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## **Latin Resources Opens Up The Peruvian Coast To The Potential Of Iron Sands Mining**

*By Our Man In Oz*

**Most people find it hard to think of sardines and iron ore at the same time, except possibly if the iron ore has been converted into a steel container and the sardines are neatly tucked inside. But the two do come together occasionally, and one location where that happens is the Pacific coast of Peru. Here, one of the world's great ocean currents creates near-perfect feeding and breeding conditions for fish and also, potentially, perfect conditions for the deposition of iron sands too.**

The work of the Humboldt current, which sweeps up the west coast of South America, is well known in the fishing business, and in the more modern and less respectable business of climate-change forecasting too. Less well known is the Humboldt's role in sweeping heavy minerals, including iron, titanium, zircon, gold and a fistful of other metals along the coast until they are deposited on the Peruvian coast. But that process - a combined oceanographic and geological event - lies at the heart of [Latin Resources](#), an ASX-listed company with a South American bent.

A relative newcomer with a low profile, Latin listed in the middle of last year as the holder of a number of promising iron ore and gold properties in Peru. Especially attractive were a group of tenements pegged for iron ore, copper and gold (IOCG) known as the Ilo project, located near the southern end of the country's coast. Ilo Norte, Ilo Sur and Mariela were high on Latin's early exploration target list, largely because of previous work conducted by the Canadian mining major, Teck. And in Latin's corporate presentations last year second place was taken by Guadalupito, which is also on the Peruvian coast, but which lies towards the northern end of the country. Last year Guadalupito was simply rated as an advanced iron sands project "with potential of low cost development or sale".

But closer examination of Guadalupito has now significantly changed Latin's view of the project which once played second fiddle on the company's books. Today, Latin is moving quickly on evaluating what has the potential to become a major source of iron ore and a cocktail of other minerals, all washed into the Pacific Ocean from South America's great Andes mountain chain, picked up by the Humboldt current and deposited in thick beds of sediment in Peru.

"If Guadalupito had been in Australia or South Africa it would have been picked up 25 years ago", said Latin's chief executive, Chris Gale. "The difference is that Peru has a long history

of hard-rock mining which has made it the world's biggest producer of silver and second biggest producer of copper and zinc. There is little, if any, history of coastal mineral sands mining, which is one of the reasons why we have been able to acquire tenements covering 16,000 hectares, just 25 kilometres from the town of Chimbote, home to the Siderperu steel plant."

Latin's interest in Guadalupito has been rising over the past year as it has stepped up exploration. This has lifted the conceptual target at the coastal deposits to two billion tonnes of mineralised sediment. The project is especially interesting because nature has done much of the hard work in separating the minerals. Typical samples taken from Guadalupito show "run of mine" material assaying around 11.5% heavy minerals capable of producing a concentrate assaying up to 64% iron, 5% titanium, 0.4% vanadium, and with measurable quantities of other heavy minerals, including gold, zircon, wolframite (tungsten), andalusite, and the rare earth elements, lanthanum, cerium and neodymium.

More exploration is needed at Guadalupito, but for investors there are two key points to note in what Latin is doing. Firstly, there is the significance of Chris's comment about how the project would have long ago been picked up if it had lain elsewhere. In South Africa the Benguela current gave the world the Skeleton Coast and its phenomenal deposits of gem-grade diamonds, thoughtfully separated from their low-value industrial diamond cousins by the South Atlantic. In Australia, the west coast has been the site of some of the world's richest zircon and titanium mines, deposited by the Leeuwin current which flows south on the surface, and north at greater depths, when it is known as the Leeuwin Undercurrent. Which leads us on to this critical investment point: there is nothing new in what Latin is doing, it's just that in Peru no-one has looked closely before.

"Guadalupito was second to the Ilo projects among our exploration targets until we got a better understanding of what we have", Chris told Minesite during a chat in the boardroom of his Perth office. "It is now receiving about 80 per cent of our funding, with the aim being to generate a JORC-compliant resource by October." If Latin hits that target date it will give Chris plenty to talk about when he makes a scheduled appearance at a Minesite forum in London later on this year.

What investors will also find interesting will be the story of how Latin got its foothold in Peru, a country which passes through the occasional bout of political uncertainty, but which invariably comes out as a strong supporter of mining. According to Chris, the early stages of Latin's search were helped by a copy of the 1974 edition of a handbook on Peru's known iron occurrences, and a realisation that many of those early discoveries were unclaimed. And that's why the search started at the Ilo prospects, where a large, hard-rock, magnetite anomaly has been identified, and where Latin has been followed by some of the world's mining majors, including BHP Billiton, Southern Copper, and Anaconda.

But, it is the Guadalupito sediments which have caught the eye of investment bankers at RMB (the old Rand Merchant Bank). "RMB seems to have a lot of confidence in what we're doing," Chris said. "Their financial models have thrown up a number of surprises". But yet another surprise, and perhaps a useful slide for Chris at his Minesite presentation, might be a map

showing that the sediments of the Peruvian coast were probably observed more than 200 years ago by the man whose name was given to ocean current which carried them there.

Alexander von Humboldt, the German explorer who wrote the early works on the flora, fauna, people, geography and geology of South America, sailed along the coast which is now the location of Latin's mineral hunt. Humboldt would not have missed the prodigious marine life off the coast of Peru, but he would probably not have spotted the hidden value in the coastal sediments. That he left for later arrivals.