

09 May 2011

Exploration Update – Guadalupito and Ilo Norte - Peru

Highlights

Guadalupito

- Conceptual exploration target mass doubled to over 2 billion tonnes based on initial testing of drilling equipment that confirms heavy mineral presence (including magnetite) to 20m below surface.
- Drilling permit approved for Guadalupito
- Surface pit sampling program well advanced over the Southern half of the concessions – 17 lines sampled each 1 km apart with pits approximately every 100 m along each line for a total of 221 pits to date.
- Pitting to continue over the remaining concession areas in addition to infill where appropriate in the South.
- Samples from pits have been progressively submitted to laboratory for analysis with initial analytical results expected by end May.

Ilo Norte

- Reverse Circulation drilling program approaching completion.
- 8 holes have been completed to depths in excess of 300 m.
- Booster compressors have been used to deepen some holes that terminated in mineralisation at the standard rig's maximum depth capacity.
- Magnetite mineralisation has been observed in all 8 holes in mineralised skarn units up to 300m thick.
- Samples have been riffle split at the rig to represent 2 m intervals and will be submitted together for laboratory analysis at the completion of drilling (imminent). Initial analytical results are expected by end May.

Guadalupito

Latin Resources Limited (ASX:LRS) wishes to announce that its first drilling permit for Guadalupito has been approved and that initial drill testing of the specialised drilling equipment imported from Australia has confirmed the presence of heavy minerals to a depth of 20 m below surface. Previously reported estimates of potentially mineralised sediments were based on the assumption of a maximum depth of 10 m of mineralised sediment.

Logging information from the test drilling supports the geological model previously reported for the Guadalupito project and in addition has provided clear evidence that the mineralised sediment thickness is potentially 20 m rather than the previously assumed 10 m. This potentially doubles the previously reported estimate of conceptual exploration target mass of 1 billion tonnes (reported 31 March 2011).

The initial drilling program of 20 holes will be completed by end May with initial analytical results expected in June. These results will initially focus on defining the relative content of oversize (+1 mm), target sands (-1 mm+52 µm) and

slimes (+52 µm) fractions. Also reported will be the percent heavy mineral content of the target sands fraction determined by heavy liquid (TBE) separation initially by the CIMM Peru laboratories in Lima, Peru, and also later by an Australian laboratory yet to be determined. It is anticipated that a JORC compliant inferred resource estimate of total heavy mineral content could be calculated from this initial drilling should sufficient confidence in the geological model be generated by the drilling.

Testwork will then proceed on composites of the heavy minerals separated by heavy liquid to determine the valuable mineral content of the heavy mineral fraction and the feasibility of their extraction as a variety of saleable concentrates.

Extensive sampling of 1 m deep pits is also being undertaken throughout the project area in order to quantify heavy mineral and magnetite content at surface. To date 17 lines have been sampled, each 1 km apart with pits spaced approximately 100 m along each line for a total of 221 pits. This work will provide a quantitative measure of the near surface heavy mineral content of mineralised sediment units that have been mapped previously and used to estimate conceptual exploration target mass. Laboratory regimen for the pit samples is the same as that to be used for the drilling samples.

About Guadalupito

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 Peru, which is owned by the Brazilian Gerdau Group, the largest long steel producer in the Americas. Latin Resources Limited's Peruvian subsidiary owns or controls a total of 26 mining concessions totalling 16,286 hectares along Peru's North Central coast.

Geological mapping at Guadalupito confirms that at least 6,000 hectares within the Company's concessions are highly prospective. Previously reported work conducted at Guadalupito highlights good potential for economic content of Magnetite (3.5 - 15.1%), Andalusite (5.3 – 16.5%) and Gold (6 - 556 mg/m³). In addition there is potentially economic content of Monazite (REE) (trace – 1.7%), Zircon (trace – 1.1%), Ilmenite (trace – 2.8%) and Wolframite (trace).

Ilo Norte

The Reverse Circulation (RC) program is almost complete at the Ilo Norte project in Southern Peru. 8 holes have been drilled (locations in Figure 1) in excess of 300 meters according to Table 1. The standard RC drilling rig being used is rated to drill up to 300 m and with the aid of a booster compressor up to 350 m. Some holes remain to be deepened where the hole drilled with the standard rig terminated in mineralisation. Drill hole collars will be surveyed once the drilling has concluded.

Table 1 – Drill hole depths for the Ilo Norte Drilling Program.

Hole Number	Depth (m)
IN-01	318
IN-02	322
IN-03	350
IN-04	312
IN-05	306
IN-06	336
IN-07	318
IN-08	350

All holes with the exception of IN-04 intersected significant thicknesses of magnetite bearing skarns, and in the case of IN-06, over 300 m was magnetite bearing. Samples have been split at the rig representing 2 m intervals, and will be submitted once drilling is completed to ALS laboratories in Lima, Peru for whole rock analysis by XRF which includes

total Iron. Drilling and sampling is expected to be completed during the week ending 13 May, and initial analytical results are expected by end May. Once drilling is completed at Ilo Norte, the drill rig will mobilise to Ilo Sur to complete the planned 1200 m program at this high grade magnetite prospect.

