

Latin Resources Limited

ABN: 81 131 405 144

Audited Financial Report

31 December 2017

DIRECTORS' REPORT

CORPORATE DIRECTORY

DIRECTORS

Mr David Vilensky
(Non-Executive Chairman)

Mr Christopher Gale
(Managing Director)

Mr Brent Jones
(Non-Executive Director)

COMPANY SECRETARY

Ms Sarah Smith

REGISTERED OFFICE

Unit 3, 32 Harrogate Street, West Leederville
Western Australia

Telephone
+61 8 6181 9798

Facsimile
+61 8 9321 6666

E-mail
info@latinresources.com.au

PERU OFFICE

Calle Cura Bejar 190.
Oficina 303,
San Isidro / Lima - Perú

Teléfono
51 (1) 2070-490

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 11
172 St Georges Terrace
Perth, 6000
Western Australia

SOLICITORS

Steinepreis Paganin
Level 4
The Read Buildings
16 Milligan Street
Perth 6000
Western Australia

STOCK EXCHANGE

Australian Securities Exchange Limited (LRS)

BANKERS

ANZ
6/646 Hay Street
Subiaco 6008
Western Australia

NAB

Central Business
Banking Centre
Perth 6000
Western Australia

AUDITORS

Stantons International
Level 2
1 Walker Avenue
West Perth 6005
Western Australia

DIRECTORS' REPORT

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DIRECTORS' REPORT

The directors present their report together with the financial statements of the Group consisting of Latin Resources Limited (Latin or the Company) and its subsidiaries (together the Group) for the year ended 31 December 2017.

Directors

The names and details of the Company's directors in office during the financial period and until the date of this report are set out below. The directors were in office for this entire period unless otherwise stated.

DAVID VILENSKY (Independent Non-Executive Chairman)

Mr Vilensky is a practising corporate lawyer and the managing director of Perth law firm Bowen Buchbinder Vilensky. He has more than 30 years experience in the areas of corporate and business law and in commercial and corporate management. Mr Vilensky practises mainly in the area of mining and resources, corporate and commercial law, trade practices law, contract law and complex dispute resolution. Mr Vilensky acts for a number of listed and private companies and is also the non-executive chairman of Zambezi Resources Limited, an ASX listed company focusing on copper exploration in Zambia.

Other directorships of Australian listed companies held by Mr Vilensky in the last three years are:

Current: Zambezi Resources Limited

CHRISTOPHER GALE (Managing Director)

Mr Gale has extensive experience in senior management roles in both the public and private sectors, especially in commercial and financial roles. He has also held various board and executive roles at a number of mining and technology companies during his career.

Chris is the current Chairman of the Council on Australian Latin American Relations (COALAR) established by the Australian Government Department of Foreign Affairs and Trade (DFAT). He is also a founding director of Allegra Capital, a boutique corporate advisory firm based in Perth and is a member of the Australian Institute of Company Directors (AICD).

Other directorships of Australian listed companies held by Mr Gale in the last three years are: Nil

BRENT JONES (Non-Executive Director)

Mr. Jones is an experienced financial services professional who has held operating roles at Woolworths, AFL, Civil Engineers - Ostojic Group and the National Tax and Accountants' Association prior to his current management position.

Over the past 15 years, Mr. Jones has been the joint Managing Director of InterPrac Limited, an unlisted public company, specializing in providing the accounting industry access to financial services products and distribution capabilities.

Mr. Jones has a degree in information technology, is a member of the National Tax and Accountants Association and is a Graduate of the Australian Institute of Company Directors (AICD).

Other directorships of Australian listed companies held by Mr Jones in the last three years are: Nil

Directors' shares and share rights

As at the date of this report, the interests of the Directors in the shares and options of Latin were as follows:

Director	Ordinary shares Number	Share rights Number	Share options Number
David Vilensky	10,913,122	4,236,923	-
Chris Gale	9,345,028	57,877,796	-
Brent Jones	41,966,653	3,269,231	-

Company secretary

SARAH SMITH

Ms Smith holds a Bachelor of Business and is a Chartered Accountant with significant experience in the administration of ASX listed companies, as well as capital raisings and IPOs, due diligence reviews and ASIC compliance.

DIRECTORS' REPORT

Principal activities

The principal activities during the year of entities within the consolidated entity were the exploration and evaluation of mining projects in Peru and Argentina.

Financial review

RESULTS

The consolidated loss after tax of the Group for the year ended 31 December 2017 was \$2,381,967 (2016: \$7,844,976).

The result comprises the impairment of exploration and evaluation expenditure of \$nil (2016: \$4.9m), finance expenses of \$0.9m (2016: \$1.5m) and other income and expense items \$1.5m (2016: \$1.5m).

ASSETS

Total assets increased by 12% or \$1.3 million during the year to \$12.5 million. The movement primarily comprised an increase in exploration expenditure (net of currency loss) of \$1.4m and a reduction in cash (\$0.3 million). The carrying value of exploration and evaluation assets was affected by the transfer of \$2.9 million for the value of Ilo copper assets to Current Assets held for sale.

LIABILITIES

Total liabilities marginally reduced by 2% or \$0.2 million to \$7.4 million during the year. The fall was mainly due to a reduction in interest bearing loans and borrowings (\$0.4m) offset against the increase in deferred consideration for the Guadalupito project resulting from foreign exchange movements (\$0.3m) and unwinding of interest.

EQUITY

Total equity increased by 40% or \$1.5 million during the year to \$5.2 million. The increase reflects the increases in Contributed equity of \$4.4 million from placements partially offset by loss of \$2.4 million for the year and a decrease in Reserves of \$0.5 million from foreign currency translation movements of \$0.8 million and increase in share based payments and transaction costs of \$0.3million.

SHAREHOLDER RETURNS

The Company's share price decreased marginally during the period however the market capitalisation of the company increased due to share and placement issues to fund the Company's defined strategic direction in the area of lithium in line with its long term strategy of mineral exploration in South America.

Shareholder returns for the last 5 years is as follows:

	December 2017**	December 2016**	December 2015**	December 2014**	December 2013 [^] *
Loss attributable to the Group (\$)	(2,381,967)	(7,844,976)	(12,183,490)	(5,828,378)	(1,093,216)
Basic loss per share (Cents)	(0.12)	(0.63)	(2.41)	(2.17)	(0.49)
Dividends (\$)	Nil	Nil	Nil	Nil	Nil
Closing share price (\$)	0.011	0.012	0.005	0.023	0.070
Total shareholder return (%)	(8)	140	(78)	(67)	(13)

* Denotes six months period

** Denotes twelve month period

[^] The results have been restated to reflect a prior period adjustment

Dividends

No amounts have been paid or declared by way of a dividend since the end of the previous financial period and up until the date of this report. The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2017.

DIRECTORS' REPORT

Liquidity and capital resources

The Group's principal source of liquidity as at 31 December 2017 is cash and cash equivalents of \$995,492 (2016: \$1,338,668).

Funding for 2018 is expected from a combination of proceeds from the sale or joint venturing of interests in existing projects, further capital raisings and potential conversion of options.

Shares, share rights and options

As at 31 December 2017 the Company had 2,622,366,170 fully paid Shares on issue, 259,375,000 Share Options and 65,031,642 Share Rights on issue.

SHARES

A total of 1,044,968,072 shares were issued during the year. A breakdown of the shares issued is shown at Note 19 of the financial statements

SHARE RIGHTS

During the year no share rights were issued to directors or employees and 6,971,657 share rights were cancelled due to resignations and 6,095,832 share rights converted in accordance with the deferred rights plan approved by shareholders on 27 May 2014.

OPTIONS

During the year 250,000,000 options were issued and 14,054,768 were exercised. A total of 366,939,885 options expired in the period unexercised. Options totalling 125 million were issued to investors who participated in the placement announced in July 2017, and 125 million options were issued to brokers associated with the July 2017 placement.

As at the date of this report there were 750,446,442 share options on issue.

Option holders do not have the right, by virtue of the option, to vote or participate in any share issue of the Company or any related body corporate.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group other than those listed above.

Risk management

The Board is responsible for identifying business risks and implementing actions to manage those risks and corporate systems to assure quality. The Board delegates these tasks to management who provide the Board with periodic reports identifying areas of potential risks and the safeguards in place to efficiently manage material business risks. Strategic and operational risks are reviewed at least annually as part of the forecasting and budgeting process.

The Managing Director and Chief Financial Officer have provided assurance in writing to the Board that they believe that the Company's material business risks are being managed effectively and that the Company's financial reporting, risk management and associated compliance and controls have been assessed and are operating effectively so far as they relate to the financial report.

Significant events after balance date

Please refer to Note 27 for details of significant events after date.

DIRECTORS' REPORT

Likely developments and expected results

In 2018 the Group intends to continue to progress its mineral projects in Argentina and Peru via JV arrangements or via the sale of its interests in the projects. The Group will also continue to look for other opportunities that will create value for its shareholders.

Environmental regulation and performance

The Group carries out exploration and evaluation activities at its operations in Peru and Argentina which are subject to environmental regulations. During the year there has been no significant breach of these regulations.

Indemnification and insurance of directors and officers

During the year insurance premiums were paid to insure the Directors and officers against certain liabilities arising out of their conduct while acting as a director or an officer of the Company. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed.

Directors' meetings

The number of meetings of directors (including meetings of committees of directors) held for the year ended 31 December 2017 and the number of meetings attended by each director is as follows:

Director	Board meetings held	Board meetings attended
David Vilensky	8	8
Chris Gale	8	8
Brent Jones	8	8

Committee membership

During the year the Board did not set up separate Committees. The Board carried out the duties that would ordinarily be carried out by the Nomination, Remuneration and Audit and Risk Management Committees.

Corporate governance statement

The Company's Corporate Governance statement is located on the Company's website at www.latinresources.com.

Diversity

Latin strives to be an equal opportunity employer and we will not discriminate against prospective employees based on gender or any other non-skill related characteristic. We pride ourselves on the diversity of our staff and encourage suitably qualified young people, women, people from cultural minorities and people with disabilities to apply for positions.

Whilst efforts will be made to identify suitably qualified female candidates and candidates from a diversity of backgrounds when seeking to fulfil positions, the Company does not believe it is meaningful, nor in the best interests of shareholders to set formal targets for the composition of employees based on gender or any other non-skill related characteristic nor detailed policies in this regard.

The Board has established a policy regarding diversity and details of the policy are available on the Company's website. Gender composition of the Group's workforce for the 2017 year is as follows:

	31 December 2017		31 December 2016	
	Female	Male	Female	Male
Board	-	100%	-	100%
Executive	-	100%	-	100%
Group	62%	38%	60%	40%

DIRECTORS' REPORT

Auditors' independence declaration

The auditors' independence declaration is set out on page 46 and forms part of the Directors' report for the year ended 31 December 2017.

Non-audit services

Non-audit services provided by the Group's auditor Stantons International during the year ended 31 December 2017 is shown at Note 28 of the financial statements.

The directors are satisfied that the provision of non-audit services, during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporation Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Remuneration report (Audited)

This remuneration report for the year ended 31 December 2017 outlines the remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly and indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term executive includes executive directors and other senior management of the Group.

DIRECTOR AND SENIOR MANAGEMENT

Non-executive directors

David Vilensky	Non-Executive Chairman
Brent Jones	Non-Executive Director

Executive director

Chris Gale	Managing Director
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Other Executives

Sarah Smith	Company Secretary
Kerry Griffin	Exploration and Development Manager

REMUNERATION GOVERNANCE

Remuneration Committee

The Board carries out the duties that would ordinarily be carried out by the Remuneration Committee under the Remuneration Committee Charter including the following processes to set the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Board approves the remuneration arrangements of the Managing Director and other executives and all awards made under incentive plans following recommendations from the Remuneration Committee.

The Board also sets the remuneration of Non-executive directors, subject to the fee pool approved by shareholders.

The Board approves, having regard to the recommendations of the Managing Director, the level of incentives to other personnel and contractors.

DIRECTORS' REPORT

The Board seeks external remuneration advice as and when required to ensure it is fully informed when making remuneration decisions. Remuneration advisors are engaged by and report directly to the Board. No consultants were used or paid by the Group during the year.

