

LRS.AU

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 Iron Ore, Gold, Mineral Sands, Copper
 Peru
 Mid Exploration
 Exchanges: ASX:LRS

Latin Resources Limited

A\$ 0.20

Maiden resource anticipated Nov '11 at Guadalupito, Peru. Exploration target of 2bt mineralised sands, including 1moz gold, located near port and iron smelter. Ability to produce +63% Fe concentrates. Follow up drilling at Ilo Norte (4Q11).

Capital Profile

Share price (A\$)	0.20
52 week range (A\$/share)	0.14 to 0.44
Number of shares (m)	149.8
Number of options (m)	52.6
Convertible notes (m)	0
Number of securities (fully diluted, m)	202.4
Market capitalisation (undiluted, A\$m)	30.0
Debt (A\$m) - Sep 11F	0.0
Enterprise value (A\$m)	30.0
Major shareholders: Directors and Assoc (20%), Cape Lambert Resources (15%), RMB Resources (5%)	
Avg monthly volume (m)	1
Cash (A\$m) - Sep 11F	1.8
Price/Cash (x)	16.5
Price/Book (x)	4.2
Listed company options:	LRSO

Production and Financial Forecasts

YEAR END: June	Jun-11a	Sep-11F	2010a*	2011F	2012F
Exploration and evaluation (A\$m)	1.23	1.59	na	3.49	3.84
Corporate (A\$m)	0.30	0.40	na	1.79	1.45
Exploration/(Expl.+ Corporate) (%)	80	80	na	66	73
Funding duration at current burn (years)	na	na	na	0.6	0.7
Shares on issue (pr end) (m shares)	148.1	149.8	na	148.1	172.3
Drilling - RAB (m)**	0	2,300	na	0	9,200
Drilling - Other/Diamond (m)**	4,040	0	na	4,040	8,100
Land holding ('000 ha)*	53	80	na	53	131
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m)	4.00	0.44	2.00	11.58	6.06
Funding from JV partners (A\$m)	0.0	0.0	0.0	0.0	0.0
Cash (A\$m)	3.4	1.8	0.3	3.4	3.5
Cash backing (Ac/share)	2.3	1.2	na	2.3	2.0
Net asset backing (Ac/share)	4.8	4.7	na	4.8	6.4

*Listed until September 2010. ** RCR estimate
 Quarters stated on calendar year basis.

Investment Points

Mineral exploration and development company based in Peru, focused on iron ore (skarn and placer deposits).

Guadalupito Project: magnetite-rich iron sands 10.4% heavy mineral with 17.4% in sand fraction and 0.55g/t Au in undersize.

Inferred resource possible Nov '11. Exploration target is 2bt mineralised sand. Scoping study Dec '11.

Iron sands projects are simple, low cost: dredge, screen, magnetic and gravity separation. Guadalupito 25km to port or iron smelter.

Mineralogical results show low cost processing and concentrates of 63.5-64% Fe with 5% TiO₂.

Ilo Norte: all 8 exploratory drill holes hit Fe/Cu mineralisation in coastal copper-iron belt. Drilling 4Q11.

Strong experienced management team. Cape Lambert (ASX:CFE) major shareholder (15%).

Company Comment

Overview: Latin Resource Limited listed on the ASX Sep '10. LRS is focused on exploration and development of its portfolio of iron, gold and iron mineral sands projects in Peru (holding +500km²). LRS's iron ore assets are close to infrastructure, including road and port. Exploration in 2011 has identified a flagship project at Guadalupito, where Latin will likely establish a JORC-qualifying resource Nov '11 on a potentially low cost iron sands deposit.

Guadalupito Project (100%, Fe, mineral sands, Au): 163 km² project area located 200km N of Lima, 25km N of the port town of Chimbote, which has Peru's largest iron smelter, and 5km from the Pan American Highway. Purchase price of US\$20m over 10 years with \$1.6m in 2011-12. An exploration target of 2bt mineralised sand, including 1moz of gold, over 60km² to a depth of 20m (indicated from initial drilling) and SG of 1.8-2.2g/t has been identified through detailed geological mapping.

