new era for Australian investment in Latin America. While the region is one of the world's great mining destinations, Australian activity has been negligible but Bishop said an increase in trade and investment following the TPP could not be better timed.

"Some say that Australia may have been late to Latin America but I think the timing is just about right," she said, pointing out that the region's population was set to increase from 593 million to more than 730 million over the coming decade.

By 2030, both Brazil and Mexico will be firmly entrenched in the world's Top 10 economies.

"Latin America is emerging as a significant economic region with significant global influence," Bishop said.

> **"We are committed to working with different trade groups and countries who are all focused on ensuring the strains of rising protectionism and economic nationalism are overshadowed by the far more beneficial commitment to free, open liberalised trade…**

The pace of Australian investment is already picking up.

"In 1999, when Ricky Martin was singing Livin' La Vida Loca, there were 25 Australian businesses operating in Latin America," Bishop said. "Today, there are more than 400 with many in the ASX200. Macquarie Bank for instance is involved in energy projects in Mexico and Colombia, there are Australian-owned projects in lithium, there is Karoon Gas [Australia Ltd, which has acreage in offshore Peru and Brazil], Fortescue Metals Group [Ltd] has announced it is looking to do more work in Argentina where it is hoping to replicate its success story and there are also finance, fin-tech, agriculture and manufacturing businesses in the region."

The Foreign Minister lauded Australian companies' willingness to venture offshore for both trade and investment opportunities and her Government's willingness to attract inbound investment.

"Australia is always alive to opportunities so when opportunity emerges for Australians to do business everywhere, we take this opportunity," she said. "Our economic strength is based on foreign investment, which is most welcome.

"You don't get rich selling to yourself and Australia is very alert to the opportunities to trade and invest in Latin America."

Bishop praised outgoing Council of Australian-Latin American Relations (COALAR) chairman Chris Gale for his commitment to the relationship.

"COALAR has done much to promote trade, commercial investment and deeper economic engagement. Chris… your legacy will be much valued."

She also highlighted the role Latin America Down Under continued to play in the ties between the regions.

"The conference is a wonderful opportunity to exchange views and ideas and pursue endless opportunities for growing personal links," she said. "The very best days lie ahead of us."

– Dominic Piper

Latin lessons: Doing business in Latin America

Over 2016 and 2017, I hosted The Airport Economist, a series on how to do business in Asia.

In a 12-part series, sponsored by Qantas, The World of Hyatt, ANZ Banking Group, Australia Post, Telstra, Blackmores and the Government of South Australia, we examined the economic trends of the Asian region and looked at how businesses – Australian and international – had entered the variety of Asian marketplaces on offer.

The trade opportunities and investment environments were vast and varied. In South East Asia, we discovered Singapore slings plenty of trade our way, in Indonesia it was the year of living prosperously, in Malaysia, you could try a MAFTA with your LAKSA, in Bangkok there were the Thais that bind and in Ho Chi Minh City we dubbed the episode Good Exporting Vietnam.

In North East Asia, in Japan, we studied the Arrows of Abeonomics and explored if size does matter and if demography really is destiny. In South Korea, in looking at international diplomacy with APEC and G20, etc. we found that Australia and South Korea had become Seoul mates. In China, we studied Panda-monium and compared the Great Mall of China and studied that other emerging economic superpower, India, was in a grip of Modi-mania.

We then thought: "where else could we go in Asia?" After all, Myanmar is opening up, in Mongolia there's Genghis Khan-nomics, or we could explore Kazakhstan and the Eurasian region.

Or should we go to the Middle East – in Israel, Tim Tams to Tel Aviv, Sheik, Model and Mall in Dubai in the United Arab Emirates, or Prosperous on the Bosporus in Turkey? Or in Africa, in South Africa what would we call it? Free Trade Nelson Mandela?

In the UK, we are filming a Brexit special, but if we were to go to Europe, would we call it Europhobia, Euro-sclerosis or even Eurovision (although that's already taken). Or given the fiscal issues plaguing the region, due to a self-inflicted common currency, we could call it My Big Fat Greek Debt.

And across the Atlantic is the time ripe for a show on the US economy given the current trade policy antics of the White House in flirting with protectionism and isolationism – or it may just be trade policy on Twitter?

However, with all this noise in the world economy, we thought there is one region that stands out in terms openness – Latin America. That's why we are here producing The Airport Economist Latin America series to be shown on Sky News, Seven Network, A Plus in partnership with LATAM Airlines, the World of Hyatt, the Department of Foreign Affairs (DFAT) via the Council of Australia Latin America Relations (COALAR), CSIRO and the Government of Victoria. We've had some preparations with Great Southern Lands (launched by Bob Carr when he was Foreign Minister) and Latin Lessons launched by current Foreign Minister Julie Bishop.

We've just been in Peru for our first episode, Incanomics, together with the Peru's new talented Trade Commissioner, Mario Vargas, looking at why Peru is becoming a "superfoods superpower" with a strong agricultural sector searching for markets in Asia and beyond. We also interviewed Australian Ambassador to Peru Nick McCaffrey about the opportunities in agribusiness, mining and professional services in the new Peru-Australia Free Trade Agreement (PAFTA) which will eliminate 99% of tariffs for Australian exporters in Peru.

In the second episode, Red Hot Chile peppers the world with FTAs, we looked at Chile, the "Andean jaguar" (as opposed to the Asian tigers), to see how its commitment to free trade has allowed it to access 80% of the world economy with its 26 FTAs spread over 65 countries reaching 4 billion global consumers.

At Expomin, one of the world's largest mining shows, which attracts 1,300 exhibitors from over 35 countries, we interviewed a number of Australian mining engineering, technology and services companies with strong footprint in Latin

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America including Duratray, a Chilean-Australian business manufacturing mining trucks, as well as Swann Global and Gekko Systems.

In Santiago, I also interviewed Orlando Jimenez from CSIRO Chile who explained how they lead innovation in several areas, including aquaculture, foodtech, medtech, etc as well as mining and mining technology. Australian Ambassador Robert Fergusson also explained Chile's attraction to Australia with 230 Australian companies established and/or brands represented in Chile – more than double the presence in any other LATAM country – and Victoria's Trade and Investment representative Natalia Gorrono, explained the reason for her state's presence in Santiago as a gateway to Latin America boosted by the new Santiago-Melbourne service by LATAM Airlines.

After Peru and Chile, we will look to that other "Great Southern Land", Brazil, follow up on Argentina (see "Don't buy from me, Argentina") to see how it is recovering under Macri-nomics (with President Macri) as it hosts the G20 in 2018. We will also look at Uruguay, the plucky country, the Mexico Moment and Colombia's Premium Blend, with its vastly talented human capital. We also look to explore Ecuador, which has reached a target of 90% renewable energy.

So, why did we choose Latin America?

It's partly because of rocks and crops – the resources sector that we are here to celebrate but also agriculture – as we add the dining boom to the mining boom. And of course, the technology and professional services we value add to the mining sector. Innovation is in the mines and in the farms, it's not only some cool hipster in Surry Hills, San Francisco or the trendy part of Santiago or Sao Paulo. Just a look at the great mining and mining engineering technology and services (METS) companies at Latin America Down Under as hard evidence of this with great innovative companies like Latin Resources Ltd, Hot Chili Ltd, Azure Minerals Ltd, SolGold plc, First Quantum Minerals Ltd, Crusader Resources Ltd, and Dark Horse Resources Ltd explaining their success.

Secondly, Latin America and Australia have become natural allies in the world trading system from the Cairns Group in the WTO to now the G20, APEC and the role that the Pacific Alliance plays in keeping economies open

This is important given the current disruption to trade and immigration in the global economy where nations like Australia and our friends in Latin America can make the case for openness

In that journey, education will play an important role and Latin America is making its presence felt in Australian education already with future generations in good hands. We already have strong presence of students from Brazil, Colombia, Chile and Argentina in Australia and their contribution – particularly in MBA classes is high quality. And the AGSM also added a Doing Business in Latin America study trip to its successful Asian course in 2015. The case for education and immigration should be made as well as the case for trade and investment. So, it just proves that being open to not only trade and investment, but ideas and people, will be why Latin America and Australia can succeed in the 21st century.

