

Latin Resources posts high operation costs; exploration continues at Guadalupito

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By increasing costs in the second quarter of this year, the Australian junior is pushing its effort to diversify its minerals portfolio from its Guadalupito mineral sands project in Peru to enter markets for andalusite and zircon.

ASX-listed [Latin Resources](#) has seen available cash for Q2 2014 reduce significantly as exploration and evaluation at its Guadalupito mineral sands project, Peru, continue to impact costs.

Total cash available at the end of the second half quarter of this year amounted to Australian dollar (A\$) 124,000 (\$115,000*), down from A\$744,000 at the end of the first quarter.

Operation costs for the quarter amounted to A\$1.3m, A\$738,000 of which were for exploration and evaluation and A\$625,000 for administration. The company estimates costs for the next quarter to be about A\$1.4m as exploration and evaluation at Guadalupito continue.

Latin said it has received commitments of more than A\$2m from sophisticated and professional investors.

Shares will be issued in two tranches, with the first tranche issued in July consisting of 30.6m shares at a price of A\$0.04/share, for a total of raising A\$1.2m.

The second tranche will be issued after shareholders approve the [financing plan](#).

This placement will enable the company to continue testwork on concentrates obtained from its Guadalupito mineral sands project, with an initial focus on the commercialisation of andalusite and magnetite.

Operations at Guadalupito

Latin has successfully concentrated magnetite and andalusite using gravity techniques, which are scalable to an industrial process.

Magnetite was successfully recovered from a Batch Reflux Classifier (BSC) concentrate at 10.4% heavy mineral grade, containing 24% magnetite and 23% andalusite.

Latin said that 80% of [recovered andalusite](#) was more than 80% liberated, grading 60% alumina (Al₂O₃) and 0.2% Fe₂O₃, which classifies it as a high purity product.

The company is focusing on further bulk testing for the recovery of high purity andalusite and other heavy minerals such as ilmenite, rutile and zircon.

The bulk represents about 20% of Los Conchaes JORC inferred resource, estimated to be about 1.1bn tonnes ore at 6.1% heavy mineral sands.

Andalusite market and prices

Latin believes it is able to recover a premium [andalusite](#) product and the company said it intended to place the product on the market as prices and demand have risen over the past decade.

Approximately 90% of andalusite consumption is for [refractories](#), used by the steel industry for moulds, plastic compounds, refractory concrete, mortar and lining of furnaces; in non-ferrous market, as lining of electric smelting furnaces; in the glass industry, as framework of glass mix tanks; and in the cement industry.

Andalusite is also used outside of the refractory industry as a mass additive in the manufacture of sanitary and kitchen ceramics, tiles and electro-porcelain and brake shoes owing to its high alumina and silica content.

According to the US Geological Survey (USGS), prices of high-purity andalusite increased from \$340/tonne in 2008 to \$560/tonne in 2012, with average grade increasing from \$320/tonne to \$430/tonne and low-purity grade remaining almost steady at \$300-310/tonne.

Full information on all IM's prices can be found on the [IM Prices Database](#).

*Conversion made August 2014