A surface (0-1m) pit sampling program with spacing of 1km by 100m along 25km strike and up to 3km wide is complete. Initial results from the first 366 samples along 17km of strike average 10.4% total heavy mineral content, 17.4% in the sand fraction and 0.55g/t Au in undersize fraction. The heavy mineral sand fraction consists of 41% magnetite, 13% low iron andalusite, and ferro-titanium oxides including 11% ilmenite, 0.9% zircon, ilmenorutile (0.6%), rutile (0.5%), titanate (1.8%), and REE bearing minerals (0.14%). Wolframite has also been identified. **Maiden inferred resource possible in Nov '11.**

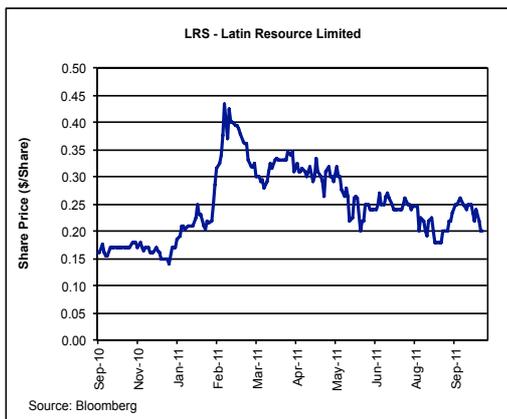
Mineralogical test results show liberated clean grains which result in low cost processing and concentrates at 63.5-64% Fe and 5% TiO₂ from gravity and magnetic separation. This is in contrast to existing producers in New Zealand where high titanium contents of >7% result in concentrate grades of <60% Fe (56.8-58.5% Fe).

Iron sands projects are simple low cost dredge, screen, magnetic separation operations. In addition, Guadalupito is mineralised from surface and it is located 25km from an iron smelter and port via sealed highway. **Scoping study possible Dec '11.**

Ilo Norte Project (100%, Fe, Cu, Au, Zn): All 8 exploratory drill holes targeting magnetic anomalies over 1.25km strike and 400m wide, intersected iron and copper with the best results 120m from 24m @ 0.13% Cu, 20.38% Fe. Mineralisation is in shallow, easterly dipping >250m thick meta-volcano sediments displaying magnetite replacement and propylitic alteration. The mineralisation is open to the north, south and east. Anomalous gold and copper were intersected (14m from 52m @ 0.55% Cu, 0.13g/t Au and 22m from 254m @ 0.22% Cu and 0.09g/t Au) indicating the possibility of copper-gold mineralisation in the vicinity. Zinc (12m @ 1.1% zinc within 50m @ 0.44% Zn) was intersected in the southern most holes. Infill drilling expected 4Q11. Ilo Norte is located 45km from the port of Ilo. LRS has rights over 115,000ha of the coastal copper-iron belt.

Mariela: A high amplitude, covered magnetic anomaly. Geophysical modelling has resulted in a sub-horizontal target over a 3km by 1km area, 30-200m thick under 30-100m of cover. Interpretation of gravity survey to aid drill target identification is underway.

Investment comment: Recent multi-element exploration success at both Guadalupito and Ilo Norte is encouraging. We anticipate LRS market capitalisation to move toward iron sand peers Amex Resources (ASX: AXZ, ~\$90m BFS underway) and Indo Mines (ASX: IDO, ~\$130m FS completed) on maiden resource definition and scoping study completion 4Q11. The potential recovery of gold in the sands and exploration upside at both Guadalupito and Ilo Norte add further value.



Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian:		(JORC)					
Iron (Fe)	Classification	Project Equity	Ore mt	Fe %	Cut Off %	Fe mt	Fe Equity mt
Reserves						0.0	0.0
Resources						0.0	0.0
Mineralised Material (est., non compliant with JORC)						0.0	0.0

Contacts

Mr Chris Gale
 Managing Director
 Tel: +61 8 9485 0601
 Perth, WA, Australia
www.latinresources.com.au