NON-EXECUTIVE DIRECTOR REMUNERATION ARRANGEMENTS

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Constitution and the ASX listing rules specify that the aggregate remuneration of Non-executive directors shall be determined from time to time by a general meeting of shareholders. The current limit is \$350,000 which remains unchanged from when the company first listed on the ASX.

Non-executive directors are remunerated by way of fees based on executive directors of comparable companies and scope and extent of the Company's activities. Non-executive directors are also entitled to participate in the Non-executive director Deferred Rights plan which was approved by shareholders on 27 May 2014 but do not receive retirement benefits, nor do they participate in any incentive programs.

No options or share rights were awarded to non-executive directors as remuneration during the year.

Non-executive director Deferred rights plan

The Non-executive director Deferred rights plan was approved by shareholders on 27 May 2014 for the purpose of retaining Non-executive directors, controlling the cash cost of directors fees and aligning the interests of Non-executive directors with shareholders and providing them with the opportunity to participate in the future growth of the Group.

Under the plan the Group may offer share rights to Non-executive directors of the Company. Share rights issued under the Deferred rights plan comprise of retention rights being rights that vest and may be exercised into Restricted Shares, based on completion of a period of service.

The Board in their absolute discretion determine the number of share rights to be offered and the criteria that may apply. Offers made under the Deferred rights plan must set out the number of share rights, the vesting conditions and the measurement period.

The retention rights are issued for no consideration, however, the vesting of the benefits are conditional on achieving certain measurable performance measures. The performance measure used in 2014 was the completion of service for the year. Vesting of the share rights is measured over a three year interval after the commencement of the respective measurement period. At the end of the measurement period and subject to the performance measures, each share right will convert into one ordinary share in the Company. The Group is aware that the vesting of share rights is treated as income to executives and attracts tax in a similar manner to cash payments irrespective of the executive selling or retaining the resulting shares.

The maximum percentage of base remuneration that a Non-executive director may receive in share rights is 100% which is pre-determined based on the advice of the remuneration consultant.

Where a non-executive director or employee ceases employment prior to their incentives vesting due to resignation or termination for cause, incentives will be forfeited. Where a non-executive director or employee ceases employment for any other reason, they may at the Board's discretion, retain a number of unvested share rights on a pro-rata basis to reflect their period of service during the measurement period. These unvested share rights only vest subject to meeting the relevant performance measures.

The Board will not seek any increase in the aggregate remuneration for the Non-executive director pool at the 2018 AGM.

DIRECTORS' REPORT

EXECUTIVE REMUNERATION ARRANGEMENTS

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group that is competitive by market standards and aligns their interests with those of shareholders.

Executive remuneration consists of fixed remuneration and variable remuneration comprising short term incentives and long term incentives.

Fixed remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Remuneration Committee through a process that considers individual performance, Group performance and market conditions.

Variable remuneration

The Company established an Incentive Rights Plan (the Plan) that was re-approved by shareholders on 27 November 2015 and applies to full time and permanent part time employees and contractors.

The Plan provides the Company with a range of incentives to attract, retain and align the interest of shareholders and employees and contractors.

Short term incentives

Short term incentives (STI) may include cash and shares and are awarded to executives based on the achievement of KPI's. Given the current stage of the Company's evolution and the market conditions for mineral exploration and development companies, no STI targets were established at the start of the reporting period, and hence no STI's were issued for the year ended 31 December 2017.

Long term incentives

Long term incentives (LTI) are considered annually by the Remuneration Committee to align remuneration with the creation of shareholder value over the long term.

LTI's can include:

- cash;
- retention rights being rights that vest and may be exercised into Restricted Shares, based on completion of a period of service and comprise no more than third of the LTI value; and
- performance rights, being rights that vest and may be exercised into Restricted Shares, based on achievement of specified performance objectives and comprise no more than two thirds of the LTI value.

The retention and performance rights are issued for no consideration, however, the vesting of the benefits are conditional on achieving specific measurable performance measures that are aligned with the Group's strategic objectives.

The following performance measures were used in 2017, in equal weighting:

- Completion of service for the year; and
- Shareholder returns (Total shareholder return of 15% per annum or greater).

Vesting of the LTI is measured over a three year interval after the commencement of the respective measurement period. At the end of the measurement period and subject to the performance measures, each share right will convert into one ordinary share in the Company. The Group is aware that the vesting of share rights is treated as income to executives and attracts tax in a similar manner to cash payments irrespective of the executive selling or retaining the resulting shares.

The maximum percentage of base remuneration that an executive may receive as a LTI is pre-determined based on the advice of the remuneration consultant. The maximum percentage of base remuneration that the Managing Director can receive is 60% and for other executives it is 45%.

Where a director or employee ceases employment prior to their incentives vesting due to resignation or termination for cause, incentives will be forfeited. Where a director or employee ceases employment for any other reason, they may at the Board's discretion, retain a number of unvested share rights on a pro-rata basis to reflect their period of service during the LTI grant performance period. These unvested share rights only vest subject to meeting the relevant LTI performance measures.

DIRECTORS' REPORT

Employment agreements and contracts

The Group has entered into contracts and agreements with executives the details of which are provided below.

Non Executive Directors

The Chairman and Non Executive Directors are elected to the Board by shareholders on rotation. The pool of directors' remuneration, including cash payments for directors' fees and share based incentive remuneration, is approved by shareholders in Annual Meeting.

In accordance with the total directors' fees approved by shareholders, the Board has agreed the following directors' fees to be paid:

- Chairman - \$64,800 per annum
- Non Executive directors - \$50,000 per annum.

No committee fees are paid.

Managing Director

The Managing Director is currently employed under a consultancy agreement for a three year term ending on 30 September 2019 which can be extended by mutual consent. Mr Gale is paid a fixed remuneration of A\$300,000 per annum with an uplift in remuneration in the event of an increase in the market capitalisation of the Company.

The Group may terminate the agreement with or without cause by giving one month and six months' notice respectively. The Managing director may terminate the agreement with or without cause by giving 21 days and three months' notice respectively. If the agreement is terminated without cause or due to a change of control the Managing Director is entitled to a payment equivalent to fees for one year, the value of any annual fringe benefits and any vested entitlement under a LTI plan.

The Group retains the right to terminate the agreement immediately by making a payment in lieu of notice for termination by either party without cause.

Exploration and Development Manager

The Exploration and Development Manager is employed under a consultancy agreement with a fee of USD\$1,000 per day for a six month term ending on 1 August 2019 which can be extended by mutual agreement.

Company Secretary

The Company Secretary is employed under a consultancy agreement which is ongoing. Either party may terminate the agreement by giving 60 days written notice. The monthly retainer fee for the Company Secretary is \$3,000 per month plus GST with additional fees charged for shareholder meetings and corporate actions.

Chief Financial Officer (CFO)

The CFO services are supplied by a third party consultancy group under a consultancy agreement which is ongoing. Either party may terminate the agreement by giving 1 months' notice. The CFO services are supplied at the rate of \$1,600 per day plus GST on an as needs basis and a minimum of 1 day per week.

Prohibition on trading

The Remuneration policy prohibits directors and employees that are granted shares as a result of share rights from entering into arrangements that limit their exposure to losses that would result from share price decreases. The policy also requires directors, and employees to seek approval from the Company prior to that individual buying or selling any company securities. Directors and employees are not permitted to trade during a closed period. Procedures are in place where trading during a closed period is sought in exceptional circumstances.

DIRECTORS' REPORT

REMUNERATION OF KEY MANAGEMENT PERSONNEL AND EXECUTIVES FOR THE YEAR ENDED 31 DECEMBER 2017

12 months to 31 Dec 2017	Short-term benefits			Post employment	Other long- term benefits	Share-based payments		Total	Performance related	Equity compensation
	Salary & Fees \$	Bonus \$	Non-cash benefits \$	Super \$	Long service leave \$	Share rights \$	Shares \$	\$	%	%
Directors										
D. Vilensky	64,800	15,000	-	-	-	-	-	79,800	19%	-
C. Gale	312,500	15,000	-	-	-	164,557 ¹	-	492,057	22%	33%
B. Jones	50,000	15,000	-	-	-	-	-	65,000	23%	-
Other KMP										
S. Smith	47,070	-	-	-	-	-	-	47,070	-	-
J. Grygorcewicz ²	89,850	-	-	-	-	-	-	89,850	-	-
K. Griffin	324,363	-	-	-	-	-	-	324,363	-	-
Total	888,583	45,000	-	-	-	164,557	-	1,098,140	11%	15%

¹ These amounts refer to share rights issued in accordance with the Incentive rights plan approved by shareholders on 30 November 2014. Out of the total of \$164,557, a portion of \$41,140 was expensed during the year with the balance being capitalised.

² Mr Grygorcewicz joined the Company on 21 February 2017.

DIRECTORS' REPORT

REMUNERATION OF KEY MANAGEMENT PERSONNEL AND EXECUTIVES FOR THE YEAR ENDED 31 DECEMBER 2016

12 months to 31 Dec 2016	Short-term benefits			Post employment		Other long-term benefits	Share-based payments		Total	Performance related	Equity compensation
	Salary & Fees \$	Bonus \$	Non-cash benefits \$	Super \$	Other \$	Long service leave \$	Share rights \$	Shares \$	\$	%	%
Directors											
D. Vilensky	64,800	-	-	-	-	-	58,682 ¹	-	123,482	-	48
C. Gale	403,200 ¹⁰	-	-	-	-	-	124,660 ²	-	527,860	16	24
B. Jones	52,361 ³	-	-	-	-	-	-	-	52,361	-	-
Other KMP											
A. Begovich ⁴	66,294	-	-	7,075	-	-	10,767 ¹	4,268 ⁹	88,404	-	17
A. Bristow ⁵	72,932	-	-	-	-	-	30,093 ¹	-	103,025	-	29
C. Spier ⁶	11,355	-	-	1,079	-	-	14,359 ¹	-	26,793	-	54
S. Smith ⁷	22,400	-	-	-	-	-	-	-	22,400	-	-
K. Griffin ⁸	22,866	-	-	-	-	-	-	-	22,866	-	-
Total	716,208	-	-	8,154	-	-	238,561	4,268	967,191	9%	25%

¹ These amounts refer to share rights issued in accordance with the Deferred rights plan issued in April 2014 as approved by shareholders on 27 May 2014.

² These amounts refer to share rights issued in accordance with the Incentive rights plan approved by shareholders on 30 November 2014.

³ This amount includes shares issued to directors in settlement of director fees payable. No value has been attributable to the listed options issued at the same time.

⁴ Mr Begovich resigned 31 May 2016.

⁵ Mr Bristow resigned in December 2016.

⁶ Mr Spier resigned on 4 April 2016.

⁷ Ms Smith joined the Company on 31 May 2016.

⁸ Mr Griffin joined the Company on 16 November 2016.

⁹ These amounts refer to shares issued to KMP to reward employees for services to the Company.

¹⁰ Included in this amount is \$66,000 relating to arrears of consulting fees for the 2015 year paid in the current year.

DIRECTORS' REPORT

ADDITIONAL DISCLOSURES RELATING TO REMUNERATION

(a) Share holdings of key management personnel

31 Dec 2017	Balance at start of year	Granted as remuneration	On exercise of options/conversion of rights	Net change other	Balance at end of year
Directors					
D. Vilensky	6,589,479	-	4,323,463 ²	180	10,913,122
C. Gale	9,367,615	-	977,413 ²	(1,000,000)	9,345,028
B. Jones	41,466,653	-	-	500,000	41,966,653
Other KMP					
S. Smith	-	-	-	-	-
J. Grygorcewicz ¹	-	-	-	1,000,000	1,000,000
K. Griffin	-	-	-	-	-
	57,423,747	-	5,300,876	500,180	63,224,803

¹Mr Grygorcewicz joined the Company on 21 February 2017.

²The shares were issued for rights approved and issued in prior years. Share rights are converted according to the calculation criteria as per the Share Rights Plan as approved by shareholders on 27 May 2014.