Thanks for being part of that journey with us and I'll see you at a mine, a lab, a farm, a hotel or at an airport somewhere during the series.

Productora ready for reheating

The sense of renewed optimism flowing through the Hot Chili Ltd team was palpable during managing director Christian Easterday's address at Latin America Down Under.

Once a headline act among ASX-listed explorers in the region, Hot Chili has essentially spent the last three years locked in stasis, unable to advance its Productora copper project in Chile due to depressed commodity prices and an even more depressed equity market.

This year has seen investors apparently begin to wake from their junior miner slumber and the copper price recover, but Hot Chili has also taken its own measures to ensure it changes the narrative of recent years, completing a series of high-grade acquisitions which could eventually paint Productora in a very different light.

Since the start of the year, Hot Chili has secured four-year options over the three projects – San Antonio, Valentina and Lulu – collectively called the El Fuego project.

Christian Easterday

All three are within 20km of the proposed processing facility at Productora but more importantly contain the kind of grades which could turn the economics of the overall project into something very attractive to investors and financiers.

"These projects could have quite a dramatic impact on Productora," Easterday said.

The grade of Productora's resource – 237mt @ 0.48% copper, 0.1 g/t gold and 135 ppm molybdenum – has always been a major stumbling block to securing project finance but with the El Fuego assets boasting historical copper grades of 2-5%, Hot Chili believes they could deliver the critical mass it requires.

Easterday said the San Antonio asset was the "standout" of the group, with historical production of 2mt of copper at 2% copper and 0.3 g/t gold head grades over the course of more than 50 years.

However, San Antonio offers more than simply grade with Easterday saying it had been the mining widths on the project – from 7m up to 30m development widths in some areas – which had most impressed him.

"It was the widths that struck us," he

said. “Thirty metres wide over 100m strike and at plus-2% copper. It is an absolute prize asset and something which is very rare to find.”

While mining at San Antonio dates back to 1964, it has remained under the control of family-owned businesses, meaning it has been largely starved of the exploration budgets listed companies can offer.

“There has been no geological work done here, there is just the mines where they have been following the copper underground, very similar to how it was done in Australia 100 years ago,” Easterday said.

Hot Chili’s task now is to apply modern exploration thinking to the deposit.

“In 1969, the miners thought the deposit had pinched out but when you put the geology together in 3D and talk to the miners your eyes start to widen because they are some of the most stunning results in the copper market.

“The historical development on the 150 Level of the Main Lode was actually ineffective – it was 30m too far east.”

Selected underground face channel results from San Antonio’s Main Lode have included 7.5m @ 10.4% copper, 8.5m @ 2.3% and 9m @ 2% with underground drilling results including 12m @ 2.9%, 12m @ 2.6% and 10m @ 2.2%.

The Main Lode remains open at depth and in all directions. Hot Chili intends to complete further underground channel sampling before launching a drilling campaign targeting depth and strike extensions around the existing mine area.

“Thirty metres wide over 100m strike and at plus-2% copper. It is an absolute prize asset and something which is very rare to find.

With such impressive grades and widths, it may be a surprise that Hot Chili has been able to gain access to San Antonio at all, let alone for the relatively low-risk structure of $300,000 in the first six months of the option agreement and $6.7 million within four years. Easterday said the stranded nature of the asset had played into the company’s hands.

“These operations are being charged 1.3% copper for their 3% feed grade,” he said.

The Australian junior has also endeared itself to the existing leaseholders by allowing them to continue their mining operations while exploration is ongoing.

“Is that crazy? No,” Easterday said. “We never paid for the option and it is important to ensure the parties continue to derive an income while we are in development.”

The lease miners will continue to mine under a capped 50,000 tpa arrangement during the option period, a situation which could prove advantageous to Hot Chili.

“It allows us to secure underground information and see the live production parcels which are going into the ENAMI [state-owned] plant,” Easterday said.

The success of Hot Chili’s acquisition campaign has emboldened it to look for further opportunities.

“We are not finished with the consolidation either, and are looking for a few more things yet,” Easterday said.

– Dominic Piper

Majors join Ecuador rush

First-mover SolGold plc has welcomed the influx of major mining companies into Ecuador over the past 12 months.

In a bid to replicate SolGold's success at the acclaimed Cascabel copper-gold project, the likes of Newcrest Mining Ltd, Fortescue Metals Group Ltd, Barrick Gold Corp, BHP Ltd, Anglo American plc and Hancock Prospecting Pty Ltd have all staked ground in what has been dubbed the most underexplored segment of the world's richest copper belt.

"These companies recognise the future is in copper and it's in Ecuador," SolGold exploration manager Jason Ward said.

"It's great to see the country endorsed like that. These companies have all done their due diligence, they wouldn't be there if they thought Ecuador was a risk."

SolGold has rarely experienced anything but good news since first setting foot in Ecuador in 2012. At Cascabel, the AIM-listed company has returned some of the world's best recent porphyry copper-gold intersections, including 1,560m @ 0.93% copper equivalent at the Alpala discovery.

With SolGold showcasing a taste of the country's potential, Ecuador's Government has opened the doors for further investment in its burgeoning resources sector, with 30 companies now operating across circa 300 concessions.

Jason Ward

Mining is on track to become the second pillar of Ecuador's economy under the leadership of President Lenin Moreno, with $US4 billion to be invested in advancing the country's resources potential over the next three years.

"It's a modern day gold and copper rush happening in Ecuador at the moment," Ward said.

"We feel we're in a very privileged time and place. It really is the most underexplored segment of the richest copper belt on Earth."

Ecuador has long been dependent on its lucrative oil industry to prop up its economy, however, the country wisely invested revenue from that sector into developing key infrastructure such as highways, ports and airports.

"I've worked in a lot of countries and I've never seen a project with a sealed highway going through the concession," Ward said. "There's a six-lane highway all the way to Ibarra and a sealed two-lane highway going through the project. The infrastructure is a real eye opener."

SolGold has begun a PEA on Cascabel, which hosts a global resource of 430mt @ 0.78% copper equivalent containing 3.35mt (indicated) and 650mt @ 0.62% copper equivalent containing 4.03mt (inferred).

Ward said the company also planned to drill up to eight new discoveries which have been made on the prospective 3,000sq km property.

– Michael Washbourne

Dempsey ready for salt lake splash

The mining world is littered with once-ignored projects which now boast world-class production numbers and new Dempsey Minerals Ltd managing director Juan Pablo Vargas de la Vega is hoping the company's ground in the Hombre Muerto salar takes a similar path.

Dempsey's landholding – vested into it by Vargas' own Blue Sky Lithium vehicle – is next door to world-class projects owned by FMC Corp and Galaxy Resources Ltd but the ground has seen little exploration in the 40 years since lithium development began in the region.

Vargas described Hombre Muerto as the "purest" salar in Argentina, with higher lithium grades and lower impurities. FMC has been producing from the salar for 30 years while an updated feasibility study released in May identified a NPV of $US1.48 billion for the Sal de Vida project.

Dempsey's initial focus will be on the Candelas project adjacent to the Galaxy-owned Sal de Vida. Vargas said the presence of alluvial cover had seen Candelas largely ignored in the 40 years since Hombre Muerto came to miners' attention.

"We believe there is no divide between Galaxy's project and ours, only the tenement boundary," Vargas said. "We are looking at the alluvial areas in the vicinity of salt flats and it is that alluvial cover which gives us our opportunity to get ground that was not obvious for FMC and Galaxy."

