



# Latin Resources

Feb 7<sup>th</sup> 2013

## Latin Resources in game changing 1.4B tonne HM resource at Guadalupito

Latin Resources (LRS: ASX) has achieved a 371% increase in total JORC resources to 1.465 billion tonnes at its Guadalupito iron and heavy mineral project in Peru.

The Snowden Mining Consultants' estimate includes an inferred maiden resource estimate of 1.07 billion tonnes at Los Conchaes at 6.1% Heavy Mineral (HM).

The inferred resource of almost 1.5 billion tonnes was achieved by Latin in just two years.

Notably, the Los Conchaes resource was estimated from just 1,350 hectares, or 5.6%, of the 24,000 hectares in mining concessions that Latin controls.

Los Conchaes area is 2 kilometres to the east of the previously released JORC inferred resource estimate for the "Heldmaier" area.

Latin's managing director, Chris Gale said, "We are extremely pleased to post our third and most significant JORC resource at Guadalupito that is a real game changer for Latin.

"To have achieved almost 1.5 billion tonnes of inferred resources after only 2 years of exploration is a significant feat.

Gale said: "We look forward to further evaluating development alternatives for what has undoubtedly become a World Class Iron and Heavy Mineral Sands deposit, still with significant upside potential".

### Exceeded Exploration Target

The new JORC Inferred Resource Estimate exceeds Latin's original Exploration Target for Los Conchaes of 690 million tonnes at 6.8% HM, by a tidy 50%.

The result goes a long way towards the global Exploration Target of 4.5 billion at 6.1% HM the company had reported on 21 November 2012 for the Guadalupito Project.

### Composition of Heavy Minerals

Mineralogical analysis performed on two initial Heavy Mineral (HM) composites showed that Magnetite and Andalusite dominate the HM assemblage within the new resource area (22-25% and 21-24% of the HM respectively).

A suite of Titanium minerals (Ilmenite, Rutile, Leucosene and Titanite) make up an average 6.4%, with accessory minerals Zircon, Monazite, Garnets and Apatite all with some potentially viable commercial significance to be determined by further metallurgical test work.

### Iron

Other test work on the new HM composites has confirmed that a high Iron (greater than 63% Fe) and relatively low Titanium (less than 3% TiO<sub>2</sub>) magnetite concentrate can be produced in the laboratory and should be replicable by standard industrial processes.

### 1 Year Share Price Graph



### Share Information

**Code:** LRS  
**Listing:** ASX  
**Sector:** General Mining  
**Website:** [www.latinresources.com.au](http://www.latinresources.com.au)

### Company Synopsis:

*Latin Resources (ASX: LRS) is focused on Peru where the company has several projects, including Ilo Norte where the focus is iron, copper and gold, while at Guadalupito the target is iron and heavy mineral sands.*

**Author:**  
**Proactive Investors** +61 2 9299 5001  
[action@proactiveinvestors.com.au](mailto:action@proactiveinvestors.com.au)



Andalusite in the HM composites from Los Conchaes is more liberated than that in any other HM samples evaluated from Guadalupito.

## Product market

Given the relatively high Iron (Fe) content and low content of Titanium and other impurities, Los Conchaes Magnetite concentrate could be expected to attract a premium over other Titanomagnetite concentrates in the market.

These can generally sell at a discount to Pilbara Fines (61.5% Fe) recently ranging from US\$125-US\$135 per tonne in Chinese ports.

Almost 60% of Andalusite is present as >90% liberated particles (compared with 30-40% at Heldmaier and Tres Chosas), which should favour recovery of a quality high grade product.

Zircon and REE bearing Monazite are present in potentially recoverable quantities and are well liberated.

This implies that a high purity Andalusite concentrate from the Los Conchaes should have impurities well below even the lower limits of Andalusite sold in existing markets.

The indicative price range for Andalusite is between US\$350/tonne and US\$450/tonne. The world's largest producer of Andalusite is Imerys SA (EPA:NK) Market Cap of 3.68B euros, which is predicting continued growth in demand and further price rises.

Significantly, this opens up a range of favourable alternatives for Latin for the sale of an Andalusite concentrate from the Project. Andalusite products are currently sold at between US\$350 and US\$450 per tonne into a range of markets.

## Road to production

In a development scenario, Guadalupito has considerable advantages easing the path to production:

- proximity to important infrastructure including highway, power, water, steel smelter and port;
- the Government entity that owns much of the surface land has given a favourable technical opinion
- the process for achieving an formal agreement is well advanced and;
- excellent relations established with the local communities and
- the nearest community is located at the very southern limits of the Guadalupito concession package

## Favourable location of Los Conchaes

Los Conchaes is located in unpopulated desert, adjacent to Panamerican Highway, just 15 kilometres from the Santa River, 25 kilometres by road to Peru's largest steel smelter and 29 kilometres by road to Chimbote Port.

In addition, surface land is Government owned. A Favorable opinion has been obtained for long term usage with an agreement process underway.

Latin has established strong community relationships the nearest community is 11 kilometres south of Los Conchaes.

## Analysis

Today's resource upgrade catapults Los Conchaes and Guadalupito onto a world class stage. The Exploration Target of 4 billion tonnes looks a strong probability of being bettered given Chris Gale's Latin Resources has achieved the 1.5 billion tonne Heavy Mineral resource in just two years.

Importantly, the size of the resource and potential scale of a mining project at Guadalupito will enable Latin to look at development options far sooner.

In fact, Latin will commence mining planning at Guadalupito soon. Production could begin quite smartly given the infrastructure in place. The port town of Chimbote is 25kms South of Guadalupito.



Conceivably, Latin could be mining at Guadalupito in 18 - 24 months.

With 203 million shares on issue renders a Market Cap. of Latin Resources of just \$36.5 million at \$0.18. Major shareholder Hong Kong Junefield Group owns 19.8% of Latin, while Cape Lambert has a 14% stake. Hence there are some heavyweights on the register.

As importantly there are significant milestones and catalysts ahead to continue upward growth in valuation for Latin.

On our calculation with the latest resource upgrade + Mariela, we estimate a value of \$0.28 - \$0.32 for Latin.

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