LATIN RESOURCES LIMITED

2014 ANNUAL REPORT

Creating **wealth**, **opportunities** and **investments** in Latin America.

CORPORATE DIRECTORY

DIRECTORS

Mr David Vilensky
(Non-Executive Chairman)

Mr Christopher Gale
(Managing Director)

Mr Frankie Li
(Non-Executive Director)

Mr. Zhongsheng Liu
(Non-Executive Director)

Mr Mark Rowbottam
(Non-Executive Director)

COMPANY SECRETARY

Mr Anthony Begovich

REGISTERED OFFICE

Suite 2, Level 1
254 Rokeby Road
Subiaco 6008
Western Australia

Telephone
+61 8 9485 0601

Facsimile
+61 8 9321 6666

E-mail
info@latinresources.com.au

PERU OFFICE

Av. Camino Real 348
Torre "El Pilar" del Centrol
Camino Real
Oficina 1101
San Isidro / Lima - Perú
Teléfono: 51 (1) 2070-490

SHARE REGISTRY

Computershare Investor Services Pty Limited

Level 2
Reserve Bank Building
45 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 Stock 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

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CHAIRMAN'S REVIEW

Dear Shareholders

The past 12 months has seen Latin Resources face further challenges in the face of ongoing negative investor sentiment and weak capital markets globally in the mining and resources sector.

Like most junior explorers our share price has struggled at a level which does not reflect the true value of the Company. In turn this has restricted and limited our capital raising opportunities. Nobody disputes the challenging and very uncertain financial markets that currently exist. Notwithstanding, bucking the trend of negative sentiment, the Company recently achieved two significant highlights in the form of signed agreements which are set out below.

As was stated in my Chairman's Review of 2013, consistent with its policy to conserve cash to the fullest extent possible and reduce expenses, in addition to its policy of proceeding with its projects only when suitable joint venture partners have been found, the Company has continued to implement a number of further cost saving initiatives to reduce its operating costs. This included further redundancies of certain staff at our office in Lima, reduced spending on external consultants, and the directors and senior management agreeing to accept an additional 20% for a total of a 40% reduction in cash salaries in their remuneration packages. These are significant sacrifices worthy of mention.

The company remains focused on its core strategies. The first is to seek a suitable joint venture partner to bring the company's 100% owned flagship Guadalupito Project into production as soon as possible. To this end, further progress is being made in the important phase of ongoing mineral separation testwork to confirm the potential of the project as one of the largest fine andalusite deposits in the world.

Identifying andalusite as the dominant mineral at Guadalupito in the context of the Company's strategy moving forward has been an important achievement for the Company.

Andalusite prices have continued to rise to close to $500 per tonne and andalusite has been identified as a new proppant material that can offer the strength required in the emerging gas fracking and proppant industry. Ceramic proppants, in which andalusite is a key ingredient, hold advantages over other proppants due to their excellent conductivity and permeability which offers the strength required to prop fractures in deep modern wells.

We remain confident that a suitable joint venture partner will be found to assist with the development and production of our exciting world class andalusite deposit. The process of attracting such a partner is ongoing.

A significant highlight has been the signing of a joint venture agreement covering its Ilo Este porphry copper – gold target with Compania Minera Zahena S.A.C. **("Zahena")** to drill the company's extensive Ilo Este project in Southern Peru which was announced to the ASX recently. Zahena is a major explorer in the region with strong technical expertise in porphyry copper exploration in the Ilo district. The new joint venture gives Latin Resources a free carried exposure to a significant copper exploration program for a junior explorer to be undertaking in Southern Peru and at the same time procuring a strong partnership with a major company in the region with the financial and technical expertise to advance any major copper discovery through to development and production.

Only a few days before this Annual Report went to print a second significant highlight was achieved by the Company. On 15 March 2015, Peruvian Latin Resources S.A.C (PLR), the wholly owned Peruvian subsidiary of the Company, signed a Memorandum of Understanding (MOU) with Minera Antares Peru S.A.C, the Peruvian subsidiary of First Quantum Minerals Ltd. Under the MOU the Company and First Quantum will collaborate with each other exclusively for 12 months to discover mineral deposits worthy of further exploration and development within 63,730 hectares of PLR's 100% owned mining concessions in Southern Peru which are considered by both companies to be prospective for porphyry copper and IOCG deposits on a significant scale.

The MOU is an exciting development which will see the Company work collaboratively with one of the world's premier copper producers on our extensive concession package in Southern Peru to define targets that can be developed into valuable projects.

The MOU and the joint venture with Zahena are consistent with the company's strategy of securing quality joint venture partners to develop its ten target areas located in this highly sought after copper destination of the Ilo District of Southern Peru close to excellent infrastructure.

CHAIRMAN'S REVIEW

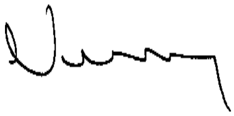
Our management and staff and consultants in Australia and Peru continue to work diligently in a challenging environment and I thank them for their ongoing contributions.

Despite the challenging times, and with a little luck, I am confident the Company will deliver a return to its very loyal shareholders.

On behalf of the Board I would like to thank our Managing Director, Chris Gale and his loyal staff for their tireless efforts in the pursuit of the strategy and vision of the Company.

I also thank our valued shareholders for their ongoing support of the Company through some significant challenges over the past twelve months. I assure shareholders that the 'can do' spirit of the Company is still alive and well and all options are being considered at all times to reward shareholders and enhance shareholder value.

I ask shareholders to remain patient and I look forward to bringing you news of our progress in 2015.



DAVID VILENSKY
Chairman

REVIEW OF OPERATIONS

Company overview

In an extremely challenging year for exploration companies globally, Latin Resources Limited was able to significantly advance exploration of its highly prospective portfolio of mining concessions in copper rich Southern Peru; advance with metallurgical testing of samples from the more than 1 billion tonne JORC inferred resource at the Guadalupito Andalusite project, and; start initial exploration of strategically located iron ore properties acquired late 2013 in Brazil.

2014 opened with the rapid execution of nearly 10,000 metres of drilling at Ilo Norte: 18 months' worth of earn-in commitment by Latin's partner Zahena was completed in only 4 months. Further drilling was undertaken later in the year taking the drill total to nearly 13,000 metres, in 16 holes drilled over $2km^2$. Fourteen of the 16 holes made a number of intersections, together totalling from between 21 to 189 metres of low grade Cu mineralisation (0.1%-0.3% Cu) in each of the 14 holes. With drilling over $2km^2$, this highlights the extensive mineralised system that was suggested by previous alteration mapping and geophysics. Four of the 14 holes also encountered a number of narrower high grade copper intersections, (best 30m @ 0.93% Cu and 0.12 g/t Au, including 6m @ 3.1% Cu and 0.45 g/t Au), suggesting important structural controls on mineralisation. The 16 holes were drilled on an approximate 400 metre x 400 metre grid, leaving still much scope for a moderately sized high grade copper deposit to be defined with future drilling.

2014 also saw enormous potential uncovered at Ilo Este, a very large Cu-Au-Mo-Ag porphyry system that was found to outcrop over $3km^2$, with possible extensions under cover, and by fault offset to the south east. Such was the promise revealed by geological mapping and surface sampling early in 2014, that the company funded the drilling of three initial holes into the first of two ESE striking intrusive belts, each at least 1.5 km long and more than 0.5 km wide. Porphyry copper mineralisation, stockworking and strong potassic alteration were intersected by each of the initial three holes: Consistent mineralisation (0.1%-0.2% Cu) was intersected from surface to between 200 and 472 metres down hole over 1.1 km of strike. These results proved beyond a doubt the significant size of the mineralised system, easily capable of hosting higher grade phases within the overall mineralised envelope.

Such a large system requires very significant expenditure to unlock value and prevailing market conditions had Latin shift gear on the project by applying the Company's proven successful strategy of finding a partner to commit to such expenditure through an earn-in option. The process began in late 2014, and was completed before the release date of this report, with Latin's Ilo Norte partner Zahena agreeing to 11,000 m of drilling and US$1 million cash payments over three years to earn 70% of the Ilo Este project. Additional US$5 million cash will be paid to Latin when a successful detailed feasibility study is completed. Drilling is expected to commence in Q2 2015 following modifications to the drilling permits.

In welcoming Zahena to Ilo Este, Latin also had to thank them for their estimated US$3 Million of investment in the ground at Ilo Norte following their decision not to continue with the earn-in option there, Zahena clearly preferring the large disseminated style of mineralisation offered by the Ilo Este Porphyry compared with the higher grade, structurally controlled and more complex mineralisation seen to date at Ilo Norte.

Following such aggressive execution of exploration at Ilo Norte, Latin is looking forward to significant advance and success at Ilo Este in 2015 while also seeking to attract further investment at project level for Ilo Norte and the other 9 remaining target areas in the Ilo copper district.

Latin's focus at Guadalupito took a definitive turn in 2014 through the recognition of the value of contained Andalusite, redefining the project around this important commodity. Magnetite, Ilmenite, Rutile, Zircon, Garnets and other minor heavy minerals in the assemblage have taken their place as secondary credits, still important for reducing production cost of the dominant Andalusite.

Work continued through the year on metallurgical test work to better define and simplify recovery of Andalusite, with a combination of gravity and magnetic separation on relatively small samples shown to successfully recover Andalusite into a pre-concentrate containing 60% high purity Andalusite. Work has continued at a larger scale using sample of nearly 2 tonnes with testing designed to recover Andalusite for market evaluation.

REVIEW OF OPERATIONS

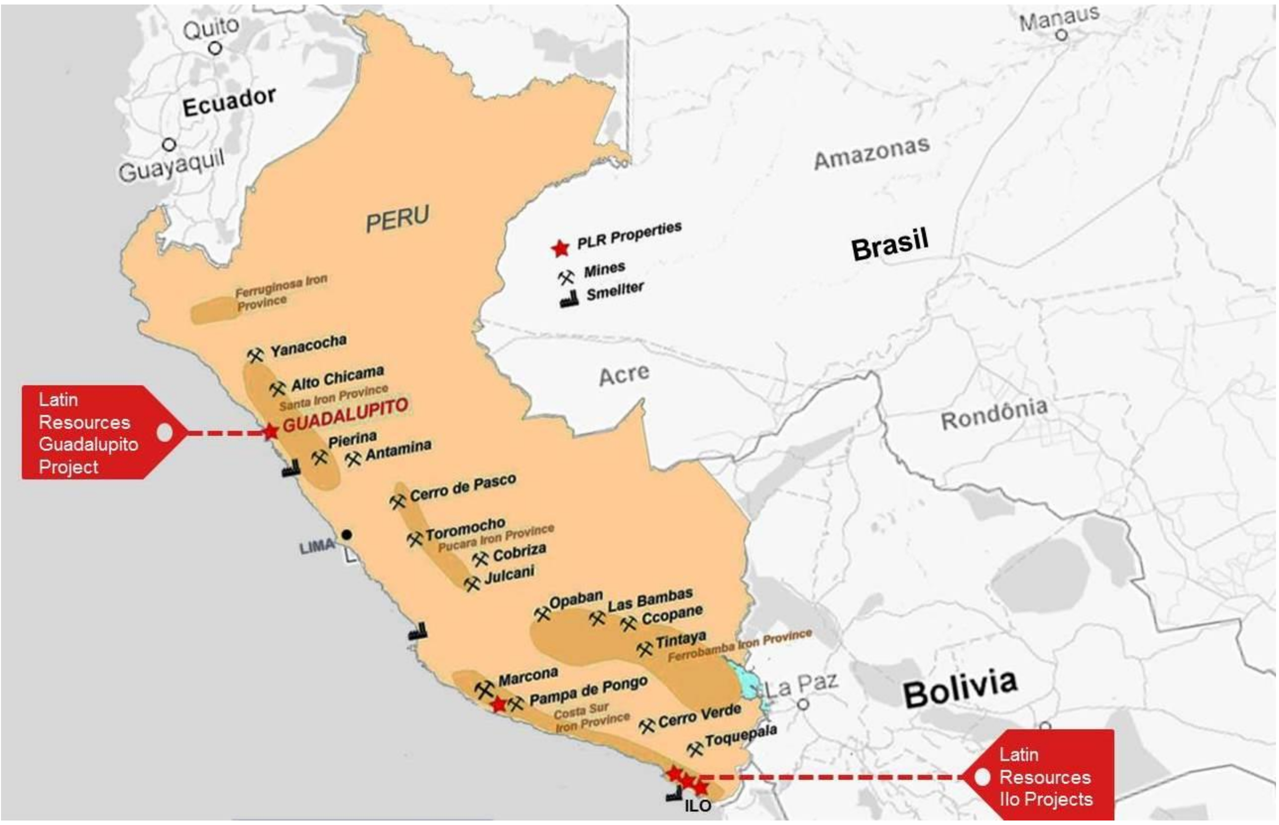
Magnetite recovery was demonstrated to be very straight forward by the testing, further supported by the production of a 1.9 tonne sample of magnetite concentrate (grading 61.4% Fe and 2.2% TiO_2) produced by direct magnetic separation of 22.7 tonnes of ore from Guadalupito in a third party pilot plant located in Peru. The concentrate was provided to Gerdau in Brazil, owners of the steel foundry located just 25 km from the Guadalupito project for evaluation as feedstock for the foundry.

Latin continues to expend every effort to bring a Joint Venture partner to facilitate the continued development of the Guadalupito project which included the July appointment of specialist advisors Northcott Capital to assist with this process that has resulted in a number of groups undertaking due diligence in the second half of the year.

2014 saw Latin commence initial exploration of the iron ore properties acquired from Rio Tinto in Brazil in late 2013, strategically located close to port, infrastructure and existing iron ore operations. Reconnaissance mapping identified encouraging targets for itabiritic iron ore in four of the seven exploration blocks with rock chip grades from 28-41% Fe. A cash sale of part of one of the blocks not promising for iron ore potential was made to local construction material producers. Recent dramatic changes in the global iron ore market have resulted in Latin re-evaluating the future potential of these properties.

Finally, the Company has prepared for continued challenging market conditions going through 2015 by maintaining a constant focus on cost reduction throughout 2014, culminating in significant changes from year end to further reduce administrative overhead going into 2015. Changes implemented at the date of publication in both Australia and Peru include reduction in staff numbers, negotiated reductions in salaries of directors and remaining staff, and relocations to smaller office premises.

Figure 1 – Latin Resources Limited's major focus through 2014 has been the Ilo Copper Projects along the Southern Peru coastal IOCG and Porphyry Copper belt and the Guadalupito Andalusite Project in Northern coastal Peru.



REVIEW OF OPERATIONS

Highlights for the year ended 31 December 2014

ILO COPPER PROJECTS

- Geological mapping and surface sampling at the Ilo Este project confirmed a mineralised copper-gold-molybdenum-silver porphyry system outcropping over a 3km^2 area, with substantial potential extensions undercover, and in fault offset positions to the south east.
- Subsequent drilling of an initial 3 diamond holes confirmed continuous porphyry style copper mineralisation in each hole from surface to between 200 and 472 m down hole and over 1.1 km of strike with grades of up to 0.46% Cu.
- 12,658 m of diamond drilling in 16 holes worth an estimated US$3 Million drilled at Ilo Norte by earn-in partner Zahena during 2014.
- 4 of the holes also encountered a number of narrow high grade copper intersections, (best 30m @ 0.93% Cu and 0.12 g/t Au, including 6m @ 3.1% Cu and 0.45 g/t Au), suggesting important structural controls on mineralisation.
- 14 of the 16 holes drilled over 2km^2, had several intersections, together totalling from between 21 to 189 metres of low grade Cu mineralisation (0.1%-0.3% Cu) in each hole, highlighting the extent of the mineralised system.
- Earn-in partners are being sought for 10 target areas over 100 km of strike prospective for IOCG and Copper Porphyry mineralisation in copper rich Southern Peru.

GUADALUPITO ANDALUSITE PROJECT

- New terms were agreed with Guadalupito vendors that offset 70% of Latin's cash obligations through 2017 to subsequent years. Two additional concessions (500 hectares) were also transferred to Latin.
- Andalusite and Magnetite were successfully concentrated by gravity and magnetic methods applicable for industrial scale processes from a composite sample from the over 1 billion tonne "Los Conchales" resource at Guadalupito.
- A larger scale test program to further develop Andalusite recovery process was commenced using an additional 2 tonnes of the "Los Conchales" composite.
- 27.2 tonnes of ore from Los Conchales was processed directly by a local magnetic separation pilot plant to produce 1.9 tonnes of magnetite concentrate grading 61.4% Fe and 2.2% TiO_2 which was subsequently provided to owners of the steel foundry 25km from Guadalupito for evaluation as feedstock.
- Due diligence undertaken by several prospective Joint Venture partners at Guadalupito.

BRAZILIAN IRON ORE PROJECTS

- Initial exploration identified encouraging targets for itabiritic iron ore in four of the seven exploration blocks with rock chip grades from 28-41% Fe.
- Cash sale of part of the blocks not promising iron ore potential to construction material producers.

REVIEW OF OPERATIONS

Projects

GUADALUPITO ANDALUSITE PROJECT – NORTHERN PERU

The Guadalupito Andalusite project consists of over 22,000 hectares of 100% owned Peruvian Mining Concessions (Figure 2) on the coastal plain north of the Santa River in Northern Peru.

Mineral Resources Statement

At 31 December 2014, total JORC (2004) inferred resources were 1329 Million Tonnes grading 5.7% Heavy Mineral in two resource areas (Table 1, Figure 2), subject of announcements made 7 February 2013 and 05 June 2013.

Table 1 – Total JORC Inferred Resource Estimate at Guadalupito as at 31 December 2013

Inferred Resource Block	Split[1]	Tonnes (Mt)[3]	HM *in situ* (%)	HM in Sand (%)[4]	Sand (%)[4]	Oversize (%)[5]	Fines (%)[6]
Tres Chosas	Above Water Table	41.8	8.9	12	78.7	19.6	1.8
Los Conchales		85.2	8	10	80.9	12.2	6.9
Total		***127.0***	***8.3%***	***10.6%***	***80.2%***	***14.6%***	***5.2%***
Tres Chosas	Below Water Table	214.5	3	3.3	89	4.6	6.3
Los Conchales		987.6	5.9	8.3	72.6	18.5	8.9
Total		***1202.1***	***5.4%***	***7.2%***	***75.5%***	***16.0%***	***8.4%***
Tres Chosas	**Total Inferred Resources**	256.3	3.9	4.8	87.3	7.1	5.6
Los Conchales		1072.8	6.1	8.4	73.2	18	8.8
Grand Total		**1329.1**	**5.7%**	**7.6%**	**75.9%**	**15.9%**	**8.2%**

Notes
Based on all drill, pit and shaft samples excavated below DTM generated from LIDAR survey. A 1% HM cut-off has been applied to modelled HM grades.

[1] The resource has been split above and below logged and modelled water table.

[2] A density of 2.5 for Gravel and 1.6 for Sand domains was used.

[3] Sand is the sample -1mm +52µm size fraction and reflects a screened, de-slimed ROM plant feed.

[4] Oversize is the sample +1mm size fraction.