Juan Pablo Vargas de la Vega

Galaxy's closest drilling to Candelas indicated "substantial volumes" of brine hosted by coarse sands and gravels similar to those thought to exist at Candelas which Vargas described as a "perfect permeable host".

"It is a rich setting for lithium brine development; ground waters sourcing volcanic rocks, hydrothermal activity, a closed basin, arid climate and a faulted environment."

Vargas said Galaxy, FMC and other explorers had focused purely on the salt flat, ignoring the Rio Los Patos river basin which was responsible for 79% of the water inflow into the salar.

Surface sampling by Blue Sky Lithium had returned values of up to 59 ppm lithium, similar to Galaxy's own results from there area. Vargas said the Los Patos palaeochannel was clearly visible, running into the Galaxy ground.

"There is potential for significant volumes of brines to exist at depth within the Candelas channel," he said.

Dempsey's strategy for Candelas' development takes inspiration from fellow ASX-listed junior Argosy Minerals Ltd and the rapid development of the Rincon lithium project in Salta province. "Our focus is to get a JORC-compliant resource within 12 months and build a pilot plant in less than 24 months. It is a formula proven at Argosy."

– Dominic Piper

WA strengthens Latin ties

West Australian Minister for Mines and Petroleum Hon Bill Johnston MLA was a special guest on the opening morning of Latin America Down Under. Prior to signing a MoU with the Argentine Government around sharing knowledge and skills to foster two-way investment between each other's jurisdictions, Johnston joined Paydirt editor Dominic Piper on stage for a Q&A session to discuss what WA has to offer other regions in Latin America.

Q: What brings you to this forum and why is the WA Government looking to collaborate with Latin American jurisdictions?

A: We see ourselves as the world's pre-eminent resource jurisdiction. A significant amount of the world's resources investment comes to WA and that has presented us with lots of opportunity for co-operation. We're also a pre-eminent jurisdiction for companies in the METS sector, so again that's an opportunity for a co-operation that will benefit WA. We have a number of companies like South32 Ltd, Galaxy Resources Ltd and Fortescue Metals Group Ltd all headquartered here in Perth and they're all investing in South America, so they are obvious examples of the benefit of that two-way relationship. We think the skills and experience we have in the Department of Mines, Industry, Regulation and Safety is another opportunity for co-operation and clearly providing a long-term stable investment environment is a win-win for both inbound investors and the countries that are involved.

Q: We're currently witnessing the burgeoning of a new energy industry in battery minerals here in WA. What's the rationale behind the Government's move to foster a downstream battery minerals sector?

A: You can't subsidise your way to a successful industry. I think some people in WA, if you go back to the 1950-60s, that's what they thought they would be able to do. What you actually have to do is provide a stable environment that allows the private sector to do the investment and of course reap the rewards. We believe we do have a genuine opportunity in battery materials. We have the resources in the ground, we have the capacities, the technologies to make the best of that and we believe with careful partnership between government and investors that we can get a genuine long-term downstream processing industry. If you think about iron ore being processed into steel, there's actually a lot of the components you need that aren't available in WA, like coking coal, so we actually never had all the circumstances to support that industry. When you look at battery materials, the circumstances here in WA are very conducive to successful investment in that space. We're very pleased to see Tianqi Lithium investing down in Kwinana and I visited that plant two weeks ago. They've already sanctioned an expansion of the plant, even while the first stage is under construction. This is a genuine opportunity for the State. We have the skills, we have the materials, we have the energy resources, we have everything that's needed to support this industry and that's what the Government will do. And indeed, noting the successful industries in Argentina, Chile and elsewhere, there's many things we can learn from our friends in Latin America to make sure we're successful in this important new industry.

Q: Downstream processing is a goal of many jurisdictions that boast strong mineral resources. What are the policy settings your Government is trying to establish to give that industry the best chance of success?

A: One of the things we're most interested in is the Co-operative Research Centre for new energy materials that the Commonwealth Government is sponsoring. We believe that WA is the only logical place for the CRC. As a demonstration of our good faith we have put down $6 million to support that CRC – $5.5 million through the Minerals Research Institute of WA and another $500,000 from the science portfolio. When you talk to the various potential investors in these projects here in WA, they paint a very strong future where there is adaptive R&D taking place.

Q: Is it the Government's intention that WA will one day be producing lithium ion batteries for our iPads, iPhones and electric vehicles?

A: It's certainly a possibility, but let's not get too excited. Before you can have a battery factory, you have to have all the inputs and at the moment they don't exist here. You can't go from where we are today with lithium hydroxide plants under construction to having a battery plant tomorrow. The Government is developing a strategy to ensure we can support the development of each of those interim stages so that maybe in the future we can have a battery factory here. This is a revolution that's happened in the world that has been driven by climate change and there are enormous opportunities for many countries in the space.

Q: One of the hot topics of discussion in the new energy metals space is the issue of the ethical supply chains. How does WA continue to maintain that profile and reputation on the international stage?

A: Society is putting greater expectations on supply chains. The fact that we have very high standards in WA is now a competitive advantage for operators in the State because we can go to end-users of materials and make the point that we can guarantee the ethics of the environmental and social impact of projects in WA that may not be able to be done in some other places, with the DRC being one of those examples. Our relationships to indigenous people, our high environmental standards, our health and safety standards, our work and labour standards; these are now all competitive advantages in these types of supply chains. I note that Apple is investing with Rio Tinto Ltd and Alcoa Inc in a "zero-carbon" aluminium project because they want to prove to the Apple customers that they are environmentally sensitive, because we all know how much energy goes into aluminium. You only have to look at the shirt you're wearing and the arguments that are being had around the world about ethical supply of clothing to see that this is now a genuine opportunity for a jurisdiction like WA where we can guarantee we are only acting ethically in our supply chains.

Minister Johnston was able to strengthen his ties with his Latin American counterparts at his second Latin America Down Under conference

Q: What are you doing to improve education on the technology side of the downstream processing chain?

A: We are working very closely with universities to market the capacities we have here in WA. The WA School of Mines rated No.2 in the world for mining education, only behind the Colorado School of Mines. That is another genuine competitive advantage of us partnering with other nations. Barminco Ltd is a classic example of the success of WA-based mining services companies providing activity around the world. We're excited about the capacities being developed here and we want to help market those capacities and skills around the world.

Q: What lessons can we impart on the rest of the world about WA's mining culture?

A: In February this year I went to Mining Indaba and one of the most interesting forums I participated in was with Murdoch University in talking about mine closure. There's a genuine excitement when people understand the way we now handle mine closures in WA in that when you make your application for the mine you have to also submit your mine closure plan, which you then have to update every five years. We also have the Mining Rehabilitation Fund which is effectively an insurance policy for the industry so that if something does go wrong the industry already has the resources to pay for any rehabilitation requirements. This is an opportunity for us to package up our practices and take them elsewhere in the world. It's probably worth reminding everyone here that the WA resource sector underpinned the greatest achievement in world history, which was the lifting of a 1.5 billion people out of poverty in Asia. When you look around the Asian region and see the developments that have happened there, the fact is WA's resource sector underpinned much of that development and that is something that we should all be very proud of. If the so-called fourth industrial age is going to work, WA's resource sector – and Argentina's and Chile's and others – will all be contributing to that new paradigm for the world's industrial future.

Q: What is being done to bridge the language barrier between Australians who speak only English and Latin Americans who mostly speak Spanish?

A: I'm actually the only bilingual member of the Cabinet in WA. I'm bilingual in Indonesian which is probably why I'm also the Minister for Asian Engagement. Our language skills in Australia are not what they should be. There's actually only 100 people learning Indonesian at university level in the whole of Australia, which is unbelievable. There's no question we can do better, it's certainly something we're sensitive too. We've got some ideas about the future to try and encourage learning second languages. It would be great if Australian business saw language skills as being critical and they gave some benefit for people who are multi-lingual, but there's no short-term answer I'm afraid.

