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# LATIN RESOURCES SIGNIFICANTLY EXPANDS GUADALUPITO IRON AND MINERAL SANDS PROJECT IN PERU WITH MAJOR ACQUISITION OF ADJOINING MINING CONCESSIONS

# **Highlights**

- Latin Resources acquires 14,068 ha of potential world class Iron and Heavy Mineral Sand deposit, adjacent to existing holding at Guadalupito
- Increases the Company's tenements by more than 7 times to 16,268 ha at Guadalupito
- Consistent with strategy to develop Guadalupito into a potential flagship project located on the coast of Peru, close to port and other infrastructure.
- Guadalupito has significant potential for multi commodity project including Magnetite, Gold, Andalusite, Ilmenite, Zircon, Rare Earths and Tungsten
- Purchase price US\$20.035 million paid in installments over 10 years

Latin Resources Limited (LRS.ASX) is delighted to advise it has reached agreement to acquire 20 mining concessions totaling 14,068 hectares of world class Iron and Heavy Mineral Sands tenements at Guadalupito in Peru.

Guadalupito is one of Latin Resources' most advanced projects and has the potential to become a world class Iron and Heavy Mineral Sand project. The project is located in close proximity to high quality infrastructure, being 10 kilometres from Chimbote, home to a major Port and one of the largest steel smelters in the country.

The acquisition adds to the 2,218 hectares already controlled at Guadalupito by Latin Resources Limited's Peruvian subsidiary through an option and lease agreement. Together, the 26 contiguous concessions total 16,286 hectares along Peru's North Central coast (Figure 2).

Geological mapping at Guadalupito confirms that at least 6,000 hectares within the Company's concessions are highly prospective. Work conducted at Guadalupito to date<sup>1</sup> highlights good potential for economic content of:

- Magnetite (3.5 15.1%)
- Andalusite (5.3 16.5%)
- Gold (6 556 mg/m<sup>3</sup>)

And potentially economic content of:

- Monazite (REE) (trace 1.7%)
- Zircon (trace 1.1%)
- Ilmenite (trace 2.8%)
- Wolframite (trace)

Latin Resources will acquire the tenements via its 100% owned subsidiary, Peruvian Latin Resources SAC (PLR). The tenements are being acquired from 14 individual vendor companies with a common principal shareholder for a purchase price of US\$20.035 million.

<sup>&</sup>lt;sup>1</sup> Ranges of mineral or metal contents are results from limited sampling previously reported by the Company. In the case of the minerals, these were estimated in -300μm fraction which represents from between 39% and 89% by weight of the samples as collected.

The purchase price will be paid in instalments over 10 years, giving Latin Resources considerable funding flexibility. PLR paid the first instalment of US\$185,000 upon signing the purchase agreement and will continue to pay the remaining instalments in accordance with Table 1 below.

Latin Resources will seek shareholder approval pursuant to ASX Listing Rule 11.1.2 in connection with the transaction. Latin Resources will convene a meeting of shareholders and shareholders will be issued a notice of meeting containing the resolutions to be considered. The continuation of this transaction is subject to shareholder approval.

Latin Resources' Managing Director, Chris Gale was very pleased to announce this \$20 million acquisition and extension of the Company's Guadalupito Project in Peru.

"Acquiring tenements of this quality has potential to turn Latin Resources into one of the world's preeminent producers of magnetite and heavy mineral sands," Mr Gale said.

"We will now control more than 7 times the mineralised area in a location that is showing prospects as an extremely attractive standalone magnetite project.

"In addition to magnetite, previous surveys indicate promising evidence of gold, rare earths and heavy mineral sands, which for us are really just a bonus.

"The acquisition is consistent with the strategy to develop Guadalupito into a highly promising flagship project that has the additional benefit of being located only 10 km from a major port and a Brazilian owned steel smelter that is one of the largest in Peru.

"Capital costs for the project are expected to be low as only very simple beneficiation will be required; mother nature has done most of the hard work for us.

"The purchase price is payable by way of instalments over a 10 year period giving us considerable flexibility to consider a range of funding options including existing cash reserves, future cash flows and equity.