[5] Fines is the sample -52µm size fraction.

Material differences between the 2013 and 2012 Resource estimates

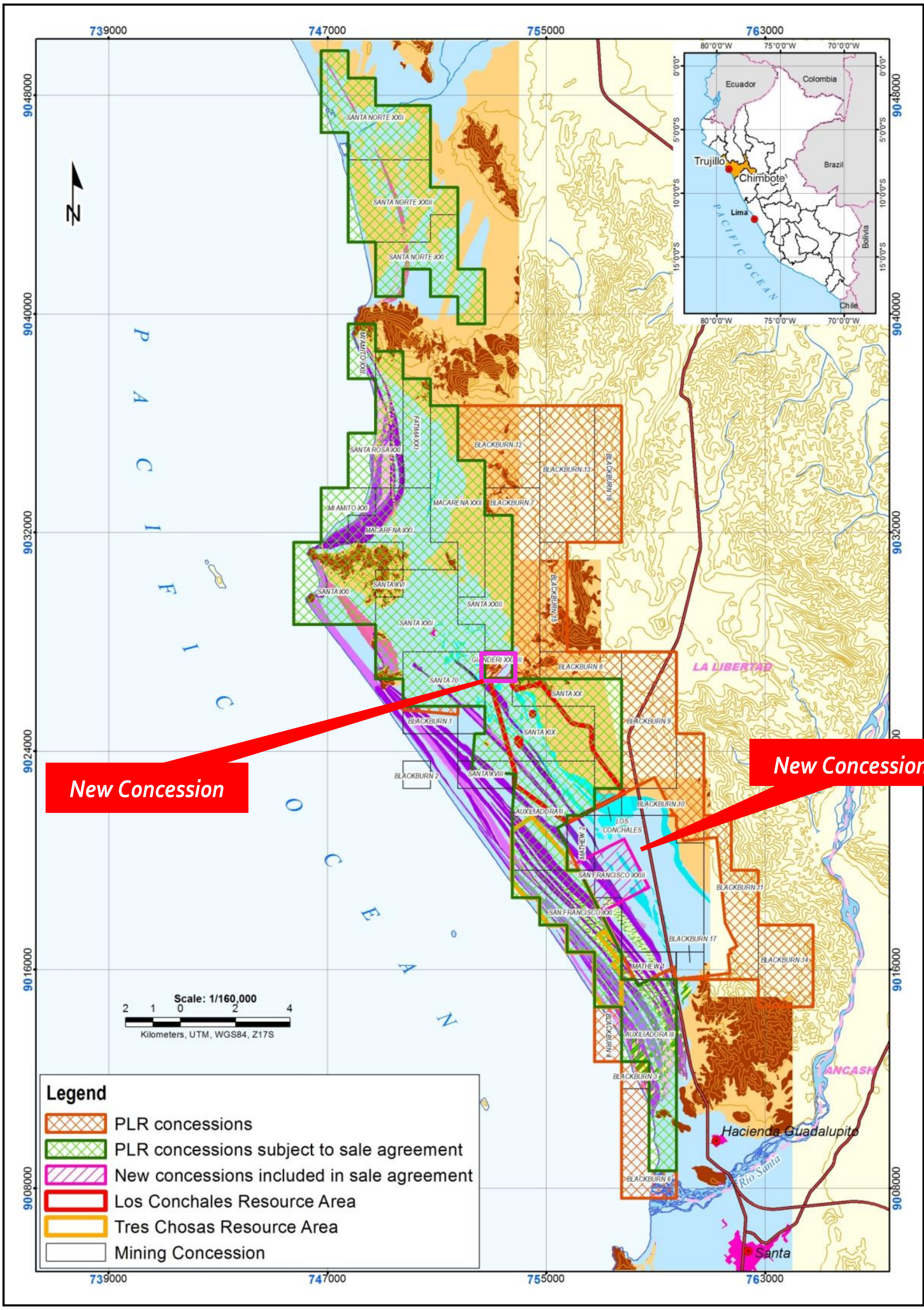
At 31 December 2013, the total JORC (2004) inferred resources were the same as at 31 December 2014, with no work undertaken during the year to increase or upgrade the resource estimates, or define new resource areas.

Governance/Internal controls - Resource calculations

All the Company's resources were independently estimated by Snowden Mining Industry Consultants (Snowden) according to the JORC 2004 code, and have been reported previously.

No further resource estimations or upgrading work has been undertaken since inception of the JORC 2012 code, and the Company is not aware of any additional information that would have material effect on the estimates as reported.

Figure 2 – Classification of Latin's Mining Concessions at Guadalupito, highlighting 2 new concessions added in 2014



REVIEW OF OPERATIONS

New Terms Agreed with Guadalupito Vendors

On 28 March 2014, the Company announced the signing of definitive agreements under Peruvian law amending the original sale agreement, announced 10 February 2011, through which the Company's Peruvian subsidiary acquired 20 mining concessions totalling 14,068 hectares at the Guadalupito project from 14 vendor companies.

The amendment allowed the Company to significantly offset a total amount of US$4.9 Million in cash payment obligations due between 2014 and 2017 to subsequent years. Over this period, the company will also issue a total of 11 Million ordinary shares in lieu of US$621,000.00 in cash payments.

Under the amendment, the vendors agreed to transfer ownership of two additional concessions (of 500 hectares) adjacent to the 20 concessions subject to the original sale agreement such that they now form an integral part of the sale but at no additional cash cost (Figure 2).

As part of the amendment Latin has also agreed to increase the Royalty payment to the vendors from 1% NSR to 1.5% NSR and also extend the Royalty to cover all Latin owned mining concessions within 5 km of the limits of the concessions covered by the sale agreement and subsequent amendment.

The new terms were accepted by the vendors in consideration of the significant investment and advance in exploration and development studies undertaken by the Company, and reflect the confidence they have in the future value of both the Project and the Company.

The new terms are also expected to further facilitate the attraction of a suitable Joint Venture partner and should allow much of the outstanding obligations to be funded by production.

Positive Results from characterisation Testwork on Los Conchales Composite at Guadalupito and commencement of bulk scale testing.

On 08 May 2014, Latin announced the successful completion of the characterisation stage of a new phase of testing on a bulk composite sample representing approximately 20% of the Los Conchales JORC (2004) inferred resource estimate of 1.073Bt @ 6.1% HM. The 2000 kg bulk sample composite was prepared by combining weighted aliquots of 437 individual 1 m sonic drill samples from within the Los Conchales resource area, making up a higher grade portion of the resource from surface to around 17 m below groundwater level representing a theoretical dredge pond water level. The composite sample thus represents a portion of the Los Conchales resource that could be suitable for consideration within a future mine plan area.

50 kg of the sand fraction of the composite sample was submitted to both Allied Mineral Laboratories Pty Ltd ("AML") and to Valdrew Nominees Pty Ltd ("Nagrom") in Perth, Western Australia.

Both laboratories undertook detailed characterisation of the samples using different, but equally thorough methodologies that utilised various combinations of Heavy Liquid Separations (HLS), size fraction analysis, magnetic fractionation and gravity concentration. Scalable methodologies of gravity concentration were trialled by both laboratories: AML used wet table methodology; and Nagrom used a Batch Reflux Classifier and also trialled wet tabling separately. XRF was used for chemical analysis and QEMSCAN for mineralogical analysis.

The testing demonstrated the recovery of Magnetite and Andalusite by scalable gravity concentration equipment and also the separation and concentration of each mineral by magnetic fractionation. At the same time a wealth of technical information regarding mineral quality was generated.

Andalusite

Andalusite is one of the key value drivers at Guadalupito and the outcomes of the characterisation testing were an important step towards defining process for recovery of a high purity Andalusite concentrate from Los Conchales ore.

Processes were adapted from the results of the characterisation work in the design and execution of bulk testing on the remainder of the 2000 kg composite sample from Los Conchales with the aim of obtaining Andalusite product for marketing purposes. This bulk testing commenced in Q3 2014 and is ongoing.

REVIEW OF OPERATIONS

The Andalusite at Los Conchales is "highly liberated" meaning that there is a high proportion of the Andalusite that has already been cleaned of deleterious gangue and associated minerals by nature in the process in the stacked shoreline deposits at Los Conchales.

Through QEMSCAN analysis which uses sophisticated computer software and a scanning electron microprobe to determine the characteristics of thousands of mineral grains in a sample, Latin was able to estimate the conceptual specifications of an Andalusite product from Guadalupito, being called "Guadalusite" for marketing purposes (Table 2).

Table 2 – Conceptual Andalusite product specifications estimated by QEMSCAN analysis

Andalusite Sand "GUADALUSITE"

Typical Chemical Analysis		*Typical Sieve Profile*			
		METRIC		IMPERIAL	
Al_2O_3	61.2%	+360 µm	0.9%	+45 Mesh	2.1%
SiO_2	37.9%	+200 µm	31.6%	-45+70 Mesh	29.50%
Fe_2O_3	0.18%	+140 µm	35.0%	-70+40 Mesh	55.40%
K_2O	0.11%	+100 µm	20.4%	-140 Mesh	13.0%
TiO_2	0.14%	+60 µm	10.0%		
MgO	0.07%	-60 µm	3.0%		
Na_2O	0.01%				
CaO	0.09%				
Cr_2O_3	<0.01%				
ZrO_2	<0.25%				

This conceptual product considers only the Andalusite particles that are each estimated by QEMSCAN to have more than 80% sectional area Andalusite, but these account for more than 80% of the Andalusite mass found in the Los Conchales composite.

The ongoing bulk processing stage was designed to recover the more liberated Andalusite into a clean concentrate using scalable processing technology determined by the characterisation testing reported in May. Once produced, samples of the concentrate will be supplied to Rob Bartelink[1], a specialist Andalusite consultant in South Africa who will undertake a series of product testing evaluations that will allow for initial product marketing activities to begin.

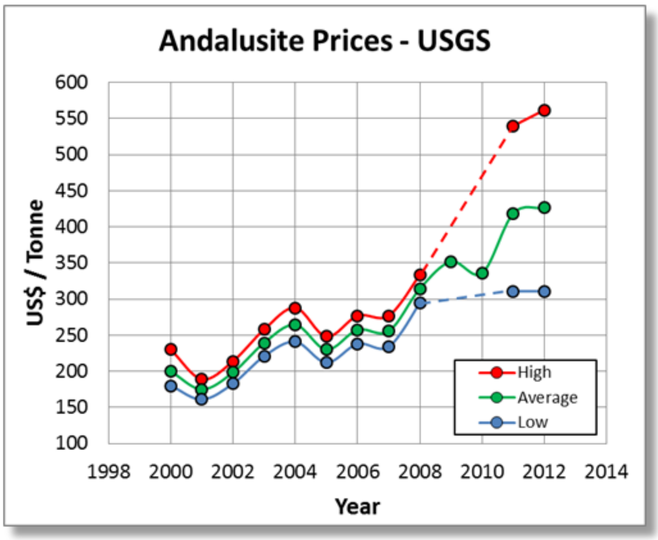
Commercial Andalusite products with greater than 60% Al_2O_3 and less than 0.5% Fe_2O_3 are currently not available. Alumina (Al_2O_3) content is sought to be as high as possible, commonly in the range of 55-59%, and Iron (Fe_2O_3) content is sought to be as low as possible, commonly in the range of 0.5-1%. At Los Conchales the potential exists for achieving an Andalusite product of greater than 60% Al_2O_3 and less than 0.2% Fe_2O_3 and thus a premium product.

[1] *Rob Bartelink has a geology degree and has spent a career spanning 30 years involved in the refractory industry in South Africa, with refractory manufacturers, and also marketing Andalusite to existing and new markets worldwide.*

REVIEW OF OPERATIONS

Andalusite is one of the few mineral commodities that have experienced a sustained rise in price and demand over the past decade (Figure 3).

Figure 3 – Development of Andalusite prices since 2000, high range pricing for higher Al_2O_3 content.



Traditional markets are refractory manufacturers who produce refractory materials for industries such as steel, aluminium, foundry, glass etc, and hence developed countries with significant steel, aluminium, foundry and glass industries are all markets for, and current users of, Andalusite.

The steel industry is the single largest user of Andalusite accounting for more than 50% of world-wide Andalusite consumption.

Less traditional markets tend to favour finer grained and cleaner (lower iron) Andalusite for use in Foundry coatings (200# material); Foundry sands (0-1mm material); Abrasion resistant tiles; "low iron" Andalusite for use in fine ceramics, hotel-ware and technical ceramics.

Super fine, or micronized Andalusite has the advantage of gaining the mineral's revered refractory properties at a lower firing temperature, meaning lower energy cost. This characteristic is being increasingly exploited by Andalusite producers as they increase supply of finer product, albeit using their standard Andalusite as a milling feedstock.

Latin also believes that markets in fine and technical ceramics which currently use expensive calcined and/or reactive alumina will also be particularly receptive to Andalusite of the quality promised from Guadalupito. Andalusite Resources of South Africa have increased their market share from Imerys in South Africa by making inroads into substitution of bauxite in certain applications. It should be noted that refractory grade bauxite supply, (priced higher than bauxite used to make aluminium), which has been dominated by China in the last two decades, has become less reliable and pricing has increased as the Chinese government has clamped down on exports.

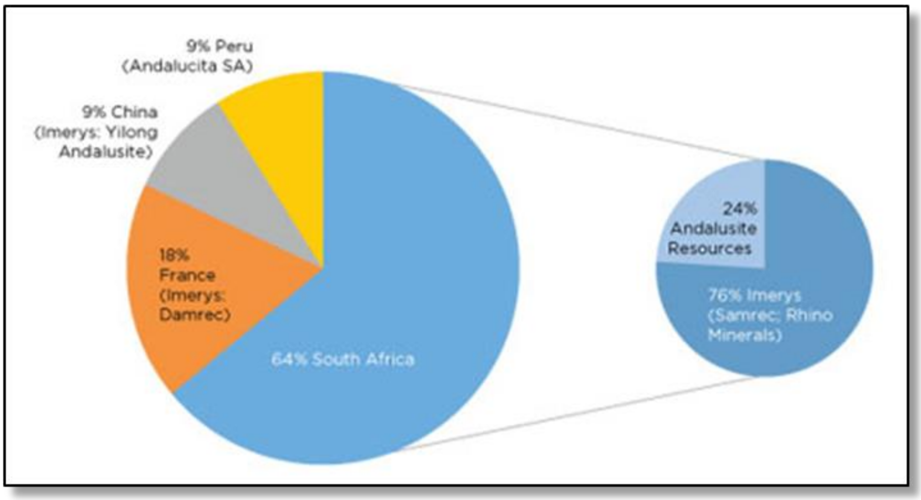
Andalusite has also been used by Imerys in the development of new ceramic hydraulic fracturing or fracking agents (proppants) used to increase hydrocarbon production from oil and gas wells. Given the large and increasing market for high strength ceramic proppants for deeper wells, Latin has begun investigating this application for Andalusite as a priority.

Andalusite is a mineral with diverse markets, and a purer product such as "Guadalusite" promises to attract a premium in a broader range of developing and higher technology applications, as well as having its place in traditional refractory uses.

REVIEW OF OPERATIONS

Almost two thirds of the world's Andalusite is produced in South Africa with the global market estimated at over 400,000 tonnes per annum and growing. The remainder is produced in France, China and Peru (Figure 4).

Figure 4 – Andalusite production from 2012 as reported by Industrial Minerals.



Andalusite is currently mined by hard rock or at best free digging (pit excavation) methods. Ore is then crushed, washed, scrubbed and/or screened or a combination of the aforementioned methods in what can be a costly pre-concentration methodology before being subject to dense media separation and final clean up using high intensity magnets to remove as much iron-containing gangue and associated minerals as possible.

At Guadalupito, the planned dredge mining method, gravity concentration using classifiers (not dense media) and magnetic separation to produce other commodities simultaneously, will allow for very low unit costs for a very high purity Andalusite product, characteristics that will undoubtedly have significant market impact.

Magnetite and other heavy minerals

The characterisation test work performed in Australia in May confirmed gravity and magnetic processes concentrate Magnetite and this has been previously demonstrated at Guadalupito. 2014 saw other work completed in parallel to provide the larger quantities of concentrate required for marketing purposes.

While the testing in Australia was on-going, the Company used available third party pilot plant equipment in Peru (Figure 5) to recover a 1,880 kg magnetite concentrate grading 61.4% Fe and 2.2% TiO_2 from 27,200 kg of high grade ore from Guadalupito representing a 6.9% mass yield from the -2 mm sand feed collected manually from within the Los Conchales resource area.

Figure 5 – Magnetite concentrate being bagged from the pilot plant equipment in Peru.

The concentrate was supplied to the Minas Gerais (Brazil) laboratories of the Gerdau Group, owners of the SiderPeru steel foundry located in Chimbote, 25km by sealed highway from the Los Conchales resource area. Gerdau continue to evaluate the magnetite concentrate as feedstock for their SiderPeru operation.

Recovery of other valuable heavy minerals including Zircon, Ilmenite, Rutile and Garnets is being evaluated as part of the ongoing bulk scale testing.

JV Partner and Feasibility Studies

With the appointment of Northcott capital in Q3 2014 as advisors to identify and attract potential JV partners for Guadalupito, Latin has entertained a number of due diligence activities in the latter half of the year.

Securing a JV Partner is fundamental to advancing Guadalupito through feasibility studies to production and discussions have continued during the year with a number of specialised engineering firms in preparation for launching a feasibility study with a vision to define a rapidly implementable plan towards production. This will be based on a modest scale operation with relatively low capex and opex to produce initially only Andalusite and Magnetite products.

The Panamerican highway runs within metres of the the eastern boundary of the “Los Conchales” resource and continues 20 km south to the town of Chimobote home to one of Peru’s largest iron smelters and a significant operating port facility.

Latin’s Guadalupito concessions extend in their southern limits to the mouth of the Santa River, the largest Pacific draining river in Peru, where ample fresh water discharges into the Pacific Ocean all year round (Figure 6).