Crisis averted, now on with the show

The unfolding monetary crisis in Argentina is a mere flesh wound and will not halt the maturing of the country's economy, according to Undersecretary for Mining Sustainability Juan Biset.

Argentine authorities requested financing from the International Monetary Fund last month after a run on the peso saw it shed 25% of its value against the US dollar. With President Mauricio Macri's Government already battling to lower the fiscal deficit and control double-digit inflation, some commentators speculated the country would once again be plunged into full economic crisis, but speaking at Latin America Down Under, Biset said investors shouldn't be panicked by the situation.

"There has been some jitteriness around foreign exchange, but the Government is not concerned by it. I can assure you it is nothing to get too worried about," Biset said.

The peso's subsequent rebound at the end of May apparently confirmed Biset's assertion that the Government was calm about the situation.

> **"There has been some jitteriness around foreign exchange, but the Government is not concerned by it. I can assure you it is nothing to get too worried about.**

Macri's Government has walked an economic tightrope since coming to power in 2015. Macri was elected with a mandate to fix an economy gutted by 15 years of leftist populist policies which had seen Argentina all but banished from international markets.

The new Government's reform programme is now beginning to take shape with the tax burden lowered, inflation slowing, the deficit narrowing and GDP increasing.

Biset said the country's "very significant" natural resource meant mining would inevitably become part of that process.

"It was decided that the policy going forward would be for Argentina to become a major mining destination in years to come," he said.

The key, according to Biset, is for Argentina to offer a predictable, stable and clear environment for mining investors. However, this goal is complicated by the fact that natural resources ownership resides with the provinces, a number of which are strongly opposed to mining.

Biset said the Federal Government was conscious of the need to find common ground among provincial governments.

"Different provinces have different attitudes but we are working to bring all of them into the fold and present a similar face to investors," he said.

"We got together with the provincial governments and agreed a wide-ranging policy on what kind of mining we want to have for the next 30 years. The Ferro Mining Council had been disregarded for some time but now it is firing and we are using it to develop a homogenous approach to mining instead of engineering a race to the bottom between the provinces. We have got to agree on how to do it sustainably."

Juan Biset

Results are palpable with more than $US800 million in new investments and $US1.2 billion of in-country deals occurring since Macri's election. The aggregate score of the Argentine provinces in the Fraser Institute's investment attractiveness survey also increased 65% this year.

The biggest advances have come in the lithium space where, along with Chile and Bolivia, Argentina boasts the world's largest lithium brines resources.

Biset said the country now boasted 24 advanced lithium salar projects with 40 new companies entering the space since 2015.

The Government is also keen to see its precious and base metals potential realised. Biset encouraged investment in the country's gold opportunities with only 35% of gold-prospective ground explored.

He also pointed to the mining treaty with Chile as advantageous to the country's desire to develop porphyry copper deposits.

"We have identified a number of world-class porphyry assets and the treaty with Chile means miners don't have to export through the Atlantic, if the logistics point towards the Pacific; fantastic."

– Dominic Piper

Gale blows into Argentina

Latin Resources Ltd is forgoing the salt lakes of Argentina to focus on the country's hard rock lithium potential.

The company's approach may appear contrarian given Argentina's north is part of the famed Lithium Triangle of lithium-bearing salars but managing director Chris Gale believes the focus on lithium brines has meant the abundance of pegmatites in the country has largely been ignored.

"Chile and Argentina are the world's largest lithium producers through the salars but Latin Resources has discovered hard rock pegmatites in Argentina," Gale said at Latin America Down Under.

Chris Gale

The company has acquired projects across four provinces in Argentina. While Gale is conscious of the unenviable reputation a number of the provinces have, he believes Latin can forge ahead, particularly in San Luis.

"San Luis is the same as Catamarca, Salta and San Juan, once you get through the permitting challenge there is a wonderful opportunity to take lithium projects into production," he said.

Latin is focusing on historical pegmatite mines in San Luis with the Geminis and Don Gregorio project the "jewel in the crown". Geminis has operated as an underground mine intermittently since the 1930s and has more than 70m of tunnels into the 18m thick pegmatite.

"There is an opportunity to develop a mine very quickly," Gale said. "Everywhere we look there is high-grade spodumene and the historical records show graders of 5-6% lithium. I believe we have another potential Greenbushes on our hands here."

Geminis and the other Latin-held ground in San Luis are all within 70km of commercial processing plants, offering further opportunity for rapid development.

"We are talking to one of the plants now," Gale said. "It currently produces feldspar and quartz for the glass industry but we believe we could fast-track lithium production by using that infrastructure and put an additional circuit in for the spodumene."

In Catamarca, Latin has put its foot on 70,000ha of lithium concessions and expects to have permits granted in the next six weeks following which it will undertake airborne radiometric and magnetic surveys.

In La Rioja, Latin is targeting cobalt and gold on concessions surrounding an early 20th century gold-cobalt mine.

The company's switch to Argentina has come as its Peruvian assets are either divested or farmed out. Gale said JV partner First Quantum Minerals Ltd had defined targets on the Ilo Sur copper project with drilling set to start in July-August.

The Ilo Este and Ilo Norte projects were divested to TSXV-listed Westminster Resources Inc for $US250,000 cash and 19 million shares.

– Dominic Piper

Dark Horse saddles up for lithium ride

Interest is gathering in its lithium story but Dark Horse Resources Ltd managing director David Mason would rather the company stick to its own path, for now.

Dark Horse controls 34,000ha of lithium concession in the Cordoba and San Luis provinces, Argentina, and is preparing to start exploration at the Las Tapias project where two separate, continuous 30m sections averaging 2.47% and 1.11% lithium oxide already returned from historical underground workings.

The company's plan is to define JORC-compliant resources and quickly move into feasibility studies in order to establish itself in the burgeoning lithium market.

"We are looking at a short-term strategy of producing 200,000 tpa into a spodumene concentrate plant rather than producing a lithium hydroxide product," Mason said.

David Mason

"We believe a spodumene concentrate produced at that rate could have $30-40 million value a year and we could be into production within 6-9 months."

Mason said the company planned to raise $4-5 million to fund exploration and development work over that period. However, longer term plans would negate the need for the company to keep returning to shareholders for more cash.

"The medium-term outlook is to align ourselves with a hydroxide manufacturer to fund a larger development," Mason said. "We have knocked back an offer already because we want to define the resource first. We believe others went into agreements too early."

– Dominic Piper

Miners arrive in Argentina

Argentina's rapid ascension as a popular destination for mining companies has received kudos from many corners and Australia can be at the vanguard of helping the country fast-track developments in the sector.

Speaking during "The new Argentina: Open for Business" panel discussion, Latin Resources Ltd managing director Chris Gale said there was a general positivity among most Argentines and support in-country was now needed to harness the significant opportunities emerging in the mining sector.

"Argentina now needs support, even some of our DFAT people don't understand the nature of this business. There are 2,000 listed companies on the ASX, 900 of those are junior explorers, 700 are within a 15km radius of here," Gale said in Perth.

Paydirt's Dominic Piper chaired "The new Argentina: Open for Business" panel discussion. Participants included Undersecretary for Mining Sustainability Juan Biset, Auscham President Diego Temperley, Alfaro Abogados and Chamber of Mining Companies' Ignacio Celorrio, Latin Resources managing director Chris Gale and Dempsey Minerals executive director Juan Pablo Vargas de la Vega

"We are like ants, we find projects and we assist in expertise in METS, we have the capital, we don't have a problem getting capital for our projects, and we persist. We can assist Argentina in bringing that expertise and help them leapfrog what they would have needed to do in developing the METS industry. We can bring that in immediately and help them develop their projects to the next level."

Latin Resources arrived on the mining scene in Argentina shortly after President Mauricio Macri's heralded administration came to power and has quickly pegged lithium pegmatite ground.

