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17 June 2013 ASX Announcement

Atzam #4 Update - Successful Production Testing Program with Continued Significant Oil Production

- **Initial 7 foot section (2846-2853ft) perforated in the Upper C17 carbonates has continued to produce significant oil and gas to surface through ongoing reservoir pressure testing program**
- **Improved oil quality recovered in production testing in past week- samples assayed 36-37° API oil**
- **Strong well head pressures maintained over past week of between 300-400 psi during testing phase, with calculated natural reservoir pressure of approximately 1300 psi**
- **Oil production continued between 250-600 bopd on restricted choke sizes over the past 10 days when flowing well between shut ins for pressure testing program**
- **Oil cut of 100% from producing zone - no reservoir water produced to date**
- **Construction of onsite production and storage facilities underway**
- **Negotiations advanced with a number of parties for Atzam #4 oil production**
- **13ft zone in Upper C17 with better log interpretation (than current +600 bopd producing section in Upper C17) was not perforated due to the high pressure oil and gas production from perforated zone- will be perforated in future well production operations**
- **C13 and C14 carbonates remain untested above this C17 section, and are the main producing zones in the nearby Rubelsanto Field- produced over 30 mmbbl to date from 8 wells, 17km from Atzam Field**
- **Current Probable Reserve estimate of 2.3m barrels of oil in Atzam #4 well alone, to be revised on completion of production and pressure testing programs in coming week**
- **Net backs in Guatemala approximately 50% of the WTI market price – favourable economics**

The Company is pleased to advise that Latin American Resources (Operator) has undertaken a successful production and reservoir pressure testing program over the past 10 days on the perforated 7 foot section in the Upper C17 carbonates (2846-2853ft) in the Atzam #4 well, as announced on 3 June. The initial oil production of a 610 bopd average rate over a 24 hour period post perforation without acid wash of the section was considered a strong indication of the commercial potential of the well, and likely to increase the recoverable resource volumetrics for the Atzam Field. The continued strong performance of this perforated

Upper C17 section over the past 10 days during the production and pressure testing program, including the oil quality improving significantly to 36-37° API, has significantly improved the Company's assessment for the well's immediate commercial potential and reservoir quality. The well has continued to produce oil at significant flow rates over the past 10 days on restricted choke sizes, between 250-600 bopd, during this testing phase and importantly the producing unit has not produced any water to date. The Operator could flow the well at higher rates with a larger choke size, and the optimal production flow rate will be determined on completion of the current testing and evaluation program.

The Operator is continuing the pressure testing operations for another 3-4 days, with the well then to be immediately turned to production. Construction of additional on-site production and storage facilities is underway in preparation of the well commencing its production operations. Negotiations are currently underway between the Operator and a number of parties for the immediate and long term oil commercial production from Atzam #4.

The reservoir pressure testing program being undertaken will provide the data for an updated independent Atzam #4 well probable reserve estimate of 2.3m bbls and the +20m bbl resource estimate for the Atzam field. The data will also contribute to the production profile for this initial producing section of the well and the strategy for perforating and testing the highly prospective 13 foot section in the Upper C17 carbonates sitting directly above the producing zone, which is sitting behind pipe to be perforated and tested at the appropriate time.

The Company is currently earning a 70% interest in the project through the funding of the Atzam #4 well and associated programs on the Atzam and Tortugas projects.

Significant Oil Production Continues- Additional Pay Zones Yet To Be Tested

With the volume of oil being produced and natural reservoir pressure from the perforated 7 foot section in the Upper C17 carbonates (2846-2853ft) in the Atzam #4 well, the Operator is unable to be immediately testing a highly prospective 13 foot section in the Upper C17 above this producing unit or the C13 and C14 carbonate sections that are the producing units in the Rubelsanto Field. These sections can be tested and bought onto production in Atzam #4 at an appropriate time in the future depending on the well's production profile, and will be primary targets in the next Atzam #5 well.

Atzam # 4 - Initial ELAN and CMR Log Interpretation Results

Zone	Depth	Thickness	% Porosity	% Oil Saturation	Permeability
C13 A	1748-1794	46 feet	15-45%	Up to 53%	Up to 559 md
C13 B	1806-1824	18 feet	20%	Up to 49%	
C14 A	1845-1860	15 feet	28%	Up to 54%	
C14 B	1902-1915	13 feet	13-15%	Up to 74%	Up to 131 md
C16 A	2464-2470	16 feet	15%	Up to 58%	1,390 md
C16 B	2494-2514	20 feet	10%	Up to 73%	50 md
C17 A	2772-2774	2 feet	12%	Up to 90%	100
C17 B	**2846-2854**	**8 feet**	**6-8%**	**Up to 50%**	

* Porosities and oil saturations not measurable because of large hole diameter caused by extremely fractured and friable limestones and dolomites in the section. The C18 N and O correlate to the producing section in the Atzam #2 well as does the top of the C19. Oil and gas shows in the zones while drilling and a structural gain of 270 and 240 feet respectively indicate productive intervals. Formation tops were picked based upon drilling samples, drilling times and gamma ray logging. Permeabilities were measured in specific points by CMR log.

Highly Prospective C13 and C14 Carbonate Sections in Atzam #4

The Atzam #4 well produced impressive oil shows during the drilling of the well through the C13 and C14 carbonates, complemented by higher than expected permeability and porosity results from the electric logs over these sections. This established the C13 and C14 carbonates as two of the reservoir sections in the well that display strong commercial potential, and are the main producing zones in the nearby Rubelsanto Field.

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 Carbonates and Tortugas Salt Dome Projects

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. 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. 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.

In addition to the Atzam structures on Block 1-2005, the Tortugas Salt Dome 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 Company is reviewing the well re-entry opportunities on the Tortugas Salt Dome structure with the Operator.

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.