



TIM BOREHAM

Gold fever lures explorers to Peru

Laconia Resources (LCR) 3c
Latin Resources (LRS) 14.5c

WHAT'S Peru's most valuable export? For those who answered Paddington Bear, go to the back of the class. The correct answer is minerals, although the South American nation is overshadowed by red-hot Chile.

A few minnows are exploring the delights of Peru, which earns 60 per cent of its total exports from mining but attracts only about 25 per cent of exploration budgets earmarked for Latin America.

"The Spaniards found El Dorado and took away a few goodies but there's still enough to encourage Australian companies to go," says Australian Latin American Business Council chairman Jose Blanco.

Two such trendsetters are Laconia and Latin Resources, which are furthering gold and silver and mineral sands projects respectively.

Laconia's flagship is the Rasuhuilca project, a single vertical vein in the side of an Andean mountain. It boasts an inferred resource of 360,000 tonnes at 1.97 grams a tonne gold and 179g/t silver. The plan is to start small-scale production in 2014.

Laconia acquired the project in May this year from Gold Mines of Peru, leaving the vendor with a 12 per cent stake.

"We are probably a year ahead on data," says managing director Ian Stuart, a former Macquarie banker. "The risk is not geological but social licence permitting and going through the bureaucracy, but progress is well on the way."

Latin is seeking to raise \$2 million through a placement at 15c to further its Peruvian ventures,

which chief executive Chris Gale reports, are also on track. "Everything we have set out to do in the last two years has been done," Gale says.

Latin owns the Guadalupito iron and heavy mineral sands project, nestled conveniently on the coast in the Santa Iron province. Down south it holds the Mariela iron ore-copper-gold project, in which China's Junefield took a 70 per cent interest for a \$US35m earn-in.

Guadalupito is rated a 393 million tonnes resource at an average 4.5 per cent heavy metals, containing a compote of titanium materials, zircon, andalusite and magnetite (at a 59 per cent to 63 per cent grade).

Gale is confident of increasing the resource, which complies with the international standard JORC, to one billion tonnes this year. "This puts us in the big league," he says.

Maybe, but at least Latin can claim the support of Junefield, which acquired a 19.8 per cent stake via an \$8.4m placement at 28c. The board is grateful the placement went ahead despite the stock sinking to 18c during that nasty jittery period. Tony Sage's Cape Lambert is also on the register with a 12 per cent stake.

Latin's \$27m stake relative to Laconia's \$8m reflects its exposure to the still-sexy mineral sands game and the advanced status of Guadalupito.

Being an early mover can reap rewards in a country that, despite its reputation, has enjoyed political stability and has a well-entrenched mining code. Both stocks are **spec buys** for those more adventurous than Lima's famed expatriate bear, who was happy to settle for the safer delights of a marmalade sandwich and a cup of cocoa.