

Tuesday 16th October, 2012

Latin Resources – initial solid iron ore drilling results from Mariela project in southern Peru

In our recent coverage of Peru-focused resource junior, **Latin Resources (ASX: LRS, Share Price: \$0.19, Market Cap: \$35m)**, we've highlighted the merits of the company's mineral sands assets. Specifically in our last report we highlighted the results from a recently completed Scoping Study that provided sufficient confidence to continue with work to expand the current Inferred Resource base and also upgrade it to Indicated and Measured status, as well as move to Pre-feasibility status.

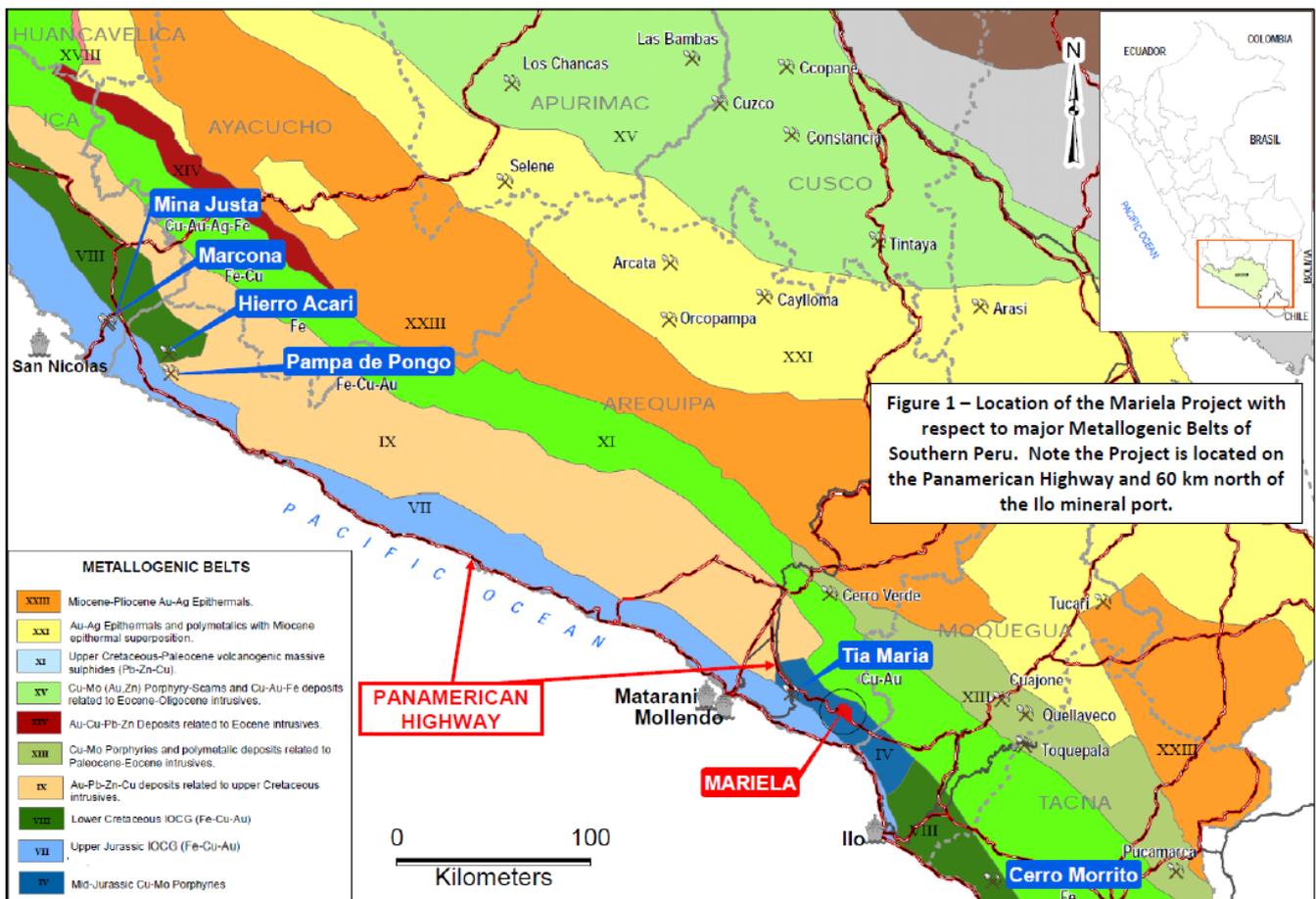


The good news is that the company has enjoyed initial exploration success on its second project front within Peru with the announcement on Tuesday of encouraging preliminary assay results from drilling on the company's Mariela iron ore project in southern Peru. The Mariela project comprises 7 contiguous mining concessions covering 5,200 hectares in the Islay Province of Arequipa.

The results so far released are from two drill holes but are incomplete. The First drill hole at Mariela intersected continuous Fe mineralisation (15% Fe cut-off) over an intercept measuring 227.15 metres @ 37.2% Fe from 542.6 metres depth (including 27.4 metres @ 55.7% Fe) that contained very low levels of

sulphur and phosphorus. The second hole intersected multiple Fe-mineralised zones occurring between 187 metres to 820 metres depth that based on the limited discontinuous assay data available to date range in thickness (based on available continuous assay data) from 0.4 metres to at least 21.9 metres, with grades ranging from 20% to 52% Fe.

The target currently being drill-tested is a large and intense coincident magnetic and gravity anomaly. The buried anomaly is interpreted to comprise a central magnetite-rich core (defined by a combined magnetic and gravity anomaly) flanked on both sides to east and west by the adjacent gravity anomalies. The anomaly is being tested for Marcona and Pampa del Pongo-style massive magnetite mineralisation.