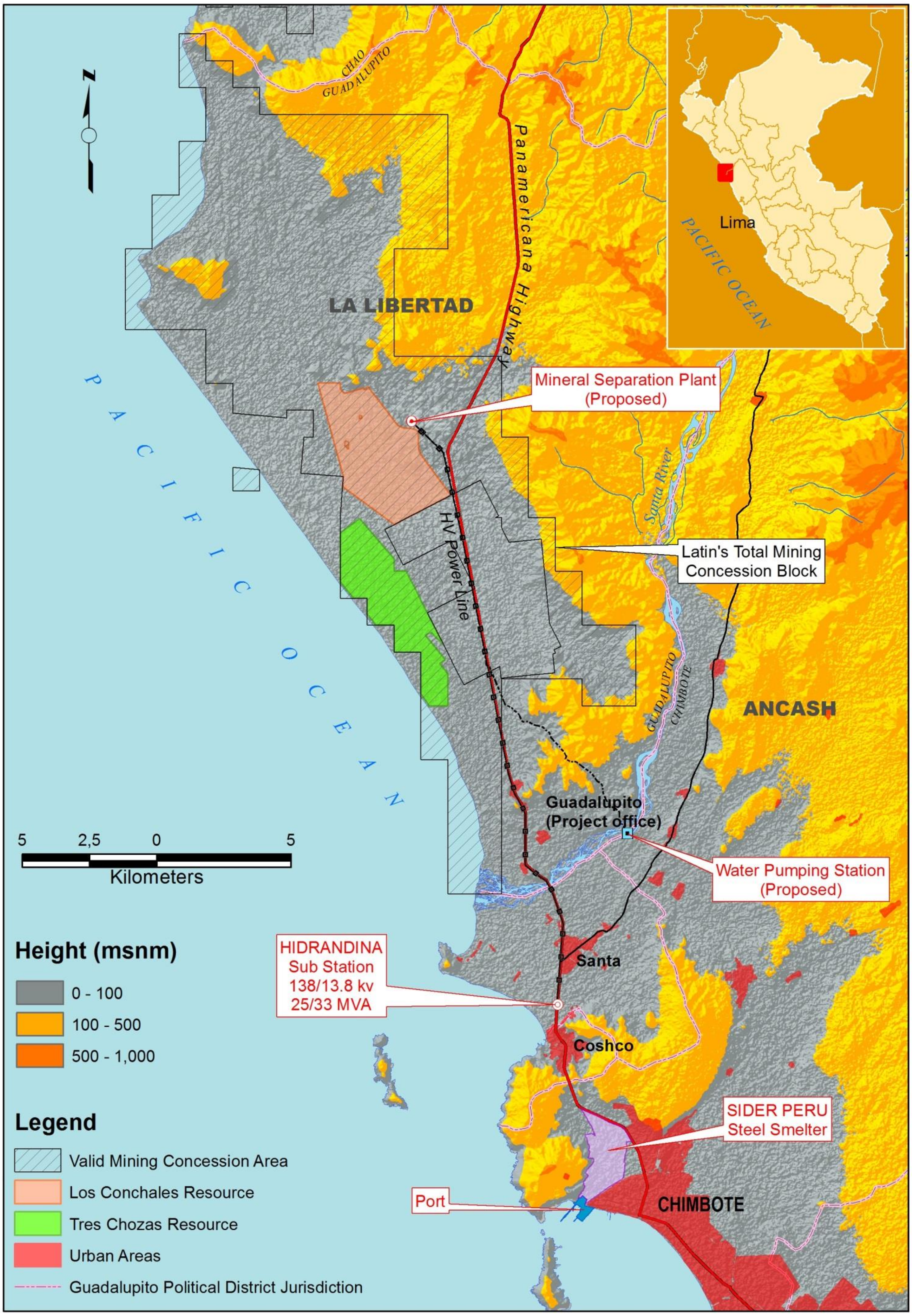
The “Los Conchales” area is arid desert terrain with no vegetation or resident population.

Latin maintained ongoing community relations with the residents of the nearest small population centre, “Campo Nuevo”, located more than 10 km south of the Study area and with other groups throughout the Guadalupito District.

Local authorities and opinion leaders recognise the Company for its ability to undertake its business in complete harmony with nearby inhabitants and at the same time have offered their full and immediate support for the development of the project into a mine.

REVIEW OF OPERATIONS

Figure 6 – Guadalupito's Resource areas and development infrastructure layout both existing and proposed.



REVIEW OF OPERATIONS

ILO NORTE IOCG PROJECT – SOUTHERN PERU

Earn-in option holder Zahena completed 12,658 metres of diamond drilling in 2014.

Following the contractual formalities completed in the final days of 2013, Minera Zahena began drilling at Ilo Norte with an aggressive 2 rig program campaign in Q1 2014, completing 9600 metres in 12 holes within 4 months, essentially fulfilling 18 months of exploration commitment made under the earn-in agreement. The drill target was a buried chargeability anomaly generated by IP geophysical survey reported in 2013.

Zahena, while evaluating the results of the initial 12 holes drilled in Q3, modified the drilling permit to allow for additional drilling and subsequently proceeded to complete a further 4 holes for 3,058 metres of drilling in Q4 2014.

Of the total 16 diamond drill holes completed over a 2 km^2 area, on an approximate spacing of 400 m x 400 m (Figure 7), 14 made several intersections over the length of the holes. Within each of these 14 holes, totals of between 21 to 189 metres of low grade Cu mineralisation (0.1%-0.3% Cu) were intersected. This mineralisation was mostly associated with skarn-replacement style magnetite-pyrite-albite-Kspar altered stratiform mineralisation that was the most likely source of the IP anomaly drill target, a clearly extensive mineralised system.

In addition there were a number of other relatively narrow, high-grade copper intersections (Table 3) with supporting gold and silver associated with veins and structures cross-cutting the generally lower grade mineralisation referred to above.

Table 3 – High grade structural intersections from drilling at Ilo Norte

Hole ID	*From (m)*	*To (m)*	*Interval (m)*	*Cu (%)*	*Au (g/t)*	*Ag (g/t)*
IN-009	*423*	*429*	*6*	***2.6 %***	*0.25*	*6.0*
Incl.	*426*	*429*	*3*	***4.9 %***	*0.32*	*4.2*
IN-012	*255*	*258*	*3*	***2.2 %***	*0.19*	*0.1*
IN-016	*381*	*399*	***18***	***0.66 %***	*0.09*	*0.6*
Incl.	*387*	*393*	*6*	***1.2 %***	*0.23*	*0.6*
IN-019	*282*	*312*	***30***	***0.93 %***	*0.12*	*0.6*
Incl.	*300*	*306*	*6*	***3.1 %***	*0.45*	*2.1*

Intersections are down-hole, true width unknown.

At least 3 km^2 of intense alteration (Magnetite-Pyrite-Albite-Kspar) has been defined between Latin's drilling in 2011 and the drilling undertaken by Zahena in 2014. Copper mineralisation in the range of 0.1%-0.3% Cu has been intersected over numerous lengths in excess of 10 m within this overall alteration package and high grade structure related intersections were also made. Structures are abundant, both NE/SW and NW/SE directions appearing to be important controls on mineralisation, with significant offsets apparent from the drilling.

Low grade zinc mineralisation was also a feature of most holes but is rarely directly associated with copper mineralisation.

Given drilling to date has been on a broad (400x400m) spacing, there is still good potential for defining a significant high grade structurally controlled ore body within the overall alteration envelope. This is supported by the several high grade intersections made to date, along with the numerous lower grade intersections that are considered the "smoke" indicative of much potential for more "fire" to come.

Potential mining access to such an ore body would most likely be underground given the topographic advantage provided by the steep slope to the immediate south-west of the mineralised area which drops from 1400m altitude at the drilling area down to 400m altitude over only three kilometres towards the south-west. From there a sealed highway runs 25 km south to the port of Ilo, passing by a major copper smelter.

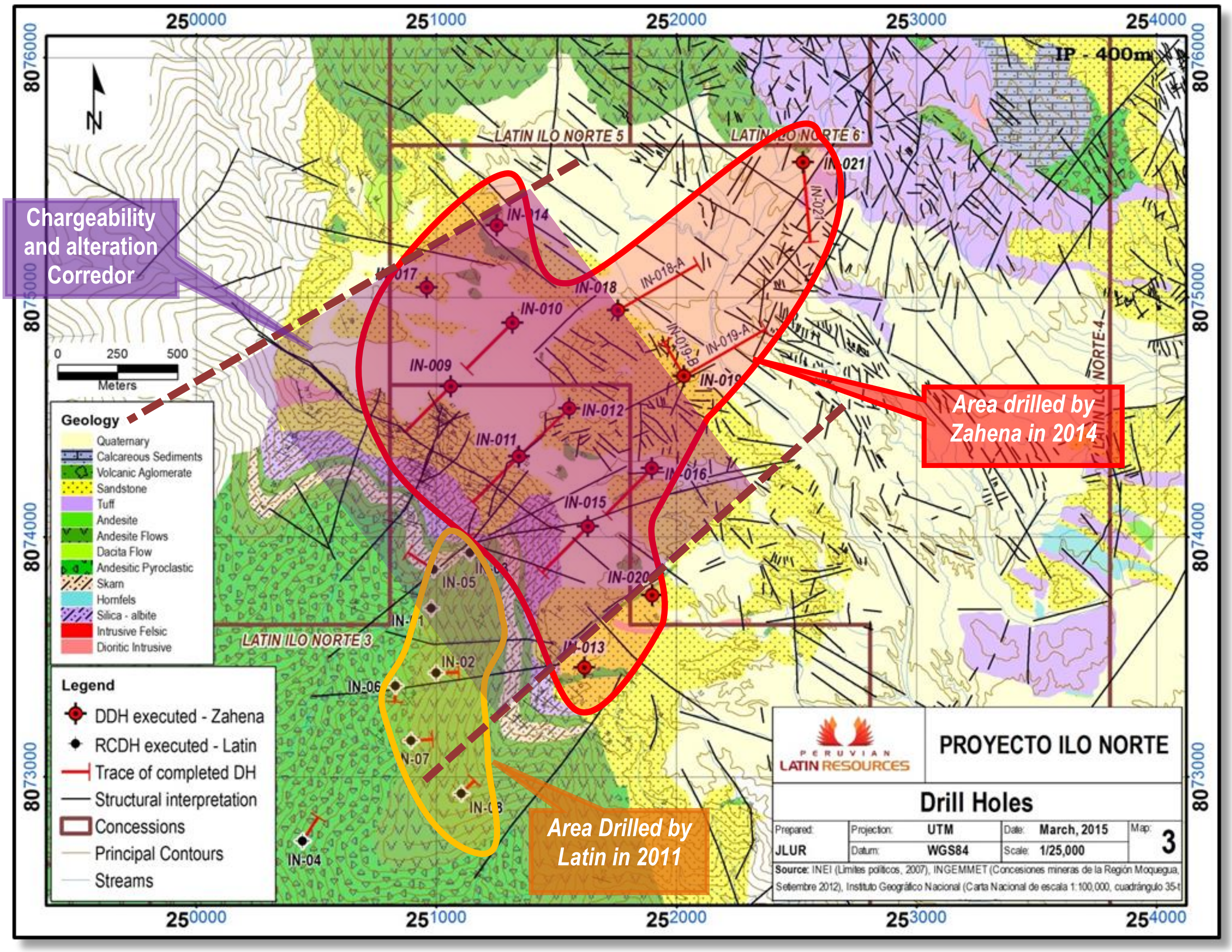
REVIEW OF OPERATIONS

At the date of this report, operational control of Ilo Norte had been returned to Latin following the termination of the earn-in option agreement by Zahena in Q1 2015 with Zahena now proceeding with a new earn-in option agreement over Latin's 100% owned Ilo Este Project.

Zahena's exploration activities at Ilo Norte brought US$200,000 in cash payments to Latin's Peruvian subsidiary, and the 12,658 m of diamond drilling from the 16 holes completed representing an estimated investment of more than US$3 million into the Project, with the drill core and all exploration data retained as property of Latin.

The Company considers that good potential remains for a moderate tonnage high grade copper-gold deposit at Ilo Norte, which given the proximity to infrastructure and favourable topography, would likely be an attractive mine development. One of Latin's goals in 2015 is to attract a new partner for Ilo Norte willing to take on the challenge of unravelling the complex structural setting required to deliver future exploration success at Ilo Norte.

Figure 7 - Map of Ilo Norte showing geological mapping and topography as a base with a structural interpretation from imagery overlain. Drill holes IN-01 though IN-08, were completed in 2011 by Latin and IN-009 through IN-021 were completed in 2014 by Zahena.



REVIEW OF OPERATIONS

ILO ESTE PORPHYRY COPPER PROJECT – SOUTHERN PERU

Exploration of the Ilo Este Copper Porphyry Project has been a major focus for the Company through the year with mapping and sampling activities in the first months of the year culminating in the definition of a large Porphyry System and multiple drill targets. Drill permitting was undertaken and three diamond holes executed before the end of the year with results confirming a very large and continuously mineralised copper-gold-silver-molybdenum porphyry system.

Given the significant size and financial scope of continuing to define mineralisation within such a large system, the Company commenced discussions with potential earn-in partners in the last months of the year, and prior to the publication date of this report had signed a binding terms sheet with Ilo Norte earn-in partner Zahena to allow for accelerated drilling of the project and cash payments in return for 70% equity in the Project through the formation of a Newco should the earn-in commitments be met.

Surface Geochemistry

Eighty one rock chip samples returned assay results ranging from 0.002 % to 0.37% Cu (average 0.15% Cu, exclusive of three high grade results of 0.82%, 1.1% and 8.4% Cu) and 67 soil samples returned assay results ranging from 0.001% to 0.31% Cu (average 0.039% Cu). Anomalous samples were found over approximately 3 km^2 and roughly define the extent of the Porphyry system as mapped. However, both the mapped extent and anomalous soils are open to the SW. Coincident anomalies of gold and molybdenum are associated with the copper.

Specialised Geological and Alteration Mapping

Geological and alteration mapping by internationally recognised porphyry geologist, Dr Warren Pratt, confirmed a significant exposed copper-gold porphyry system, which appears to extend under Recent cover to the east, and may also be displaced into the hanging wall of a major NE-striking low angle fault still farther east.

The porphyry system comprises two ESE-striking belts of felsic intrusions, varying from early porphyritic quartz microdiorite to late porphyritic granodiorite, aplite and rhyolite. They intrude andesites of the Jurassic Chocolate Formation. There is a distinct epidote alteration shell surrounding the system.

Examples of mineralised felsic intrusives:

REVIEW OF OPERATIONS

In the Northern Intrusive Belt copper (0.1%-0.3%) and gold occur within potassic and sodic-calcic altered rocks at surface. They mostly coincide with quartz vein stockworks. These high temperature alteration zones are surrounded by remnants of a phyllic alteration shell. Outlying alteration includes argillic and propylitic. The Northern belt was drilled by Rio Tinto in 2000. This only tested parts of the belt to a relatively shallow depth (80 m-200 m).

There is considerable upside potential in the Southern Intrusive Belt, which has not been drill tested. A more mafic-rich hornfels body presents a new target; mafic-rich rocks are more reactive and can develop higher grades in porphyry systems. Rhyolites in this belt are intensely stockworked and molybdenite was observed in one outcrop. Visible chalcopyrite was also seen in a number of places in this belt.

Past Exploration by Rio Tinto

Part of Ilo Este was drilled by Rio Tinto in 2000, when the average Copper price was less than US$1/lb. Rio Tinto later abandoned the concessions, which were subsequently claimed by Latin's 100% owned Peruvian subsidiary, Peruvian Latin Resources S.A.C. Twelve RC holes drilled by Rio Tinto appear to have been shallow (80-200 m) and only partially tested a relatively limited part of the Northern Intrusive Belt.

Latin's drilling in the Northern Belt

Latin completed three diamond drill holes for a total of 2073.3 m drilling over 1.1 km of strike within the northern of the two ESE striking intrusive porphyry belts that make up the overall 3km^2 mineralised system identified by mapping and surface sampling.

The first hole, ***IE-JDD-001*** was consistently mineralised from surface to 200 m down hole depth, with uncut average grades of ***200 m @ 0.14% Cu, 0.1g/t Au, 22ppm Mo and 0.8g/t Ag, (with maximum grades of 0.34% Cu, 1.4g/t Au, 251ppm Mo and 5.4g/t Ag)***, including the following intersections applying a 0.1% Cu cut-off grade for the average (Avg), with the maximum (Max) grade of each metal in each intersection included for comparison (sample intervals are over 2m lengths of core):

From (m)	To (m)	Interval (m)	Cu (%)		Au (g/t)		Mo (ppm)		Ag (g/t)		m <0.1% Cu included in avg
			Avg	Max	Avg	Max	Avg	Max	Avg	Max	
0	10	**10**	0.15	0.32	0.11	0.23	22	31	0.2	0.5	2
36	72	**36**	0.15	0.28	0.09	0.17	19	38	0.6	1.7	6
78	96	**18**	0.20	0.28	0.12	0.22	14	19	2.1	5.4	0
104	142	**38**	0.14	0.23	0.09	0.20	11	30	0.7	3.8	8
148	200	**52**	0.19	0.34	0.15	1.4	39	251	1.1	2.7	4

The second hole, ***IE-JDD-002*** was also consistently mineralised from surface to 318 m down hole depth, with uncut average grades of ***318 m @ 0.13% Cu, 0.1g/t Au, 14ppm Mo and 0.9g/t Ag, (with maximum grades of 0.46% Cu, 3.1g/t Au, 86ppm Mo and 3.2g/t Ag)***, including the following intersections applying a 0.1% Cu cut-off grade for the average (Avg), with the maximum (Max) grade of each metal in each intersection included for comparison (sample intervals are over 2m lengths of core, only intersections greater than 2m are shown):

From (m)	To (m)	Interval (m)	Cu (%)		Au (g/t)		Mo (ppm)		Ag (g/t)		m <0.1% Cu included in avg
			Avg	Max	Avg	Max	Avg	Max	Avg	Max	
0	110	**110**	0.21	0.46	0.11	0.40	16	86	1.0	3.2	12
Incl. 0	*84*	***84***	*0.24*	*0.46*	*0.13*	*0.40*	*15*	*75*	*1.1*	*3.2*	*0*
134	144	**10**	0.19	0.38	0.71	3.1	25	36	1.0	1.8	0
236	250	**14**	0.19	0.32	0.07	0.11	26	45	0.6	1.1	2
276	292	**16**	0.22	0.31	0.07	0.16	14	28	1.1	2.2	0
296	302	**6**	0.15	0.18	0.04	0.05	11	16	0.6	1.0	0