"We are delighted to announce this company making acquisition and will now focus our efforts on delineating a JORC compliant resource at Guadalupito."

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# **About Latin Resources**

Latin Resources Limited is a mineral exploration company focused on creating shareholder wealth through the identification and definition of mineral resources in Latin America, with a specific focus on Peru.

The information in this report that relates to Geological Data and Exploration Results is based on information compiled by Mr Andrew Bristow, a full time employee of Latin Resources Limited's Peruvian subsidiary. The geological mapping that is referred to and in part reproduced in this report was also undertaken by Mr Bristow earlier in his career. The company has been granted free and unrestricted use of the mapping and all information used to produce it. Mr Bristow is a member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralization and the type of deposit under consideration to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Bristow consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

# **Appendixes**

# 1. Mining Concession Area Expansion

Latin has been evaluating Guadalupito as a multi-commodity mineral sands project. Both historical work and the company's own investigations show good potential for economic mineral content of Magnetite (iron ore), Gold and Andalusite (Industry preferred refractory mineral used in steel production). Other potentially economic minerals identified to date include Monazite (REE's), Zircon, Ilmenite, Rutile, and Wolframite and/or Scheelite.

Magnetite and other heavy mineral bearing sand have been deposited over recent geological time as part of a westward prograding shoreline system to form a series of beach placer deposits. These deposits comprise unconsolidated sand and conglomerate horizons that extend north from the mouth of the Santa River for at least 45 km along the coast, extend up to 4 km inland, and are typically less than 5 m above mean sea level, and in their entirety, potentially represent a world class heavy mineral sand deposit.

The Company has consolidated control of mining concessions over the majority of this heavy mineral prospective beach placer system. Subject to shareholder approval the purchase of 20 mining concessions totalling 14,068 hectares add to the 2,218 hectares already controlled through an option and lease agreement. Together, the 26 contiguous concessions total 16,286 hectares in the Guadalupito and Chao districts of the Department of La Libertad in North Central Peru (Figure 2).

The majority of the concessions are located in uninhabited coastal desert with surface land owned by the Peruvian Government. The port town of Chimbote is 10 km south of the southern end of the project, and the paved Pan American highway passes through the southern part of the project and continues northwards to the east of, and along the entire length of, the project. Chimbote is host to Peru's largest Iron Smelter which is owned by the Brazilian based Gerdau Group, the leading long steel producer in the Americas.

### 2. Purchase Agreement

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Under the purchase agreement, signed in Peru, Latin's 100% owned subsidiary, Peruvian Latin Resources SAC (*PLR*) has paid an initial instalment of US\$185,000 allowing the titles over the 20 concessions to be transferred to *PLR* from 14 vendor companies. Assuming shareholder approval is granted and according to the agreement, *PLR* will continue to pay a series of instalments totalling US\$20'035,000.00 over 10 years according to the schedule in Table 1.

Table 1 – Payment Schedule According to Purchase Agreement

Installment Due Date	Payment (US\$)
Paid on signing	185,000
30 July 2011	100,000
30 October 2011	200,000
30 January 2012	250,000
30 April 2012	300,000
30 July 2012	300,000
30 October 2012	300,000
30 January 2013	400,000
30 January 2014	1'500,000
30 January 2015	1'500,000
30 January 2016	2'000,000
30 January 2017	2'000,000
30 January 2018	2'500,000
30 January 2019	2'500,000
30 January 2020	3'000,000
30 January 2021	3'000,000
TOTAL	20'035,000

PLR may pay any or all instalments in advance at its discretion and in the event that PLR defaults on any instalment payment, and does not rectify the default within 60 days, titles over the mining concessions

must be transferred back to the original vendors, without cause for refund to PLR of any instalments already paid.

In addition, a 1% Net Smelter Royalty is assigned to a designated representative of the vendors, which *PLR* has an option to buy back at any time for US\$10 million.

