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Feasibility study by midyear on big Peru copper prospect

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Toronto-based exploration and development company Chariot Resources now expects to complete a definitive feasibility study (DFS) on its 70%-owned Mina Justa project, in Peru, during the second quarter of this year.

The project, which was the first 300-million-ton-plus copper discovery in South America's Cordillera region in over a decade, could produce up to 240-million pounds of copper a year, CEO **Ulli Rath** said in Toronto this week.

Mina Justa currently has measured and indicated resources of 346,6-million tons, at 0,71%.

However, an updated resource estimate, incorporating the results from last year's drilling programme, is expected to be completed this quarter by mining consultancy Snowden.

Once the new estimate has been published, Chariot plans to finalise a new, "more robust" mine plan, which is one of the final outstanding ingredients for the completion of a DFS, Rath said.

The company has also passed the halfway mark on its environmental- and social-impact assessment for Mina Justa and has the necessary debt financing in place to develop the project.

Meanwhile, drilling is continuing, with three areas of the orebody yet to be closed off, Rath said.

The feasibility study has been pushed forward a number of times, as the company wanted to include additional resources as consecutive drilling results suggested the orebody had still not been comprehensively explored.

"We still don't know the size of the orebody," Rath said.

The company has also changed its original plan to use conventional heap leaching, as envisaged in a 2005 scoping study, to a vat leaching process.

Chariot Resources and its joint-venture partners, Korea Resources Corporation (owned by the Korean government) and LS-Nikko Copper, bought the Marcona property, on which Mina Justa sits, from diversified miner Rio Tinto in 2005.

The mine, once in production, will differ from most of its peers in that it will sell a large portion of its copper to LS-Nikko, which is owned by South Korean conglomerate LG Group, rather than on the LME market.

The Marcona JV has signed a ten-year offtake agreement to sell up to 70% of cathode production and 90% of concentrate produced at Mina Justa to LS-Nikko.

Peru's copper assets have drawn increasing international attention in recent years, as the global race for resources heats up.

Six major deposits, containing in excess of 73-billion pounds of copper, have been bought in Peru in the last two years, at a cost of more than \$2,05-billion.

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