

Gold Newsletter

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• The talented management team at **Lara Exploration** (LRA.V; C\$0.56) is getting more aggressive. Originally positioned as a gold and base metals play in Brazil, Lara has recently started to diversify into the fertilizer business in South America.

The first step in this new growth strategy was to stake approximately 80,000 hectares in claims that cover a series of high-grade phosphate beds in the Boyaca District of the central Colombian Andes. The three main phosphate-bearing units on the claims are mined on a small-scale, producing 25-35% P₂O₅ phosphate. This rock is milled and consumed locally as direct application fertilizer.

The most promising target is Iza, where stacked massive phosphate beds created by a synclinal fold have an aggregate thickness of more than four meters. The fold itself is 15 kilometers long and two kilometers wide. Lara plans more detailed mapping and channel sampling in the coming months that it hopes will outline potentially bulk-mineable areas.

Lara isn't alone on this deal. A Columbian consulting company holds a 30% interest. The remaining 70% is

held by a company owned 50% by Lara and 50% by Sprott Resource Corp. (SCP.TO). So Lara's interest is 35%.

The next step was the acquisition of potash exploration licenses that cover some 14,000 hectares in north-east Brazil. This property boasts an excellent location adjacent to and covering the extensions of the Taquari-Vassouras mine, which produced 607,000 tons of potash in 2008.

The acquisition includes valuable exploration data gained from extensive oil and gas exploration, including seismic data and eight wells drilled within Lara's licenses, several of which intercepted potash. The best of these cut a cumulative 37.6 meters of potash mineralization in ten separate sedimentary units between 1,710 and 1,806 meters in depth.

Like the Boyaca phosphate project, Lara is partnering with Sprott Resource Corp. But the two companies are the only participants in the potash project, so Lara's interest is 50%.

I like this diversification into potash, which has already paid off very well for Lara. As you'll remem-

ber, the company identified the Mantaro phosphate project in Peru, and sold it to Sprott Resource Corp. last year, maintaining a 0.5% royalty.

The expansion into phosphate exploration is yet another compelling reason to own this well-run, well-structured project generator. It's a buy on weakness.

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