31 Dec 2016	Balance at start of year	Granted as remuneration	On exercise of options	Net change other	Balance at end of year
D. Vilensky	6,589,479	-	-	-	6,589,479
C. Gale	19,367,615	-	-	(10,000,000)	9,367,615
B. Jones	32,587,343	3,906,234 ²	-	4,973,076	41,466,653
Other KMP					
A. Begovich	8,330,340	355,708 ³	-	(8,686,048) ¹	-
A. Bristow	2,033,854	-	-	(2,033,854) ¹	-
C. Spier	4,156,868	-	-	(4,156,868) ¹	-
S. Smith	-	-	-	-	-
K. Griffin	-	-	-	-	-
	73,065,499	4,261,942	-	(19,903,694)	57,423,747

¹This represents KMP entitlements to share rights in the Company up until their resignation.

²The value of these shares at the date of issue was \$25,000.

³The value of these shares at the date of issue was \$4,268.

(b) Share right holdings of key management personnel

31 Dec 2017	Balance at start of year	Granted as remuneration	Converted to Shares	Net change other	Balance at end of year
Directors					
D. Vilensky	4,414,552	-	(4,414,552) ¹	-	-
C. Gale	58,099,964	-	(1,068,322) ¹	-	57,031,642
B. Jones	-	-	-	-	-
Other KMP					
S. Smith	-	-	-	-	-
J. Grygorcewicz	-	-	-	-	-
K. Griffin	-	-	-	-	-
	62,514,516	-	(5,482,874)	-	57,031,642

¹Share rights were converted according to the calculation criteria as per the Share Rights Plan as approved by shareholders on 27 May 2014.

DIRECTORS' REPORT

31 Dec 2016	Balance at start of year	Granted as remuneration ²	Converted to Shares	Net change other	Balance at end of year
D. Vilensky	4,414,552	-	-	-	4,414,552
C. Gale	5,406,355	60,693,609 ⁴	-	(8,000,000) ¹	58,099,964
B. Jones	-	-	-	-	-
Other KMP					
A. Begovich	2,237,350	-	-	(2,237,350) ³	-
A. Bristow	3,101,937	-	-	(3,101,937) ³	-
C. Spier	2,964,402	-	-	(2,964,402) ³	-
S. Smith	-	-	-	-	-
K. Griffin	-	-	-	-	-
	18,124,596	60,693,609	-	(16,303,689)	62,514,516

¹ This relates to the transfer of 8 million incentive rights to an unrelated third party.

² The performance share rights issued in April 2014 as approved by shareholders on 27 May 2014 continued to be expensed in the current year. No rights were granted in the current year.

³ This represents KMP entitlements to share rights in the Company up until their resignation.

⁴ The total value of these share rights is \$493,673 which will be expensed over the vesting period.

(c) Vesting profile of share rights granted to key management personnel

	Number	Grant date	Vested in year (%)	Net change other (%)	Date at which share rights are to be vested
Directors					
D. Vilensky	-	-	-	-	-
C. Gale – Retention rights	8,005,323	31/10/2016	67%	-	31/12/2018
C. Gale – Performance rights ¹	49,026,319	31/10/2016	-	-	31/1/2019
B. Jones	-	-	-	-	-
Other KMP					
S. Smith	-	-	-	-	-
J. Grygorcewicz	-	-	-	-	-
K. Griffin	-	-	-	-	-

¹ Performance rights are subject to the vesting conditions being satisfied after the Measurement Period of 3 years commencing 1 January 2016.

(d) Option holdings of key management personnel

The number of options held by directors and other key management personnel both directly and indirectly are set out below.

31 Dec 2017	Balance at start of year	Granted as remuneration	Exercised	Net change other	Balance at end of year	Vested exercisable	Vested not exercisable
Directors							
D. Vilensky	1,502,370	-	-	(1,502,370) ¹	-	-	-
C. Gale	2,926,073	-	-	(2,926,073) ¹	-	-	-
B. Jones	1,562,494	-	-	(1,562,494) ²	-	-	-
Other KMP							
S. Smith	-	-	-	-	-	-	-
J. Grygorcewicz	-	-	-	-	-	-	-
K. Griffin	-	-	-	-	-	-	-
	5,990,937	-	-	(5,990,937)	-	-	-

¹ Options expired during the period unexercised. The options were initially granted on 7 August 2015.

² Options expired during the period unexercised. The options were initially granted on 26 February 2016.

DIRECTORS' REPORT

31 Dec 2016	Balance at start of year	Granted as remuneration	Exercised	Net change other	Balance at end of year	Vested exercisable	Vested not exercisable
Directors							
D. Vilensky	1,502,370	-	-	-	1,502,370	1,502,370	-
C. Gale	2,926,073	-	-	-	2,926,073	2,926,073	-
B. Jones	4,125,000	1,562,494 ¹	-	(4,125,000)	1,562,494	1,562,494	-
Other KMP							
A. Begovich	1,416,062	-	-	(1,416,062) ²	-	-	-
A. Bristow	1,226,322	-	-	(1,226,322) ²	-	-	-
C. Spier	1,364,515	-	-	(1,364,515) ²	-	-	-
S. Smith	-	-	-	-	-	-	-
K. Griffin	-	-	-	-	-	-	-
	12,560,342	1,562,494		- (8,131,899)	5,990,937	5,990,937	-

¹ Listed options issued to B. Jones during the year. No value has been assigned to them as it was immaterial in nature.

² This represents KMP entitlements to options in the Company up until their resignation.

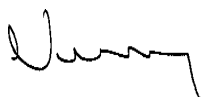
(e) Loans to key management personnel

During the period the Company advanced a total of \$50,000 to Bowen Buchbinder Vilensky, a firm related to Mr Vilensky. The short term advance was for a period of 4 months at commercial terms attracting an interest rate of 10% per annum and secured by personal guarantee. The advance was fully repaid during the period, including interest accruing to the advance.

(f) Other transactions with key management personnel

Refer Note 23 for details of other transactions with directors. There were no other transactions with other key management personnel during the current or prior year.

This Report is signed in accordance with a resolution of the Board of Directors.



David Vilensky
Chairman

Signed on 29 March 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the twelve months ended 31 December 2017

	Notes	31 Dec 2017 \$	31 Dec 2016 \$
Interest revenue		4,550	49,515
Other income	5	116,945	345,843
Gain from settlement of liabilities		-	85,560
Depreciation and amortisation expense	13	(18,526)	(28,480)
Employee benefits expense	6(a)	(490,704)	(803,711)
Finance expenses	6(b)	(882,727)	(1,493,387)
Exploration and evaluation expenditure	14	-	(4,861,649)
Profit/(Loss) on fair value of financial assets through profit or loss		264,500	(50,000)
Other expenses	6(c)	(1,376,005)	(1,088,667)
Loss before tax		<u>(2,381,967)</u>	<u>(7,844,976)</u>
Income tax benefit	7	-	-
Loss for the year		<u>(2,381,967)</u>	<u>(7,844,976)</u>
Loss attributable to owners of the Parent Company		<u>(2,381,967)</u>	<u>(7,844,976)</u>
Other comprehensive income			
<i>Items that cannot be reclassified to profit or loss in subsequent periods:</i>		-	-
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translating foreign operations		(822,997)	441,165
Total comprehensive loss for the year attributable to owners of the Parent Company		<u>(3,204,964)</u>	<u>(7,403,811)</u>
Basic and diluted loss per share (Cents)	8	(0.12)	(0.63)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	31 Dec 2017 \$	31 Dec 2016 \$
ASSETS			
Current assets			
Cash and cash equivalents	9(a)	995,492	1,338,668
Trade and other receivables	10(a)	141,193	152,275
Assets held for sale	11	2,898,233	-
Other financial assets	12	348,610	177,481
Total current assets		4,383,528	1,668,424
Non-current assets			
Trade and other receivables	10(b)	1,700,263	1,603,327
Plant and equipment	13	65,541	76,827
Exploration and evaluation assets	14	6,368,500	7,842,533
Total non-current assets		8,134,304	9,522,687
Total assets		12,517,832	11,191,111
LIABILITIES			
Current liabilities			
Trade and other payables	15	855,801	917,433
Interest bearing loans and borrowings	16	65,000	500,000
Deferred consideration	17(a)	22,000	9,222
Provisions	18	45,885	42,995
Total current liabilities		988,686	1,469,650
Non-current liabilities			
Deferred consideration	17(b)	6,364,308	6,036,695
Total non-current liabilities		6,364,308	6,036,695
Total liabilities		7,352,994	7,506,345
Net assets		5,164,838	3,684,766
EQUITY			
Contributed equity	19	46,437,382	42,041,903
Reserves	20	7,557,481	8,090,921
Accumulated losses	21	(48,830,025)	(46,448,058)
Total equity		5,164,838	3,684,766

The above consolidated statement of financial position should be read in conjunction with accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the twelve months ended 31 December 2017

	Contributed equity	Share based payment reserve	Foreign currency translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2016	36,202,047	2,247,712	5,117,180	(38,603,082)	4,963,857
Loss for the year	-	-	-	(7,844,976)	(7,844,976)
Other comprehensive income	-	-	441,165	-	441,165
Total comprehensive loss	-	-	441,165	(7,844,976)	(7,403,811)
Issue of shares	6,450,612	-	-	-	6,450,612
Share based payments	-	284,864	-	-	284,864
Exercise of options	-	-	-	-	-
Transaction costs	(610,756)	-	-	-	(610,756)
Balance at 31 December 2016	42,041,903	2,532,576	5,558,345	(46,448,058)	3,684,766
Loss for the year	-	-	-	(2,381,967)	(2,381,967)
Other comprehensive loss	-	-	(822,997)	-	(822,997)
Total comprehensive loss	-	-	(822,997)	(2,381,967)	(3,204,964)
Issue of shares	4,874,890	-	-	-	4,874,890
Share based payments	-	164,557	-	-	164,557
Transaction costs	(479,411)	125,000	-	-	(354,411)
Balance at 31 December 2017	46,437,382	2,822,133	4,735,348	(48,830,025)	5,164,838

The above consolidated statement of changes in equity should be read in conjunction with accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the twelve months ended 31 December 2017

	Notes	31 Dec 2017 \$	31 Dec 2016 \$
Cash flows from operating activities			
Receipts from other income		27,926	296,884
Payments to suppliers and employees		(1,976,425)	(1,762,879)
Interest received		4,548	49,515
Interest paid		(30,000)	(7,096)
R&D refund (net of fees)		-	761,357
Net cash flows used in operating activities	9(b)	(1,973,951)	(662,219)
Cash Flows from investing activities			
Payments for plant and equipment		(12,929)	-
Proceeds from plant and equipment		-	17,886
Proceeds from sale of investments		208,372	-
Purchase of equity investments in listed entities		-	(200,000)
Payments for exploration and evaluation assets		(2,623,514)	(1,788,401)
Proceeds from security deposits		2,629	603
Net cash flows used in investing activities		(2,425,442)	(1,969,912)
Cash flows from financing activities			
Proceeds from the issue of equity		4,849,738	4,830,128
Transaction costs of issuing shares		(354,411)	(295,756)
Proceeds from borrowing		-	-
Repayment of borrowings		(435,000)	(595,793)
Net cash from financing activities		4,060,327	3,938,579
Net (decrease)/increase in cash and cash equivalents		(339,066)	1,306,448
Cash and cash equivalents at the beginning of the year		1,338,668	32,076
Net foreign exchange difference		(4,110)	144
Cash and cash equivalents at the end of the year	9(a)	995,492	1,338,668

The above consolidated statement of cash flows should be read on conjunction with accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information

The consolidated financial statements of the Group, being Latin Resources Limited (**the Company or Parent**) and its subsidiaries (collectively, **the Group**), for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 29 March 2018.

Latin Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the directors' report. Information on the Group's structure and other related party relationships is provided in Note 23.

2. Summary of significant accounting policies

(a) BASIS OF PREPARATION

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis except for certain financial instruments which are fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

(b) COMPLIANCE WITH IFRS

The financial report also complies with International Financial reporting Standards ('IFRS') as issued by the International Accounting Standards Board.

(c) CHANGE IN ACCOUNTING POLICY AND DISCLOSURES.

The accounting policies adopted are consistent with those of the previous financial year except as noted below.

(d) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Application of new and revised Accounting Standards

The Group has considered the implications of new and amended Accounting Standards applicable for the annual reporting periods beginning after 1 January 2017 but determined that their application to the financial statements is either not relevant or not material.

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

Standards and Interpretations issued but not yet adopted:

- **AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)**

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments it is impractical at this stage to provide a reasonable estimate of such impact.