### 3. Prospective Beach Placers

Latin Resources has unrestricted use of detailed geological and geomorphological mapping that was undertaken by interpretation of aerial photography and field checking in 2001. A combination of 1:20,000 (March 2000) and 1:63,000 (November 1955) scale aerial photographs were geo-rectified using ground control points to give an accuracy of <5 m over most of the area. On-screen three dimensional digital interpretations of these photographs were undertaken in conjunction with field checking.

The mapping delineates distinct sequences of sand and conglomerate beds (strand lines) that strike subparallel to the current coastline (Figures 3 and 4). The morphology of the conglomerate units clearly demonstrate a sequence of erosion and deposition events as the shoreline deposits were laid down and the coast line migrated westwards as a result.

The conglomerates are typically higher relief than the marine sands that separate them. The great majority of the conglomerates have magnetite as a component of the sand matrix as identified by the use of magnets in the field.

The marine sands are lower in relief, often approaching sea level, and in many places display evidence of post depositional marine incursion, which has affected their appearance and composition in the near surface.

Latin's interpretation of this mapping is that all of the concessions controlled by the Company contain stratigraphy prospective for heavy minerals. Based on this mapping, it also considers that of the concession areas it controls, approximately 6,000 on shore hectares are highly prospective for heavy minerals because of known or reported occurrences of at least magnetite in sands or the sand matrix of the shoreline conglomerates. An example of the conglomerate material appears in Figure 1.



Figure 1 – View of a conglomerate exposure at the Guadalupito Project.

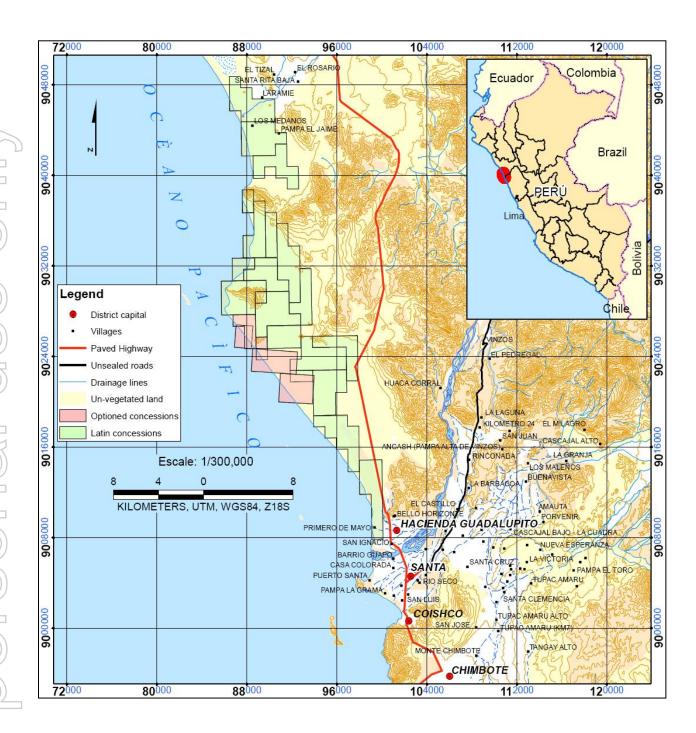


Figure 2 – Map showing the location of the expanded Guadalupito Mineral Sands Project. The concessions (14,068 ha) subject to this transaction will expand the area under the Company's control to 16,268 ha.