Directors

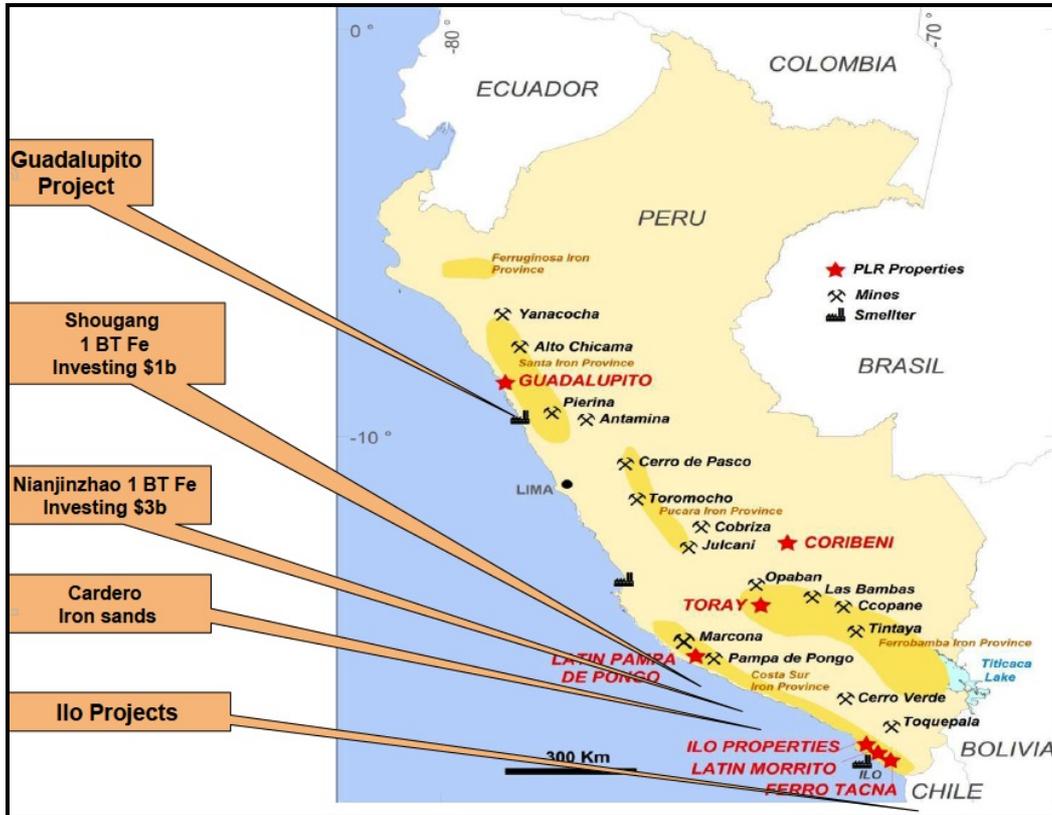
R Brown (Non Exec Chair)
 C Gale (MD)
 D Vilensky (Non Exec)
 M Rowbottom (Non Exec)
 J Moran (CFO)

Key Projects

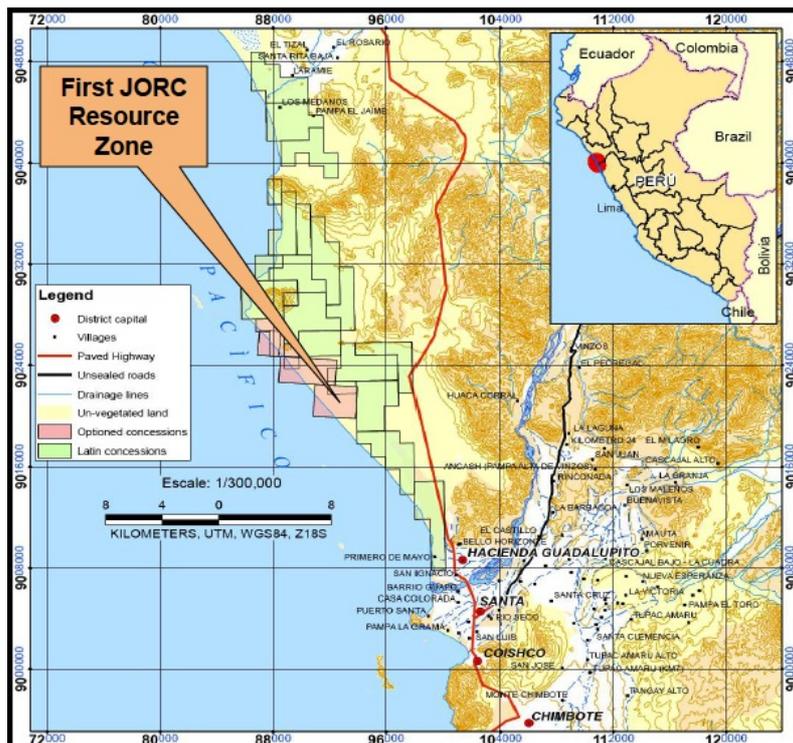
Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Ilo Norte, Ilo Sur	100%	Fe	na	Skarn	na	Mid Expl	Peru
Guadalupito	100%	Fe,REE	na	Sands	na	Mid Expl	Peru
Pampa de Pongo	100%	Fe (Cu,Au)	na	IOCG	na	Early Expl	Peru
Ferro Tacna	100%	Fe (Cu,Au)	na	IOCG	na	Early Expl	Peru
Toray	100%	Fe	na	Skarn	na	Early Expl	Peru
Coribeni	100%	Fe	na	Skarn	na	Early Expl	Peru

Analyst: Michelle Ridsdale
michelleridsdale@rcrresearch.com.au

Guadalupito Project (Peru, LRS 100%): Exploration target of 2bt mineralised sand over 60km² to a depth of 20m. Maiden resource anticipated Nov '11. Pit sampling shows an average 10.4% total heavy mineral content.



Guadalupito Iron sands project is located 25km by highway from port and iron smelter in Chimbote. Mineralogical results demonstrate low cost processing and the ability to produce >63% Fe and 5% TiO₂ concentrate.



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