



Latin Resources

Oct 24th 2013

Latin Resources starts testing 1Bt Guadalupito iron, mineral sands resource

Latin Resources (ASX: LRS) has started testing of its 1.073 billion tonne at 6.1% HM Los Conchaes Resource at its Guadalupito iron and mineral sands project in northern Peru.

The company is also in discussions with several potential joint venture partners to take the Guadalupito Project through feasibility and towards production.

This re-setting of its key focus follows the sale of its five Mariela concessions in Southern Peru to Junefield Group for US\$2.5 million.

"We are very pleased to be advancing with an important phase of testing that is expected to provide the Company with process flow definition to commence the design of the mineral separation plant to produce two very important value products from Los Conchaes," managing director Chris Gale said.

In addition, the company has requested quotes from several engineering consultants to commence the Pre-Feasibility Study once the testwork has been completed.

Testwork

The 2,000 kilogram bulk sample composite sample, which represents 20% of the 1.073 billion tonne at 6.1% HM resource, will be used to design a flow sheet that will shape the design of the required minerals sands plant.

It was prepared by combining weighted aliquots of 437 individual 1 metre sonic drill samples from a portion of the Los Conchaes resource area.

This contiguous area is accessible from surface and could be suitable for consideration within a future mine plan area.

The calculated weighted average heavy mineral content of the composite sample is 9.8% HM in the sand fraction, almost 20% higher in grade than the equivalent measure of the overall Los Conchaes resource.

Latin noted the testing regime is designed to aid in the development of a flow sheet for optimal recovery of magnetite and also the production of a high purity andalusite concentrate, which are the most abundant minerals and also the highest value mineral components in the Los Conchaes resource.

Andalusite

About 90% of the consumption of the Al₂SiO₅ (andalusite) minerals are for refractory use in the following areas:

- The steel industry (e.g. lining of smelting furnaces in the form of bricks, which depending on the raw material are called andalusite bricks, kyanite bricks or sillimanite bricks, molds, plastic compounds, refractory concrete, ramming mix, refractory mortar, etc.);
- The non-ferrous industry (e.g. lining of electric smelting furnaces for the smelting of aluminium, copper-rich bronze, brass and Cu-Ni alloys, in zinc smelting and gold refining);
- The glass industry (e.g. framework of glass mix tanks), and;
- The cement industry (e.g. lining of cement furnaces), for incineration plants and other industries.

Price: A\$0.06

Market Cap: A\$13.43M

1 Year Share Price Graph



Share Information

Code: LRS

Listing: ASX

Sector: General Mining

Website: www.latinresources.com.au

Company Synopsis:

Latin Resources (ASX: LRS, SETSQX: LRS, OTCQX: LNRDY) 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



The Al_2SiO_5 minerals are also used outside of the refractory industry. Of this material, ground andalusite (together with kyanite) is most commonly used as a mass additive (source for Al and Si) in the manufacture of sanitary and kitchen ceramics, tiles and electro-porcelain (high voltage insulators etc.) and brake shoes.

French company Imery's supplies a significant quantity of the world's market demand for andalusite products.

The value of andalusite (South Africa) FOB 55% to 59% alumina in 2,000 tonne bulk lots, European port, increased to \$463 to \$562 per ton in 2012 from \$466 to \$540 per ton in 2011, according to the U.S. Geological Survey.

Los Conchaes

The Los Conchaes resource covers just 1,350 hectares of the 22,000 hectare Guadalupito project on the coastal plain north of the Santa River in Northern Peru.

It 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.

Latin has maintained ongoing community relations with the residents of the nearest small population centre, "Campo Nuevo", located more than 10 kilometres to the south and with other groups throughout the Guadalupito District.

Analysis

Latin Resources is re-committing to its flagship Guadalupito project following the sale of its Mariela concessions to Junefield Group with the start of testwork on the Los Conchaes Resource of 1.037 billion tonnes at 6.1% HM.

Proving up the ability to recover both magnetite and andalusite from the large Los Conchaes is a key milestone in attracting a development partner and will also aid in design of the mineral separation plant.

A flowsheet for optimal recovery of magnetite for use as a potential pig iron feed, and also a high purity Andalusite concentrate is a key milestone.

Why? The major producer of Andalusite products, is a French company, Imery's with a Market Cap. of EUR4.2 billion which supplies a significant quantity of the world's market demand.

So with the current value of Andalusite (South Africa) f.o.b. (free on board) 55% to 59% alumina in 2,000-metric-ton bulk lots, European port, at \$463 to \$562 per tonne in 2012, Latin Resource's Guadalupito Project is starting to look attractive to a potential JV partner.

So it would not surprise to see interest in not only Guadalupito but also in Latin Resources given its Market Cap. of just \$13 million.

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