"We found a 25 year old white paper on lithium pegmatites in Argentina and we just followed that blue print and snaffled everything," Gale said.

Despite an old mining code dating back to the 19th century to work with, Latin Resources has demonstrated that the rules and regulations in place are workable.

Alfaro Abogados partner and Chamber of Mining Companies president Ignacio Celorrio said the mining code in place provided a platform conducive to investment.

Celorrio said concessions in the mining industry were equivalent to real estate ownership, while many laws in place were enacted with a lot of ancillary regulations to enhance participation from blue chip miners in the country's mining sector.

"When the new administration came in, they did not have to reshape, restart again or clean up or enact new regulations; it is just to honour the system that was already working and was so positive before," Celorrio said.

An area of mining law receiving attention in Argentina is synchronising the work between the provincial federal authorities towards a more modern system.

Attitudes towards the mining sector vary between provinces; some are "super friendly" while others appear to be no-go zones at the moment.

"Some jurisdictions have passed laws limiting the possibility of certain types of mining or the usage of certain types of chemicals, which puts a hindrance on the development of mining," Dempsey Minerals Ltd executive director Juan Pablo Vargas de la Vega said.

"Why is that the case? I would say that mining has been a non-issue for a long time in many places in Argentina. It has been mostly a conceptual matter rather than the reality of an economic powerhouse that we know it can be and it is only now that we have decided that we want that to be the case."

Dempsey is one of the new companies looking to exploit Argentina's lithium-rich resources and is currently concentrating on nailing down its sustainability efforts in a transparent manner, while paying close attention to mine closure regimes.

Argentina's place in the Lithium Triangle of Latin America provides great opportunity, however, the country's mining potential is certainly not limited to battery minerals.

Auscham president Diego Temperley said large cap mining houses from Australia and Canada were looking to re-engage with Argentina's copper and gold industries.

"Management people, CEOs, VPs and presidents are looking to re-engage with other types of metals, mostly copper and gold," Temperley said.

"They are looking at some of the projects that were abandoned in the previous administration because of the lack of policies towards private investment coinciding with the end of the super cycle.

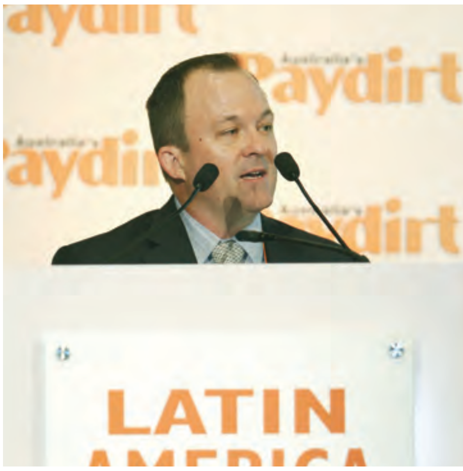
"Argentina can now show to the world that you can come and invest in projects without having the difficulties you would have faced with previous administrations," he said.

– Mark Andrews

Swimmingly well in Panama

David Engel

Eduardo Palacios



Gavin Ashley

While deputy minister of internal trade and industry HE Eduardo Palacios, bemoaned his country's mining code, Panama's biggest investor – First Quantum Minerals Ltd – has been quick to provide reassurance that things are achievable as it stands in the emerging resources jurisdiction.

First Quantum's Cobre Panama will be the most expensive private project in the country's history, matched in size and scope only by the publicly funded Panama Canal. However, it is being built in a regulatory environment unused to modern mining investments.

"The Mining Code is almost 50 years old, so that is one of the challenges that this administration faces," Palacios told delegates at Latin America Down Under.

"We want to at least give people a new footprint to a new mining code; our mining code is way too old and it sets a challenge for foreign companies to work with a mining code that is so old."

Cobre Panama project manager Gavin Ashley said First Quantum had managed with the code at hand just fine and looked forward to producing first copper concentrate in 12 months' time.

At the time of print, commissioning of the project's power station was reportedly going well with the turbines cranked to maximum speed.

In 2016, amid a bearish copper market, First Quantum put the brakes on project development and concentrated on establishing supporting infrastructure, such as the two 150MW power generation units.

Given the size of Cobre Panama, First Quantum also has its own port which has allowed it to mobilise equipment to site 20km away.

Ashley said commissioning of the process plant facilities was on track for the second half of this year followed by production in the middle of 2019.

"The copper production will be in line with our forecast of 150,000t in 2019, ramping up to the full capacity by the end of 2020, with 2021 being the first full production year when we will process 85mt of ore through the mills," Ashley said.

"The project has also been designed with a 100mt final upgrade figure in mind and in some areas we have invested in that upfront and in other areas we will assess the debottlenecking and optimisation through the operation and ramp-up phase so we can optimise where that capital investment is as the market grows."

Currently, Cobre Panama is slated to be in operation for 40 years, with a low strip ratio accommodating grades of 0.37% copper. Once in full flow, copper production is targeted to be 350,000 tpa.

More than $1 billion has been expended with local companies, with 1,200 people on board already and about 3,200 people (90% Panamanian) targeted at start-up.

While the economic benefits from Cobre Panama will be massive, the capacity and skills building element of such a project is not being taken for granted by the Government.

"We don't have the human resources or the education to expand in the near future – we have a shortage of geologists and engineers – so this administration is trying to get foreign teachers from overseas and we are sending Panamanian students abroad to start the mining business. That presents the real challenge for us right now," Palacios said.

"We don't have the manpower to expand. What we are trying to do is recruit professionals, access international training and the acquisition of technologies to learn about what other projects are happening in the mining sector to make ours more attractive."

As mining is a sector largely foreign to Panama, Palacios said there was a focus on creating a mining tradition via the creation of a Ministry of Mining and Natural Resources, with a strong emphasis on engaging the country's indigenous populations.

"There are a lot of worries in the countryside near water or rivers, but we know that the technology has advanced a lot from our last experience. That is one thing we want to do; expand our outreach so they know this is not going to be bad for the community," Palacios said.

Highly regarded as one of the most attractive mining jurisdictions in the world, Australia has a key role to play in the development of Panama's mining sector and Australian Ambassador to Panama David Engel encouraged METS and Austrade to embrace the opportunities.

"I accompanied Julie Bishop to see the mine and she came away, as we all did, extraordinarily impressed [by Cobre Panama], but I think we were most impressed by the country itself," Engel said.

"It is a small, but fascinating place with the fastest growing economy in all of Latin America, with compound annual growth rate of 9% over the past decade. As a mining jurisdiction it is very new, but I think First Quantum will assure you it is a very interesting place indeed."

– Mark Andrews

Striking a perfect partnership

Strike Resources managing director William Johnson, Australian Ambassador to Peru Nick McCaffrey and Minprovise International's Wayne Richards discuss the benefits of public-private partnership models

One of the key players behind the development of a rail and port solution for budding iron ore miners in the Pilbara a decade ago believes a multi-user transport network funded via a public-partnership model offers Strike Resources Ltd the best chance of lifting its Apurimac project in Peru off the ground.

Wayne Richards, widely recognised for his role as managing director of Brockman Resources during the height of the iron ore boom, said Strike had the necessary ingredients to bring Apurimac to life, but only if the Peruvian Government held up its end of the bargain by committing to development of a multi-user railway from Andahuaylas to San Juan de Marcona on the country's coast.

Apurimac is just 20km from the inland city of Andahuaylas. Strike is tipped to be the biggest user of the proposed 570km railway, transporting about 20 mtpa.

Speaking during a panel session on infrastructure funding and partnership models, Richards said a multi-user rail and port network carried many benefits for Strike.

"The opportunity to do a PPP [public-private partnership] in a country like Peru with a third party is probably the best solution for Strike because one thing you won't want to be doing is starting up a mine and then focusing on the mine and trying to complete a port and/or rail at the same time," Richards said.

