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LATIN RESOURCES ACQUIRES RIO TINTO BORBOREMA IRON ORE PROJECT IN BRAZIL

Highlights

- **Acquisition of mineral rights covering a total of 40,483 hectares in the new Iron Ore district of Rio Grande do Norte State, Brazil.**
- **Analysis of rock chip samples returning values of 36-41% Fe.**
- **Close to the coast with excellent infra-structure including rail, roads and port.**
- **Two new public rail-roads due for construction will pass the region and give access to two large ports.**
- **Potential for production of pellet feed fines with very low levels of contaminants.**
- **Iron oxide Banded Iron Formations observed to have horizons of 5m to 40m thick from surface outcropping.**
- **Main project area between 2 existing export mines.**

Latin Resources Limited (ASX:LRS) is pleased to announce it has acquired the Borborema Iron Ore Project from Rio Tinto Exploration, Brazil (Rio Tinto Desenvolvimentos Minerais Ltda) (RTX).

The acquisition is in line with the stated strategy and objectives of Latin Resources of identifying Iron ore projects in South America if the opportunity arose and if the project identified was close to port and infrastructure. The Borborema Iron Ore Project in Brazil is consistent with this strategy and has the potential for near term production of iron ore in conjunction with a suitable joint venture partner.

The LRS exploration manager, Carlos Spier, has been carrying out exploration work over a 6 month period in the Rio Grande do Norte State and recommended acquiring the RTX Borborema project after carrying out extensive due diligence on the project.

The northeast of Brazil has only recently been explored for iron ore and several new projects have been developed in the region. The Rio Grande do Norte State hosts two Iron Ore mines: the Bonito mine owned by MHAG and the Saquinho Mine operated by Zamin Resources.

The consideration payable to Rio Tinto is US$200,000 plus taxes and legal costs (approx. US$45,000) and a 3% net smelter return royalty for 24 exploration claims (36,158 hectares) and 4 application claims (4,325 hectares).

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Latin's Managing Director Chris Gale said: *"We are very pleased to have been able to capitalise on Rio Tinto´s exploration work in this very exciting new Iron Ore district in Brazil. This move into Brazil fits in with Latin Resources strategy of developing projects close to Port and infrastructure to enable near term production."*

Background and Location

The interpretation of public domain airborne geophysics data, ETM satellite imagery and DNPM/CPRM geologic maps allowed RTX to select targets to be checked for iron ore in NE Brazil in 2010.

Field reconnaissance led to the identification of a belt with several outcrops / showings of low to medium Fe grade banded iron formations (BIF), locally called itabirite, running SW to NE, extending from the boundary of Pernambuco – Paraiba states to the central portion of Rio Grande do Norte State, with an extension of some 350 kilometres (Figure 1).

Figure 1 – Location of the Borborema Project

Geology

The iron formations are hosted by amphibolites and calc-silicate/marbles related to different stratigraphic units of Middle Proterozoic age (Riacho da Barreira Complex, Santana dos Garrotes Formation (Cachoeirinha Group), Caicó Complex and Seridó Group) (Attachment A).

Field reconnaissance confirmed that the iron horizons are more continuous and thicker in the area defined near the towns of São Mamede, Jucurutu and Pedra do Navio (a range located south of Lajes. Two iron ore mines are located in that area: Bonito (Mhag) and Saquinho (Zamin Resources) mines.

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Infrastructure

Considering the present/future infrastructure of the region and the existence of seaports at a distance up to 150 km from the project (Figures 2 and 3), RTX decided to establish a presence on the trend, based on interpreted potential for iron ore deposits.

RTX established claims in two main districts: Sao Joao do Sabugi and Jucurutu – Acu, both in Rio Grande do Norte (RN). Another area with potential is Pedra do Navio, south of Lajes, RN. Additional contiguous claims later became available.

Between 2010 and 2011, 29 areas were claimed (24 granted), totalling 40,483 hectares. Attachments B and C provide details about each claim.

