

20 February 2013

ASX Announcement

By Electronic Release

2.3m Barrel Probable Reserves for Atzam #4

- Independent Report estimates Probable Reserves of 2.3m barrels of oil in the Atzam #4 well
- Probable Reserves Estimate excludes contributions from the Lower C18 and C19 sections- due to minimal log data from this section of the well, recommends testing in future wells
- Preparations continue for flow testing the Lower C17/Upper C18 carbonate sections with an electrical submersible pump (ESP)
- 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
- Significant moveable oil identified in electric logs in C13 and C14 carbonates still untested- remain behind pipe above the current perforated Lower C17/Upper C18 sections



2.3m Barrel Probable Reserve Estimate for Atzam #4 Well

Following the drilling and electric logging of the Atzam #4 well, Citation Resources (ASX: CTR) and Latin American Resources Ltd (Operator) commissioned an independent reserves report based on the results of the logging and the analytical work completed by Schlumberger. The report by Ralph E Davis and Associates (RED) concludes that upon reviewing the detailed petrophysical work undertaken by Schlumberger there are up to 20 material oil shows in the Atzam #4 well, with 8 zones recommended by RED to be tested for commerciality.

The report concludes the Atzam #4 well has a Probable Reserves estimate of 2.3m bbls using a 30% recoverability factor and a 160 acre drainage area as set in the table below, which excludes several deeper zones in the lower C-18 and C-19 which were not evaluated due to lack of detailed well log data due to the well bore washout encountered whilst drilling:

Gross Oil Volumes, Barrels

	RF 25%	RF 30%
C-13A	421,174	505,409
C-13 B	202,198	242,637
C-14A	79,988	95,985
C-14 B	278,715	334,458
C-16	157,925	189,509
C-17	453,143	543,772
C-18A	201,401	241,681
C-18B	132,757	159,308
	1,927,301	2,312,759

The report used production and well data from analogous wells in the area to compare to the petrophysical results recorded in the Atzam #4 well. Although the Lower C18 and C19 zones were not included, as these zones were washed out while drilling and the logging tool could not be used through this interval, RED believe that there should be hydrocarbons present and the Lower C-18 and C-19 should be tested in the next well scheduled to be drilled on the project.

The reserves estimates in the report conform to the definition of probable reserves approved by the SPE/WPC/AAPG/SPEE Petroleum Resources Management System (SPE-PRMS) document as co-sponsored by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers.

Flow Testing Lower C17/Upper C18 with ESP

Preparations are continuing for the commencement of flow testing operations on the perforated Lower C17/ Upper C18 carbonate sections in the Atzam #4 with an ESP to establish their commercial potential. The Operator estimates that with an ESP operational the perforated Lower C17/ Upper C18 carbonates the flow rate could be up to 300-400 bbl/ day with an 85-90% oil cut based on the results to date from these zones. It is estimated that approximately 50% of the total drilling and perforation fluids used in the operations have now been recovered.

The Operator expects that the ESP should be on location and operational in approximately 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 Prospective C13 and C14 Carbonates in Atzam #4

The Atzam #4 well produced very encouraging 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.

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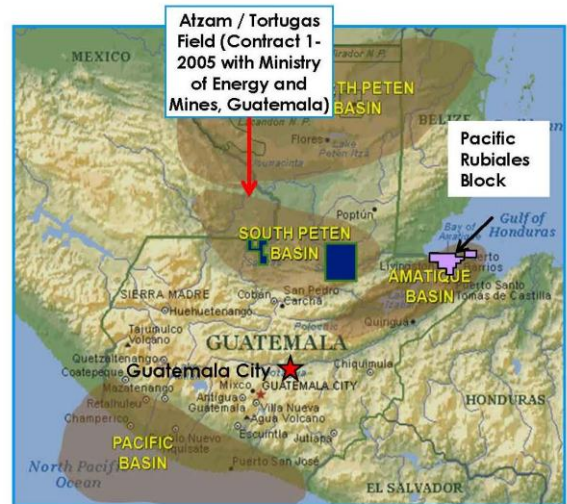
Both Latin American Resources and Schlumberger are highly encouraged by the logging results seen in the C13 and 14 carbonates and their potential to be a new commercially productive zone in the Atzam Field to the primary C18 and C19 carbonates sections.

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 Background

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.



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.

Working Capital Placement

The Company intends to undertake a placement to raise approximately \$1,000,000 in new working capital through the issue of ordinary shares at 2 cents each to fund the ongoing testing program on the Atzam #4 well. The full terms and conditions of the placement will be announced shortly.

For and on behalf of the Board

Competent Person Statement

The information included in this Announcement that relates to resources was prepared by Mr Allen L. Kelley, who is an executive with Ralph E. Davis Associates, Inc. based in Houston, Texas. Mr Kelley has over 30 years of oil and gas experience and is a Certified Petroleum Geologist (Certificate Number 6092). Mr Kelley is a member of the American Association of Petroleum Geologists, Houston Geological Society, and the Society of Petroleum Engineers. In addition Mr Kelley has been a contributing member of the Potential Gas Committee for over 20 years holding positions of Eastern Region Vice President, Chairman of the Gulf Coast and Atlantic Committees and currently is on the Editorial Committee and Chairman of the Alaska Committee. Estimates as to recoverable hydrocarbon volumes contained in this Announcement are based upon certain assumptions. Accordingly, actual results will differ, and may differ significantly and materially, from those presented.

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