"Traditionally with a multi-user, or even same commodity end-user business, if they can piggyback on to an existing rail and/or port system and pay the extra $US2-3/t on each leg of the journey, that will allow them to focus on the capital required for the mine and deliver the mine as and when required, because for somebody to go and spend $US1 billion on rail infrastructure and a port upgrade, they will see take-or-pay commitments from the proponents.

> **"A whole range of stakeholders are going to be involved here and I think one of the key things the Government will look at over the next year will be to work out what are the public and social benefits of this railway.**

"No matter who it is as a third party, they will run as a profit centre, not a cost centre, to the mine, therefore they will seek to make a profit out of the rail, as will the port, and whilst that may add $US2-3/t to your actual product C1 costs, you've got the opportunity not to be caught up in the capital environment so you can focus on your mine."

Richards, who is now an executive director for product and engineering services company Minprovise International following a stint as chairman of Tawana Resources NL during its focus on iron ore in Liberia, expects other parties to join Strike along various parts of the rail.

Apurimac is surrounded by multiple potato farms and other agriculturalists that stand to benefit from a significant upgrade in regional infrastructure.

"Other proponents will have the strategic advantage, if they're producing, of having cash flow that can be used to develop the rail system," Richards said. "As more and more proponents come on, a discount will apply to the original rail agreement and so Strike should see their unit costs come down as well."

Richards said the downfall of several iron ore juniors who unsuccessfully attempted to go it alone in the Pilbara was a prime example of why Strike – with a market cap of just $10 million – should look to leverage off the PPP model being mooted by the Peruvian Government.

Fortescue Metals Group Ltd and Roy Hill Holdings Pty Ltd are the only companies to have broken the Rio Tinto Ltd-BHP Ltd duopoly over the Pilbara iron ore landscape.

"The trick is to get as many proponents as you can early," Richards said. "They won't put any ballast or steel down until their take-or-pay commitments warrant that."

Strike managing director William Johnson said local farmers had expressed only positive reactions to the potential new avenue to get their produce to the Peruvian coast.

"A whole range of stakeholders are going to be involved here and I think one of the key things the Government will look at over the next year will be to work out what are the public and social benefits of this railway," Johnson said.

"Obviously if the Government sees huge social and environmental benefits from the railway, there will be more motivation for them to provide some public funding, whereas if those benefits are very small relative to the commercial benefits that companies like ours will get, then a larger part of funding responsibility will fall on the private sector rather than the public sector."

A study tender to assess the viability of the multi-user transport network was due to be awarded at the time of print and is expected to take 12-18 months to complete.

Johnson said investors could expect to see Apurimac brought online within 5-7 years "if everything continues to go to plan".

Strike has already signed a MoU with Chinese bulk handling manufacturers Dalian Huarui Heavy Industry Group Co Ltd over development of Apurimac and associated rail and port infrastructure.

"From what I understand, the Chinese have already made offers to the Peruvian Government to fund this and other railways," Johnson said.

"Ultimately, the Chinese are really good at building railways. They've built lots of them, they've built them very cheaply and from our perspective, given that the Chinese are most likely to be the major end-user and buyer of our product, it makes sense for us to look to the Chinese to assist us with finding some resources and funding.

"The MoU we've done with DHHI is the first step on that road. They've got some great capabilities in terms of heavy equipment and financing and they've got a really good network of connections with other Chinese groups who have complementary resources in terms of products and services and financing. I think the Chinese are going to be a major player in the development of this project."

Australian Ambassador to Peru, Nick McCaffrey, expects local communities will rally around Strike if the Apurimac project, which hosts a resource capable of supporting a 15-year mine life, is given the green light for development.

"The country is getting wealthier and I think the communities are starting to link it to sectors like mining," McCaffrey said. "The Government is doing a much better job of selling the message, just like our governments have done for a long time, about the link between mining and prosperity.

"We're hoping very much the project William has talked about will go ahead. Foreign investment tailed off a bit, as it did elsewhere in the region, but it is starting to pick up again."

– Michael Washbourne

Peru to get back on track

It is hard to argue Peru's status as one of the most fancied mining jurisdictions in the world, however, political turmoil has somewhat soured perceptions of the country.

"In terms of recent developments in Peru, it has been a little less rosy," Australian Ambassador to Peru and non-resident Ambassador to Bolivia Nick McCaffrey said.

"We had, up until a few months ago, a period of political grid lock and that affected economic growth, it affected big projects that the country desperately needs, particularly around infrastructure. However, the previous President [Pedro Pablo] Kuczynski fell on his sword and resigned and the political poison that had kept the country in a headlock for 18 months has disappeared."

Miguel Julian Palomino De La Gala

Incoming President Martin Alberto Vizcarra Cornejo now has the task at hand to instil some confidence and faith back into the nation's 31 million people, which is largely survived by its mining sector.

Poverty is a major issue, with the country's index in addressing the problem going backwards.

Despite the change in leadership, the benefits the mining industry can bring to Peru, such as helping people up from poverty, is well understood and will remain an area to be embraced by the Government and the message has not been lost on the investment community.

"Mining investment in Peru improved by 15% in 2017," Peru Ambassador Miguel Julian Palomino De La Gala told delegates at Latin America Down Under.

"Peru has a pipeline of mining projects – $U58 billion – Peru is one of the most attractive jurisdictions for mining investment in the world, ranking 19th most attractive in the world."

Palomino added that Peru had all of the world's sought-after minerals, as well as legal stability, expertise, good partnerships in place and clear goals to achieve their stated ambitions.

It is hoped some stable governance can set the country on a path to prosperity, of which mining will play an important role on the back of new optimised mining and exploration regulations.

"Despite the change in president, mining is still seen as being an industry to help it. Australian mining companies that operate there have noticed positive developments around red tape," McCaffrey said.

"We see investment which is mainly directed at the mining and energy sector starting now to reach across into other parts of the Peruvian economy, which is a very good thing. Lastly, we have seen a jump in senior government, including senior ministerial visits to Peru and not just Peru, but other regions as well in the last few years. The signs are all good in terms of the foundations for the direction in which Peru is going."

– Mark Andrews

Brazil back on the map

Majors such as Anglo American plc have returned to untapped areas of Brazil, but the head of the country's geological survey says it still has a lot of catching up to do to compete with the likes of Canada and Australia.

Following favourable changes to Brazil's mining code last September, Anglo American pegged more than 20,000sq km of ground along the Alta Floresta belt in the centre of the country.

Vale SA also pegged some 7,000sq km along the Tapajos belt to the north of Alta Floresta.

Both acquisitions followed confirmation from Brazil's Ministry of Mines and Energy only a week earlier that royalties would increase from 1% to 1.5% in a bid to entice more foreign investment into its long-standing resources industry.

According to data from S&P Global Market Intelligence, Brazil's exploration budget totalled $US260 million in 2017, up 3.3% on the previous year, for an overall global ranking of ninth.

However, Brazil still significantly trails leaders Canada ($US1.1 million) and Australia ($US1.08 million), prompting CPRM director of geology and mineral resources Jose Leonardo Silva Andriotti to appeal for more foreign investment in the Latin American jurisdiction.

"We have similar sizes, similar surfaces and similar geological characteristics, but lower production and lower investment," Andriotti said.

"I think if we receive more investment of foreign capital we will have conditions to improve our production of a lot of mineral commodities like gold, diamonds, base metals and so on."

Research by CPRM – Brazil's geological survey – shows the country's total gold production is only 26% of the size of Canada's overall output of the metal and 16% of Australia's annual accumulation.

"The Geological Survey is playing an important role because we are working a lot to generate new data, new targets, identifying new areas and new mineralised bodies," Andriotti said.

"In this situation, we are contributing to better knowledge of our geology. We need new investments, not only national investments but also foreign investments, to grow in terms of knowledge but also in terms of production."