NOTES TO THE FINANCIAL STATEMENTS

- **AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).**

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact

- **AASB 16: Leases**

This Standard supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, IC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a lease.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16

The key features of AASB 16 are as follows:

Lessee accounting

- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.
- Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.
- AASB 16 contains disclosure requirements for lessees.

Lessor accounting

- AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
- AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

- **AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (applicable to annual reporting periods commencing on or after 1 January 2018).**

This Standard amends AASB 10: Consolidated Financial Statements with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3: Business Combinations to an associate or joint venture and requires that:

- a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture;
- the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and

NOTES TO THE FINANCIAL STATEMENTS

- any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The Company is still reviewing the impact the adoption of AASB 2014-10 may have on the Group's financial statements.

- **Other standards not yet applicable**

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(e) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Latin Resources Limited and its subsidiaries as at the end of each reporting period.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. Information regarding subsidiaries is disclosed in Note 23(d).

The financial statements of subsidiaries are prepared for the same reporting period as the Parent company, using consistent accounting policies or adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profits and losses resulting from inter-group transactions, have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

(f) COMPARATIVE INFORMATION

Certain comparative information in the financial report may have been reclassified to aid comparability with the current year.

(g) GOING CONCERN

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the year ended 31 December 2017 the consolidated entity incurred a loss of \$2,381,967 (2016: \$7,844,976), had net cash outflows from operating and investing activities of \$4,424,544 (2016: \$2,632,131) and had net working capital surplus of \$496,609 (excludes assets held for sale) as at 31 December 2017 (2016: surplus \$198,774).

These conditions indicate a material uncertainty that may cast significant doubt about the company and the consolidated entity's ability to continue as a going concern.

At the date of this report, the directors are satisfied there are reasonable grounds to believe that the Group will be able to continue its planned operations and the Group will be able to meet its obligations as and when they fall due because the directors are confident that the Group will be able to realise certain of its assets or seek alternative sources of funding if required. Should the Group not achieve the matters set out above, there is uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its

NOTES TO THE FINANCIAL STATEMENTS

liabilities in the normal course of business and at the amounts stated in the financial report. The consolidated financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

(h) SEGMENT REPORTING

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Operating segments have been identified based on the information provided to the chief operating decision makers being the Board.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

The Group determines and presents operating segments based on the information internally provided to the Board.

(i) REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(j) CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in a normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(k) INCOME TAX

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities related to the same taxable entity and the same taxation authority.

(l) GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

NOTES TO THE FINANCIAL STATEMENTS

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(m) LEASES

Leases in which a significant portion of the risks and rewards of ownership benefits are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Profit or Loss on a straight lined basis over the life of the lease.

(n) BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(o) EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(p) CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the Statement of Financial Position.

(q) FINANCIAL ASSETS

Shares held for trading have been classified as financial assets at fair value through profit or loss. Financial assets held for trading purposes are stated at fair value, with any resultant gain or loss recognised in profit or loss. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. Assets in this category are classified as current assets if they are expected to be realised within 12 months otherwise they are classified as non-current assets.

(r) PROPERTY, PLANT & EQUIPMENT

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Plant and equipment - over 3 to 5 years; and
- Motor Vehicles - over 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the item is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

(s) EXPLORATION AND EVALUATION EXPENDITURE

Expenditure on exploration and evaluation expenditure is accounted for in accordance with the 'area of interest' method. Exploration and evaluation expenditure is capitalised provided the rights to tenure of the area of interest is current and either:

- the exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

When technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised 'Mine properties in development'. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying value of the asset may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Refer Note 3 for details regarding the impairment charge for the reporting period.

(t) TRADE AND OTHER PAYABLES

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(u) DEFERRED CONSIDERATION

Deferred consideration arises when settlement of all or any part of the cost of an exploration and evaluation properties is deferred.

It is stated at fair value at the date of acquisition, which is determined by discounting the amount due to present value at that date.

Interest is imputed on the fair value of non-interest bearing deferred consideration at the discount rate and capitalised as part of exploration and evaluation properties.

At each balance sheet date deferred consideration comprises the remaining deferred consideration valued at acquisition plus interest imputed on such amounts from acquisition to the balance sheet date.

(v) PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of managements best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

NOTES TO THE FINANCIAL STATEMENTS

(w) INTEREST BEARING LOANS AND BORROWINGS

Interest bearing loans are recognised initially at fair value, net of transaction costs incurred on the date at which the Group becomes a party to the contractual obligations of the instrument. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(x) EMPLOYEE BENEFITS

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave and other employment entitlements

The liability for long service leave and other employment entitlements is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(y) FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is Latin Resources Limited's functional and presentation currency.

Each entity in the Group determines its own functional currency based on the primary economic environment and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at a rate of exchange ruling at the reporting date.

All exchange differences in the consolidated financial statements are taken to the profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the profit or loss. On disposal of a foreign operation, the cumulative amount recognised in equity relating to that particular foreign operation is recognised in the profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Group companies

The functional currency of Peruvian Latin Resources SAC, Minera Dylan SAC, Recursos Latinos S.A. and Mineracao Ferro Nordeste Ltda is United States dollars.

The functional currency of these subsidiaries has been translated into Australian dollars for presentation purposes. The assets and liabilities of this subsidiary are translated using the exchange rates prevailing at the reporting date; revenues and expenses are translated using average exchange rates for the period; and equity transactions eliminated on consolidation are translated at exchange rates prevailing at the dates of transactions.

The resulting difference from translation is recognised in a foreign currency translation reserve through other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

(z) SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share-based payments are measured at the fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of comprehensive income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(aa) FAIR VALUE OF ASSETS AND LIABILITIES

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Group's accounting policies management makes judgements. In addition the carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Determination of mineral resources and ore reserves

The Group reports its mineral resources and ore reserves in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2004 Edition (the JORC code) as a minimum standard. The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in reserves or resources being restated.

Impairment of Exploration and evaluation assets

The Group accounts for Exploration and evaluation assets in accordance with its policy (refer Note 1(s)).

An impairment exists when the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the statement of profit or loss and other comprehensive income.

The Group's projects are considered to not be at the stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

The future recoverability of Exploration and evaluation assets is dependent on a number of factors, including whether the Group decides to exploit the related concession itself or, if not, whether it can successfully recover the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised Exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

As at 31 December 2017 the Group recorded an impairment charge of \$nil (2016: \$4.9 million) (refer Note 14) to reflect concessions that management relinquished during 2016. No concessions were relinquished during 2017 and no impairment charge was made.

Share-based payment transactions

The Group measures the cost of equity-settled and cash-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model and the assumptions and carrying amount at the reporting date.

Deferred income tax benefit from carried forward tax losses

The future recoverability of the carried forward tax losses are dependent upon Group's ability to generate taxable profits in the future in the same tax jurisdiction in which the losses arise. This is also subject to determinations and assessments made by the taxation authorities.

The recognition of a deferred tax asset on carried forward tax losses (in excess of taxable temporary differences) is dependent on management's assessment of these two factors. The ultimate recoupment and the benefit of these tax losses could differ materially from management's assessment.

NOTES TO THE FINANCIAL STATEMENTS

4. OPERATING SEGMENT INFORMATION

The Group has identified its operating segments in accordance with its accounting policy as set out in Note 2(h) and based on the internal reports that are reviewed and used by the Board (chief operating decision maker) in assessing performance and in determining the allocation of resources. The Group's four operating segments are Australia, Brazil, Peru and Argentina.

The following is an analysis of the Group's revenues, results, assets, liabilities by reportable operating segment.

2017	Australia	Peru	Argentina	Brazil	Total
	\$	\$	\$	\$	\$
Revenue					
Interest revenue	4,550	-	-	-	4,550
Other income ¹	354,006	27,439	-	-	381,445
Total revenue	358,556	27,439	-	-	385,995
¹ Includes the fair value gain of \$264,500 on financial assets through profit or loss					
Results					
Depreciation & amortisation expense	(2,025)	(16,501)	-	-	(18,526)
Share based payments	(41,140)	-	-	-	(41,140)
Interest expense	(45,588)	(2,343)	(1,567)	-	(49,498)
Unwinding of interest	-	(821,314)	-	-	(821,314)
Net foreign exchange gain	(23,352)	-	-	-	(23,352)
Segment loss	(1,060,774)	(973,586)	(347,607)	-	(2,381,967)
Segment assets	2,213,640	7,168,759	3,103,949	31,484	12,517,832
Segment liabilities	(198,211)	(7,082,203)	(27,075)	(45,505)	(7,352,994)
Additions to non-current assets					
Plant & equipment	-	12,929	-	-	12,929
Exploration & evaluation assets	-	452,841	2,170,673	-	2,623,514
Total additions to non-current assets	-	465,770	2,170,673	-	2,636,443
2016	Australia	Peru	Argentina	Brazil	Total
Revenue					
Interest revenue	49,140	375	-	-	49,515
Gain from settlement of liabilities	85,560	-	-	-	85,560
Other income	13,660	332,183	-	-	345,843
Total revenue	148,360	332,558	-	-	480,918
Results					
Depreciation & amortisation expense	(13,903)	(14,577)	-	-	(28,480)
Share based payments	(190,910)	-	-	-	(190,910)
Interest expense	(115,528)	(5,518)	-	-	(121,046)
Unwinding of interest	-	(894,892)	-	-	(894,892)
Net foreign exchange gain	5,062	32,921	(7,485)	-	30,498
Segment loss	(2,044,449)	(5,707,945)	(88,362)	(4,220)	(7,844,976)
Segment assets	3,159,558	8,052,480	(55,000)	34,073	11,191,111
Segment liabilities	(627,871)	(6,805,956)	(23,268)	(49,250)	(7,506,345)
Additions to non-current assets					
Plant & equipment	-	-	-	-	-
Exploration & evaluation assets	-	654,651	610,869	-	1,265,520
Total additions to non-current assets	-	654,651	610,869	-	1,265,520

NOTES TO THE FINANCIAL STATEMENTS

Segment loss represents the loss incurred by each segment without allocation of corporate overhead costs. This is the information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

5. OTHER INCOME

	2017	2016
	\$	\$
Sundry income ¹	27,926	296,883
Profit on sale of shares	112,371	-
Net foreign exchange gain	(23,352)	48,960
	116,945	345,843

¹ Sundry income includes debt condonation and penalties relating to the resolution of a contract in Peru.

6. EXPENSES

	2017	2016
	\$	\$
(a) Employee benefits expense		
Employee benefits and Director Fees	449,564	612,801
Share based payments (refer note 22)	41,140 ¹	190,910
	490,704	803,711

¹ Out of share based payments of \$164,557, a portion of \$41,140 was expensed during the year with balance being capitalised.

	2017	2016
	\$	\$
(b) Finance expenses		
Bank fees and charges	8,490	11,771
Interest expense	49,498	121,046
Unwinding of the effective interest rate ¹	821,314	894,892
Other finance charges ²	3,425	465,678
	882,727	1,493,387

¹ Unwinding of the effective interest rate refers to the discounting of the Convertible securities \$nil (2016: \$152,586) and the remaining cost of the concessions relating to the Guadalupito project \$821,314 (2016: \$742,306).

² Other finance charges relate to the premium to the market price of the Company's shares used to extinguish liabilities during the prior year.