Figure 2 – Railroad infrastructure in the northeast of Brazil

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Figure 3 – Photograph of the Suape Port, Pernambuco State

Mapping, Sampling and Analytical Results, and Ground Magnetics

Many of the claims were covered by ground magnetics surveys followed by field mapping / reconnaissance which allowed the following observations:

- The areas located in the Sao Joao do Sabugi region show BIF horizons of 5 to 40m thick, with analysis of chip samples returning values of 36-41% Fe. Dips vary from 10 - 50^0, with an average 30^0.
- At the western slope of Pedra do Navio range there is a 10-30m thick medium grained BIF lens averaging 30% Fe and 0.03% P.
- In both areas the BIFs are medium grained (up to 0.4mm grain size) silicate and amphibolite facies, grading 15-45% Fe, averaging 35% Fe. This grain size / grade would readily upgrade to a premium pellet feed product.

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The Iron Ore Geology

The iron ore consists of a metamorphosed and highly deformed iron formation formed by quartz and iron oxides (hematite/magnetite) (Figure 4a and 4b).

It outcrops along small ridges (maximum 300m of elevation) or occurs as dispersed blocks in flat terrains (Figure 5a and 5b).

Figure 4a - Photograph of the itabirite ore

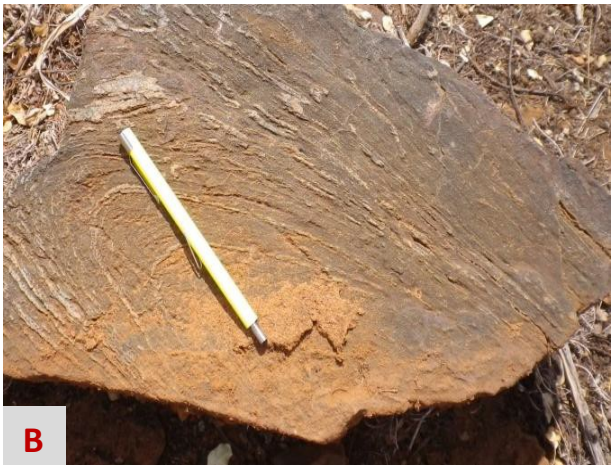

Figure 4b - Iron formation showing isoclinal fold

The areas located in the Sao Joao do Sabugi region show iron formation horizons of 5 to 50m thick, with analysis of rock chip samples returning values of 36-41% Fe, 0.01-0.03% P and Al_2O_3 less than 0.3%.

The ore bodies are structurally controlled, exhibiting cylindrical shapes with dips varying from 10 - 50◦ (average of 30◦). Lateral continuity of the ore bodies range from 0.1 km to 8 km and vertical continuity is unknown.

Figure 5a- Iron ore outcrop at the Jucurutu

Figure 5b - Iron ore outcrop at the Sabugi Block

At the Pedra do Navio block (Lajes) there are at least 5 ore bodies that dip around 30◦ to the South. The ore occurs along an 8km ridge, starting within MHAG tenements and continuing through Rio´s tenements (Figure 6).

A good exposure of the ore body in a road cut within MHAG allows estimating a minimum of 60m thickness. Iron grades range from 24.1% - 35.8% with P lower than 0.04%.

Figure 6 - Photograph from the ridge at the Pedra Bonita block where the iron formation outcrops. Photo was taken on the border of MHAG and Rio Tinto tenements.

In all blocks the iron ore is semi-compact to compact, medium grained (up to 0.4mm grain size), grading 15-45% Fe. This grain size/grade would readily upgrade to a premium pellet feed product.

Management of the Exploration Program

Latin Resources´s exploration program in Brazil will be managed by the Geologist Carlos Spier. Carlos has a PhD in Geology from the *University of São Paulo (USP) and master degrees in* Business Administration and Mineral Economics by Curtin University.

Carlos has over 25 years mining industry experience, covering exploration, feasibility studies, mine planning and production in a diverse range of cultural environments and mineral commodities, including 12 years in iron ore.

He recently held the position of Global Exploration Manager for BHP Billiton -Iron Ore, where he was responsible for exploration programs in South America and West Africa. Previously he has worked for Vale in Brazil, managing exploration programs and mineral resource estimations.

