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Iron ore drop good for project hunters: Gale

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LATIN Resources managing director Chris Gale says the lower iron ore price has made it easier for Australian companies to acquire new projects overseas.

Speaking at Paydirt's Latin America Down Under conference in Sydney, Gale said a recent drop in the iron ore price wasn't all bad news for developers and explorers.

"If you tried to develop a project in Brazil when the price was \$US150-180/t (\$A161-\$194/t) you couldn't do it," he said.

"But now the iron ore price has dropped there's lots of opportunity for Australian companies to look to places like Brazil for iron ore.

"These projects are more gettable than they were three or four years ago."

Latin is developing the 100%-owned Guadalupito iron and heavy mineral sands project in Peru, and acquired the Borborema iron ore project in Brazil from Rio Tinto late last year for \$200,000.

Gale said Latin was hoping to use Borborema to prove up a new resource in Brazil, and part of the draw of the project had been its proximity to the coast and nearby infrastructure.

He said Guadalupito was also close to infrastructure and its customers would most likely be in the local region.

"The internal demand within Latin America is exceptionally big," he said.

"Our position is not to sell to China but to sell internally to the demand that's being created within all these emerging companies."

Gale said the next steps for Guadalupito were to secure funding or joint venture partners, advance a definitive feasibility study and start construction.

Along with development of Guadalupito and Borborema the company is also looking to advance drilling at the Illo Este and Illo Norte targets, also in Peru.

Taking stock of the global market, Gale said Latin America was already a significant development area and its prominence in the industry was set to rise.

"In 2012, 25% of the world's exploration dollars were spent in Latin America. In the next five years, 50% of the world's exploration and mining dollars will be spent in Latin America," he said.

"That's gives you a pretty good indication of where on the planet we should be exploring as Australians."

Latin shares were last trading steady at A3.6c.



Latin Resources
managing director Chris
Gale