Jose Leonardo Silva Andriotti

Eight ASX-listed companies currently have major projects or operations in Brazil, including gold miners Beadell Resources Ltd and Orinoco Gold Ltd. Copper producer Avanco Resources Ltd remains the subject of an on-market takeover by Oz Minerals Ltd.

For Crusader Resources Ltd, more than a decade of operating in Brazil has been nothing but a positive experience. The company is now exploring and developing the Borborema and Juruena gold projects, having previously discovered, built and operated the Posse iron ore mine until selling the asset to a local consortium last year.

Crusader executive director Paul Stephen said the process of developing and permitting Posse had provided his company with invaluable experience it was now transferring over to its gold projects.

"Posse really credentialed us in Brazil and shows it can be done," Stephen said.

"It's been a very turbulent period to be in the mining industry and to also be an Australian junior company operating in a foreign country, but I've got to say our experience in Brazil has been very good.

"One thing the iron ore mine enabled us to do was take the cash flow we generated and allow us to buy and develop what we think are two exceptional precious metals projects; at the end of the day the company's DNA is in gold."

Distance and up to 12-hour time zone differentials are often cited as one of the main reasons for Australian groups baulking at opportunities to explore in Brazil, however, Andriotti is not convinced that argument stacks up.

"In mining, we can't speak about distance so far from here, so far from there," he said. "This is not valid because if you're producing in Brazil, you can sell to consumers in Brazil. When a company chooses Brazil, this company will find consumers in Brazil. Rarely do they choose to bring the material to Australia or to China or to the US. You can look for consumers in the same place."

Speaking to **Paydirt** on the sidelines of Latin America Down Under, Andriotti said the CPRM was finalising a series of MoUs with geological surveys from other countries and states to share information, with a number of mining companies, universities and related institutions also part of the process.

Another area of focus for CPRM is finding homes for the abundance of prospective phosphate projects it has identified in Brazil.

"We are an agricultural country and we import a lot of phosphate, more than 90%, so we need to improve the production of these mineral commodities because we need them," Andriotti said.

"In the next year, in the extreme south of Brazil, we will have a new phosphate mine in Rio Grande do Sul. This mine is a result of the Geological Survey and our discoveries and activities in the region. This gives us hope to find more places like this."

– Michael Washbourne

Paul Stephen

Azure ready to lift pace at Oposura

Azure Minerals Ltd is preparing a maiden resource estimate for its Oposura zinc asset this month as it looks to fast-track the high-grade project.

Resource estimations for Oposura – in the northern Mexican state of Sonora – started in May following the release of final assay results from its resource drill-out programme.

Final results from the programme included hits of 12.25m @ 16.3% zinc-plus-lead, 3.2m @ 20.9% zinc-plus-lead, 2.95m @ 17.9% zinc-plus-lead and 2.5m @ 27.2% zinc-plus-lead

The company said the results complemented earlier intercepts to define a large zone of thick, high-grade mineralisation adjacent to the existing underground workings at Oposura, offering opportunity for rapid development.

"The weighted average thickness and grade of the intersections within this high-grade zone are 5.8m @ 19.2% zinc-plus-lead, which is a thickness suitable for mechanised underground mining. Azure is investigating early exploitation of this high-value mineralised zone," the company said in a market announcement.

Earlier in May, Azure announced that the "high quality" zinc and lead-silver concentrates it had produced in metallurgical test work was "attracting strong interest from international metals trading companies and base metal smelters". It said it had also received interest in an upgraded direct-shipping ore product from Oposura.

"The current market conditions for Oposura's direct-shipping ore and its concentrates are very favourable," managing director Tony Rovira said. "The high grade and shallow nature of the mineralisation at Oposura lends itself to either or both of these processing options."

The drilling and met results came a week after Rovira's appearance at Latin America Down Under where he told delegates the management team's track record of discovery and the company's strong cash position meant Azure would enjoy steady news flow throughout 2018.

Azure plans to follow the maiden resource with a PEA/scoping study in the September quarter before starting a BFS in the December quarter. A decision to mine could be made in the second half of 2019.

By then, the company will likely be considering its options over the nearby Sara Alicia project where planning is scheduled for this quarter. A maiden drilling campaign returned a hit of 26.2m @ 9.5 g/t gold and 1.26% cobalt (including 12.6m @16.8 g/t gold and 6.4m @ 3.6% cobalt). Azure trailed these results up with an 11-hole follow-up programme with results expected in June.

With two active 100%-owned exploration projects and a JV farm-in with Teck Resources Ltd, Azure is perhaps the most active junior explorer in Mexico.

The company's project generation strategy continues to uncover opportunities which Rovira said was testament to its standing within the Mexican industry.

"We have been in Mexico for 12 years and that longevity brings us a lot of benefits. The people that we deal with in Mexico in a business sense recognise we've always treated our people and the other people we do business with respect, we are now getting a lot of opportunities come to us and a lot of these people deal with you straight up," Rovira said.

The level of respect bestowed on Azure and Rovira was recognised in May when he was presented with the 2018 Ostotakani Award for outstanding exploration success and his contribution to the mining industry in Mexico. The award is made annually on behalf of the Mexican Mining Industry by Mundo Minero at the International Drilling and Mineral Exploration Seminar in Hermosillo, Sonora.

– Dominic Piper

Equus offers hope to tiny town

Equus Mining Ltd could be the saviour for the small mining town of Chile Chico still reeling from the closure of Mandalay Resources Corp's Cerro Bayo gold-silver mine in southern Chile.

Cerro Bayo accounted for about 80% of Chile Chico's economy before it was placed on care-and-maintenance last October following a major flooding incident at the mine four months earlier.

Unemployment levels in the town are reportedly more than 30% and a decision is yet to be made on a potential restart.

Equus has two projects – Los Domos and Cerro Diablo – within a 20km radius of Cerro Bayo and while both assets are early stage plays, their significance to Chile Chico is already being recognised.

"It's rare to be exploring in an area where you have great support from both provincial and federal-level government and that goes back to the situation that Chile Chico is in where there's 33% unemployment," Equus country manager Damien Koerber said.

"About $20 million that was going into a population of 4,000 has now dried up and we're actually welcome to be exploring there. We're essentially located around what is now a stranded mill and plant infrastructure at Cerro Bayo."

Damien Koerber

Los Domos is the most advanced of the two projects. The first hole drilled into the T7 target last year intersected an encouraging 18.94m @ 18.11% lead equivalent (or 722 g/t silver equivalent) and Equus enjoyed a share price spike of almost 300% on the back of that result.

Follow-up drilling has since returned further promising intercepts, including 1.3m @ 28.09 g/t gold equivalent (or 44.7% lead equivalent), 2.7m @ 19.58 g/t gold equivalent (or 31.16% lead equivalent) and 4.55m @ 3.3 g/t gold equivalent (or 3.24% lead equivalent).

A 7,500m phase two drilling programme was ongoing at the time of print.

"I'm confident we have the capacity to discover further mineralisation to give us a resource of 1-2 moz," Koerber said.

"We haven't done a large amount of drilling and we're actually starting to focus the drilling more on T7 to take that towards a resource. Further understanding at T7 is going to explain the zonation of what we've got at Los Domos. We've got 12km strike length of epithermal veining and brecciation to test."

Equus acquired Cerro Diablo last August and hopes to undertake a drilling campaign at the project during the upcoming Chilean spring.

– Michael Washbourne

Troy turns the corner

Troy Resources Ltd is on track to be debt-free by the end of the year.

Operations at the company's Karouni gold mine in Guyana have turned the corner over the past 12 months, allowing Troy to slash its bank debt from $US23.19 million to $US16.19 million.

A further $US5 million is expected be paid off during the current quarter, leaving just $US11.19 million to be wiped during the back end of 2018.