(c) Other expenses

Administration expenses	106,468	175,312
Corporate expenses	945,184	840,539
Net foreign exchange loss	268,572	18,462
Occupancy expenses	55,781	54,354
	1,376,005	1,088,667

NOTES TO THE FINANCIAL STATEMENTS

7. INCOME TAXES

	2017 \$	2016 \$
The components of income tax benefit comprise:		
Current income tax benefit	-	-
Deferred income tax benefit	-	-
Income tax benefit reported in the consolidated statement of profit or loss and other comprehensive income	-	-
Income tax expense recognised in equity	-	-
Accounting loss before tax	(2,381,967)	(7,844,975)
At the statutory income tax rate of 27.5% (in Australia and Peru)	(655,041)	(2,353,492)
Other non-deductible expenditure for income tax purposes	(589,653)	-
R&D tax rebate claim	-	-
Unrecognised tax losses	1,244,694	2,353,492
Income tax benefit reported in the consolidated statement comprehensive income	-	-
Deferred tax assets		
Carried forward revenue losses - Australia	4,542,919	3,814,618
Carried forward revenue losses - Peru	(1,436,394)	(1,286,700)
Carried forward revenue losses - Brazil	197,776	215,756
Carried forward revenue losses - Argentina	44,872	24,264
Exploration and evaluation assets	13,485	36,314
Provisions and accruals	(59,465)	(50,731)
Other	315,577	353,944
Gross deferred tax asset	3,618,770	3,107,465
Offset against deferred tax liability	-	-
Unrecognised tax losses	3,618,770	3,107,465
Deferred tax liabilities		
Exploration and evaluation assets	-	-
Plant and equipment	-	-
Gross deferred tax liability	-	-
Offset against deferred tax asset	-	-
Net deferred tax liability	-	-

8. EARNINGS PER SHARE

	2017 Cents	2016 Cents
Basic and diluted earnings per share	(0.12)	(0.63)
	\$	\$
Loss used in calculating basic and diluted earnings per share	(2,381,967)	(7,844,976)
	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share*	1,944,631,751	1,248,666,743

* The weighted average number of shares takes into account the weighted average effect of changes in share transactions during the year. At balance date there were 259,375,000 (2016: 390,369,653) share options and 65,031,642 (2016: 78,099,131) share rights on issue which were anti-dilutive and therefore excluded from the weighted average number of ordinary shares used in calculating dilutive earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

9. CASH

	2017 \$	2016 \$
(a) Cash and short term deposits		
Cash in hand	327	310
Cash at bank	995,165	1,338,358
	995,492	1,338,668
(b) Reconciliation of net loss after income tax to net cash flows from operating activities:		
Loss for the year	(2,381,967)	(7,844,976)
<i>Adjustments to reconcile loss after tax to net cash flows from operating activities:</i>		
Loss from settlement of interest bearing loans and borrowings	-	362,044
(Gain) on sale of investments	(112,372)	-
(Gain) on fair value of financial assets through profit and loss	(264,500)	50,000
Depreciation	18,526	28,480
Shares issued to settle creditors	25,151	-
Share based payments	41,140	190,910
Net foreign exchange loss/(gain)	23,352	(1,908)
Exploration and evaluation assets impaired/written off	-	4,861,649
Loss on sale of plant & equipment	-	-
Unwinding of the effective interest rate	821,314	894,892
<i>Working capital adjustments:</i>		
(Increase)/decrease in trade and other receivables	(85,854)	957,062
Increase/(decrease) in trade and other payables	(61,631)	(185,087)
Increase/(decrease) in provisions for annual leave	2,890	24,715
Net cash flows used in operating activities	(1,973,951)	(662,219)

Non-cash financing and investing activities

During the year the Company issued 6,209,549 shares to settle liabilities amounting to \$25,171. There were no other non-cash financing and investing activities.

10. TRADE AND OTHER RECEIVABLES

	2017 \$	2016 \$
(a) Current		
Trade receivables	52,697	3,715
Other receivables	67,896	71,309
Goods & services tax	11,953	26,593
Prepayments	8,647	50,658
	141,193	152,275

The current trade and other receivables at 31 December 2017 were neither provided for or impaired and are considered fully recoverable.

	2017 \$	2016 \$
(b) Non-Current		
Goods & services tax ¹	1,700,263	1,603,327
	1,700,263	1,603,327

¹ The Non-current Goods and services tax/value added tax (GST/VAT) refers to a receivable by the company's subsidiary in Peru which can only be offset against GST/VAT attributable to future sales.

NOTES TO THE FINANCIAL STATEMENTS

11. ASSETS HELD FOR SALE

	2017	2016
	\$	\$
Assets held for sale	2,898,233 ¹	-

¹ Assets held for sale comprise the Group's Peruvian Ilo Copper assets subject to the binding terms sheet signed with Westminster Resources Ltd on 4 September 2017. The sale was subsequently concluded on 7 February 2018. Please refer ASX announcement dated 6 September 2017 for details of consideration and Binding Terms of sale.

12. OTHER FINANCIAL ASSETS

	2017	2016
	\$	\$
Security deposits and bonds	30,110	27,481
Shares in listed entities ¹	318,500	150,000
	348,610	177,481

¹ Shares in listed entities have been fair valued using Level 1 inputs of the fair value hierarchy.

13. PLANT AND EQUIPMENT

	2017	2016
	\$	\$
Furniture and equipment		
At cost	179,319	172,079
Less: Accumulated depreciation	(113,778)	(95,252)
	65,541	76,827
Furniture and equipment		
Balance at beginning of period	76,827	121,877
Additions	12,929	-
Disposals	-	-
Depreciation expense	(18,526)	(28,480)
Effects of exchange rate movements	(5,689)	(16,570)
Balance at end of period	65,541	76,827
Net book value	65,541	76,827

14. EXPLORATION AND EVALUATION ASSETS

	2017	2016
	\$	\$
Balance at beginning of period	7,842,533	11,170,432
Additions	2,623,514	1,265,520
Disposals	-	-
Transferred to assets held for sale ³	(2,898,233)	-
Amounts written off ¹	-	(4,861,649)
Other ²	-	126,535
Foreign currency translation movement	(1,199,314)	141,695
Balance at end of period	6,368,500	7,842,533

¹ Amounts written off includes an impairment charge of \$nil (2016: \$4,861,649) to reflect the recoverable amounts of exploration and evaluation assets.

² Other refers to an adjustment to reflect the renegotiated terms for the acquisition of the concessions relating to the Guadalupito project.

³ The Group has agreed binding terms for the sale of the Peru Copper Project (excluding the areas under JV with First Quantum Minerals) to Westminster Resources Ltd. The net carrying value of the areas subject to the Sale Agreement have been reclassified to Current Assets under Assets Held for Sale. The sale was settled on 7 February 2018.

NOTES TO THE FINANCIAL STATEMENTS

15. TRADE AND OTHER PAYABLES

	2017 \$	2016 \$
Trade payables	753,711	833,981
Other payables	60,874	30,676
Accruals	41,216	52,776
	855,801	917,433

16. INTEREST BEARING LOANS AND BORROWINGS

	2017 \$	2016 \$
Loan ¹	65,000	500,000
	65,000	500,000

¹ Loan with Junefield High Value Metals Investments Limited (JVHM) is unsecured and attracts interest at 12% per annum. The loan was fully repaid on 9 January 2018.

17. DEFERRED CONSIDERATION

	2017 \$	2016 \$
(a) Current	22,000	9,222
(b) Non-current	6,364,308	6,036,695
TOTAL	6,386,308	6,045,917

The deferred consideration balances reflect the current and non-current portions of the present value of the remaining US\$10.0 million (31 December 2016: US\$10.1 million) the Group is required to pay in cash and shares for the acquisition of the concessions relating to the Guadalupito project. The deferred consideration is payable as follows:

Share issues

- January 2018	2,000,000 fully paid shares
- January 2019	2,000,000 fully paid shares

Cash Payments

- Within 6 months of favourable feasibility study	US\$250,000
- Within 18 months of favourable feasibility study	US\$750,000
- Within 30 months of favourable feasibility study	US\$1,000,000
- Within 42 months of favourable feasibility study	US\$2,000,000
- Within 54 months of favourable feasibility study	US\$6,000,000

The favourable feasibility study is to be published no later than July 2019.

18. PROVISIONS

	2017 \$	2016 \$
Employee benefits – Leave entitlements	45,885	42,995

19. CONTRIBUTED EQUITY

	2017 \$	2016 \$
(a) Issued capital		
Issued shares	44,699,938	40,304,459
Option premium	1,737,444	1,737,444
	46,437,382	42,041,903

NOTES TO THE FINANCIAL STATEMENTS

(b) Movements in issued capital

Issued shares

	Number	\$
Balance at 1 January 2016	892,568,828	34,464,603
Settlement of borrowings	88,381,944	809,750
Settlement of remuneration	4,961,942	37,668
Placement ³	45,000,000	212,500
Settlement of borrowings	12,000,000	190,000
Settlement of creditors	54,732,591	473,233
Placement	77,000,000	385,000
Placement	82,500,000	825,000
Placement	309,090,911	3,400,000
Settlement of borrowings	1,155,507	17,333
Exercise of options	10,006,375	100,128
Transaction costs	-	(610,756)
Balance at 31 December 2016	1,577,398,098	40,304,459
Exercise of options	14,054,768	281,095
Deferred rights conversion	7,403,798	-
Placement ¹	213,728,500	1,068,644
Placement ²	250,000,000	1,000,000
Settlement of creditors ³	2,522,049	10,401
Placement ⁴	428,571,457	1,500,000
Settlement of creditors ⁵	1,687,500	6,750
Concession consideration ⁶	2,000,000	8,000
Placement ⁷	125,000,000	1,000,000
Transaction costs	-	(479,411)
	2,622,366,170	44,699,938

¹ The Company completed a placement on 10 May 2017 at a price of \$0.005 per share.

² The Company completed a placement on 26 July 2017 at a price of \$0.004 per share. 125,000,000 options were issued to placement participants and 125,000,000 options were issued to brokers to the placement. The broker options were valued at \$125,000.

³ During August 2017, 522,049 shares valued at \$2,401 were issued to a former employee of the Company for services provided during the term of employment. In addition, 2,000,000 shares were issued to a consultant in lieu of cash fees of \$8,000 for services provided.

⁴ The Company completed a placement on 18 October 2017 at a price of \$0.0035 per share.

⁵ On 19 October 2017, 1,687,500 shares were issued in part settlement of a creditors invoice in lieu of cash for services provided.

⁶ Consideration shares issued on acquisition of Guadalipito concessions.

⁷ The Company completed a placement on 27 November 2017 at a price of \$0.08 per share.

Option premium

	2017 \$	2016 \$
Balance at 1 January 2016	14,812,500	1,737,444
Balance at 31 December 2016	14,812,500	1,737,444
Balance at 31 December 2017	14,812,500	1,737,444
Total Contributed Equity		46,437,382

NOTES TO THE FINANCIAL STATEMENTS

	Number of options	Weighted average exercise price
Options outstanding		
<i>(includes share based payment options and non share based payment options)</i>		
Balance at 1 January 2016	214,768,078	\$0.02
Granted during the year	185,607,950	\$0.02 - \$0.04
Exercised during the year	(6,375)	\$0.02
Exercised during the year	(10,000,000)	\$0.01
Balance at 31 December 2016	390,369,653	\$0.02
Exercised during the year	(14,054,768)	\$0.02
Issued during the year	250,000,000	\$0.01
Options lapsed	(366,939,885)	\$0.02 - \$0.04
Balance at 31 December 2017	259,375,000	\$0.01

20. RESERVES

	2017 \$	2016 \$
(a) Foreign currency translation reserve		
Balance at beginning of year	5,558,345	5,117,180
Foreign currency translations	(822,997)	441,165
Balance at the end of the year	4,735,348	5,558,345

(b) Share based payments reserve

	2017 \$	2016 \$
Balance at the beginning of year	2,532,576	2,247,712
Capital raising costs – issue of broker options	125,000	-
Share based payments	164,557	284,864
Balance at the end of the year	2,822,133	2,532,576

Total reserves

Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Share based payments reserve

The share based payments reserve is used to recognise the value of equity benefits provided to directors, employees and other parties. Refer Note 22 for further details regarding share based payments.

21. ACCUMULATED LOSSES

	2017 \$	2016 \$
Balance at the beginning of the year	(46,448,058)	(38,603,082)
Loss after income tax	(2,381,967)	(7,844,976)
Balance at the end of the year	(48,830,025)	(46,448,058)

22. SHARE BASED PAYMENTS

	2017 \$\$	2016 \$
(a) Expenses arising from share based payment transactions		
Capital raising costs	125,000	-
Employee benefits expense	164,557	190,910
	289,557	190,910

Out of share based payments of \$164,557, a portion of \$41,140 was expensed during the year with balance being capitalised.

NOTES TO THE FINANCIAL STATEMENTS

(b) Share rights

Incentive rights plan

The Incentive rights plan was approved by shareholders on 30 November 2012 for the purpose of attracting, motivating and retaining key employees and providing them with the opportunity to participate in the future growth of the Group.

Under the plan the Group may offer share rights to eligible persons. Executive directors and full time and permanent part time employees are eligible persons for the purposes of the Incentive rights plan.