About Ilo Norte

Latin Resources has 100% control of 7,300 ha concessions within 7 blocks at Ilo Norte, located in the Southern Coastal Iron Province. This region is well known for its magnetite-maghemite veins and is in close proximity to the Pan American highway and port facility at Ilo city. The proximity of the project areas to well established infrastructure is consistent with the Company's strategy and the potential to have a lower capital intensity hurdle involved in any development opportunity.

Ground magnetic and gravity surveys show a large iron skarn at Ilo Norte. The altered and anomalous outcrops cover an area of 600 x 400 metres and are partly surrounded by colluvial cover. Iron grades from 41 samples in the core of the skarn vary from 30.5% up to 34.6%. Approximately 800 metres to the south of the skarn target, there are several magnetite-rich veins of 0.5 to 1.5 metres width, which contain up to 62.29% Fe.

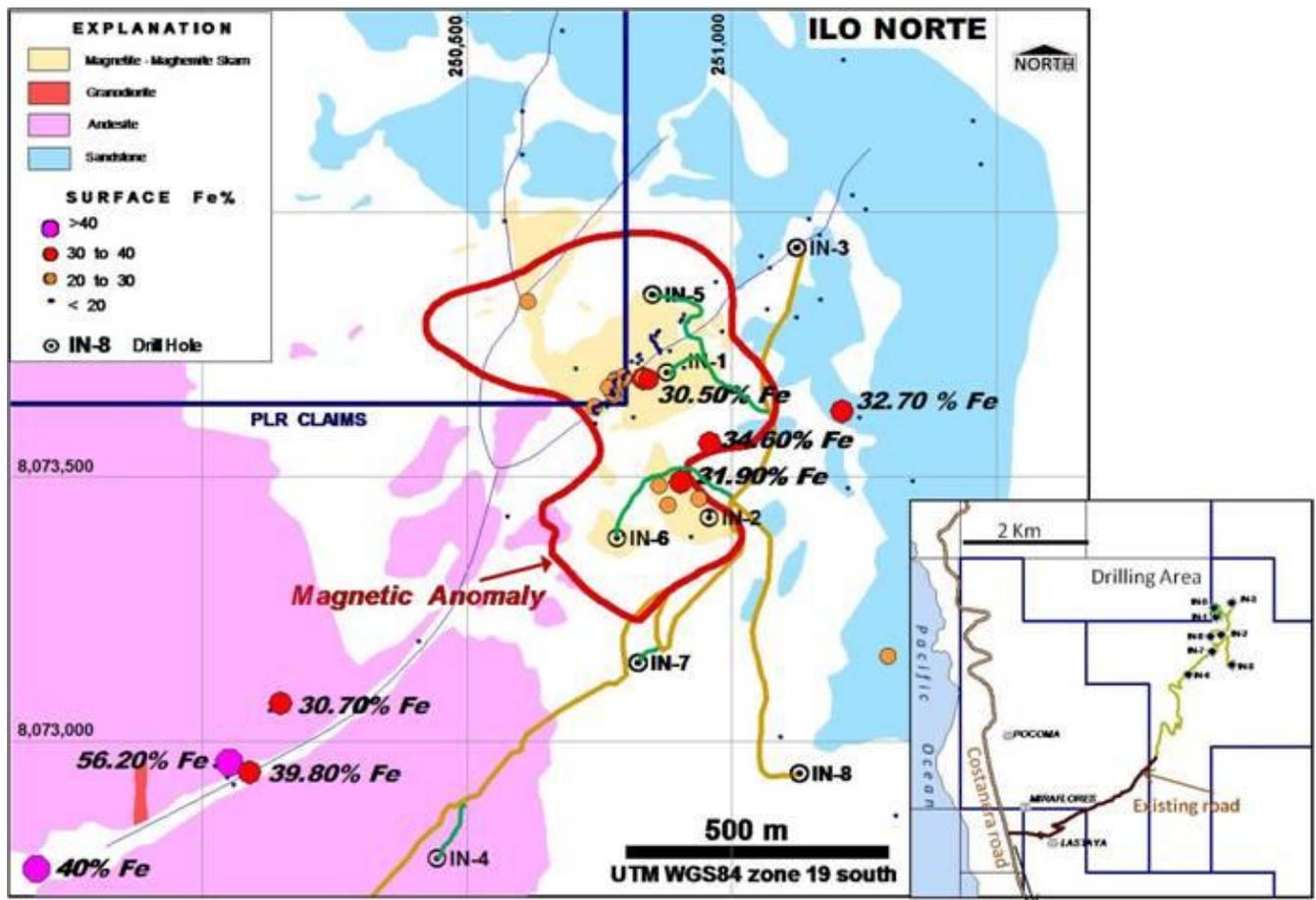


Figure 1 - The 8 hole drilling program at Ilo Norte

About Latin Resources Limited

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.

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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 Peruvian Latin Resources SAC, Latin Resources Ltd's 100% owned Peruvian subsidiary. 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.