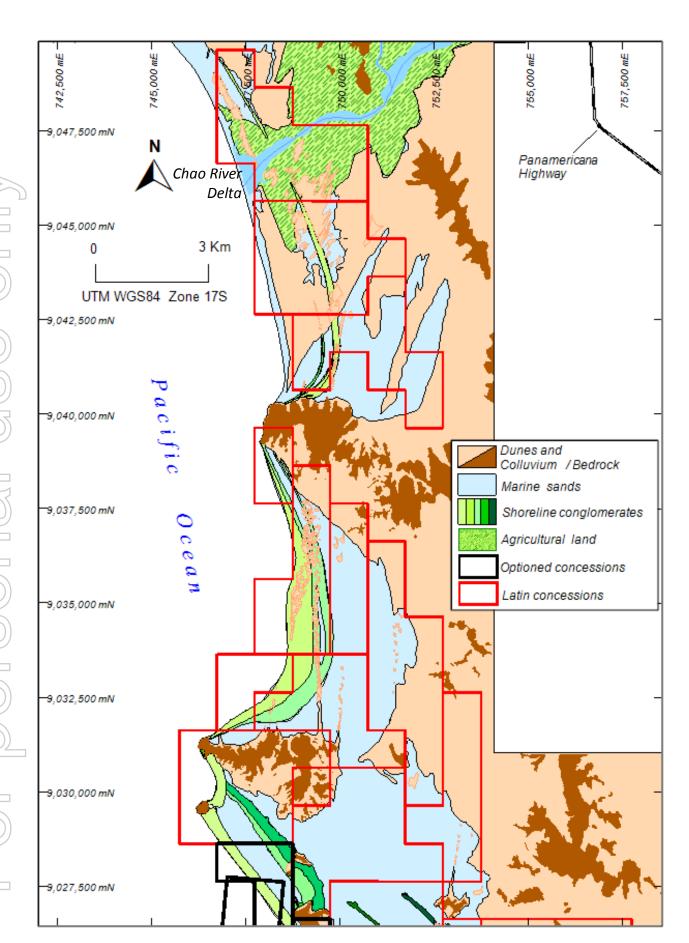


Figure 3 – Geological Map of the Northern Portion of the expanded Guadalupito Project. The shoreline conglomerate sequences and marine sands are prospective for heavy minerals. In this part of the project shallow dune sands obscure surface outcrops of the prospective sediments.

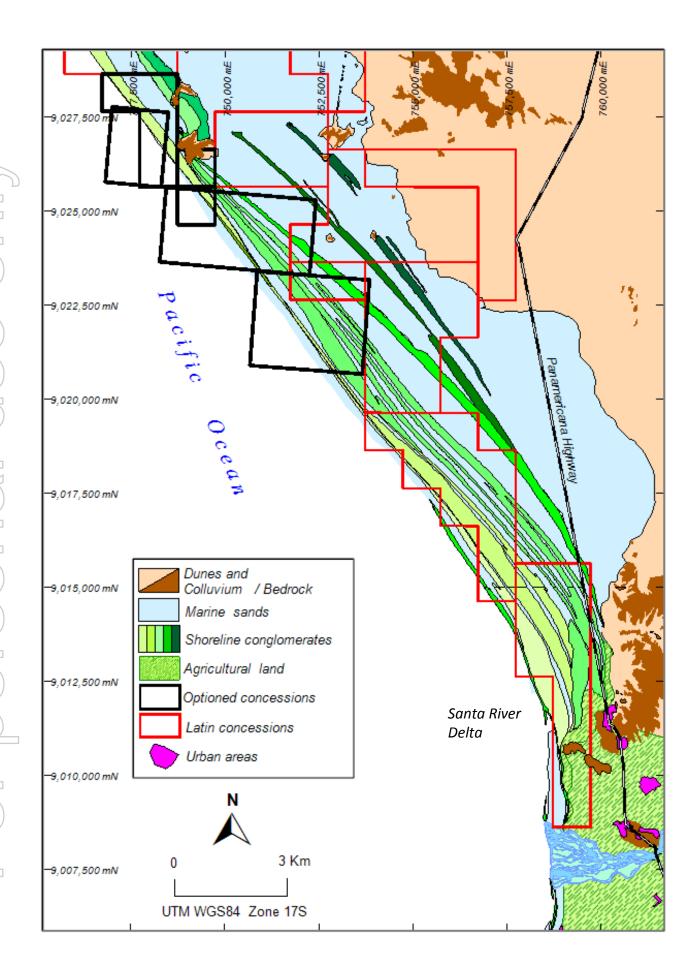


Figure 4 – Geological Map of the Southern Portion of the expanded Guadalupito Project. The shoreline conglomerate sequences and marine sands are prospective for heavy minerals.