Share rights issued under the Incentive rights plan comprise of retention rights being rights that vest and may be exercised into Restricted Shares, based on completion of a period of service and performance rights, being rights that vest and may be exercised into Restricted Shares, based on achievement of specified performance objectives.

The Board, based on the recommendation of the Remuneration Committee, in their absolute discretion determine the number of share rights to be offered and any performance criteria that may apply. Offers made under the Incentive rights plan must set out the number of share rights, the vesting conditions and the measurement period.

The retention and performance rights are issued for no consideration, however, the vesting of the benefits are conditional on achieving specific measurable performance measures that are aligned with the Group's strategic objectives.

Vesting of the share rights is measured over a three year interval after the commencement of the respective measurement period. At the end of the measurement period and subject to the performance measures and each share right will convert into one ordinary share in the Company.

Where a director or employee ceases employment prior to their incentives vesting due to resignation or termination for cause, incentives will be forfeited. Where a director or employee ceases employment for any other reason, they may at the Board's discretion, retain a number of unvested share rights on a pro-rata basis to reflect their period of service during the measurement period. These unvested shares only vest subject to meeting the relevant performance measures.

Non-executive Director Deferred rights plan

The Deferred rights plan was approved by shareholders on 27 May 2014 for the purpose of retaining Non-executive directors, controlling the cash cost of directors fees and aligning the interests of Non-executive directors with shareholders and providing them with the opportunity to participate in the future growth of the Group.

Under the plan the Group may offer share rights to Non-executive directors of the Company. Share rights issued under the Deferred rights plan comprise of retention rights being rights that vest and may be exercised into Restricted Shares, based on completion of a period of service.

The Board based on the recommendation of the Remuneration Committee in their absolute discretion determine the number of share rights to be offered and the criteria that may apply. Offers made under the Deferred rights plan must set out the number of share rights, the vesting conditions and the measurement period.

The retention rights are issued for no consideration, however, the vesting of the benefits are conditional on achieving certain measurable performance measures.

Vesting of the share rights is measured over a three year interval after the commencement of the respective measurement period. At the end of the measurement period and subject to the performance measures and the share rights will convert into one ordinary share in the Company.

Where a non-executive director ceases employment prior to their incentives vesting due to resignation or termination for cause, incentives will be forfeited. Where a non-executive director ceases employment for any other reason, they may at the Board's discretion, retain a number of unvested share options on a pro-rata basis to reflect their period of service during the measurement period. These unvested shares only vest subject to meeting the relevant performance measures.

Valuation of Share rights

The assessed fair value of the share rights granted to individuals is allocated equally over the measurement period. Fair values are determined using valuation model that takes into account the 10 day VWAP share price prior to grant date. Share rights without market based vesting conditions are valued at the 10 day VWAP share price prior to the grant date.

NOTES TO THE FINANCIAL STATEMENTS

Share rights with market based vesting conditions are also valued at the 10 day VWAP share price prior to the grant date however a 50% discount is applied to the valuation to take into account the likelihood of meeting any market based vesting conditions.

The model inputs for share rights granted in the prior year ended 31 December 2016 are as follows:

Issued to	Managing Director
Grant date	31 October 2016
Expiry date	31 October 2019
Quantity	60,693,609
Exercise price	-
Consideration	-
Fair value at grant date	\$0.0136
10 day VWAP at grant date	\$0.0136
Discount	0% - 50%
Maximum life	3 Years

Shares issued as share based payments

No shares were issued as share based payments during the period.

Share rights outstanding

There were 65,031,642 share rights outstanding as at 31 December 2017 (2016: 78,099,131). 8,005,323 share rights vest on 31 December 2018 and 57,026,319 which have a vesting date of 1 January 2019. The share rights that vested on 31 December 2016 were converted into shares on 17 March 2017.

As at the date of this report, there were 86,383,950 share rights outstanding.

(c) Options

Valuation of Options

Options were priced using Black and Scholes valuation pricing model (or valued at the listed price where options are listed options). Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations.

Input variable	31 Dec 2017	31 Dec 2016
Grant date share price	- ¹	\$0.012
Exercise price	- ¹	\$0.02 - \$0.04
Expected volatility	- ¹	70%
Risk-free interest rate	- ¹	1.67%
Option life	- ¹	0.3 – 1.14 years

¹ 125,000,000 broker options issued in the year ended were valued at the listed price of the options on grant date or immediately after grant.

23. RELATED PARTY DISCLOSURES

Information regarding individual directors' and executives' compensation and equity instrument disclosures are disclosed in the Remuneration report.

	2017	2016
	\$	\$
(a) Compensation of directors and other key management personnel		
Short term employee benefits	933,583	716,208
Post-employment benefits	-	8,154
Share based payments	164,557	242,829
	1,098,140	967,191

(b) Loans to key management personnel

As at 31 December 2017 there was a short term advance to Mr Chris Gale of \$12,114.

NOTES TO THE FINANCIAL STATEMENTS

(c) Transactions with related parties

Bowen Buchbinder Vilensky, a related party of Mr David Vilensky, charged fees totaling \$44,000 (exclusive of GST) for the year ended 31 December 2017 in relation to legal fees.

During the period the Company, advanced a total of \$50,000 to Bowen Buchbinder Vilensky, a firm related to Mr Vilensky. The short term advance was for a period of 4 months at commercial terms attracting an interest rate of 10% per annum and secured by personal guarantee. The advance was fully repaid during the period, including interest accruing to the advance.

Corp Cloud Pty Ltd, a related party of Mr Chris Gale, charged fees totaling \$ 15,665 (exclusive of GST) for the year ended 31 December 2017 in relation to the provision of IT services.

(d) Subsidiaries

The consolidated financial statements include the financial statements of Latin Resources Limited and its subsidiaries which are listed below.

Name of entity	Country of incorporation	Equity holding	
		2017 %	2016 %
Peruvian Latin Resources Limited SAC (PLR)	Peru	100	100
Minera Dilan SAC (MD)	Peru	100	100
Mineracao Ferro Nordeste Ltda (MFN)	Brazil	100	100
Recursos Latinos S.A.	Argentina	100	100

Peruvian Latin Resources Limited SAC (PLR) and Mineracao Ferro Nordeste Ltda (MFN) are effectively 100% owned by the Company through 99.9% of shares held directly and 0.1% of shares are held in trust on behalf of the Company. Minera Dilan SAC is 50% each owned by the Company and PLR.

The Company has advanced funds to Recursos Latinos S.A., PLR and MFN which at the date of this report do not attract interest and are not subject to a repayment schedule.

(e) Ultimate parent company

Latin Resources Limited is the ultimate parent of the Group.

24. COMMITMENTS

	2017 \$	2016 \$
Operating lease commitments:		
Not later than one year	220,563	438,229
Later than one year but not later than five years	-	-
Later than five years	-	-
	220,563	438,229

25. CONTINGENCIES

Guadalupito project – Royalty obligation

On February 8, 2011, Peruvian Latin Resources SAC (PLR) signed an agreement (Acquisition Agreement) with 14 different vendor companies (Vendors) all with a common principal shareholder to acquire additional mining concessions for its Guadalupito project.

The Acquisition Agreement requires PLR to pay the Vendors a net smelting royalty of 1.5% which is calculated on all extracted and commercialised minerals from the New concessions. The royalty is payable once commercial mining operations have been initiated and mineral products are produced, at an average rate of not less than 70% of the normal capacity of the mining facilities.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group also has transactional currency exposures from operating costs and concession payments that are denominated in currencies other than the Australian dollar (AUD). The currencies in which these transactions are primarily denominated are the United States dollar (USD).

The Board attempts to mitigate the effect of its foreign currency exposure by acquiring USD in accordance with

NOTES TO THE FINANCIAL STATEMENTS

budgeted expenditures when the exchange rate is favourable. Where possible receipts of USD are maintained in a USD account as a natural hedge. The USD are converted to AUD at prevailing rates as AUD funds are required.

As at 31 December 2017, the Group had the following exposure to USD that is not designated in cash flow hedges:

	2017 \$	2016 \$
Financial assets		
Cash and cash equivalents	855,093	516,356
Trade and other receivables	1,782,467	1,673,652
Other financial assets	6,410	3,781
	2,643,970	2,193,789
Financial liabilities		
Trade and other payables	(711,944)	(774,888)
Provisions	(39,850)	(39,487)
Deferred consideration ¹	(6,386,308)	(6,045,917)
	(7,138,102)	(6,860,292)
Net exposure	(4,494,132)	(4,666,503)

¹ As at 31 December 2017, the Group has an obligation to pay US\$10.0 million (2016: US\$10.1 million) in various instalments by 1 January 2024. The liability is recognised in the Group's subsidiary in Peru whose functional currency is US dollars.

The following sensitivity analysis is based on the judgements by management of reasonably possible movements in foreign exchange rates after consideration of the views of market commentators. The sensitivity is also based on foreign currency risk exposures to financial asset and liability balances as at 31 December 2017 which are on average not expected to significantly increase over the next twelve months.

The following tables demonstrate the sensitivity to a reasonably possible change in the AUD/USD exchange rate with all other variables held constant.

The impact on the Group's pre-tax profit is due to changes in the fair value of monetary assets and liabilities. The impact on the Group's equity is due to changes in the fair value of the deferred consideration.

The Group's exposure for all other currencies is not material.

	Effect on loss before tax \$	Effect on equity \$
31 December 2017		
AUD/USD +10%	189,194	(638,631)
AUD/USD -10%	(189,194)	638,631
31 December 2016		
AUD/USD +10%	137,942	(604,592)
AUD/USD -10%	(137,942)	604,592

The movement in pre-tax profit is a result of changes to the fair value of monetary assets and liabilities denominated in USD.

The deferred consideration liability is recognised in the Group's subsidiary in Peru whose functional currency is US dollars. Hence the sensitivity of deferred consideration is recognised in equity. The sensitivity is measured based on the carrying amount of the liabilities rather than the contractual cash outflows up to 1 January 2024.

(a) Interest rate risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The Group is exposed to interest rate risk on its cash and cash equivalent balances.

The Board constantly monitors its interest rate exposure and attempts to maximise interest income by using a mixture of fixed and variable interest rates, whilst ensuring sufficient funds are available for the Group's operating activities. As at 31 December 2017 the Group had the following exposure to Australian variable interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS

	2017 \$	2016 \$
Financial assets		
Cash and cash equivalents	190,099	822,312

Movement of 50 basis points on the interest rate (considered a reasonably possible change) would not have a material impact on the consolidated loss or equity.

(b) Credit risk

Credit risk is the risk to the Group if a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Group's maximum exposure to credit risk at the reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Consolidated Statement of Financial Position.

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents (refer Note 9(a)) and trade and other receivables (refer Note 10) and other financial assets (refer Note 12).

The Group only trades with recognised creditworthy third parties. The Group only invests in high credit quality financial institutions with a credit rating of investment grade or better.

31 December 2017	Less than 1 month \$	1-3 months \$	3-12 months \$	1-5 years \$	5+ years \$	Total \$
Trade and other payables	641,699	-	214,102	-	-	855,801
Interest bearing liabilities	65,000	-	-	-	-	65,000
Deferred consideration	-	-	-	2,564,103	10,256,410	12,820,513
	706,699	-	214,102	2,564,103	10,256,410	13,741,314

31 December 2016	Less than 1 month \$	1-3 months \$	3-12 months \$	1-5 years \$	5+ years \$	Total \$
Trade and other payables	917,433	-	-	-	-	917,433
Interest bearing liabilities	-	500,000	-	-	-	500,000
Deferred consideration	-	-	-	1,387,500	12,487,500	13,875,000
	917,433	500,000	-	1,387,500	12,487,500	15,292,433

(c) Price risk

The Group is exposed to equity securities price risk. This arises from investments held and classified on the statement of financial position as at fair value through profit or loss. The Group is not exposed to commodity price risk.

The Group's equity investment is publicly traded on the Australian Securities Exchange (ASX).

A movement of 10% in the fair value of financial assets at fair value through profit and loss (considered a reasonably possible change) on the Group's post tax loss for the year and on equity would not have been material.

(d) Capital management

The Board is responsible for capital management of the Group. The Board's objective is to ensure the entity continues as a going concern as well as to maintain an optimal structure to reduce the cost of capital.

