

13 February 2013

ASX Announcement

By Electronic Release

Atzam #4 Flow Testing Update

- Testing continuing on Lower C17/Upper C18 carbonate sections - perforated zones cleaning up with increasing recoveries of oil
- High quality oil (37.0° API) recovered during testing operations
- Electrical submersible pump (ESP) to be used to establish stabilised flow rates and oil cut from the Lower C17/Upper C18 carbonate zones
- Estimated flow rates of 300-400 bbl/ day with an 85-90% oil cut from Lower C17/Upper C18 carbonates with an operational ESP, based on results to date
- Use of an ESP is common for water drive reservoirs like Atzam to produce similar oil bearing formations
- Upper C18 carbonates displayed impressive log results with permeability averaging 300 md and porosity averaging 17% – Rubelsanto Field (+30mmbbl produced) is 100md and 3-6% porosity
- Significant moveable oil identified in electric logs over C13 and C14 carbonate sections still untested- remain behind pipe above the current perforated Lower C17/Upper C18 sections



Flow testing operations on the perforated Lower C17/ Upper C18 carbonate sections in the Atzam #4 well are continuing, with encouraging results from the well having been received over the past 2 weeks. Latin American Resources Ltd, Operator of the Atzam Oil Project in Guatemala, has continued swabbing the well to recover the drilling and perforation fluids and establish the commercial potential of the perforated Lower C17/ Upper C18 carbonates.

The Operator is now arranging to use an ESP to help fast track the finalisation of the clean-up operations and establish the commercial potential of these perforated zones. The Operator estimates that, with an ESP operational and based on the results to date from the perforated Lower C17/ Upper C18 carbonates, the potential flow rate will be approximately 300-400 bbl/ day with an 85-90% oil cut. It is estimated that approximately 50% of the total drilling and perforation fluids used in the operations have now been recovered.

The ESP is currently being sourced from the United States and the Operator expects that it should be landed on site and operational in 2-3 weeks.

The recovery of high quality (37.0° API) oil from recent swabbing of the perforated Upper C18 sections, with continued pressure build ups prior to commencement of acid wash operations, is considered very encouraging by the Operator for the potential of this section. Due to the heavy muds used whilst drilling (10.5 lb/gallon) and high permeability of these carbonates, there were significant mud losses into the Upper C18 section whilst drilling, which required the acid wash establish a clear oil cut and flow rate from these zones.

Testing Highly Prospective C13 and C14 Carbonates in Atzam #4

The Atzam #4 well produced very encouraging, and unexpectedly strong, oil shows during the drilling of the well through the C13 and C14 carbonates, which was complemented by higher than expected permeability and porosity results from the electric logs. This has established these reservoir sections, the main producing zones in the nearby Rubelsanto Field, as the most likely appraisal targets to be tested in the upcoming Atzam #5 appraisal well if they are not tested in the current Atzam #4 well.

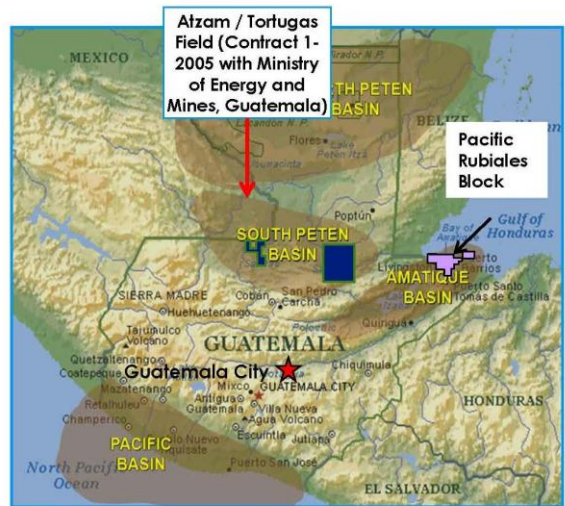
Both Latin American Resources and Schlumberger are highly encouraged by the logging results seen in the C13 and 14 carbonates and their potential to be a new commercially productive zone in the Atzam Field to the primary C18 and C19 carbonates sections.

The Rubelsanto Field has produced over 30 mmbbl to date from 8 wells and is located only 17km to the north east of the Atzam Field, along a structural fault offset.