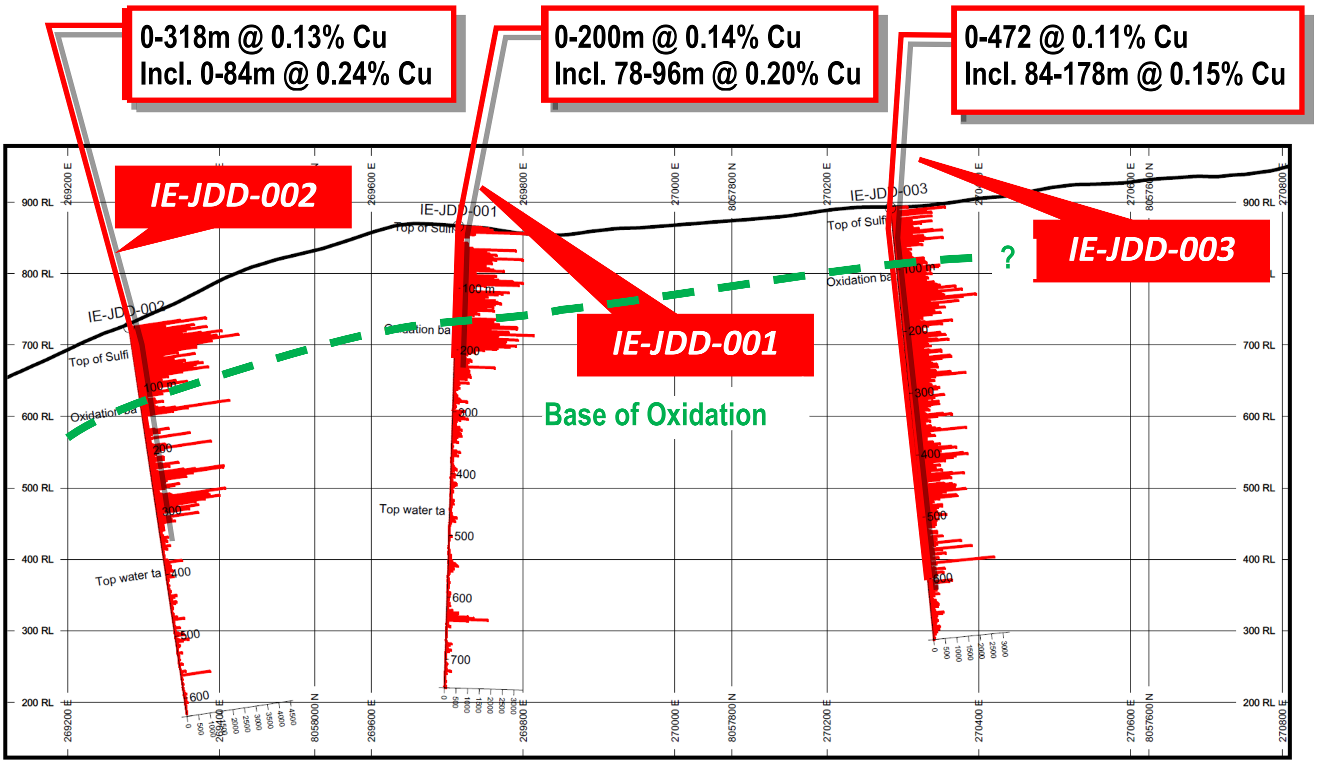
REVIEW OF OPERATIONS

The third drill hole, IE-JDD-003, was completed to 697.9 m depth and was also consistently mineralised from surface to 472 m down hole depth, the longest mineralised intersection to date at Ilo Este, with uncut average grades of ***472 m @ 0.11% Cu, 0.09g/t Au, 11ppm Mo and 1.6g/t Ag, (with maximum grades of 0.33% Cu, 1.5g/t Au, 68ppm Mo and 41g/t Ag)***, including the following intersections applying a 0.1% Cu cut-off grade for the average (Avg), with the maximum (Max) grade of each metal in each intersection included for comparison (sample intervals are over 2m lengths of core, only intersections greater than 2m are shown):

From	To	Interval	Cu (%)		Au (g/t)		Mo (ppm)		Ag (g/t)		m <0.1% Cu
(m)	(m)	(m)	Avg	Max	Avg	Max	Avg	Max	Avg	Max	included in avg
0	472	472	0.11	0.33	0.09	1.5	11	68	1.6	41	212
Including:											
6	*64*	*60*	*0.11*	*0.23*	*0.08*	*0.29*	*9*	*36*	*1.3*	*5.4*	*28*
84	*178*	*94*	*0.15*	*0.33*	*0.15*	*0.44*	*10*	*34*	*2.4*	*12*	*2*
188	*284*	*96*	*0.12*	*0.25*	*0.11*	*1.5*	*16*	*38*	*2.4*	*41*	*40*
292	*298*	*6*	*0.12*	*0.13*	*0.05*	*0.06*	*23*	*29*	*1.4*	*1.9*	*0*
306	*310*	*4*	*0.13*	*0.15*	*0.07*	*0.09*	*23*	*25*	*0.9*	*1.0*	*0*
316	*322*	*6*	*0.12*	*0.12*	*0.06*	*0.07*	*18*	*32*	*1.2*	*1.9*	*0*
334	*342*	*8*	*0.12*	*0.17*	*0.24*	*0.73*	*13*	*28*	*2.6*	*6.3*	*2*
360	*364*	*4*	*0.17*	*0.23*	*0.12*	*0.12*	*9*	*12*	*1.7*	*2.3*	*0*
384	*472*	*88*	*0.12*	*0.23*	*0.07*	*0.34*	*7*	*27*	*0.8*	*1.9*	*32*

The mineralisation observed in IE-JDD-003, clearly verifies the importance of the porphyry system as mapped over more than 3km^2 as a large and significantly mineralised system with substantial scope for improved grades within the overall envelope of alteration and mineralisation mapped to date. The three holes drilled so far, each hosting porphyry copper mineralisation, cover 1.1 km of strike in the northern intrusive belt (Figure 8 & 9), with the southern intrusive belt still to be tested (Figure 10).

Figure 8 – Long section parallel with the strike of the Northern Intrusive Belt showing copper assay results (red) from drill holes IE-JDD-001 and IE-JDD-002. Note the base of oxidation. Section line appears on map in Figure 11.



The likely extension of the northern intrusive belt under cover to the East South East increases the size potential of the already very large system, as does the possible fault offset upper portion of the porphyry which may host the typically higher grade phyllic zone. The phyllic zone is only observed in restricted areas of the outcropping system as mapped, suggesting that it has either been eroded, or possibly cut by the low angle Chololo Fault adjacent to the South East (Figure 9).

Figure 9– Schematic section showing the exposed porphyry system currently being drill tested, its likely covered extension to the East, and the low angle Chololo Fault that has potentially offset the upper part of the porphyry system, possibly preserving the typically higher grade phyllic alteration zone in the hanging wall of the fault under cover further to the South East.

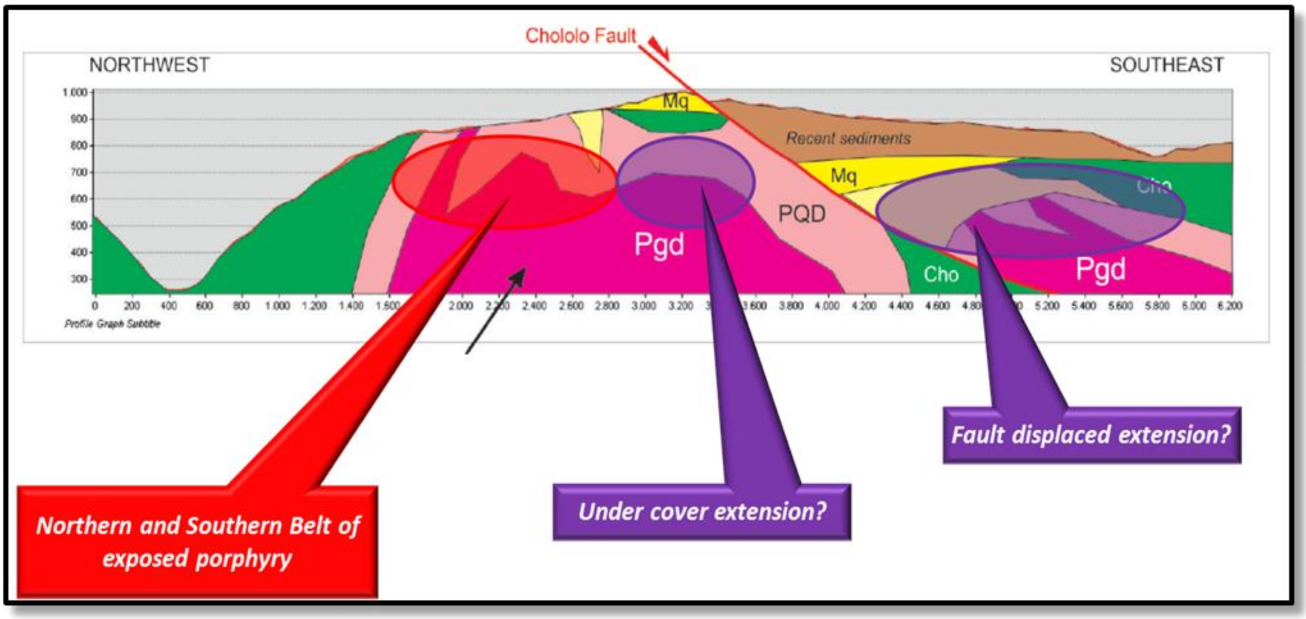
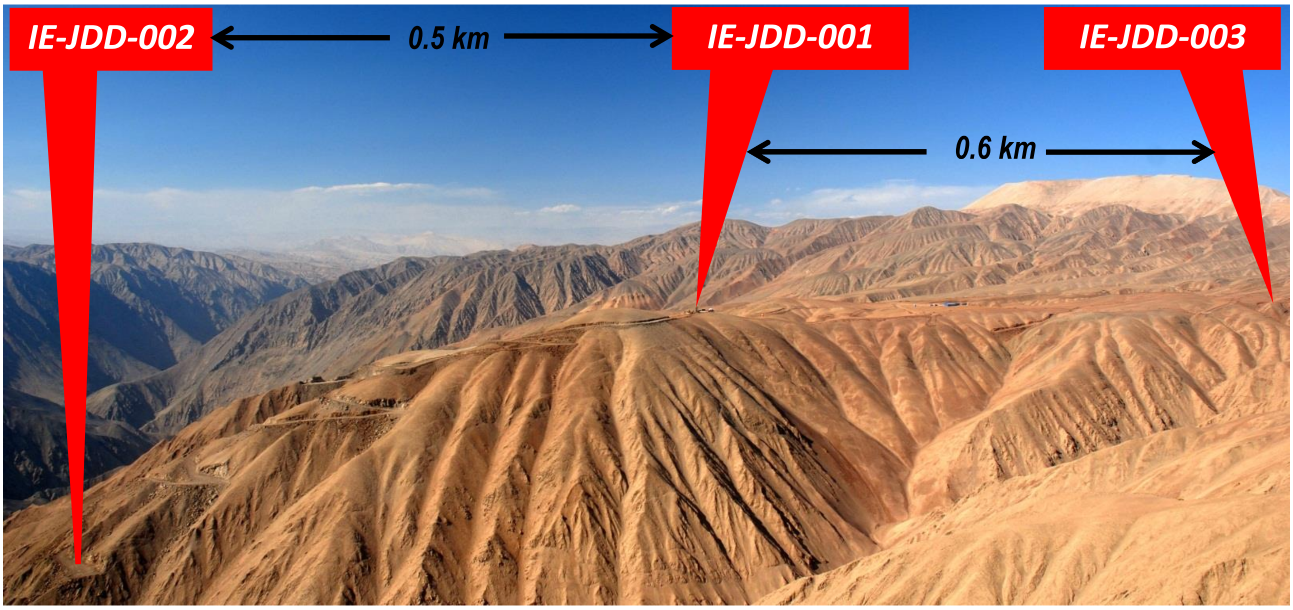
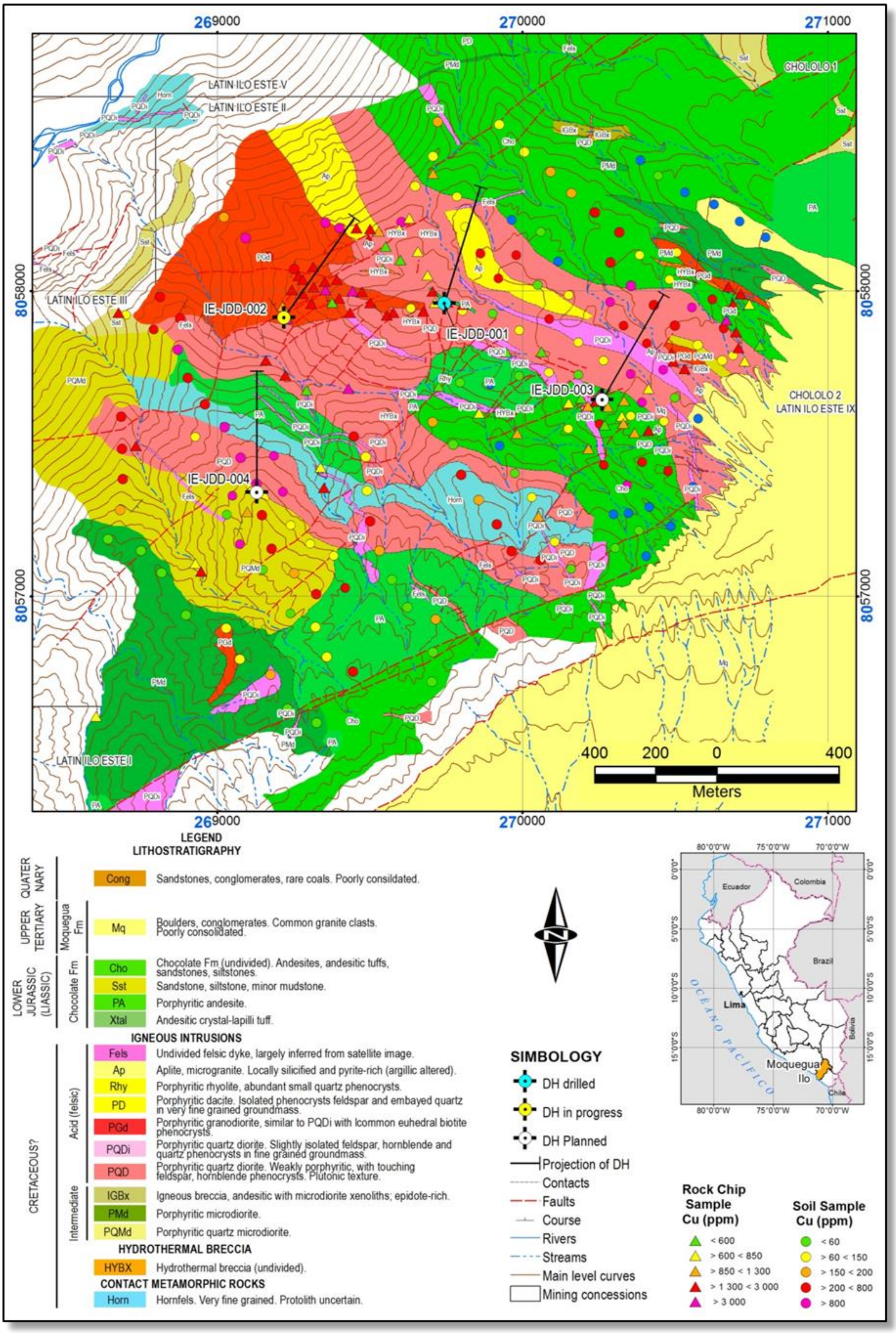


Figure 10 – View of the Northern intrusive belt at Ilo Este taken from the Southern intrusive belt. Approximately 1.1 km separates the first three holes within the large porphyry intrusive complex.



REVIEW OF OPERATIONS

Figure 11 – Map of the Ilo Este Porphyry Project showing surface geochemistry, geology and drilling



REVIEW OF OPERATIONS

Infrastructure

The Ilo Este mineralised system is located at less than 1000 m above sea level, 6 km from the Pan-American Highway, a Railway Line and an Electrical Substation, and from there 32 km to the Port of Ilo. The project area is also located within uninhabited desert lands owned by the Peruvian State.

Such magnificent infrastructure located so close to the project would significantly reduce development capital compared with other large porphyry deposits located higher in the Andes.

Recent developments

Such a variety of potential over such a large area will require significant time and investment to realise, and for this reason Latin pursued an earn-in arrangement for Ilo Este late in the year in order to more rapidly unlock value for Latin shareholders.

In Q1 of 2015, Latin's 100% owned subsidiary Peruvian Latin Resources SAC (PLR) signed a Binding Terms Sheet (BTS) to document the terms of a rights assignment and earn-in option to transfer 70% ownership of its Ilo Este Project to Compañia Minera Zahena SAC (Zahena) for a total consideration of US$1.0 million cash over three years and minimum exploration work commitments totalling 11,000 m of diamond drilling valued at approximately US$3.0 million over 18 months.

Once Zahena's 11,000 m of drilling is completed, the US$1.0 million in payments to PLR can be made before schedule to exercise the option and earn 70% of Ilo Este.

Following exercise of the option, a newco will be formed where PLR retains 30% ownership which Zahena will have a limited option to buy out for a cash sum to be negotiated plus a 2% Net Smelter Return royalty on all mineral sales. PLR will receive an "exploration success" payment of US$5 Million in the event that a successful definitive feasibility study is produced to exploit mineral resources from the Ilo Este either during the option period or following the formation of newco.

OTHER ILO COPPER PROJECTS – SOUTHERN PERU

Southern Peru's Prolific Copper District

The Western flanks of the Andes in Southern Peru host a number of Tier one Porphyry copper deposits including Cerro Verde (4Bt @ 0.39% Cu, 0.01% Mo), Toquepala (3.4Bt @ 0.47% Cu, 0.023% Mo) and Cuajone (2.4Bt @ 0.48% Cu, 0.017% Mo), each of which produced 261,348, 136,135 and 171,545 tonnes of copper respectively in 2013, and together accounted for over 40% of Peru's 2013 copper production (Figure 12).

In addition the Quellaveco (947Mt @ 0.63% Cu, 0.02% Mo), Tia Maria (639Mt @0.39% Cu, 0.19 g/t Au), and Los Calatos (1.4Bt @ 0.47% Cu, 0.023% Mo) projects are under development.

Exploration strategy for 100,000 hectares of concessions prospective for Copper Porphyries and IOCGs.

Latin has continued discussions with several potential Joint Venture partners to continue exploration and drill testing other targets that accompany Ilo Norte and Ilo Este in the region, a strategy that proved to be very successful for Latin over the past years in this prolific copper producing region of Peru.

The Ilo Copper Projects are all in close proximity to the Pan American highway and the port facility and copper smelter/refinery at Ilo city. The proximity of Latin's project areas to well established infrastructure is consistent with the Company's strategy and the potential to have a lower capital intensity hurdle involved in any development opportunity.

Shortly prior to the date of publication of this report, in Q1 2015, Latin published the signing of an MOU to allow global copper producer First Quantum Minerals Peruvian subsidiary, Minera Antares ("Antares") to explore nearly 66,000 hectares of Latin's 100% owned concessions to the south east of the Ilo port.

