



# SPOTLIGHT ON PERUVIAN POLLUTION



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## *An environmental battle is raging, but China continues investing in the small country*

MINERS worldwide will be watching Peruvian President Ollanta Humala in coming days to see how he handles a very hot mining potato.

Big miners are warning Lima that Peru risks losing something like \$US50 billion (\$49bn) in proposed mining and oil investment if the government doesn't back Newmont Mining after demonstrations against its \$US4.8bn Conga gold and copper project forced work there to stop.

As with coal-seam gas in our eastern states, Conga is all about underground water along with rivers. The locals believe this water will be polluted by the mine waste.

The country's image may also suffer from Glencore's announcement that it is pulling out of its planned \$US475 million acquisition of a copper project in Peru after failed negotiations. The mine is expected to produce a vital 100,000 tonnes a year of copper.

Peru is the world's second-largest producer of copper and silver and also exports large quantities of gold, zinc, tin, iron ore and molybdenum.

Another reason to watch Peru is that China is close to being its largest investor and trading part-

ner, most of the activity involving oil and minerals.

No surprise then that a large Chinese investment firm, June-field Holdings, is to take 16.8 per cent of **Latin Resources (LRS)** as well as having the right to earn 70 per cent of two iron ore projects. LRS also has a large heavy minerals project in Peru that has significant potential for rare earths, including the prized neodymium.

The other news of the week came from **Laconia Resources (LCR)**, a hitherto poor performer with unspectacular West Australian projects. The company hit 26c soon after listing in late 2009, but its shares dived within two months of that and recently hit a low of 3.7c.

That price has managed to get back to all of 5c on news of its acquiring an advanced gold-silver project in Peru. It already has a completed feasibility study and Laconia is aiming at production within 18 months. The project is being backed into Laconia by **Gulf Mines of Peru**, which attempted to float on the ASX earlier in the year. The latter company stands to end up with 56.5 million shares in Laconia in addition to the 82 million now on issue.

We had news from one of the bigger Peruvian players, **Metminco (MNC)**, which has just raised another \$US40m, seen by the company as a good result in present market conditions. This tops up the war chest for the 2012 work at the Los Calatos copper-molybdenum discovery in southern Peru and also ground in Chile

  
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New Peruvian President Ollanta Humala is being warned that Peru risks losing \$49bn in investment if the government doesn't back Newmont Mining