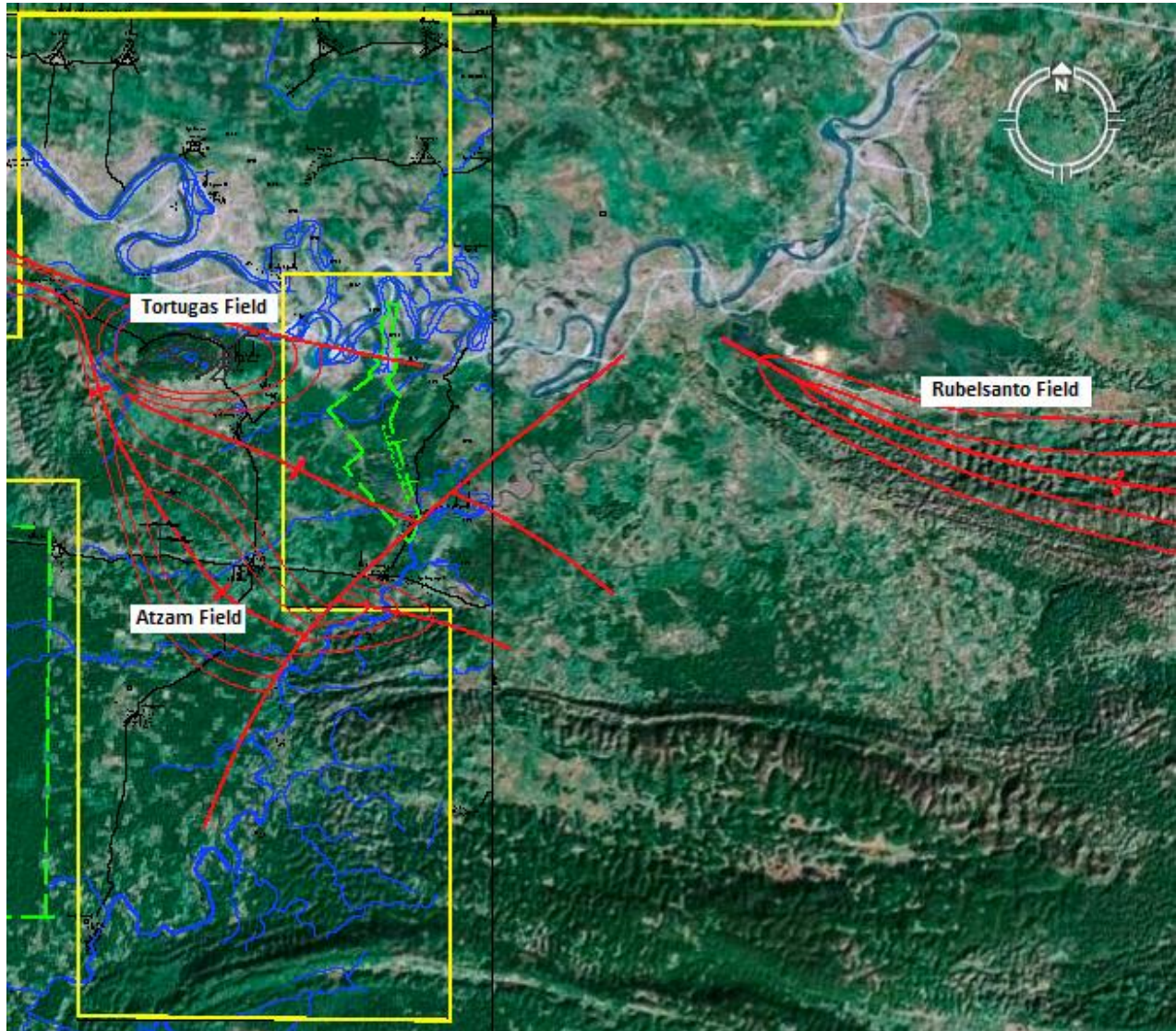
Atzam and Tortugas Fields

The primary producing formations on the Atzam structure are the C-18 through C-19 formations. The Atzam #2 well had initial flow rates of 1,200 BOPD of 34°API oil which led to new well designs for the Atzam #4 well. The second well, Atzam #5, will spud following completion of a successful flow testing program on the Atzam #4 well.

Recent mapping of the Atzam structure using existing data from previous operators (Basic, Hispanoil) and MEM, and incorporating reservoir data acquired since production initiated in December 2007, indicate the possibility of a structure of comparable size and orientation to that of the existing Rubelsanto field in Guatemala. To date, the Rubelsanto field has produced +30 MMBBL of oil since its discovery in 1976. The field currently continues to produce +1,000 BOPD, 36 years after its discovery.



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In addition to the Atzam structures on Block 1-2005, the Tortugas structure is a suspended oil field. Originally 17 wells on Tortugas salt dome were drilled by Monsanto looking for sulphur. One well (T9B) had an oil blowout at approx. 1,500 ft and most others had oil shows in multiple zones.

The Atzam and Tortugas Fields have had previous exploration and development programs with old 2D seismic and previous production wells.

Acquisition of 70% interest in Latin American Resources Ltd

On July 6, 2012 the Company announced it had executed a binding term sheet to acquire a 70% interest in Latin American Resources Ltd (LAR), which holds an 80-100% interest in two oil and gas development and exploration blocks in Guatemala (Projects), depending on the participating interest taken up by partners on future wells.

For and on behalf of the Board

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