It continues a remarkable turnaround for Troy after barely churning out 12,500oz at an AISC of nearly $US1,600oz for the March 2017 quarter. The disappointing result saw experienced operations executive Ken Nilsson parachuted in to take the reins of the company.

Ken Nilsson

"For some time, the company was very successful in running a negative profit on the operation, but eventually that had to come to a stop," Nilsson said.

"Clearly where we were at the time was not very healthy, so the board decided they would drag me out of the cupboard, dust me off and told me to go and fix it. Since then it's been a very strong performance and operating costs for the last few months are back around the levels we saw a few years ago."

Troy's output at Karouni lifted from 12,885oz at $US1,240/oz AISC in the September quarter to 16,109oz at $US1,017/oz for the December quarter and then 21,703oz at $US720/oz for the most recent March quarter, helping the company's share price hit a 12-month high of 17c last month.

Nilsson said the company's strategy was centred around increasing value for its long-suffering shareholders, with near-mine and regional exploration firmly back on the agenda.

Troy's current reserves of 210,000oz @ 2.2 g/t gold will support at least another two years of operations at Karouni.

"Troy has been a company that has unfortunately adopted the Japanese method of 'just in time' and what that means is we always run with very low reserves, but we've always managed to get more reserves on to the books when we needed it," Nilsson said.

"Most of what we're doing today has been about building back our reserve base. As luck would have it, Guyana, for what it is, it is a very gold-rich country and one of the cornerstones of its economy is gold production."

Nilsson said the company was also looking to add to its single-mine portfolio, with a potential acquisition on the cards in Brazil, where Troy previously built and operated the Sertão gold mine.

– Michael Washbourne

Latin trade on the rise

Australia's two-way trade in goods and services with Latin America is back on the rise after a challenging few years, according to the new chairman of the Australia-Latin America Business Council (ALABC).

Some $9.7 billion was exchanged between Australia and established jurisdictions Argentina, Brazil, Chile, Colombia, Mexico, Peru and Mexico in 2017, significantly up on previous years due to a rebound from the economic downturn.

Richard Andrews, who succeeded long-serving ALABC chairman Jose Blanco last month, expects that trade figure to rise even further over the next few years, particularly with sentiment returning to mining opportunities in Latin America.

"We recognise that the industry is growing, the region is much more in favour than it was previously and I think it is an area where investment is much more obvious than going to some other regions of the world, particularly as there is so much instability in other regions," Andrews said.

Richard Andrews

"With stability in the region, we're seeing a lot more strength and a lot more people talking about going into new areas. And many of the guys who have presented at this conference are talking about areas outside of the well established ones because they can see there are so many opportunities."

ALABC's confidence in resurgent trade between Australia and Latin America is perhaps best reflected through the peak industry body's recent appointment of Marcelo Salas as chief executive.

Chilean-born Salas has resided in Australia for almost two decades and has more than 25 years of experience in both private and public roles in mining, engineering, manufacturing and agribusiness.

"There's been a lot of work going on during the tough times over the last few years," Andrews said.

"People haven't stopped and they've seen that maybe Australia isn't the only place to invest. Latin America is an extremely good place to invest and it's an easier place than people give credit for. The forecasts for the coming years are increased growth out of the region."

ALABC will celebrate its 30th year as an association in 2019 and boasts a strong member list which includes the likes of BHP Ltd, MMG Ltd, Air New Zealand and the Australian Government.

– Michael Washbourne

Colombia decides

The run-sheet of mining companies looking towards Colombia for the next world class mining deposit is impressive.

Big hitters such as Barrick Gold Corp, Newmont Mining Corp, AngloGold Ashanti Ltd, South32 Ltd and Fortescue Metals Group Ltd are all active and determined to help Colombia decide whether it is a mining country or not.

A turning point for the country may come when Continental Gold Ltd starts gold production from Buritica in 2020, with the mine set to be the first large-scale operation in Colombia, where overall gold production is expected to increase by 44% in the next two years.

The country's gold endowment is well known, however, despite sharing a metallogenic belt as Panama, Peru, Ecuador and Chile, copper exploration in Colombia has been relatively dormant compared to neighbours along the belt.

There is one copper mine currently being exploited in Colombia, but another eight projects are subject to exploration activities which could change the shape of the base metals landscape in the country in the next decade.

"We are just starting to learn about copper," National Mining Agency of Colombia promotion and development manager David Andres Gonzalez, told delegates at Latin America Down Under.

"We have high expectations as we share the same copper belt as Panama, Peru, Ecuador and Chile. We now know of the new discoveries and that there is high potential for high-grade discoveries, so I'd expect Colombia to start to emerge as a significant player in this metal in the next 5-10 years."

Buoyed by last year's success of the country's first new industrial mine for 30 years and an improving business climate, Gonzalez urged Australian companies to capitalise on the opportunities to invest in Colombia.


Sophie Davies

Currently, there are 56 Australian companies – not all mining-related – with a presence in Colombia.

There appears no better time for an Australian company to entertain business prospects in Colombia, given the country is now represented by Ambassador Sophie Davies at the newly minted embassy in Bogota.

Davies, also ambassador to the parlous state of Venezuela, said she expected conditions for doing business in Colombia to continue to be attractive, despite the outcome of this year's presidential election.

"Our relationship is good," Davies said.

"The ease of doing business ranks about third in the [Latin American] region; it slipped recently, but the country has quite a large population of 49 million people and 30% of the middle class expected to grow."

The corporate tax rate is legislated to drop 33% from next year and other factors such as Colombia's succession to the OECD are expected to be driving forces behind the country's investment attractiveness.

"We should find out in the next month or so [if Colombia's OECD status is recognised], while Australia is negotiating a Free Trade Agreement with the Pacific Alliance, with Colombia being the only one out of the four Pacific Alliance countries we don't already have an agreement with," Davies said.

Pacific Alliance members include Mexico, Chile, Colombia and Peru, with Australia ratifying a FTA with the latter in recent times.

"I think it is the best moment for Colombia, as we negotiate FTA's with Australia, Singapore and New Zealand under the Pacific Alliance, which signifies the best moment in terms of relationships for Colombia," Gonzalez said.

As the country continues to forge ahead in tightening partnerships around the globe, the talk of the town is the imminent presidential elections.

Colombian President Juan Manuel Santos' eight-year term comes to an end this year, with either leftist candidate Gustavo Petro or right wing representative Ivan Duque the likely replacements.

Davies said the congressional elections produced a largely conservative leaning result and she expected the right wing to prevail when the second round of elections take place on June 17.

"After which we expect the right wing candidate to win, largely because there is a feeling of antipathy due to what is happening right on Colombia's doorstep in Venezuela. That is really concerning for many Colombians," Davies said.

Davies said the dire situation Venezuela is faced with was salutary and an important reminder to all of what can happen under corrupt regimes.

– Mark Andrews

Brand Australia

Australia's Ambassador to Chile, Robert Fergusson, said the strong brand Australian companies have established in Latin America should be capitalised on to help deal with issues in the region.

"As in Australia, we are seeing an increase in pressure in the mining sector in terms of water, community expectations and also in terms of environmental and community consultation," Fergusson said.

"These are things that other countries face, these are opportunities for Australian business and there are many Chilean companies wanting partners. Our brand is very strong in Latin America, there is big opportunity for METS and we are seeing a lot of Australian business come to take that up."

Robert Fergusson

Fergusson said the situation was similar for Australian companies in Ecuador where a recalibration of the mining sector was taking place.

"The Government is taking stock of how many concessions have been granted. They are looking at some of the things they have done over the last 5-10 years that have not worked so well, particularly some of the partners they chose early on, that weren't Australian. They have made mistakes and really set Ecuador back in terms of community trust in respect to mining. Again, it is an opportunity for responsible mining companies from Australia to partner with locals or to go into Ecuador, so I am very positive with the trend."