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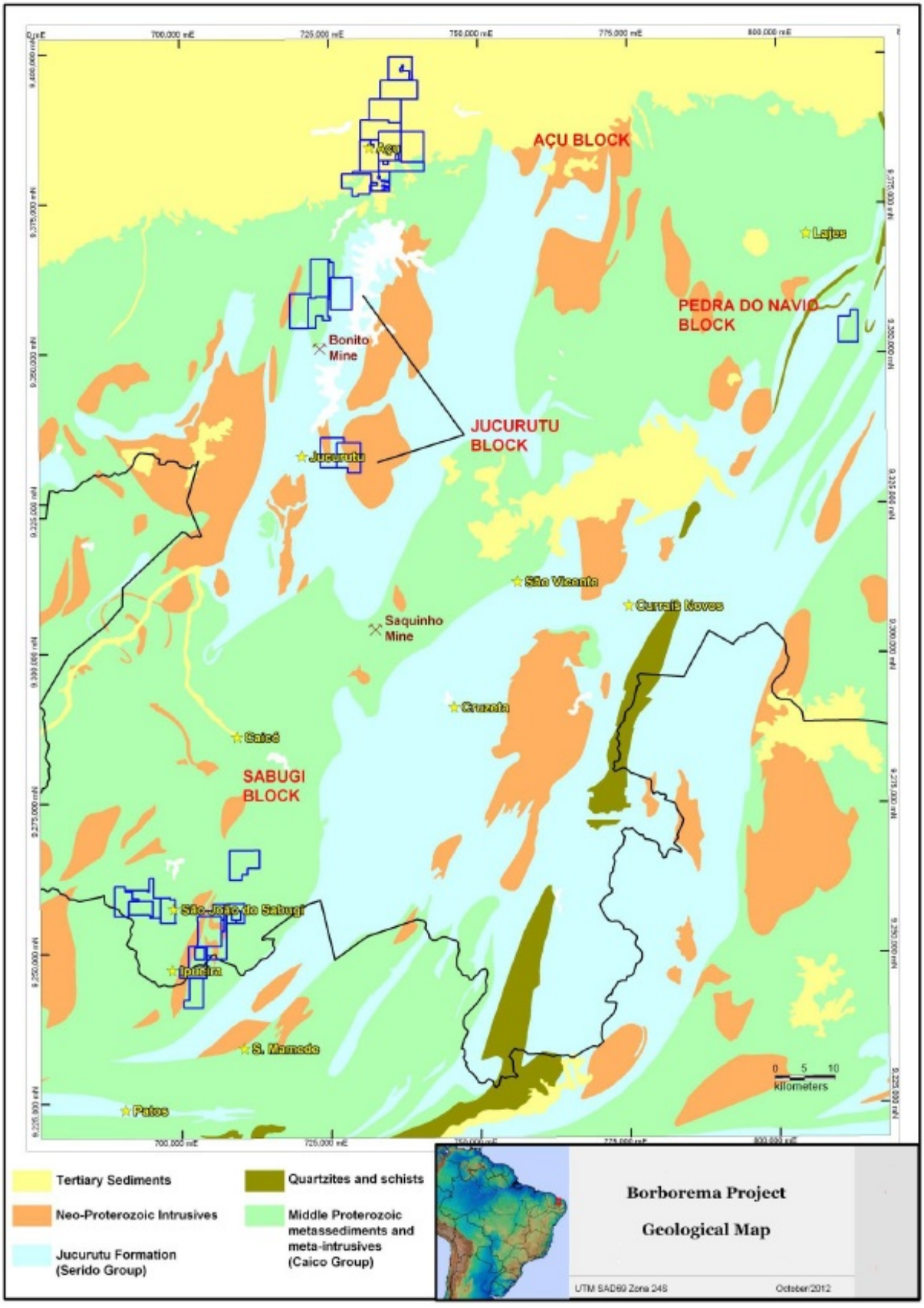
Attachment A
(Geological Map)



Attachment B
(Property Schedule)