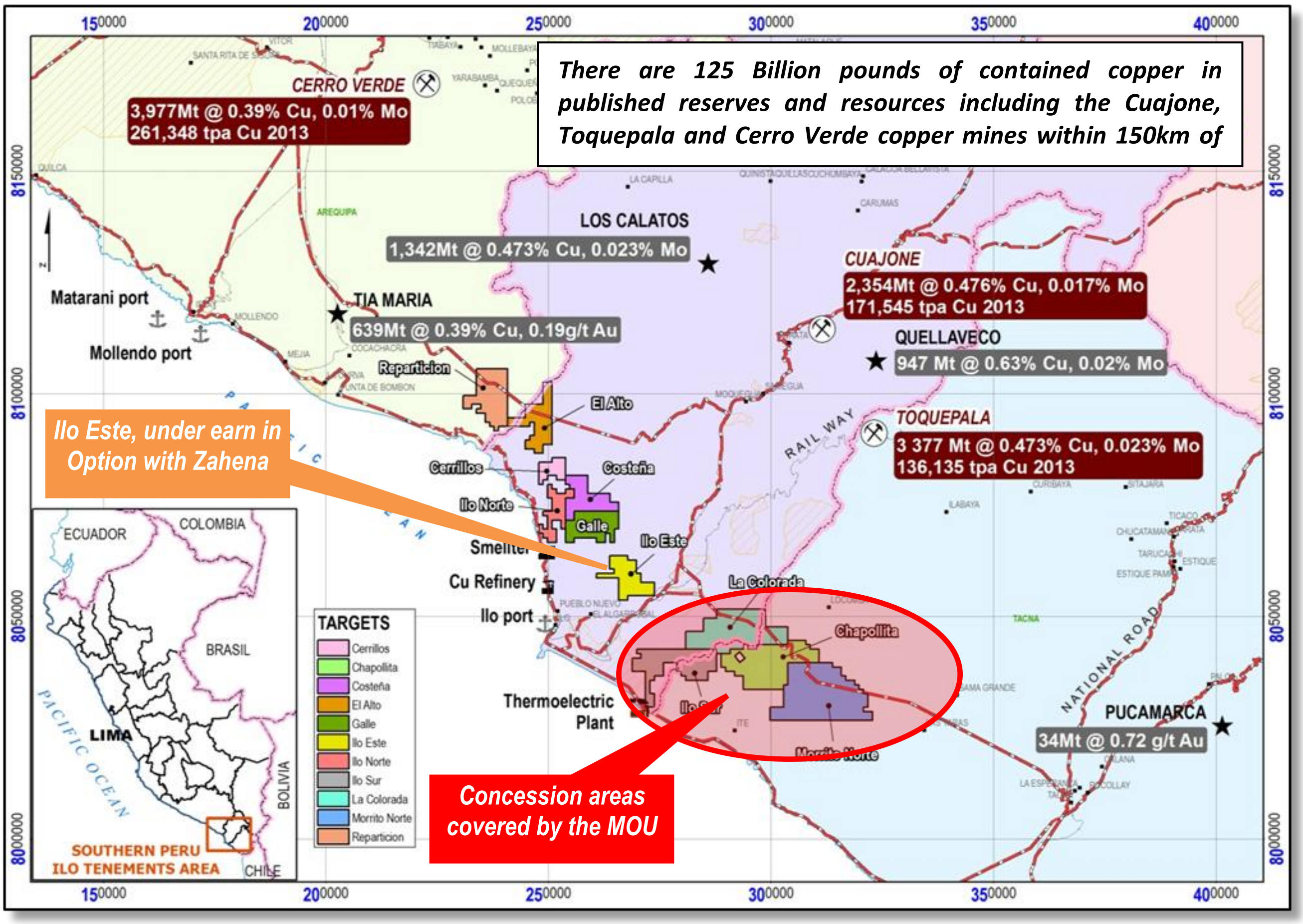
REVIEW OF OPERATIONS

The objective is for the two companies to collaborate together under the terms of the MOU with the aim of discovering mineral deposits worthy of further exploration and development.

Antares will have exclusive rights (with Latin) to undertake exploration for 12 months within 65,730 hectares of Latin's 100% owned mining concessions in Southern Peru, considered prospective by both companies for porphyry copper and IOCG deposits of significant scale. However, within six months, Antares is to provide an evaluation and opinion on the properties in the context of the information provided and generated by both parties.

The identification of "Target Properties" within the 12 month period that warrant advanced exploration, drilling and/or development will initiate a separate six month period during which Antares's exclusive right to explore is maintained along with an exclusive right to negotiate additional agreements with Latin (such as earn-in, option or Joint Venture) in order to further the development of the Target Properties.

Figure 12 – Latin's eleven 100% owned target areas in Peru's Southern Cordillera including the Ilo Este Copper Porphyry project under option to Zahena, and Ilo Properties covered under an MOU for collaborative exploration with First Quantum Minerals Peruvian subsidiary.



REVIEW OF OPERATIONS

BORBOREMA IRON ORE PROJECT – NORTH EASTERN BRAZIL

Exploration of the Borborema Iron Ore Project in Brazil, acquired from Rio Tinto Exploration (Rio Tinto Desenvolvimentos Minerais Ltda), commenced in 2014.

Field geological reconnaissance work undertaken by Latin on the Borborema project during the year identified iron formations hosted by amphibolites and mafic schists in four explorations blocks.

These iron formations, locally called itabirites, are metamorphosed and highly deformed rocks, comprising mostly quartz and iron oxides (hematite/magnetite).

Ten rock chip samples of iron formation outcrops were collected in four exploration blocks (Blocks II, IV, V and VII) and returned grades of between 28% and 41% Fe (average 36% Fe).

This kind of iron ore would readily upgrade to a premium pellet feed product with low levels of contaminants. The Rio Grande do Norte State, where Borborema is located, already hosts two Iron Ore mines exploiting similar types of ore: the Bonito mine owned by MHAG and the Saquinho Mine operated by Zamin Resources.

The reconnaissance mapping carried by LRS on other exploration licenses of the Borborema Project has shown that the majority of the exploration licenses located within the Exploration Block I comprise Cretaceous and Cenozoic sediments with limited potential for iron ore. Those licenses will be dropped in 2015, avoiding the costs to be incurred in maintenance fees.

In order to recover part of the funds invested in the region, Latin has transferred the mining rights of the area located along the Assu river to local producers of building materials (gravels and sands). A total of 2,568.33 hectares (out of 12,958.60 hectares that comprise the Block I) were transferred in Q4 2014. Latin will receive R$ 140,000 (approximately US$ 54,000) for the transfer, which will be paid in twelve monthly instalments.

OTHER BRAZIL ACTIVITIES

The Company is reviewing its strategy for the Borborema Project in light of current iron ore prices and has also been undertaking project evaluations for other commodities such as Copper, Nickel and industrial minerals.

Corporate Social Responsibility (CSR), Environment and Safety

Through its Peruvian subsidiary, Latin Resources Limited applies some of the most comprehensive and advanced policies in Corporate Social Responsibility in the Peruvian Exploration and Mining Sector and shareholders can be assured that these provide Latin with a definite competitive advantage over other explorers in the Peruvian socio-environmental context. In addition the company strives to comply fully with international environmental and safety standards that are the basis for Peruvian legislation governing the Mining Industry.

Safety is paramount in all Latin's activities, and the company has had an exemplary record to date with no lost time injuries of employees on any Project.

REVIEW OF OPERATIONS

Competent person statements

The mineral resources statement in this Annual Report is based on, and fairly represents, information and supporting documentation prepared by a competent person or persons. The mineral resources statement as a whole has been approved by Andrew Bristow, who us a full time employee of Latin Resources Limited's Peruvian subsidiary and a member of the Australian Institute of Geoscientists. Mr Bristow consents to the inclusion of the mineral resources statement in the form and context in which it appears in the Annual Report.

The information in this report that relates to Exploration Results from Projects in Peru is based on information compiled by Mr Andrew Bristow, a Competent Person who is a Member of the Australian Institute of Geoscientist and a full time employee of Latin Resources Limited's Peruvian subsidiary. Mr Bristow has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bristow consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results from Projects in Brazil is based on information compiled by Dr Carlos Spier, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and a full time employee of Latin Resources Limited. Dr Spier has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Spier consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Some of the information in this report relates to previously released exploration results and geological data relating to projects in Peru that were prepared and first disclosed under the JORC Code 2004. This has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported, and was based on information compiled by Mr Andrew Bristow, a full time employee of Latin Resources Limited's Peruvian subsidiary. Mr Bristow is a member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralization and the type of deposit under consideration to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Bristow consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

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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 subsidiary (together the Group) for the year ended 31 December 2014.

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 (appointed 2 October 2008, 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 (appointed 8 June 2008, 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).

FRANKIE LI (appointed 21 March 2012, Non-Executive Director)

Mr Li has 25 years of experience in the accounting and finance profession and has extensive experience in compliance, profit planning and cash management for various Hong Kong listed companies and Chinese businesses. Mr Li is also the Chief Financial Officer of Junefield (Holding) Limited.

ZHONGSHENG LIU (appointed 5 June 2013, Non-Executive Director)

Mr Liu has more than 15 years of experience in management for various Hong Kong listed companies and Chinese businesses.

MARK ROWBOTTAM (appointed 2 June 2008, Non-Executive Director)

Mr Rowbottam is an experienced corporate executive, advisor and company director. Mr Rowbottam has undergraduate science qualifications and a Master of Business Administration with specialties in corporate administration and marketing.

He is a Fellow of the Financial Services Institute of Australasia and active member of the Australian Institute of Company Directors and Chartered Secretaries Australia. Mr Rowbottam has more than 15 years' experience in the corporate finance arena and has been involved in numerous ASX capital raisings, mergers/acquisitions and corporate transactions.

Other directorships of Australian listed companies held by Mr Rowbottam in the last three years are:
Current: Aleator Energy Limited and GRP Corporation Limited.

DIRECTORS' REPORT

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:

Table 1: Directors' shares and options

Directors	Ordinary shares Number	Share rights Number
David Vilensky	2,681,741	4,414,552
Chris Gale	10,204,478	5,406,355
Frankie Li	411,381	3,433,540
Zhongsheng Liu	Nil	2,452,529
Mark Rowbottam	6,925,556	2,697,782

Company secretary

ANTHONY BEGOVICH (appointed 13 February 2012**,** Company secretary)

Mr Begovich is a chartered accountant with more than 18 years' experience in the resources sector. Mr Begovich has over 12 years' experience working as a Company Secretary for Australian listed companies.

Principal activities

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

Financial review

RESULTS

The 31 December 2014 financial results represents a twelve month period from 1 January 2014 to 31 December 2014, while comparative results for the previous reporting period represents a six month period from 1 July 2013 to 31 December 2013 as a result of the Company changing its financial year end from 30 June to 31 December in 2013 to align it with its overseas subsidiaries.

The results for the comparative period have been restated in accordance with note 2(f).

The consolidated loss after tax of the Group for the year ended 31 December 2014 was $5,828,378 (Restated six months ended 31 December 2013: $1,093,216).

The result reflects a reduction in revenue of $1.5 million from the profit on the sale of exploration and evaluation properties that occurred in the six months ending 31 December 2013, increased expenses reflecting a 12 month period as opposed to 6 months for the comparative period, exploration and evaluation expenditure of $0.9 million (six months ended 31 December 2013: Nil).

A detailed discussion of progress made during the year at the Group's projects is provided in the 'Review of Operation's section at the front of the Annual report.

ASSETS

Total assets increased by 6% or $1.6 million to $29 million reflecting an increase exploration and evaluation assets of $3.6 million, partially offset by a reduction in receivables of $1.9 million due to the receipt of proceeds from the sale of the Mariela project during the period and a reduction in cash and cash equivalents of $0.1 million.

DIRECTORS' REPORT

LIABILITIES

Total liabilities rose by 15% or $2.3 million to $17.6 million during the year reflecting a $1.5 million increase in deferred consideration balance as a result of foreign currency translation and other movements and $0.8 million increase in interest bearing loans and borrowings as a result of the new funding facility with The Australian Special Opportunity Fund LP.

Other liability categories recorded minor increases and decreases during the period resulting in an overall negligible net movement.

EQUITY

Total equity decreased by 6% or $0.7 million during the year to $11.5 million reflecting a loss of $5.8 million for the period, partially offset by increases in Contributed equity of $3.5 million due to placements and share based payments and an increase in Reserves of $1.6 million as a result of the foreign currency translation movements of $1.1 million) from the strengthening of the United States dollar against the Australian dollar and share based payments ($0.5 million).

SHAREHOLDER RETURNS

The Company's share price fell during the period like most of its peers as negative investor sentiment and weak capital markets continued to affect the mining and resources sector.

During the year the Group took decisive steps to reduce its 'cash burn' while continuing to progress its projects to ensure the successful outcome of its stated objectives.

These steps include all directors and senior management replacing 20% of their cash remuneration with shares in the Company, a 31% reduction in staff numbers, reduced overhead expenditure and providing community and environmental services to third parties.

In addition, exploration work was curtailed during the period with the majority of exploration being carried out on its projects by its partners via joint venture arrangements.

Further reductions in staff numbers, the cash remuneration of directors and senior management and overhead costs have been instigated and planned in 2015 as well as exploration expenditure.

The Company expects these actions along with exploration success and other corporate actions will provide the impetus for the share price to appreciate in the year ahead.

Table 2: Shareholder returns for the last 5 years

	December 2014^**	December 2013^*	June 2013^ **	June 2012# **	June 2011# **
Loss attributable to the Group ($)	(5,828,378)	(1,093,216)	(8,308,465)	(2,864,686)	(3,102,447)
Basic loss per share (Cents)	(2.17)	(0.49)	(4.24)	(1.78)	(2.46)
Dividends ($)	Nil	Nil	Nil	Nil	Nil
Closing share price ($)	0.02	0.07	0.08	0.25	0.25
Total shareholder return (%)	(67)	(13)	(68)	0	n/a

* Denotes six months ended 31 December 2013.

** Denotes twelve month period

The results have been restated to reflect the change in accounting policy for exploration and evaluation expenditure.

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

DIRECTORS' REPORT

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 period ended 31 December 2014.

Liquidity and capital resources

The Group's principal source of liquidity as at 31 December 2014 is cash and cash equivalents of $308,008 (2013: $390,592).

The Group entered into a funding agreement for up to $3,125,000 with the Australian Special Opportunity Fund LP which comprises of two Convertible Notes each with a term of 18 months and repayable in cash or shares using a share price determined by the average 5 daily VWAP's for each month chosen by the investor.

The first Convertible note of $1,125,000 was drawn down in November 2014.

Funding for 2015 is expected from the second Convertible note of $2,000,000 from the abovementioned funding agreement with the Australian Special Opportunity Fund LP, a placement as part of a proposed AIM listing, research and development rebates, proceeds from the Earn in option agreement for the Ilo Este project and other joint venture arrangements.

Shares, share rights and options

As at 31 December 2014 the Company had 320,469,243 fully paid Shares on issue, 11,687,500 Share Options and 27,291,289 Share Rights on issue.

SHARES

During the year 90,801,391 new shares were issued as a result of the Share Purchase Plan, to directors and employees for accepting a 20% reduction in their cash remuneration and for services to the Company, to lenders and creditors in partial settlement for services provided.

SHARE RIGHTS

During the year 14,292,886 share rights were issued to Executives and employees in accordance with the Incentive rights plan approved by shareholders on 30 November 2012. In addition 12,998,403 share rights were issued to Non-executive directors in accordance with the Deferred rights plan approved by shareholders on 27 May 2014.

OPTIONS

During the year 10,687,500 options were issued in accordance with the funding facility agreement with The Australian Special Opportunity Fund LP and 56,971,354 options lapsed. There were no option conversions during the period.

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.

Convertible notes

The Group has two Convertible notes on issue as at 31 December 2014 with Junefield High Value Metals Investments Limited ('JVHM') and The Australian Special Opportunity Fund LP ('ASOF'). The key terms of the two facilities are set our below.

JVHM Convertible note - Principal of $2.5 million, Interest rate of 12%, Conversion price of $0.07 per share and a maturity date of 31 July 2015.

JVHM has the right, at its election, to convert the Convertible Note into ordinary shares of the Company by giving 15 business days' notice, during which time the Company has the right to redeem the principal.

ASOF Convertible note - Principal of $1.125 million, Interest rate of 12%, Conversion price based on 92.5% of the average of 5 daily VWAP of the Company's shares chosen by ASOF each month and a maturity date of 1 June 2016.

The ASOF Convertible note is repayable by equal monthly payments over an 18-month period from date of drawdown. Each monthly repayment can be made, at Latin's option, either through cash or shares ("Repayment Shares") or a combination of both.

If the Company elects to repay in cash, the repayment amount will carry a premium of 2.5% of that monthly repayment amount. If the Company elects to repay via shares the Repayment shares will be priced at 92.5% of the average of five daily volume weighted average prices (VWAP), to be chosen by Lind Partners, during the 20 trading days prior to each issuance of shares.

Latin can repay the outstanding face value of the Convertible Note based on a 2.5% premium and Lind Partners would have the right upon such repayment to convert an amount equal to 25% of the outstanding face value of the Convertible Note at that time into equity at the premium conversion price which is equal to 130% of the Average of the VWAP during the 20 trading days prior to the Funding Agreement being signed ("Premium Conversion Price").

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company 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.

The Managing director and Chief financial officer have also provided assurance in writing to the Board 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

ILO ESTE - EARN-IN OPTION AGREEMENT

On 5 February 2015, the Company announced that it had signed a Binding Terms Sheet documenting the terms of an Assignment and Earn-in option agreement with Compañia Minera Zahena SAC to transfer 70% ownership of its Ilo Norte Project for a total consideration of US$1 million cash and minimum exploration work commitments of approximately US$3 million.

ILO SOUTH - MEMORANDUM OF UNDERSTANDING

On 15 March 2015, the Company announced that it had signed a Memorandum of Understanding (MOU) with Minera Antares Peru S.A.C, the Peruvian subsidiary of First Quantum Minerals Ltd to collaborate with each other exclusively for 12 months to discover mineral deposits worthy of further exploration and development within 63,730 hectares of PLR's 100% owned mining concessions in Southern Peru.

PLACEMENT

On 23 March 2015, the Company announced that it had completed a placement of 28.5 million shares at an average price of $0.01 each raising a total of $285,000 (before costs) to progress its projects in South America and for working capital purposes.

Likely developments and expected results

In 2015 the Group intends to progress its Ilo Este project via its Earn in option agreement with Compañia Minera Zahena SAC and collaborate with Minera Antares Peru S.A.C via its MOU to discover mineral deposits worthy of further exploration and development within 63,730 hectares of PLR's 100% owned mining concessions in Southern Peru.

The Group also will continue its efforts to attract quality joint venture partners to progress the Guadalupito project and continue its cost cutting program to reduce costs and preserve cash and continue to look for other opportunities in South America 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 Brazil 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 2014, and the number of meetings attended by each director are as follows:

Table 3: Directors meetings and attendance

Director	***Board***		***Remuneration committee***	
	meetings held	***meetings attended***	***meetings held***	***meetings attended***
David Vilensky	12	12	1	1
Chris Gale	12	12	-	-
Frankie Li	12	11	-	-
Mark Rowbottam	12	12	1	1
Liu Zhongsheng[1]	12	-	-	-

[1] Mr Zhongsheng was represented at Board meetings by his Alternate, Mr Li.

Committee membership

At the date of this report, the Company has a Remuneration committee consisting of David Vilensky (Chairman) and Mark Rowbottam.

The Board as a whole decides on matters affecting identification, appointment and review of board membership, and audit and risk management.

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 fulfill 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.

Table 4: Gender composition

	31 December 2014		31 December 2013	
	Female	**Male**	**Female**	**Male**
Board	-	100%	-	100%
Executive	-	100%	-	100%
Group	18%	82%	25%	75%

Auditors' independence declaration

The auditors independence declaration is set out on page 80 and forms part of the Directors' report for the year ended 31 December 2014.

Non-audit services

Non-audit services provided by the Group's auditor Stantons International during the year ended 31 December 2014 is shown at note 27 of the financial statements.