The Group is dependent from time to time on its ability to raise capital from the issue of new shares, obtain debt and its ability to realise value from its existing assets. This involves the use of cashflow forecasts to determine future capital management requirements.

Capital management is undertaken to ensure a secure, cost effective and flexible supply of funds is available to meet the Group's operating and capital expenditure requirements.

As at 31 December 2017 the Group is not subject to any external capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

27. EVENTS AFTER THE REPORTING PERIOD

On 8 February 2018 the Company completed the Sale Agreement with Westminster Resources Ltd for the sale of the Group's Peruvian Ilo Copper assets excluding the areas under joint venture with First Quantum Minerals. The Company received the first payment of cash consideration of USD\$150,000 with a further payment of USD\$100,000 receivable within 12 months and 19 million Westminster Resources Ltd shares.

On 16 February 2018, the Company secured rights to lithium projects within San Luis Argentina concluding a binding terms sheet with Kontrarian Resources Fund No 1.

On 19 February 2018, shareholders in General Meeting passed all resolutions put to the Meeting. The resolutions approved the issue of a total of 491,071,442 listed share options exercisable at \$0.01 expiring 12 October 2019. In addition, approval was granted for the issue of 4,569,231 share rights to Mr Vilensky, 3,269,231 share rights issued to Mr Jones and 13,846,154 share rights issued to Mr Gale.

28. AUDITOR'S REMUNERATION

	2017 \$	2016 \$
Amounts received or due and receivable by the auditor for:		
An audit or review of the financial report of the consolidated group	43,099	48,293
Amounts received or due and receivable by related practices of the auditor for:		
An audit or review of the financial report of the consolidated group	-	-
Other services in relation to the consolidated group	4,000	5,740
	<u>4,000</u>	<u>5,740</u>
Amounts received or due and receivable by non related practices of the auditor for:		
An audit or review of the financial report of the consolidated group	-	-
	<u>47,099</u>	<u>54,033</u>

NOTES TO THE FINANCIAL STATEMENTS

29. PARENT ENTITY INFORMATION

	2017 \$	2016 \$
(a) Financial position		
Assets		
Current assets	1,308,443	1,524,199
Non-current assets	13,287,448	12,000,506
Total assets (i)	14,595,891	13,524,705
Liabilities		
Current liabilities (ii)	214,655	646,053
Non-current liabilities	-	-
	214,655	646,053
Net assets	14,381,236	12,878,652
Equity		
Contributed equity	46,437,382	42,041,903
Reserves	2,822,134	2,532,576
Accumulated losses	(34,878,280)	(31,695,827)
	14,381,236	12,878,652
(i) Assets		
Balance per parent company	14,595,891	13,524,705
Provision for intercompany loans and consolidation entry	(12,382,251)	(10,365,147)
Balance per operating segment note (Note 4)	2,213,640	3,159,558
(ii) Liabilities		
Balance per parent company	214,655	646,053
Movement relating to mineral projects (inter-company)	(16,444)	(18,182)
Balance per operating segment note (Note 4)	198,211	627,871
(b) Financial performance		
(Loss)/Profit of the parent entity (i)	(3,182,452)	1,790,075
Total comprehensive profit/(loss) of the parent entity	(3,182,452)	1,790,075
(i) (Loss)/Profit for the year		
(Loss)/Profit per parent company	(3,182,452)	1,790,075
Provision for intercompany loans and consolidation entry	(2,121,678)	(3,834,524)
Balance per operating segment note (Note 4)	(1,060,774)	(2,044,449)
(c) Contingencies and commitments		
Operating lease commitments:		
Not later than one year	211,382	3,700
Later than one year but not later than five years	-	-
	211,382	3,700

DIRECTORS' DECLARATION

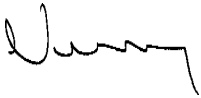
In accordance with a resolution of the directors of Latin Resources Limited, I state that:

1. In the opinion of the directors:

- (a) The financial statements and notes of Latin Resources Limited for the financial year ended 31 December 2017 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001;
- (b) the financial statements and notes also comply with International Financial Reporting Standards, as stated in note 2(b); and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2017.

On behalf of the Directors



David Vilensky
Chairman

Signed on 29 March 2018

29 March 2018

Board of Directors
Latin Resources Limited
Unit 3, 32 Harrogate Street
West Leederville, WA 6007

Dear Sirs

RE: LATIN RESOURCES LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Latin Resources Limited.

As Audit Director for the audit of the financial statements of Latin Resources Limited for the financial year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully,

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)



Martin Michalik
Director

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
LATIN RESOURCES LIMITED**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Latin Resources Limited, the Company and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Material Uncertainty Regarding Going Concern, Carrying Value of Exploration and Evaluation Assets and Recoverability of the Peruvian GST Receivable

We draw attention to Note 2(g), Note 14 and Note 10(b) of the financial report, which describe the going concern basis of preparation of the financial report, the carrying value of the Peruvian GST and the exploration and evaluation assets respectively.

As referred to in Note 2(g) to the financial statements, the financial statements have been prepared on a going concern basis. As at 31 December 2017, the Group had working capital of \$496,609 (after excluding assets held for sale) and had incurred a loss for the year of \$2,381,967. The ability of the Group to continue as a going concern is subject to the successful recapitalisation of the Group, commencement of profitable operations or sale of the underlying projects. In the event that the Board is not successful in recapitalising the Group and in raising further funds, the Group may not be able to pay its debts as and when they become due and may be required to realise its assets and discharge its liabilities other than in the normal course of business, and at amounts different to those stated in the financial report.

As referred to in Note 14 and Note 10(b) respectively, the recoverability of the Group's carrying value of exploration and evaluation assets of \$6,368,500 and GST receivable of \$1,700,263 in its subsidiary in Peru is dependent on the successful commercial exploitation of the exploration and evaluation assets and/or sale of those assets at amounts in excess of the book values. In the event that the Group is not successful in commercial exploitation and/or sale of the exploration and evaluation assets, the realisable value of the Group's assets including GST receivable in Peru may be significantly less than their current carrying values.

Our opinion is not modified in respect of these matters.

Key Audit Matters

In addition to the matters described in the Emphasis of Matter paragraphs, we have defined the matters described below to be key audit matters to be communicated in our report.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
<p><i>Issued Capital and Share Based Payments</i></p> <p>The Group's Contributed Equity, amounted to \$46,437,382 at 31 December 2017. During the year, this increased by the issuance of 1,044,968,072 ordinary shares through placements, the issue and exercise of options, conversions of share rights, settlement of liabilities and settlement of brokerage fees.</p> <p>Issued Capital and Share based payments are key audit matters due to:</p> <ul style="list-style-type: none">• the quantum of transactions having been effected during the year; and• the complexities involved in recognition and measurement of these instruments. <p>We have spent significant audit effort on ensuring the issued capital was appropriately accounted for and that other share-based payments were appropriately valued and accounted for in accordance with AASB 2 <i>Share-Based Payments</i> (AASB 2).</p>	<p>Inter alia, our audit procedures included the following:</p> <ol style="list-style-type: none">i. Obtained an understanding of the underlying transactions;ii. For share placements, traced funds raised to bank statements and other relevant supporting documentation;iii. Audited the option valuations and assessed the assumptions used;iv. Checked that the fair-value of share rights are appropriately charged over the vesting period and allocated to expenses or capitalised exploration and evaluation expenditure as appropriate, in accordance with AASB 2; andv. Discussed with management the requirements of the relevant accounting standards and need for disclosures to achieve fair presentation and reviewed the financial statements to ensure appropriate disclosures are made.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 15 of the directors' report for the year ended 31 December 2017.

In our opinion the Remuneration Report of Latin Resources Limited for the year ended 31 December 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
29 March 2018

ASX ADDITIONAL INFORMATION

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below. The information was applicable as at 27 March 2018.

Class of equity securities and voting rights

SHARES

There were 2,622,366,170 ordinary fully paid shares on issue. All issued ordinary shares carry one vote per share.

SHARE RIGHTS

There were share rights over 86,383,950 unissued shares. There are no voting rights attached to the share rights however voting rights are attached to the unissued shares once all the share rights vesting criteria are met.

OPTIONS

The Company has the following classes of options on issue at 27 March 2018 as detailed below. Options do not carry any rights to vote.

Code	Class	Terms	Number
LRSOB	Listed	Exercisable at \$0.01 each and expiring on 12 October 2019	741,071,442
LRSAY (b)	Unlisted	Exercisable at \$0.008 each and expiring on 30 November 2018	9,375,000

VOTING RIGHTS

In accordance with the Company's Constitution:

- on a show of hands every shareholder present in person or by proxy, attorney or representative of a shareholder has one vote and
- on a poll every shareholder present in person or by proxy, attorney or representative of a shareholder has in respect of fully paid shares, one vote for every share held. No class of option holder has a right to vote, however the shares issued upon exercise of options will rank parri passu with the then existing issued fully paid ordinary shares.

Distribution of equity securities

THE NUMBER OF EQUITY HOLDERS BY SIZE AND HOLDING, IN EACH CLASS ARE:

Range	Ordinary shares (listed)	Share rights (unlisted)	Options (listed)	Options (unlisted)
1 – 1,000	134	-	1	-
1,001 – 5,000	47	-	-	-
5,001 – 10,000	66	-	1	-
10,001 – 100,000	1,424	-	8	-
100,001 and over	2,206	11	197	1
Total	3,877	11	207	1

HOLDING LESS THAN A MARKETABLE PARCEL

	713	-	27	-
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RESTRICTED SECURITIES

The Company has no Restricted Securities on issue.

Substantial shareholders

The substantial shareholders in the Company, as disclosed in substantial shareholding notices given to the company are:

Shareholder	No. of Shares Held	% Held
Not applicable	-	-

ASX ADDITIONAL INFORMATION

Twenty largest holders of quoted shares

<i>Rank</i>	<i>Shareholder</i>	<i>No. of Shares Held</i>	<i>% Held</i>
1.	J P MORGAN NOMINEES AUSTRALIA LIMITED	255,015,135	9.72
2.	MR ROBERT VEITCH + MRS ELAINE VEITCH <VEITCH SUPER FUND A/C>	66,873,615	2.55
3.	FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	35,150,000	1.34
4.	JUNEFIELD HIGH VALUE METALS INVESTMENTS LIMITED	30,699,323	1.17
5.	ELMER MOISES ROSALES CASTILLO	28,302,055	1.08
6.	MR VESA ANDREW SAARIO	26,008,143	0.99
7.	MR DAVID RONALDSON	25,000,000	0.95
8.	DEMPSEY RESOURCES PTY LTD	20,622,129	0.79
9.	BUBEVICH INVESTMENTS PTY LTD <BUBEVICH FAMILY A/C>	20,000,000	0.76
10.	MR GARRY CROLE	20,000,000	0.76
11.	PARD INVESTMENTS PTY LTD <PARD SUPER FUND A/C>	20,000,000	0.76
12.	SUBURBAN HOLDINGS PTY LIMITED <SUBURBAN SUPER FUND A/C>	20,000,000	0.76
13.	CITICORP NOMINEES PTY LIMITED	19,697,730	0.75
14.	MR KENNETH ROY GILBERT	19,500,000	0.74
15.	MOONAH CAPITAL PTY LTD	18,380,250	0.70
16.	BROCK MCLEAN INVESTMENTS PTY LTD <BROCK MCLEAN SMSF A/C>	16,900,000	0.64
17.	INTERPRAC LTD	16,548,076	0.63
18.	HYDRONOMEES PTY LTD <HYDRO-CHEM S/F A/C>	16,533,565	0.63
19.	MR ROBERT ANDREW VEITCH + MRS ELAINE VEITCH <VEITCH SUPERANNUATION FU A/C>	15,774,286	0.60
20.	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	15,497,175	0.59
	Total	706,501,482	26.91