DNPM Process Number	Claim Phase	Claim Holder	Claim Publication Date	Area (ha)
848.543/2010	Exploration Claim	Rio Tinto Desenvolvimentos Minerais Ltda	03/03/2011	1.964,95
848.545/2010	Exploration Claim	Rio Tinto Desenvolvimentos Minerais Ltda	03/03/2011	1.945,05
848.546/2010	Exploration Claim	Rio Tinto Desenvolvimentos Minerais Ltda	20/04/2011	1.578,81
848.547/2010	Exploration Claim	Rio Tinto Desenvolvimentos Minerais Ltda	27/05/2011	972,53
848.552/2010	Exploration Claim	Rio Tinto Desenvolvimentos Minerais Ltda	31/03/2011	1.473,09
848.553/2010	Exploration Claim	Rio Tinto Desenvolvimentos Minerais Ltda	31/03/2011	926,60
848.554/2010	Exploration Claim	Rio Tinto Desenvolvimentos Minerais Ltda	31/03/2011	1.203,83
848.555/2010	Exploration Claim	Rio Tinto Desenvolvimentos Minerais Ltda	31/03/2011	1.910,89
848.556/2010	Exploration Claim	Rio Tinto Desenvolvimentos Minerais Ltda	31/03/2011	1.897,95
848.570/2010	Exploration Claim	Rio Tinto Desenvolvimentos Minerais Ltda	31/03/2011	1.981,44
848.571/2010	Exploration Claim	Rio Tinto Desenvolvimentos Minerais Ltda	31/03/2011	1.081,66
848.572/2010	Exploration Claim	Rio Tinto Desenvolvimentos Minerais Ltda	31/03/2011	1.800,60
848.573/2010	Exploration Claim	Rio Tinto Desenvolvimentos Minerais Ltda	31/03/2011	762,40
848.574/2010	Exploration Claim	Rio Tinto Desenvolvimentos Minerais Ltda	31/03/2011	1.813,59
848.576/2010	Exploration Claim	Rio Tinto Desenvolvimentos Minerais Ltda	31/03/2011	1.018,44
848.580/2010	Exploration Claim	Rio Tinto Desenvolvimentos Minerais Ltda	31/03/2011	1.759,97
848.582/2010	Exploration Claim	Rio Tinto Desenvolvimentos Minerais Ltda	31/03/2011	1.542,55
848.583/2010	Exploration Claim	Rio Tinto Desenvolvimentos Minerais Ltda	31/03/2011	1.692,02
848.624/2010	Exploration Claim	Rio Tinto Desenvolvimentos Minerais Ltda	31/03/2011	1.608,26
848.625/2010	Exploration Claim	Rio Tinto Desenvolvimentos Minerais Ltda	31/03/2011	1.208,19
848.626/2010	Exploration Claim	Rio Tinto Desenvolvimentos Minerais Ltda	31/03/2011	1.920,84
848.201/2011	Exploration Claim	Rio Tinto Desenvolvimentos Minerais Ltda	21/06/2011	624,58
846199/2011	Exploration Claim	Rio Tinto Desenvolvimentos Minerais Ltda	01/08/2011	1.492,83
848375/2011	Exploration Claim	Rio Tinto Desenvolvimentos Minerais Ltda	28/10/2011	1.977,30
848.612/2007	Proposal	Rio Tinto Desenvolvimentos Minerais Ltda	....	1.252,63
846.619/2011	Application Claim	Rio Tinto Desenvolvimentos Minerais Ltda	....	1.264,81
848.548/2010	Application Claim	Rio Tinto Desenvolvimentos Minerais Ltda	....	1.498,60
848.629/2010	Application Claim	Rio Tinto Desenvolvimentos Minerais Ltda	....	1.469,62
848.754/2011	Application Claim	Rio Tinto Desenvolvimentos Minerais Ltda	....	92,37

Claim Phase	Total Areas	Area (ha)
Exploration Claim	24	36.158,37
Proposal	1	1.252,63
Application Claim	4	4.325,40
FULL TOTAL	**29**	**41.736,40**