The directors are satisfied that the provision of non-audited 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 2014 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	Chairman
Frankie Li	Non-executive director
Zhongsheng Liu	Non-executive director
Mark Rowbottam	Non-executive director
Executive director	
Chris Gale	Managing director
Other executives	
Anthony Begovich	Chief financial officer and Company secretary
Andrew Bristow	General manager - Peru operations
Carlos Spier	Group exploration manager

There were no changes to directors or KMP after the reporting date and before the financial report was authorised for issue.

REMUNERATION GOVERNANCE

Remuneration committee

The Remuneration committee has delegated decision making authority for some matters related to the remuneration arrangements for Non-executive directors and executives, and is required to make recommendations to the Board on other matters.

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 Remuneration committee approves, having regard to the recommendations of the Managing director, the level of incentives to other personnel and contractors.

Use of remuneration consultants

The remuneration committee 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 remuneration committee.

No consultants were used or paid by the Group during the year.

DIRECTORS' REPORT

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 which for the reporting period ranged from $60,000 to $84,000 per annum for directors and $108,000 for the Chairman. During the year the Non-executive directors agreed to receive 20% of their fees in shares in the Company which was approved by shareholders on 27 May 2014.

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.

As at the date of this report no additional options or share rights were awarded to Non-executive directors after 31 December 2014.

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, 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. 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 remuneration of Non-executive directors for the year ended 31 December 2014 and the six months ended 31 December 2013 is detailed in tables 5 & 6.

The Board will not seek any increase in the aggregate remuneration for the Non-executive director pool at the 2015 AGM.

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.

During the year Executives agreed to receive 20% of their fees in shares in the Company which was approved by shareholders on 27 May 2014.

Variable remuneration

The Company established an Incentive Rights Plan ('the Plan') that was approved by shareholders on 30 November 2012 and applies to full time and permanent part time employees and contractors. The Company also established "The Latin Resources Limited Employee Share Trust" (Trust) to obtain Shares as a result of the vesting and exercise of rights under the Plan. The Trust provides numerous commercial benefits for the Company.

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 2014.

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 2014, 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.

The remuneration of executives for the year ended 31 December 2014 and six months ended 31 December 2013 is detailed in tables 5 and 6.

Employment agreements and contracts

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

Managing director

The Managing director is currently employed under a consultancy agreement for a three year term ending on 30 September 2016 which can be extended by mutual consent.

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.

General Manager – Peru

The General manager- Peru is currently employed under a consultancy agreement for a one year term ending on 30 September 2015.

Both parties may terminate the agreement without cause by giving thirty days' notice.

The Group may terminate the agreement with cause by giving up to ten days' notice.

The General manager – Peru is entitled to receive fees and expenses for the period until termination unless the agreement is terminated due to a change of control in which case he is entitled to a payment equivalent to fees for one year, one annual bonus and the value of any annual fringe benefits.

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.

Other Key Management Personnel (KMP)

All other KMP have rolling employment contracts that are capable of termination by both parties with or without cause by giving one month and up to three months' notice respectively.

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

Executives are also entitled to receive statutory entitlements of any accrued annual and long service leave, together with superannuation benefits.

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.

Table 5: REMUNERATION OF KEY MANAGEMENT PERSONNEL AND EXECUTIVES FOR THE YEAR ENDED 31 DECEMBER 2014

	Short-term benefits			Post employment		Other long-term benefits	Share-based payments		Total	Performance related	Equity compensation
12 months to 31 Dec 2014	Salary & Fees $	Bonus $	Non-cash benefits $	Super $	Other $	Long service leave $	Share rights $	Shares $	$	%	%
Directors											
D. Vilensky	86,400	-	-	-	-	-	58,682[1]	21,600[3]	166,682	-	48
C. Gale	316,800	-	-	-	-	-	42,381[2]	97,950[4]	457,131	6	31
F. Li	67,200	-	-	-	-	-	45,642[1]	16,800[3]	129,642	-	48
L. Zhongsheng	60,000	-	-	-	-	-	32,601[1]	-	92,601	-	35
M. Rowbottam	48,518	-	-	4,282	-	-	35,861[1]	13,200[3]	101,861	-	48
Other executives											
A. Begovich	160,005	-	-	14,967	-	-	25,437[2]	54,960[4]	255,369	7	31
A. Bristow	214,438	-	-	-	9,933	-	30,093[2]	56,083[3]	310,547	6	26
C. Spier	251,321	-	-	6,950	-	-	33,923[2]	57,903[3]	350,097	6	26
Total	**1,204,682**	**-**	**-**	**26,199**	**9,933**	**-**	**304,620**	**318,496**	**1,863,930**	**5**	**33**

[1] These amounts refer to share rights issued in accordance with the Deferred rights plan 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 2012.

[3] These amounts refer to shares issued to directors and senior management as compensation for accepting a 20% reduction in cash remuneration for the year.

[4] These amounts refer to shares issued to directors and senior management as compensation for accepting a 20% reduction in cash remuneration for the year plus shares issued to the Managing director that were approved by shareholders and shares issued to senior management for services to the Company for the period up until 31 December 2013.

Table 6 - REMUNERATION OF KEY MANAGEMENT PERSONNEL AND EXECUTIVES FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	Short-term benefits			Post employment		Other long-term benefits	Share-based payments		Total	Performance related	Equity compensation
6 months to 31 Dec 2013	**Salary & Fees $**	**Bonus $**	**Non-cash benefits $**	**Super $**	**Other $**	**Long service leave**	**Share rights $**	**Shares $**	**$**	**%**	**%**
Directors											
D. Vilensky	46,800	-	-	-	-	-	-	7,200[1]	54,000	-	13
C. Gale	171,600	-	-	-	-	-	-	26,400[1]	198,000	-	13
F. Li	36,400	-	-	-	-	-	-	5,600[1]	42,000	-	13
L. Zhongsheng	30,000	-	-	-	-	-	-	-	30,000	-	-
M. Rowbottam	26,178	-	-	2,422	-	-	-	4,400[1]	33,000	-	13
Other executives											
A. Begovich	86,669	-	-	8,017	-	-	-	59,567[2]	154,253	-	39
A. Bristow	126,048	-	-	-	5,554	-	-	25,424[3]	157,026	-	16
C. Spier	118,720	-	-	6,735	-	-	-	84,301[4]	209,756	-	40
Total	**642,415**	**-**	**-**	**17,174**	**5,554**	**-**	**-**	212,892	**878,035**	**-**	**24**

[1] 690,338 shares were issued to Directors after period end after receiving shareholder approval, and the fair value was measured at its quoted market price of $0.063 as compensation for accepting a 20% reduction in cash remuneration for the period 1 September 2013 to 31 December 2013. If shareholder approval is not received the amounts will be paid in cash.

[2] This amount comprises the following share based payments:

- 500,000 shares were issued and the fair value was measured at its quoted market price of $0.09 per share at the grant date.
- 230,641 shares were issued subsequent to year end and the fair value was measured at a quoted market price of $0.063 per share as compensation for accepting a 20% reduction in cash remuneration for the period 1 September 2013 to 31 December 2013.

[3] This amount comprises the following share based payments:

- 394,328 shares were issued after period end and the fair value was measured at a quoted market price of $0.063 per share as compensation for accepting a 20% reduction in cash remuneration for the period 1 September 2013 to 31 December 2013.

[4] This amount comprises the following share based payments:

- 500,000 shares were issued and the fair value was measured at its quoted market price of $0.13 per share at the grant date.
- 305,599 shares were issued subsequent to year end and the fair value was measured at its quoted market price of $0.063 as compensation for accepting a 20% reduction in cash remuneration for the period 1 September 2013 to 31 December 2013.

DIRECTORS' REPORT

ADDITIONAL DISCLOSURES RELATING TO REMUNERATION

(a) Share holdings of key management personnel

12 months to 31 Dec 2014	Balance at 31 December 2013	Granted as remuneration	On exercise of options	Net change other	Balance at 31 December 2014
Directors					
David Vilensky	1,269,230	1,212,071	-	-	2,481,301
Chris Gale	9,087,692	2,166,857	-	(1,785,016)	9,469,533
Frankie Li	-	349,153	-	-	349,153
Zhongsheng Liu	-	-	-	-	-
Mark Rowbottam	6,528,730	274,335	-	-	6,803,065
Other key management personnel					
Anthony Begovich	510,000	1,117,394	-	131,579	1,758,973
Andrew Bristow	1,277,835	1,246,144	-	(223,000)	2,300,979
Carlos Spier	600,000	1,203,387	-	(150,000)	1,653,387
	19,273,487	**7,569,341**	**-**	**(2,206,437)**	**24,816,391**

6 months to 31 Dec 2013	Balance at 1 July 2013	Granted as remuneration	On exercise of options	Net change other	Balance at 31 December 2013
Directors					
David Vilensky	1,269,230	-	-	-	1,269,230
Chris Gale	9,087,692	-	-	-	9,087,692
Frankie Li	-	-	-	-	-
Zhongsheng Liu	-	-	-	-	-
Mark Rowbottam	6,528,730	-	-	-	6,528,730
Other key management personnel					
Anthony Begovich	10,000	500,000	-	-	510,000
Andrew Bristow	1,277,835	-	-	-	1,277,835
Carlos Spier	100,000	500,000	-	-	600,000
	18,273,487	**1,000,000**	**-**	**-**	**19,273,487**

(b) Share right holdings of key management personnel

12 months to 31 Dec 2014	Balance at 31 December 2013	Granted as remuneration	Vested in year	Forfeited in year	Balance at 31 December 2014
Directors					
David Vilensky	-	4,414,552	-	-	4,414,552
Chris Gale	-	5,406,355	-	-	5,406,355
Frankie Li	-	3,433,540	-	-	3,433,540
Zhongsheng Liu	-	2,452,529	-	-	2,452,529
Mark Rowbottam	-	2,697,782	-	-	2,697,782
Other key management personnel					
Anthony Begovich	-	2,237,350	-	-	2,237,350
Andrew Bristow	-	3,101,937	-	-	3,101,937
Carlos Spier	-	2,964,402	-	-	2,964,402
	-	**26,708,447**	**-**	**-**	**26,708,447**

6 months to 31 Dec 2013	Balance at 1 July 2013	Granted as remuneration	Vested in year	Forfeited in year	Balance at 31 December 2013
Directors					
David Vilensky	-	-	-	-	-
Chris Gale	-	-	-	-	-
Frankie Li	-	-	-	-	-
Zhongsheng Liu	-	-	-	-	-
Mark Rowbottam	-	-	-	-	-
Other key management personnel					
Anthony Begovich	-	-	-	-	-
Andrew Bristow	-	-	-	-	-
Carlos Spier	-	-	-	-	-
	-	-	-	-	-

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

	Number	Grant date	Vested in year (%)	Forfeited in year (%)	Date at which share rights are to be tested
Directors					
David Vilensky	4,414,552	27/5/2014			31/12/2016
Chris Gale	5,406,355	27/5/2014	-	-	31/12/2016
Frankie Li	3,433,540	27/5/2014			31/12/2016
Zhongsheng Liu	2,452,529	27/5/2014			31/12/2016
Mark Rowbottam	2,697,782	27/5/2014			31/12/2016
Executives					
Anthony Begovich	2,237,350	8/4/2014	-	-	31/12/2016
Andrew Bristow	3,101,937	16/4/2014	-	-	31/12/2016
Carlos Spier	2,964,402	7/4/2014	-	-	31/12/2016

(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.

12 months to 31 Dec 2014	Balance at 31 Dec 2013	Granted as remuneration	Exercised	Net change other[1]	Balance at 31 Dec 2014	Vested exercisable	Vested not exercisable
Directors							
David Vilensky	634,515	-	-	(634,515)	-	-	-
Chris Gale	528,846	-	-	(528,846)	-	-	-
Frankie Li	-	-	-	-	-	-	-
Zhongsheng Liu	-	-	-	-	-	-	-
Mark Rowbottam	-	-	-	-	-	-	-
Other key management personnel							
Anthony Begovich	1,000,000	-	-	(1,000,000)	-	-	-
Andrew Bristow	530,110	-	-	(530,110)	-	-	-
Carlos Spier	-	-	-	-	-	-	-
	2,693,471	**-**	**-**	**(2,693,471)**	**-**	**-**	**-**

[1] Net change other refers to options that expired during the year

6 months to 31 Dec 2013	Balance at 1 Jul 2013	Granted as remuneration	Exercised	Net change other	Balance at 31 Dec 2013	Vested exercisable	Vested not exercisable
Directors							
David Vilensky	634,515	-	-	-	634,515	634,515	-
Chris Gale	528,846	-	-	-	528,846	528,846	-
Frankie Li	-	-	-	-	-	-	-
Zhongsheng Liu	-	-	-	-	-	-	-
Mark Rowbottam	-	-	-	-	-	-	-
Other key management personnel							
Anthony Begovich	1,000,000	-	-	-	1,000,000	1,000,000	-
Andrew Bristow	530,110	-	-	-	530,110	530,110	-
	2,693,471	**-**	**-**	**-**	**2,693,471**	**2,693,471**	**-**

(d) Loans to key management personnel

There were no loans to key management personnel during the current or prior year.

(e) 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 31 March 2015, in Perth, Western Australia.

CORPORATE GOVERNANCE STATEMENT

Approach to Corporate governance

The Board of directors is responsible for Corporate governance of the Group having regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ('Principles and Recommendations').

The Board develops strategies for the Group, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

(a) maintain and increase Shareholder value;
(b) ensure a prudential and ethical basis for the Group's conduct and activities; and
(c) ensure compliance with the Group's legal and regulatory objectives.

Disclosure – Principles and Recommendations

The Group reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the six months ended 31 December 2014 ('Reporting Period') with a view to making amendments where applicable after considering the Group's size and the resources it has available.

As the Group's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal Corporate governance committees will be given further consideration.

Board

Roles and responsibilities of the Board and Senior executives (Recommendations: 1.1, 1.3)

The Company has established the functions reserved to the Board, and those delegated to Senior executives are set out in their individual employment contracts.

The Company's Board of directors assume the following responsibilities:

(a) developing initiatives for profit and asset growth;
(b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;
(c) acting on behalf of, and being accountable to, the shareholders; and
(d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

Senior executives are responsible for supporting and assisting the Managing director with the running the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

A summary of the Board functions and a summary of the functions delegated to Senior executives is available on the Company's website.

Skills, experience, expertise and period of office of each director (Recommendation: 2.6)

A profile of each director setting out their skills, experience, expertise and period of office is set out in the Directors' Report.

Director independence (Recommendations: 2.1, 2.2, 2.3, 2.6)

The Board does not have a majority of directors who are independent. The Board is of the view that given the Company's size and composition, the Board's current composition was the best structure for the Company's objectives during the period.

The independent directors of the Company during the period were Mr Vilensky and Mr Rowbottam.

These directors are considered independent because they are non-executive directors who were not members of management nor were they within the last three years and who were free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of his judgment.

The Company has adopted the following criteria for independence. An Independent Director is a Non-Executive Director who:

(a) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;

(b) within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;

(c) within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member. Or an employee materially associated with the service provided;

(d) is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;

(e) has no material contractual relationship with the Company or other group member other than as a Director of the Company;

(f) has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and

(g) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Material is defined as being where the relationship accounts for more than 2% of consolidated gross expenditure (including exploration and development expenditure) per annum of the Company.

As Mr Frankie Li is an officer of a substantial shareholder and Mr Zhongsheng Liu is an employee of the same substantial shareholder, neither Non-executive director satisfies the independence guidelines referred to above. The Board considers that these facts have not impaired either director from acting in an independent manner and in the best interests of the Company.

The independent Chairman of the Board is Mr Vilensky and the Chief executive officer is Mr Gale.

Independent professional advice (Recommendation: 2.6)

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

Selection and (re) appointment of directors (Recommendation: 2.6)

Election of Board members is substantially the province of the shareholders in general meetings. However, subject thereto, the Company is committed to the following principles:

(a) the Board is to comprise Directors with a blend of skills, experience and attributes appropriate for the Company and its business; and

(b) the principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

No formal procedures have been adopted for the identification, appointment and review of the Board membership, but an informal assessment process, facilitated by the Chairman in consultation with the Company's professional advisors, has been committed to by the Board.

Whilst efforts are made to identify suitably qualified female candidates from a diversity of backgrounds when seeking to fulfil board positions, the Company does not believe, nor in the best interests of shareholders to set formal targets for the composition of the board based on gene rot any other non-skill related characteristic nor detailed policies in this regard.

Board committees

Nomination committee (Recommendations: 2.4, 2.6)

The Company has not established a separate Nomination committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination committee. Accordingly, the Board performs the role of the Nomination committee.

Audit committee (Recommendations: 4.1, 4.2, 4.3, 4.4)

The Company has not established a separate Audit committee.

Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Audit committee. Accordingly, the Board performs the role of the Audit committee.

Remuneration committee (Recommendations: 8.1, 8.2, 8.3, 8.4)

The Company has established a separate Remuneration committee. The Committee consists of Mr Vilensky who is the independent chairman of the Remuneration committee and Mr Rowbottam who is also an independent director. Given the current size and composition of the Board the committee does not have at least three members as desired under Recommendation 8.2.

Details of the number of Remuneration committee meetings held during the Reporting Period, the members of the Committee and their attendance at committee meetings is set out in the Directors' report.

Details regarding the role and responsibilities of the Remuneration committee are set out in the Remuneration report which forms part of the Directors’ report.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

A summary of the Company's Remuneration committee charter is available on the Company website.

External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

Performance evaluation

Senior executives (Recommendations: 1.2, 1.3)

The Managing director reviews the performance of senior executives annually by individual interviews. The review is conducted with reference to the terms of senior executive's employment contract.

Board, Remuneration committee and individual directors (Recommendations: 2.5, 2.6)

It is the policy of the Board to conduct annual performance review of the Board, its composition and whether any changes are required to the Board’s charter.

A performance review of the Board and the Managing director for the year ended 2014 is expected to be completed in April 2015.

CORPORATE GOVERNANCE STATEMENT

Ethical and responsible decision making

Code of conduct (Recommendations: 3.1, 3.5)

The Board is committed to the establishment and maintenance of appropriate ethical standards.

The Group has established a Code of conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A summary of the Company's Code of conduct is available on the Company website.

Diversity (Recommendations: 3.2, 3.3, 3.4, 3.5)

The Group is committed to having an appropriate blend of diversity including on the Board and in senior management positions.

The Board has established a Diversity policy and a summary of the policy is available on the Company's website.

Continuous disclosure (Recommendations: 5.1, 5.2)

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

The Company's Continuous disclosure policy is available on the Company's website.

Shareholder communication (Recommendations: 6.1, 6.2)

The Board ensures that Shareholders are kept informed of all major developments that affect their Shareholding or the Company's state of affairs through quarterly, half-yearly, annual and ad hoc reports. All shareholders are encouraged to attend the annual general meeting to meet the Chairman and Directors and to receive the most updated report on the Company's activities.

The Company maintains a website at www.latinresources.com.au to provide shareholders with information of the Company's activities. Shareholders may communicate with the Company through its email address info@latinresources.com.au

Risk management (Recommendations: 7.1, 7.2, 7.3, 7.4)

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.

Identification and management of risk

Details regarding the Group's Risk management are set out in the Directors' report.

