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Latin Resources Delivers Strong Numbers At Its Guadalupito Mineral Sands Project In Peru

By Our Man in Oz

Investors who were paid attention to a story we ran on Minesite in the slow days before last Christmas could now be enjoying the benefit of either a 77 per cent, or a 144 per cent, rise in a company that is making brisk progress with one of the more interesting mining projects in South America.



Drilling at Ilo Norte

Latin Resources was the subject of a tantalising story in early November, which focussed on the company's Guadalupito mineral sands project on the coast of Peru. At the time, Latin was trading at around A18 cents on its Australian home exchange, but the Minesite report flagged a busy period ahead for the company.

And that prediction proved remarkably perceptive, as a maiden resource was released, and a London listing secured, along with a major new shareholder. In the meantime, the share price soared to A44 cents, before sliding back to around A32 cents – which translates into a fat profit for anyone who jumped aboard back in November.

Latin plans to produce a cocktail of minerals from sands that have been deposited by the Humboldt ocean current as it sweeps up the coast of South America. Included in the proposed products are andalusite, zircon, ilmenite, magnetite and perhaps a reasonable amount of gold. As Latin chief executive Chris Gale, told Minesite's Man in Oz last year: "if Guadalupito had been in Australia or South Africa it would have been picked up 25 years ago." When Minesite called for a fresh chat recently, Chris was travelling, maintaining a busy schedule that has seen him spread the word about Latin at conferences across the globe, from Hong Kong to London, including a presentation at our most recent Minesite forum, which you can see here.

Guadalupito is just one of several projects Latin has in Peru, and while it's currently regarded as the flagship that could change, as the promising Ilo and Mariela copper-gold projects are worked up. And it is Ilo and Mariela which appear to have attracted Junefield, a Chinese company, onto the Latin share register earlier this year. For an investment of A\$8.4 million Junefield took a 16.8 per cent stake in Latin, as well as agreeing to spend US\$35 million to take the Mariela project through to bankable feasibility status in exchange for a 70 per cent stake, with Latin retaining a free 30 per cent stake.

Mariela and Ilo are in Latin's future. The immediate objective of the company is to develop an early cash-flow business at Guadalupito. That could be achieved by extracting heavy minerals above the water table through a simple, dry-mining, process. That could then be followed by wet, or dredge-mining, on a much larger scale. The magnetite would be sold locally to nearby steel mill, and other heavy minerals exported.

Since Minesite last looked at Latin, the major event has been the publication of the initial JORC-compliant resource compiled by Snowden. This detailed a resource containing 119 million tonnes assaying 5.7% total heavy minerals from surface to a depth of 15 metres. But that number represents only a hint at an accurate measurement of Latin's total resource because Snowden's work incorporated only 682 hectares of a tenement that covers 16,437 hectares. The area examined in detail covered a stretch of beach sands about six kilometres long and extending one kilometre inland. However, the entire system is known to run for at least 45 kilometres and extend four kilometres inland – and it is also almost certainly deeper than the 15 metre cut-off depth. Company literature speaks of Latin finding “continuous heavy mineralisation from surface to 20 metres depth”.

What Latin now has is a Snowden report which represents “proof of concept”. The consultant has effectively put its seal of support on the theory about the Humboldt current. Chris described it this way when announcing the release of the Snowden's report late last year: “It is very pleasing to announce our initial JORC resource at Guadalupito, which provides proof of concept and validates our exploration model,” he said. “We have only drilled 68 holes out of a 1,500 drill-hole programme, on 682 hectares of more than 16,000 hectares of concessions, which displays the enormous upside potential of the Guadalupito project as we continue to drill over the coming months.”

The work on the coast of Peru has continued into 2012, enabling Chris to deliver upbeat presentations at the Mines & Money conference in Hong Kong in March, and more recently at Minesite in London. At these events he detailed the size of the heavy minerals target being pursued - at least two billion tonnes of mineralised sediments, rich in magnetite, low in titanium, and with the prospect of payable gold.

It is the enormous potential size of Guadalupito, combined with the Snowden report and the ability for Latin to say that it has proved the concept of Peruvian beach sands, which has sparked interest in the shares. That interest should continue to grow over the rest of 2012. This year's goals include expanding the JORC inferred resource at Guadalupito, and completing a scoping study on the

project. Drilling will also start this year at Mariela, the joint project with Junefield, and detailed exploration will start at the Ilo concessions. It is a busy schedule, but that's what makes it a company to watch.

[Click here to view Chris Gale's recent presentation at Minesite](#)