Twenty largest holders of quoted options

<i>Rank</i>	<i>Shareholder</i>	<i>No. of Options Held</i>	<i>% Held</i>
1.	SHAPE WEALTH PTY LTD	110,000,000	14.84
2.	MR CRAIG RUSSELL STRANGER	37,917,667	5.12
3.	PAC PARTNERS PTY LTD	37,579,333	5.07
4.	ZENIX NOMINEES PTY LTD	35,714,286	4.82
5.	MRS BROOKE LAUREN PICKEN	32,292,166	4.36
6.	RAVEN INVESTMENT HOLDINGS PTY LTD (RAVEN INVESTMENT)	28,199,551	3.81
7.	PERSHING AUSTRALIA NOMINEES PTY LTD (ACCUM A/C)	22,857,142	3.08
8.	MR ROBERT VEITCH + MRS ELAINE VEITCH <VEITCH SUPER FUND A/C>	21,205,000	2.86
9.	TWENTY TEN ENTERPRISES PTY LTD	20,000,000	2.70
10.	MR ROBERT VEITCH + MRS ELAINE VEITCH <VEITCH SUPER FUND A/C>	19,582,445	2.64
11.	SEQUIOIA GROUP HOLDINGS PTY LTD	18,750,000	2.53
12.	MR TRAVIS FOUNTAIN	14,657,306	1.98
13.	MR ANDREW VEITCH + MRS SAMANTHAE VEITCH <A&S VEITCH FAMILY S/F A/C>	13,100,000	1.77
14.	MR BIN LU	12,415,527	1.68
15.	MR GREGORY MARTIN LYLE + MR BRADLEY GRANT LYLE (b LYLE S/F A/C)	10,148,333	1.37
16.	MOONAH CAPITAL PTY LTD	10,000,000	1.37
17.	MR PHILLIP MARK ANDRISKE	9,635,375	1.30
18.	MR PHILLIP MARK ANDRISKE	8,450,000	1.14
19.	MR PRADEEP ARUNDAVARAJA	7,406,810	1.00
20.	KHE SANH PTY LTD (TRADING NO 1 A/C)	6,000,000	0.81
	Total	475,910,941	64.25

TENEMENT SCHEDULE

AUXILIADORA II	01-00586-07	Peru	100%	Concession
GIANDERI XXXIII	01-01560-06	Peru	100%	Title in the name of PLR is pending
MACARENA XXII	01-00588-07	Peru	100%	Title in the name of PLR is pending
SAN FRANCISCO XXIII	63-00026-10	Peru	100%	Concession
SANTA XIX	01.00590-07	Peru	100%	Concession
SANTA XVIII	63-00041-09	Peru	100%	Concession
SANTA XX	63-00042-09	Peru	100%	Concession
SANTA XXIII	01-00595-07	Peru	100%	Concession
BLACKBURN 10	01-02897-12	Peru	100%	Concession
BLACKBURN 12	01-02899-12	Peru	100%	Concession
BLACKBURN 13	01-03176-12	Peru	100%	Concession
BLACKBURN 15	01-03179-12	Peru	100%	Concession
BLACKBURN 7	01-02850-12	Peru	100%	Concession
BLACKBURN 8	01-02895-12	Peru	100%	Concession
BLACKBURN 9	01-02896-12	Peru	100%	Concession
LOS CONCHALES	01-02590-12	Peru	100%	Concession
MATHEW 2	01.01635-11	Peru	100%	Concession
LATIN ILO ESTE I	01-05005-08	Peru	100%	Concession
LATIN ILO ESTE II	01-05003-08	Peru	100%	Concession
LATIN ILO ESTE III	01-05001-08	Peru	100%	Concession
LATIN ILO ESTE IV	01-05007-08	Peru	100%	Concession
LATIN ILO ESTE IX	01-01952-14	Peru	100%	Concession
LATIN ILO ESTE V	01.05008-08	Peru	100%	Concession
LATIN ILO ESTE VI	01-05009-08	Peru	100%	Concession
LATIN ILO ESTE VII	01-00335-10	Peru	100%	Concession
LATIN ILO NORTE 3	01-00830-09	Peru	100%	Concession
LATIN ILO NORTE 4	01-00831-09	Peru	100%	Concession
LATIN ILO NORTE 5	01-02510-09	Peru	100%	Concession
LATIN ILO NORTE 6	01-02511-09	Peru	100%	Concession
BRIDGETTE 1	01-01844-11	Peru	100%	Concession
ESSENDON 10	01-02249-10	Peru	100%	Concession
ESSENDON 14	01-01824-11	Peru	100%	Concession
ESSENDON 21	01-01841-11	Peru	100%	Concession
ESSENDON 26	01-01849-11	Peru	100%	Concession
ESSENDON 4	01-01897-10	Peru	100%	Concession
ESSENDON 5	01-01898-10	Peru	100%	Concession
ESSENDON 6	01-01899-10	Peru	100%	Concession
ESSENDON 7	01-02246-10	Peru	100%	Concession
ESSENDON 8	01-02247-10	Peru	100%	Concession
ESSENDON 9	01-02248-10	Peru	100%	Concession
LATIN ILO NORTE 7	01-02512-09	Peru	100%	Concession
LATIN ILO NORTE 8	01-02513-09	Peru	100%	Concession
MADDISON 1	01-01845-11	Peru	100%	Concession
RYAN 1	01-01843-11	Peru	100%	Concession

TENEMENT SCHEDULE

DOCKERS 1	01-01865-11	Peru	100%	Concession
DOCKERS 2	01-01866-11	Peru	100%	Concession
DOCKERS 3	01-01867-11	Peru	100%	Concession
DOCKERS 4	01-01868-11	Peru	100%	Concession
FLEMANTLE 16	01-02431-10	Peru	100%	Concession
FREMANTLE 1	01-02062-10	Peru	100%	Concession
FREMANTLE 10	01-02425-10	Peru	100%	Concession
FREMANTLE 11	01-02426-10	Peru	100%	Concession
FREMANTLE 14	01-02429-10	Peru	100%	Concession
FREMANTLE 18	01-02433-10	Peru	100%	Concession
FREMANTLE 2	01-02063-10	Peru	100%	Concession
FREMANTLE 22	01-01831-11	Peru	100%	Concession
FREMANTLE 29	01-01838-11	Peru	100%	Concession
FREMANTLE 3	01-02064-10	Peru	100%	Concession
FREMANTLE 4	01-02065-10	Peru	100%	Concession
FREMANTLE 5	01-02066-10	Peru	100%	Concession
FREMANTLE 7	01-02068-10	Peru	100%	Concession
FREMANTLE 8	01-02250-10	Peru	100%	Concession
FREMANTLE 9	01-02424-10	Peru	100%	Concession
KELLY 00	01-01840-11	Peru	100%	Concession
KELLY 01	01-04977-11	Peru	100%	Concession
LATIN ILO SUR F	01-02824-09	Peru	100%	Concession
LATIN MORRITO 1	01-02827-09	Peru	100%	Concession
LATIN MORRITO 2	01-02828-09	Peru	100%	Concession
VANDALS 1	01-02437-10	Peru	100%	Concession
VANDALS 2	01-02438-10	Peru	100%	Concession
Catamarca				
ANCASTI	36M2016	Argentina	100%	Exploration Concession
ANCASTI	37M2016	Argentina	100%	Exploration Concession
ANCASTI	38M2016	Argentina	100%	Exploration Concession
VILLISMAN	39M2016	Argentina	100%	Exploration Concession
VILLISMAN	40M2016	Argentina	100%	Exploration Concession
VILLISMAN	41M2016	Argentina	100%	Exploration Concession
VILLISMAN	42M2016	Argentina	100%	Exploration Concession
VILLISMAN	57M2016	Argentina	100%	Exploration Concession
LATINA 1	1/18	Argentina	100%	Exploration Concession
LATINA 2	3/18	Argentina	100%	Exploration Concession
LATINA 3	5/18	Argentina	100%	Exploration Concession
LATINA 4	6/18	Argentina	100%	Exploration Concession
LATINA 5	4/18	Argentina	100%	Exploration Concession
LATINA 6	2/18	Argentina	100%	Exploration Concession
LATINA 7	13/18	Argentina	100%	Exploration Concession
LATINA 8	14/18	Argentina	100%	Exploration Concession
LATINA 9	12/18	Argentina	100%	Exploration Concession
LATINA 10	11/18	Argentina	100%	Exploration Concession
LATINA 11	10/18	Argentina	100%	Exploration Concession

TENEMENT SCHEDULE

LATINA 12	9/18	Argentina	100%	Exploration Concession
LATINA 13	8/18	Argentina	100%	Exploration Concession
LATINA 14	7/18	Argentina	100%	Exploration Concession
MINA LA CULPABLE ¹	45/81	Argentina	100%	Mining Concession
Salta				
SANTA ELENA	18159	Argentina	100%	Exploration Concession
TRES TETAS I	18263	Argentina	100%	Exploration Concession
EL QUEMADO	19516	Argentina	100%	Exploration Concession
LA ELVIRITA V	20999	Argentina	100%	Exploration Concession
AGUAS CALIENTES V	21992	Argentina	100%	Exploration Concession
EL QUEMADO	21993	Argentina	100%	Exploration Concession
PENAS BANCAS V	22045	Argentina	100%	Exploration Concession
MIRKOS 4	20203	Argentina	100%	Exploration Concession
MIRKOS 5	20204	Argentina	100%	Exploration Concession
MIRKOS 6	20205	Argentina	100%	Exploration Concession
MIRKOS 7	20206	Argentina	100%	Exploration Concession
MIRKOS 10	20209	Argentina	100%	Exploration Concession
CROSBY 1	21648	Argentina	100%	Exploration Concession
CROSBY 2	21649	Argentina	100%	Exploration Concession
CROSBY 3	21650	Argentina	100%	Exploration Concession
CROSBY 4	21651	Argentina	100%	Exploration Concession
CROSBY 5	22116	Argentina	100%	Exploration Concession
CROSBY 6	22117	Argentina	100%	Exploration Concession
MICROS 1	22143	Argentina	100%	Exploration Concession
MICROS 3	22144	Argentina	100%	Exploration Concession
MICROS 9	22142	Argentina	100%	Exploration Concession
CROSBY 7	22317	Argentina	100%	Exploration Concession
CROSBY 8	22318	Argentina	100%	Exploration Concession
JOSEFINA VII	22349	Argentina	100%	Exploration Concession
EL LATINO	22769	Argentina	100%	Exploration Concession
EL LATINO I	22770	Argentina	100%	Exploration Concession
EL LATINO II	22771	Argentina	100%	Exploration Concession
La Rioja				
GLADYS	03-F-17	Argentina	100%	Exploration Concession
CECILIA	04-F-17	Argentina	100%	Exploration Concession
ANITA	05-F-17	Argentina	100%	Exploration Concession
San Luis				
PORTEZUELO	65-C-2016	Argentina	100%	Exploration Concession
ESTANZUELA	64-C-2016	Argentina	100%	Exploration Concession
LA META	63-C-2016	Argentina	100%	Exploration Concession
TILISARAO	66-C-2016	Argentina	100%	Exploration Concession
BAJO DE VELIZ	76-C-2016	Argentina	100%	Exploration Concession
DE GEMINIS	84-C-2016	Argentina	100%	Exploration Concession
MARIA DEL HUERTO	85-C-2016	Argentina	100%	Exploration Concession
MARIA DEL HUERTO	134-Q-1936	Argentina	100%	Mining Concession
GEMINIS ¹	674-S-1968	Argentina	100%	Mining Concession
DON GREGORIO ¹	470-O-2006	Argentina	100%	Mining Concession

TENEMENT SCHEDULE

ESTANZUELA SUR	64-R-2017	Argentina	100%	Exploration Concession
LOS MEMBRILLOS	65-R-2017	Argentina	100%	Exploration Concession
QUINES SUR	66-R-2017	Argentina	100%	Exploration Concession
PASO GRANDE NORTE	67-R-2017	Argentina	100%	Exploration Concession
SOLITARIO	68-R-2017	Argentina	100%	Exploration Concession
TRAPICHE NORTE	69-R-2017	Argentina	100%	Exploration Concession
ESTANZUELA NORTE	70-R-2017	Argentina	100%	Exploration Concession
QUINES	71-R-2017	Argentina	100%	Exploration Concession
LA TOMA NORTE	72-R-2017	Argentina	100%	Exploration Concession
QUINES ESTE	72-R-2017	Argentina	100%	Exploration Concession
PASO GRANDE SUR	1-R-2018	Argentina	100%	Exploration Concession
TRAPICHE SUR	2-R-2018	Argentina	100%	Exploration Concession
LA TOMA SUR	3-R-2018	Argentina	100%	Exploration Concession

¹ Acquisition is pursuant to an option agreement.