A summary of the Group's Risk management policy is available on the Company website.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the twelve months ended 31 December 2014

	Notes	12 months to 31 Dec 2014 $	Restated 6 months to 31 Dec 2013 $
Finance revenue	5(a)	13,364	4,429
Other revenue	5(b)	134,958	1,494,012
Depreciation and amortisation expense		(35,111)	(19,901)
Employee benefits expense	6(a)	(1,811,331)	(933,769)
Finance expenses	6(b)	(1,834,389)	(1,156,404)
Exploration and evaluation expenditure	13	(897,511)	-
Other expenses	6(c)	(1,874,747)	(778,971)
Loss before tax		(6,304,767)	(1,390,604)
Income tax benefit/(expense)	7	476,389	297,388
Loss for the period		(5,828,378)	(1,093,216)
Loss attributable to owners of the Group	21	(5,828,378)	(1,093,216)
Other comprehensive loss			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translating foreign operations		1,160,156	1,016,306
Items that will not to be reclassified to profit or loss in subsequent periods:		-	-
Total comprehensive loss for the period attributable to owners of the Group		(4,668,222)	(76,910)
Basic and diluted loss per share (Cents)	8	(2.17)	(0.49)

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 2014

	Notes	31 Dec 2014 $	Restated 31 Dec 2013 $	Restated 30 Jun 2013 $
ASSETS				
Current assets				
Cash and cash equivalents	9(a)	308,008	390,592	58,476
Trade and other receivables	10(a)	395,049	2,766,190	1,231,620
Other financial assets	11	118,570	114,728	113,276
Total current assets		**821,627**	**3,271,510**	**1,403,372**
Non-current assets				
Trade and other receivables	10(b)	1,618,992	1,207,639	-
Plant & equipment	12	254,542	283,099	303,750
Exploration and evaluation assets	13	26,329,037	22,698,051	23,509,656
Total non-current assets		**28,202,571**	**24,188,789**	**23,813,406**
Total assets		**29,024,198**	**27,460,299**	**25,216,778**
LIABILITIES				
Current liabilities				
Trade and other payables	14	2,247,355	2,542,485	2,541,515
Interest bearing loans and borrowings	15(a)	3,020,425	250,000	550,000
Deferred revenue	16(a)	283,467	-	-
Deferred consideration	17(a)	755,633	698,581	1,493,825
Provisions	18	314,550	206,928	214,224
Total current liabilities		**6,621,430**	**3,697,994**	**4,799,564**
Non-current liabilities				
Interest bearing loans and borrowings	15(b)	400,538	2,396,299	-
Deferred revenue	16(b)	-	106,169	-
Deferred consideration	17(b)	10,550,128	9,050,824	9,345,320
Total non-current liabilities		**10,950,666**	**11,553,292**	**9,345,320**
Total liabilities		**17,572,096**	**15,251,286**	**14,144,884**
Net assets		**11,452,102**	**12,209,013**	**11,071,894**
EQUITY				
Contributed equity	19	32,018,530	28,564,150	27,388,521
Reserves	20	5,853,164	4,236,077	3,181,371
Accumulated losses	21	(26,419,592)	(20,591,214)	(19,497,998)
Total equity		**11,452,102**	**12,209,013**	**11,071,894**

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 2014

	Contributed equity	Share based payment reserve	Foreign currency translation reserve	Accumulated losses	Total
	$	$	$	$	$
Balance at 1 July 2013 (Previously reported)	**27,388,521**	**1,435,156**	**2,006,449**	**(17,088,656)**	**13,741,470**
Prior period adjustment	-	-	(260,234)	(2,409,342)	(2,669,576)
Balance at 1 July 2013 (Restated)	**27,388,521**	**1,435,156**	**1,746,215**	**(19,497,998)**	**11,071,894**
Profit/(loss) for the period	-	-	-	(1,093,216)	(1,093,216)
Other comprehensive income	-	-	1,016,306	-	1,016,306
Total comprehensive income	-	-	1,016,306	(1,093,216)	(76,910)
Issue of shares	1,182,149	-	-	-	1,182,149
Option premium	20,000	-	-	-	20,000
Share based payments	-	38,400	-	-	38,400
Exercise of options	3,703	-	-	-	3,703
Treasury shares purchased	65,000	-	-	-	65,000
Transaction costs	(95,223)	-	-	-	(95,223)
Balance at 31 December 2013 (Restated)	**28,564,150**	**1,473,556**	**2,762,521**	**(20,591,214)**	**12,209,013**
Profit/(loss) for the period	-	-	-	(5,828,378)	(5,828,378)
Other comprehensive income	-	-	1,160,156	-	1,160,156
Total comprehensive income	-	-	1,160,156	(5,828,378)	(4,668,222)
Issue of shares	3,554,322	-	-	-	3,554,322
Share based payments	-	456,931	-	-	456,931
Exercise of options	-	-	-	-	-
Treasury shares issued	70,883	-	-	-	70,883
Transaction costs	(170,825)	-	-	-	(170,825)
Balance at 31 December 2014	**32,018,530**	**1,930,487**	**3,922,677**	**(26,419,592)**	**11,452,102**

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

CONSOLIDATED STATEMENT OF CASHFLOWS

For the twelve months ended 31 December 2014

	Notes	12 months to 31 Dec 2014 $	6 months to 31 Dec 2013 $
Cash flows from operating activities			
Receipts from other income		104,723	22,487
Payments to suppliers and employees		(2,564,344)	(1,635,424)
Interest received		13,364	4,429
Interest paid		(235,453)	(271,845)
Taxes (paid)/refunded		371,428	-
Net cash flows used in operating activities	**9(b)**	**(2,310,282)**	**(1,880,353)**
Cash Flows from investing activities			
Payments for plant and equipment		(5,392)	-
Payments for exploration and evaluation assets		(3,033,450)	(1,362,737)
Proceeds from sale of exploration and evaluation assets		2,180,484	644,993
Proceeds from/(payments for) security deposits		-	-
Net cash flows used in investing activities		**(858,358)**	**(717,744)**
Cash flows from financing activities			
Proceeds from the issue of equity		2,116,194	823,703
Transaction costs of issuing shares		(107,479)	(95,223)
Proceeds from borrowing		2,175,000	2,750,000
Repayment of borrowings		(1,100,000)	(550,000)
Net cash from financing activities		**3,083,715**	**2,928,480**
Net (decrease)/increase in cash and cash equivalents		(84,925)	330,383
Cash and cash equivalents at the beginning of the period		390,592	58,476
Net foreign exchange difference		2,341	1,733
Cash and cash equivalents at the end of the period	**9(a)**	**308,008**	**390,592**

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

NOTES TO 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 2014 were authorised for issue in accordance with a resolution of the directors on 31 March 2015.

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.

The Company changed its financial year end in 2013 from 1 July to 31 December to align it with its overseas subsidiaries. As a result the 31 December 2014 financial data represents the twelve months from 1 January 2014 to 31 December 2014, while the comparative information for the previous reporting period represents six months from 1 July 2013 to 31 December 2013.

(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

(i) Standards and Interpretations adopted in the current year:

The Group has applied the following standards and amendments for first time in their annual reporting period commencing 1 January 2014:

- AASB 1031 (2013) 'Materiality'
- AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'
- AASB 2012-3 'Amendments to Australian Accounting Standards-Disclosures-Offsetting Financial Assets and Liabilities' (Amendments to AASB 132)
- AASB 2013-3 ' Amendments to Australian Accounting Standards for Recoverable Amount Disclosures for Non Financial Assets' (Amendments to AASB 136)

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2014 affected any of the amounts recognised in the current period or any prior period, although it caused minor changes to the Group's accounting policies and disclosures. Amendments made to AASB 124; Related Party Disclosures allows the removal of the individual key management personnel disclosure requirements (including paragraphs Aus 29.1 to Aus 29.9.3).

(ii) **Standards and Interpretations issued but not yet adopted:**

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.

- ***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.

- ***Other standards not yet applicable***

  These standards are not expected to have a material impact on the entity in the current or future reporting periods.

Standard / Interpretation	Effective for financial period beginning on or after	Initial application to the entity for the period ending
AASB 2014-1 'Amendments to Australian Accounting Standards'- Parts A to C	1 July 2014	31 December 2015
AASB 2014-1 'Amendments to Australian Accounting Standards'- Part D	1 January 2016	31 December 2016
AASB 2014-1 'Amendments to Australian Accounting Standards'- Part E	1 January 2015	31 December 2015
AASB 2014-3 'Amendments to Australian Accounting Standards'-Accounting for Acquisitions of Interests in Joint Operations	1 July 2016	31 December 2016
AASB 2014-4 'Amendments to Australian Accounting Standards-Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	31 December 2016

(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) PRIOR PERIOD ADJUSTMENT

Following a review of the accounting treatment of acquisition costs capitalised as part of Exploration and evaluation assets, the Company wishes to restate the prior financial statements to more accurately reflect the finance costs associated with acquisitions which were initially capitalised as part of Exploration and evaluation assets in the Statement of Financial Position.

1 July 2013 opening comparative

As this adjustment related to multiple reporting periods, the Statement of Financial Position opening balances as at 1 July 2013 were restated, in accordance with AASB 101 Presentation of Financial Statements, as follows:

Statement of financial position	Previously reported 30 Jun 2013 $	Increase/ (Decrease) $	Restated 30 June 2013 $
Exploration and evaluation assets	26,179,232	(2,669,576)	23,509,656
Foreign currency reserve	2,006,449	(260,234)	1,746,215
Accumulated losses	(17,088,656)	(2,409,342)	(19,497,998)

Other items in the Statement of financial position were not affected by the prior period adjustment.

31 December 2013 comparative

The impact of the prior period adjustments on the 31 December 2013 comparatives is summarised as follows:

Statement of financial position	Previously reported 31 Dec 2013 $	Increase/ (Decrease) $	Restated 31 Dec 2013 $
Exploration and evaluation assets	25,632,488	(2,934,437)	22,698,051
Foreign currency reserve	2,510,554	251,967	2,762,521
Accumulated losses	(17,412,012)	(3,179,202)	(20,591,214)

Other items in the Statement of financial position were not affected by the prior period adjustment.

Statement of profit or loss and other comprehensive income	Previously reported 31 Dec 2013 $	Increase/ (Decrease) $	Restated 31 Dec 2013 $
Revenue	1,498,441	-	1,498,441
Finance expenses	(386,544)	(769,860)	(1,156,404)
Other reported expenses	(1,732,641)	-	(1,732,641)
Loss before income tax	(620,744)	(769,860)	(1,390,604)
Income tax (expense)/benefit	297,388	-	297,388
Loss for the year	(323,356)	(769,860)	(1,093,216)
Foreign currency translation	504,105	512,201	1,016,306
Total comprehensive profit/(loss) for the year	**180,749**	**(257,659)**	**(76,910)**
Basic and diluted loss per share (cents)	(0.14)	(0.35)	(0.49)

The prior period adjustment further affected some of the amounts disclosed in Notes 4, 6(b), 7, 8, 9(b), 13, 20(a), 21, 25 and 28.

(g) COMPARATIVE INFORMATION

Certain comparative information in the financial report may have been reclassified to aid comparability with the current period and in accordance with note 2(f).

(h) 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 2014 the consolidated entity incurred a loss of $5,828,378 (Restated six months ended 31 December 2013: 1,093,216), had net cash outflows from operating and investing activities of $3,168,640 (six months ended 31 December 2013: $2,598,097) and had net working capital deficiency of $5,799,803 as at 31 December 2014 (Restated 31 December 2013: working capital $426,484).

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.

In the period subsequent to 31 December 2014, the company has received $285,000 from a Placement.

The ability of the company and the consolidated entity to continue as going concerns are principally dependent upon obtaining new funding of approximately $4.9 million from an arrangement involving one of its projects, a capital raising or a combination of both.

The company continues to engage in negotiations with a number of interested parties regarding potential project funding through an arrangement or sale. As at the date of this report the negotiations are ongoing.

The directors have prepared a cash flow forecast, which indicates that the company and the consolidated entity will have sufficient cash flows to meet commitments and working capital requirements for the 12 month period from the date of signing this financial report if they are successful in relation to matters referred to above. Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the company's history of raising capital, the directors are confident of the company's ability to raise additional funds as and when they are required.

Notwithstanding the above, there is a material uncertainty whether the company and the consolidated entity will continue as going concerns and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might be necessary should the company and the consolidated entity not continue as a going concern. The financial report has been prepared on a 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.

(i) 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.

(j) 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.

(k) CURRENT VERSUS NON-CURRENT CLASSIFICATION

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

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

(l) 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.

(m) 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.

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.

(n) 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.

(o) 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 bowing 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.

(p) EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit 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.

(q) 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.

(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.

(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.

(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.

(w) INTEREST BEARING LOANS AND BORROWINGS

Interest bearing loans are recognised as 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 base 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 Statement of comprehensive income 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 Statement of comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Statement of comprehensive income. 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 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.

(z) CONVERTIBLE NOTES

For convertible notes, the component of the convertible note that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On issuance of the convertible note, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a long term liability on an amortised cost basis until extinguished on conversion. The increase in the liability due to the passage of time is recognised as a finance cost.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Interest on the liability component of the convertible note is recognised as an expense in the Statement of profit and loss.

(aa) SHARE-BASED PAYMENT TRANSACTIONS

The Group provides benefits to directors, employees and other parties in the form of share-based payment transactions, whereby directors, employees and other parties render services in exchange for shares or rights over shares (‘equity-settled transactions’). The Group has also provided benefits to various parties in the form of cash-settled share based payments, whereby the various parties provide goods and services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares.

Equity settled transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

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.

Cash settled transactions

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the period.

(ab) DEFERRED REVENUE

Deferred revenue represents the fair value of the first non-refundable payment received as consideration for the farm out of the Company’s Ilo Norte Project.

(ac) 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 to 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
- 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.

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

Significant accounting judgements

In the process of applying the Group's accounting policies management has the following significant accounting judgements apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

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 capitalised Exploration and evaluation expenditure
The future recoverability of capitalised acquisition costs 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.

In addition, Exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key 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:

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.

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 three operating segments are Australia Peru and Brazil. Discrete financial information regarding these operating segments is reported to the Board on a monthly basis.

NOTES TO FINANCIAL STATEMENTS

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

12 months to 31 Dec 2014	**Australia**	**Peru**	**Brazil**	**Total**
	$	**$**	$	**$**
Revenue				
Interest revenue	13,032	-	332	13,364
Other income	-	105,972	28,986	134,958
Total revenue	**13,032**	**105,972**	**29,318**	**148,322**
Results				
Depreciation & amortisation expense	(10,069)	(25,042)	-	(35,111)
Share based payments	(446,448)	-	-	(446,448)
Interest expense	(323,293)	(9,927)	(3,048)	(336,268)
Net foreign exchange gain	(25,601)	(1,670)	(17,974)	(45,245)
Segment profit/(loss)	**(2,816,888)**	**(2,409,260)**	**(602,230)**	**(5,828,378)**
Segment assets	**4,723,705**	**24,252,628**	**47,865**	**29,024,198**
Segment liabilities	**(4,183,949)**	**(13,346,115)**	**(42,032)**	**(17,572,096)**
Additions to non-current assets				
Plant & equipment	-	5,392	-	5,392
Exploration & evaluation assets	715,775	1,761,561	144,422	2,621,758
Total additions to non-current assets	**715,775**	**1,756,169**	**144,422**	**2,627,150**

Restated

6 months to 31 Dec 2013	**Australia**	**Peru**	**Brazil**	**Total**
	$	**$**	**$**	$
Revenue				
Interest revenue	4,429	-	-	4,429
Other income	(452,645)	1,946,657	-	1,494,012
Total revenue	**(448,216)**	**1,946,657**	**-**	**1,498,441**
Results				
Depreciation & amortisation expense	(6,568)	(13,333)	-	(19,901)
Share based payments	(154,967)	(163,867)	-	(318,834)
Interest expense	(118,186)	(8,706)	-	(126,892)
Net foreign exchange gain	(8,433)	1,769	-	(6,664)
Segment profit/(loss)	**(1,680,191)**	**598,326**	**(11,351)**	**(1,093,216)**
Segment assets	**4,136,461**	**22,779,854**	**543,984**	**27,460,299**
Segment liabilities	**(3,385,245)**	**(11,556,680)**	**(309,361)**	**(15,251,286)**
Additions to non-current assets				
Plant & equipment	-	2,211	-	2,211
Exploration & evaluation assets	547,126	1,329,436	317,379	2,193,941
Total additions to non-current assets	**547,126**	**1,331,647**	**317,379**	**2,196,152**

Segment profit represents the profit earned 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.

	12 months to 31 Dec 2014 $	6 months to 31 Dec 2013 $
5. REVENUE		
(a) Finance revenue		
Interest received	**13,364**	**4,429**
(b) Other revenue		
Sundry income	105,973	30,888
Gain on sale of exploration and evaluation assets[1]	28,985	1,463,124
	134,958	**1,494,012**

[1] Gain on sale refers to the sale of some concessions relating to the Group's Borborema project in Brazil. The prior period balance refers to the sale of the Group's Mariela project in Peru.

	12 months to 31 Dec 2014 $	6 months to 31 Dec 2013 $
6. EXPENSES		
(a) Employee benefits expense		
Employee benefits	1,364,883	614,935
Share based payments	446,448	318,834
	1,811,331	**933,769**

	12 months to 31 Dec 2014 $	Restated 6 months to 31 Dec 2013 $
(b) Finance expenses		
Bank fees and charges	16,848	7,453
Interest expense	336,268	126,892
Unwinding of the effective interest rate[1]	1,340,421	769,860
Other finance charges[2]	140,852	252,199
	1,834,389	**1,156,404**

[1] Unwinding of the effective interest rate refers to the discounting of the US$17.339 million (2013: US$18 million) that the Group is required to pay in cash and shares for the acquisition of the concessions relating to the Guadalupito project for the period to arrive at the fair value of the deferred consideration balances (see note 17).

[2] Other finance charges relate to fees associated with short term loans obtained by the Company during the period and include share based payments of $19,750 (2013: $218,400).

	12 months to 31 Dec 2014 $	6 months to 31 Dec 2013 $
(c) Other expenses		
Administration expenses	442,147	160,675
Corporate expenses	1,103,405	474,312
Net foreign exchange (gain)/loss	45,245	6,664
Occupancy expenses	283,950	137,320
	1,874,747	**778,971**

	12 months to 31 Dec 2014 $	Restated 6 months to 31 Dec 2013 $
7. INCOME TAXES		
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	(5,828,377)	(1,093,216)
At the statutory income tax rate of 30% (in Australia and Peru)	(1,748,513)	(327,965)
Other non-deductible expenditure for income tax purposes	-	447,518
Prior year adjustment (unders/overs)	-	-
R&D tax rebate claim	(476,389)	(297,388)
Unrecognised tax losses	1,748,513	(119,553)
Income tax benefit reported in the consolidated statement of profit or loss and other comprehensive income	(476,389)	(297,388)
Deferred tax assets		
Carried forward revenue losses - Australia	3,464,578	2,562,584
Carried forward revenue losses - Peru	2,078,802	467,242
Carried forward revenue losses - Brazil	178,682	-
Exploration and evaluation assets	155,629	96,973
Provisions and accruals	118,249	9,850
Other	339,500	476,807
Gross deferred tax asset	6,335,440	3,613,456
Offset against deferred tax liability	-	-
Unrecognised tax losses	6,335,440	3,613,456
Deferred tax liabilities		
Exploration and evaluation assets	-	-
Plant and equipment	-	-
Gross deferred tax liability	-	-
Offset against deferred tax asset	-	-
Net deferred tax liability	-	-

	12 months to 31 Dec 2014 Cents	Restated 6 months to 31 Dec 2013 Cents
8. EARNINGS PER SHARE		
Basic and diluted earnings per share	(2.17)	(0.49)
	$	**$**
Loss used in calculating basic and diluted earnings per share	(5,828,378)	(1,093,216)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share*	267,777,839	224,885,439

*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 11,687,500 (2013: 57,971,354) share options on issue which were anti-dilutive and therefore excluded from the weighted average number of ordinary shares used in calculating dilutive earnings per share.

