

## Latin Resources haggles A\$7.2m off Guadalupito andalusite project

Industrial Minerals

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Price reduced in view of financing climate with parties agreeing on a new payment plan, doubling NSR. Latin, meanwhile, is still on the lookout for JV partners.

ASX-listed Latin Resources Ltd has signed a letter of agreement with the vendor of the Guadalupito andalusite and heavy mineral sands project in Peru to reduce the sale price of the property by Australian dollar (A\$) 7.219m (\$5.53m\*).

Under a revised payment schedule agreed at the end of June, Latin will pay a total of A\$10m for the project, to be paid in five annual instalments, beginning six months after the release of a favourable definitive feasibility study (DFS) on Guadalupito.

The company will also issue 2m ordinary shares to the vendor every January for the next four years, beginning in 2016. In return, the vendors will receive double the net smelter return (NSR) royalty on production from the project, up to 3% NSR from 1.5%.

Latin said that the new terms, which override the original sale agreement signed in February 2011, were accepted by the seller "in consideration of the current challenging investment environment".

"Latin is confident that having eliminated any cash obligations to the vendor prior to completing a favourable DFS, the project will attract the appropriate investment partner we have been seeking, allowing for all investment forward being dedicated to the funding of [the] DFS, which is the next crucial step to bringing the project into production," Latin Resources' managing director, Chris Gale, said.

Perth-headquartered Latin Resources is developing a handful of mineral interests in Peru, including andalusite, gold and iron ore, citing the company's growing economy, mining-friendly legislation and export growth potential as key draws to invest in the country.

The company has however run into financing difficulties in recent years after the investment boom in resources subsided in 2012, forcing it to renegotiate some of its debt obligations.

In June, Latin postponed a repayment on its convertible note held with Hong Kong-based Junefield High Value Metals Investment Ltd for 18 months, citing the need to improve its balance sheet. The company said in May that it still intends to list on the UK's AIM market, however, and has entered into a pre-listing funding arrangement with New York, US-based Magna Equities 11 for \$300,000.

Latin's Guadalupito project is located 25km from the port city of Chimbote in northern Peru and is aiming to start operations at an initial production level of 15m tpa, on a conventional dredge mining operation over a 15 year mine life. Under the terms of its revised deal with the property's vendors, the company must complete a DFS at the project by July 2019.

Latin has said it will target the steel refractories industry as well as the proppants market with the eventual output from Guadalupito.

*\*Conversion made July 2015*