The Marcona iron deposit in south-central Peru contains some 1.9Bt of ore at 55.4% Fe and 0.12% Cu and is the preeminent central Andean iron oxide deposit. However, continuing exploration at Pampa Del Pongo looks set to displace Marcona, with a recent publication at the Peruvian Geology Congress and Society of Economic Geologists Conference (September 2012) citing the Pampa del Pongo Deposit as having an estimated potential mineralisation of >3Bt @ 40%Fe, 0.1% Cu and 0.1 g/t Au.

Although covered by Quaternary sands, the Mariela anomaly occupies a similar geological setting to that of the Marcona and Pampa del Pongo deposits, being hosted within Jurassic-age volcanic arc lithologies, and like other deposits of this style there is also potential for co-incident copper-gold mineralisation (e.g. the adjacent Mina Justa IOCG deposit, comprising 411Mt @ 0.67%Cu of Indicated/Inferred resources).

The company is very pleased with these initial preliminary results which indicate that Mariela is a mineralised system with good iron grades and the potential for associated copper mineralisation. Accordingly the joint venture is accelerating drilling with the use of six drill rigs on-site.

Latin Resources has a binding Earn-In Option Agreement with Chinese partner Junefield Iron Mining on the Mariela and Dylan concessions. The key terms of the deal involve A\$0.7 million in cash, along with Iron Mining earning up to a 70% stake in the concessions by funding all activities up to completion of Bankable Feasibility Study, or to a total cost of A\$35 million.

One of Junefield's biggest assets is its strong and experienced Peru exploration team, which will be of enormous benefit to Latin Resources in terms of project appraisal and development. There is a four-year timeframe on the deal and if the specified money is not spent during that time, Latin Resources can terminate the agreement and retain 100% ownership of the project.

As I've commented previously, Latin Resources is very much a work in progress. The key is that both the company's bulk commodity plays are in superb locations as far as infrastructure access is concerned. This potential has been recognized by Chinese industry group, Junefield, with deep pockets and strong ties and understanding of project development in Peru. Latin Resources therefore has the ideal cornerstone partner and is a company that we're continuing to follow closely, with a strategy of near-term inclusion in our Portfolio.

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