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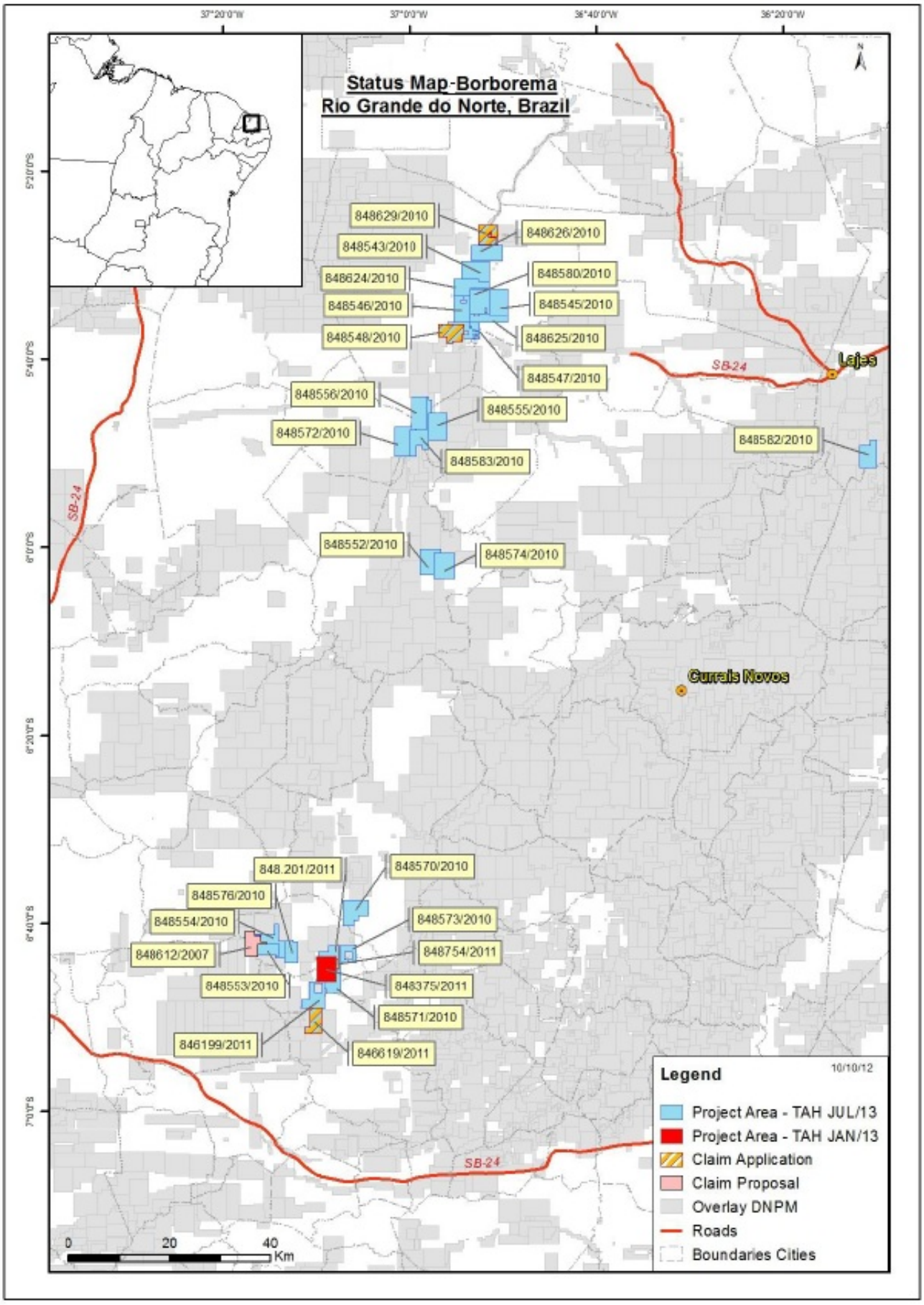
Attachment C

(Location of the Claims)



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About Latin Resources

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. The company has a portfolio of projects in Peru and is actively progressing its two main project areas: Guadalupito (Iron and Heavy Mineral Sands) and Ilo (Iron Oxide, Copper, Gold (IOCG)).

Competent person statement

The information in this report that relates to Geological and Geochemical Data, Exploration Results, Mineral Resources and any Conceptual Exploration Target is based on information compiled by Dr Carlos Spier, a full time employee of Latin Resources Limited. Dr Spier is a fellow of the Australian Institute of Mining and Metallurgy (AusIMM) 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). Dr Spier consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

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