	31 Dec 2014 $	31 Dec 2013 $
9. CASH AND CASH EQUIVALENTS		
(a) Cash and short term deposits		
Cash in hand	711	999
Cash at bank	307,297	389,593
	308,008	**390,592**

	12 months to 31 Dec 2014 $	Restated 6 months to 31 Dec 2013 $
(b) Reconciliation of net loss after income tax to net cash flows from operating activities:		
Loss for the period	(5,828,378)	(1,093,216)
Adjustments to reconcile loss after tax to net cash flows from operating activities:		
Profit on sale of exploration and evaluation assets	(28,985)	(1,463,124)
Depreciation	35,111	19,901
Share based payments	446,448	318,834
Net foreign exchange (gain)/loss	45,245	6,664
Exploration and evaluation assets written off	897,511	-
Unwinding of the effective interest rate (refer note 6(b))	1,340,421	769,860
Working capital adjustments:		
(Increase)/decrease in trade and other receivables	25,131	(415,759)
Increase/(decrease) in trade and other payables	690,958	(9,955)
Increase/(decrease) in provisions	66,256	(13,558)
Net cash flows from operating activities	**(2,310,282)**	**(1,880,353)**

	31 Dec 2014 $	31 Dec 2013 $
10. TRADE & OTHER RECEIVABLES		
(a) Current		
Trade receivables	1,123	2,244,588
Other receivables	157,206	459,702
Goods & services tax[1]	94,181	44,885
Related party receivables	-	852
Prepayments	142,539	16,163
	395,049	**2,766,190**
(b) Non-current		
Other receivables	195,000	-
Goods & services tax[1]	1,423,992	1,207,639
	1,618,992	**1,207,639**

[1] Goods and services tax ('GST') includes a $1,423,993 (2013: $1,207,639) receivable by the company's subsidiary in Peru which can only be offset against GST attributable to future sales.

	31 Dec 2014 $	31 Dec 2013 $
11. OTHER FINANCIAL ASSETS		
Security deposits/bonds	**118,570**	**114,728**

12. PLANT & EQUIPMENT

	31 Dec 2014 $	31 Dec 2013 $
Furniture and equipment		
At cost	410,852	380,693
Less: Accumulated depreciation	(173,505)	(125,990)
	237,347	**254,703**
Motor vehicles		
At cost	71,124	65,194
Less: Accumulated Depreciation	(53,929)	(36,798)
	17,195	**28,396**
Net book value	**254,542**	**283,099**
Furniture and equipment		
Balance at beginning of period	254,703	270,082
Additions	5,392	2,211
Disposals	-	(839)
Depreciation expense	(22,589)	(12,331)
Effects of exchange rate movements	(159)	(4,420)
Balance at end of period	**237,347**	**254,703**
Motor vehicles		
Balance at beginning of period	28,396	33,668
Depreciation expense	(12,522)	(7,570)
Effects of exchange rate movements	1,321	2,298
Balance at end of period	**17,195**	**28,396**
Net book value	**254,542**	**283,099**

13. EXPLORATION AND EVALUATION ASSETS

	31 Dec 2014 $	Restated 31 Dec 2013 $
Balance at beginning of period	22,698,051	23,509,656
Additions	2,621,758	2,193,941
Disposals[1]	(34,691)	(1,246,931)
Amounts written off[2]	(897,511)	-
Decrease in deferred consideration cost[3]	-	(2,279,535)
Foreign currency translation movement	1,941,430	520,920
Balance at end of period	**26,329,037**	**22,698,051**

[1] Disposals for the year refers to the sale of some concessions relating to the Group's Borborema project in Brazil. The prior period balance refers to the sale of the Group's Mariela project in Peru.

[2] Amounts written off refer to an impairment charge against the remaining exploration and evaluation assets associated with the Group's Borborema project in Brazil due to the state of the iron ore market.

[3] Decrease in deferred consideration cost for the six months ending 31 December 2013 is an adjustment to reflect the renegotiated terms for the acquisition of the Guadalupito concessions.

	31 Dec 2014 $	31 Dec 2013 $
14. TRADE AND OTHER PAYABLES		
Trade payables	1,893,630	2,082,605
Other payables	56,772	204,587
Accruals	296,953	255,293
	2,247,355	**2,542,485**
15. INTEREST BEARING LOANS & BORROWINGS		
(a) Current		
Secured loan	-	250,000
Convertible notes[1]	3,020,425	-
	3,020,425	**250,000**
(b) Non-current		
Convertible notes[1]	**400,538**	**2,396,299**

[1] The Convertible notes refer to borrowings from Junefield High Value Metals Investments Limited (‘JVHM’) and The Australian Special Opportunity Fund LP (‘ASOF’). The key terms of the two facilities are set our below.

JVHM Convertible note - Principal of $2.5 million, Interest rate of 12% per annum, Conversion price of $0.07 per share and a maturity date of 31 July 2015.

ASOF Convertible note - Principal of $1.125 million (Face value $1,327,500), Interest rate of 12% per annum, Conversion price based on 92.5% of the average of 5 daily VWAP of the Company’s shares chosen by ASOF each month and a maturity date of 1 June 2016.

The balance as at 31 December 2014 is based on the fair value of the Convertible notes based on a discounted cash flow method using a discount rate that reflects the issuers effective borrowing rate at the reporting date.

	31 Dec 2014 $	31 Dec 2013 $
16. DEFERRED REVENUE		
(a) Current	**283,467**	**-**
(b) Non-current	**-**	**106,169**

Deferred revenue represents the fair value of the non-refundable payments received in accordance with an Earn in Option Agreement with Compañia Minera Zahena SAC. The Company announced on 3 March 2015 that this Agreement had been terminated.

	31 Dec 2014 $	Restated 31 Dec 2013 $
17. DEFERRED CONSIDERATION		
(b) Current	**755,633**	**698,581**
(c) Non-current	**10,550,128**	**9,050,824**

The deferred consideration balances reflect the current and non-current portions of the present value of US$17.339 million (2013: US$18 million) being the remaining amount the Group is required to pay in cash and shares for the acquisition of the concessions relating to the Guadalupito project.

	31 Dec 2014 $	31 Dec 2013 $
18. PROVISIONS		
Employee benefits - Leave entitlements	**314,550**	**206,928**

19. CONTRIBUTED EQUITY

(a) Issued capital		
Issued shares	30,284,553	26,901,056
Option premium	1,733,977	1,733,977
Treasury shares	-	(70,883)
	32,018,530	**28,564,150**

(b) Movements in issued capital

Issued shares	Number	$
Balance at 1 July 2013	**213,597,125**	**25,810,427**
Exercise of options	18,514	3,703
Share based payments	4,623,639	382,149
Placement	11,428,574	800,000
Transaction costs	-	(95,223)
Balance at 31 December 2013	**229,667,852**	**26,901,056**
Share based payment[1]	7,092,763	374,324
Share based payment[2]	250,000	12,250
Share based payment[3]	10,600,000	494,566
Placement[4]	61,413,027	2,333,695
Share based payment[5]	980,022	35,010
Share based payment[6]	1,715,579	65,724
Share based payment[7]	8,750,000	238,750
Transaction costs	-	(170,825)
Balance at 31 December 2014	**320,469,243**	**30,284,553**

Option premium	Number	$
Balance at 1 July 2013	**42,561,294**	**1,713,977**
Exercised	(18,514)	-
Placements	13,428,574	20,000
Share based payment	2,000,000	-
Balance at 31 December 2013	**57,971,354**	**1,733,977**
Lapsed	(56,971,354)	-
Share based payment[8]	10,687,500	-
Balance at 31 December 2014	**11,687,500**	**1,733,977**

Treasury shares		
Balance at 1 July 2013	**881,116**	(135,883)
Share based payment	(500,000)	65,000
Balance as at 31 December 2013	**381,116**	**(70,883)**
Share based payment[9]	(381,116)	70,883
Balance as at 31 December 2014	**-**	**-**

[1] During the year 7,092,763 shares were issued at an average deemed price per share of $0.053 to Directors and employees, in accordance with the approved Director and Employee Share Plan, as compensation for agreeing to accept a 20% reduction in their cash remuneration.

[2] On 5 March 2014, 250,000 shares were issued at a deemed value of $0.049 per share in relation to fees associated with an unsecured short term loan.

[3] In April and August 2014, 10,600,000 shares were issued at deemed average price of $0.0467 per share as partial settlement of vendor commitments in relation to the Guadalupito project.

[4] During the year 61,413,027 shares were issued at $0.038 per share to shareholders, sophisticated investors and brokers in accordance with a Share Purchase Plan that was announced to the market on 21 May 2014.

[5] During the year 980,022 shares were issued at an average deemed price per share of $0.036 to a Director and Employees as a reward for services provided to the Group.

[6] On 10 October 2014, 1,715,579 shares were issued at an average deemed price per share of $0.039 as partial settlement of amount owed to creditors.

[7] On 1 December 2014, 8,750,000 shares were issued at a deemed price of $0.027 per share in accordance with the Funding Agreement announced on 13 November 2014.

[8] On 1 December 2014, 10,687,500 options were issued at in accordance with the Funding Agreement announced on 13 November 2014.

[9] During the year shares were issued to employees as a reward for services provided to the Group using Treasury shares. The reduction in the Treasury share equity is equal to the cost incurred to acquire the shares, on a weighted average basis.

	31 Dec 2014 $	Restated 31 Dec 2013 $
20. RESERVES		
(a) **Foreign currency translation reserve**		
Balance at beginning of period	2,762,521	1,746,215
Foreign currency translations	1,160,156	1,016,306
Balance at the end of the period	**3,922,677**	**2,762,521**

	31 Dec 2014 $	31 Dec 2013 $
(c) Share based payments reserve		
Balance at the beginning of period	1,473,556	1,435,156
Share based payments	456,931	38,400
Balance at the end of the period	**1,930,487**	**1,473,556**
Total reserves	**5,853,164**	**4,236,077**

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.

	31 Dec 2014 $	Restated 31 Dec 2013 $
21. ACCUMULATED LOSSES		
Balance at the beginning of the period	(20,591,214)	(19,497,998)
Loss after income tax	(5,828,378)	(1,093,216)
Balance at the end of the period	**(26,419,592)**	**(20,591,214)**

	31 Dec 2014 $	31 Dec 2013 $
22. SHARE BASED PAYMENTS		
(a) Expenses arising from share based payment transactions		
Employee benefits expense	446,448	318,834
Finance expenses	19,750	218,400
	466,198	**537,234**

(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 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 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.

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 during the period ended 31 December 2014 are as follows:

	Non-executive directors	Executive director	Other key management personnel	Other Employees
Grant date	30/5/2014	3/4/2014	7/4/2014 – 16/4/2014	13/11/2014
Expiry date	31/12/2016	31/12/2016	31/12/2016	31/12/2016
Quantity	12,998,403	5,406,355	8,303,689	582,842
Exercise price	-	-	-	-
Consideration	-	-	-	-
Fair value at grant date	$0.04	$0.04	$0.05-$0.06	$0.05
10 day VWAP at grant date	$0.04	$0.04	$0.05 - $0.06	$0.05
Discount	-	0% - 50%	0% - 50%	0% - 50%
Maximum life	2.6 years	2.7 years	2.71 – 2.74 years	2.13 years

Share rights outstanding

There were 27,291,289 share rights outstanding as at 31 December 2014 all of which had a vesting date of 31 December 2016. No share rights were cancelled, expired, forfeited, or converted during the year. There were no share rights on issue at 31 December 2013.

(c) Options

Valuation of Options

Options were priced using Black and Scholes valuation pricing model. 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 2014	31 Dec 2013
Grant date share price	$0.03	$0.09
Exercise price	$0.05	$0.20
Expected volatility	100%	100%
Risk-free interest rate	2.35%	2.5%
Option life	3 years	1.22 years

	Number of options	Weighted average exercise price
Options outstanding		
Balance at 1 July 2013	**1,000,000**	$0.30
Granted during the year	2,000,000	$0.20
Balance at 31 December 2013	**3,000,000**	$0.23
Granted during the period	10,687,500	$0.05
Forfeited, exercised and expired during the period	(2,000,000)	$0.20
Balance at 31 December 2014	**11,687,500**	**$0.07**

23. RELATED PARTY DISCLOSURES

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

	12 months to 31 Dec 2014 $	6 months to 31 Dec 2013 $
(a) Compensation of directors and other key management personnel		
Short term employee benefits	1,204,682	642,415
Post-employment benefits	36,132	22,728
Share based payments	623,116	212,892
	1,863,930	**878,035**

(b) Loans to key management personnel

There were no loans to key management personnel during the current or prior year.

(c) Transactions with related parties

Allegra Capital Pty Ltd a related party of Mr Chris Gale paid fees totaling $205 to the Company for the year ended 31 December 2014 (Six months to 31 December 2013: $246) in relation to shared expenses.

Bowen Buchbinder & Vilensky lawyers, a related party of Mr David Vilensky, charged fees to the Company totaling $6,500 for the year ended 31 December 2014 (Six months to 31 December 2013: Nil) in relation to legal matters.

(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 31 Dec 2014 %	Equity holding 31 Dec 2013 %
Peruvian Latin Resources Limited SAC	Peru	100	100
Minera Dilan SAC	Peru	100	100
Mineracao Ferro Nordeste Ltda	Brazil	100	100

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

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

(d) Ultimate parent company

Latin Resources Limited is the ultimate parent of the Group

	31 Dec 2014	31 Dec 2013
	$	$
24. COMMITMENTS AND CONTINGENCIES		
Commitments		
Operating lease commitments:		
Not later than one year	149,703	313,847
Later than one year but not later than five years	105,167	370,678
Later than five years	-	-
	254,870	**684,525**

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.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, other financial assets, trade and other payables, loans and borrowings and deferred consideration.

The main risks affecting these financial instruments are market risk (e.g. foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Board manages the Group's exposure to these risks which are recurring items for deliberation at Board meetings.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities and the Group's net investment in its subsidiaries in Peru and Brazil.

The Group currently does not hedge its net investment in its foreign operations.

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 budgeted expenditures when the exchange rate is favourable.

As at 31 December 2014, the Group had the following exposure to USD that is not designated in cash flow hedges:

	31 Dec 2014 $	Restated 31 Dec 2013 $
Financial assets		
Cash and cash equivalents	28,405	312,633
Trade and other receivables	1,670,808	2,396,576
Other financial assets	45,017	41,175
	1,744,230	**2,750,384**
Financial liabilities		
Trade and other payables	(1,562,201)	(1,855,905)
Deferred consideration[1]	(11,305,761)	(9,749,405)
	(12,867,962)	**(11,605,310)**
Net exposure	**(11,123,732)**	**(8,854,926)**

[1] As at 31 December 2014, the Group had an obligation to pay USD 17.3 million in various instalments by 1 January 2021. 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 2014 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 2014		
AUD/USD +10%	18,203	(1,112,373)
AUD/USD -10%	(18,803)	1,112,373
Restated 31 December 2013		
AUD/USD +10%	89,448	(885,493)
AUD/USD -10%	(89,448)	885,493

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 2021.

(b) 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 2014 the Group had the following exposure to Australian variable interest rate risk

	31 Dec 2014 $	31 Dec 2013 $
Financial assets		
Cash and cash equivalents	**307,297**	**390,592**

The following sensitivity analysis is based on the judgements by management of reasonably possible movements in interest rates after consideration of the views of market commentators.

As at 31 December 2014, if interest rates had moved, as indicated in the table below, with all other variables held constant, pre-tax loss would have been affected as follows:

	31 Dec 2014 $	31 Dec 2013 $
Pre-tax loss		
+0.5% (50 basis points)	1,536	1,953
-0.5% (50 basis points)	(1,536)	(1,953)

The sensitivity is less as at 31 December 2014 than at 31 December 2013 due to an decrease in the cash and cash equivalents balance.

(c) 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 11).

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.

(d) Liquidity risk

Liquidity risk is the risk that the Group will not have sufficient cash to meet its commitments as and when they fall due.

The Board manages liquidity risk by regularly reviewing the Group's liquidity position, monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

The following tables summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted cash payments.

31 December 2014	Less than 1 month $	1-3 months $	3-12 months $	1-5 years $	5+ years $	Total $
Trade and other payables	561,839	561,838	1,123,678	-	-	2,247,355
Interest bearing liabilities	-	-	2,500,000	-	-	2,500,000
Deferred consideration	609,607	-	-	5,534,016	14,557,425	20,701,048
	1,171,446	**561,838**	**3,623,678**	**5,534,016**	**14,557,425**	**25,448,403**

31 December 2013	Less than 1 month $	1-3 months $	3-12 months $	1-5 years $	5+ years $	Total $
Trade and other payables	635,621	635,621	1,271,243	-	-	2,542,485
Interest bearing liabilities	-	250,000	-	2,500,000	-	2,750,000
Deferred consideration	-	111,757	335,270	3,396,290	15,578,900	19,422,217
	635,621	**997,378**	**1,606,513**	**5,896,290**	**15,578,900**	**24,714,702**

(e) 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 2014 the Group is not subject to any external capital requirements.
The following table details the Group's capital

		31 Dec 2014 $	Restated 31 Dec 2013 $
Cash & cash equivalents	9(a)	308,008	390,592
Trade and other receivables	10	2,014,041	3,973,829
Other financial assets	11	118,570	114,728
Trade and other payables	14	(2,247,355)	(2,542,485)
Interest bearing loans and borrowings	15	(3,420,963)	(2,646,299)
Deferred consideration	16	(11,305,761)	(9,749,405)
Net debt		(14,533,460)	(10,459,040)
Equity	19, 20 & 21	11,452,102	12,209,013
Total capital		**(3,081,358)**	**1,749,973**

26. EVENTS AFTER REPORTING PERIOD

Ilo Este - Earn-in option agreement

On 5 February 2015, the Company announced that it had signed a Binding Terms Sheet documenting the terms of an Assignment and Earn-in option agreement with Compañia Minera Zahena SAC to transfer 70% ownership of its Ilo Norte Project for a total consideration of US$1 million cash and minimum exploration work commitments of approximately US$3 million.

Ilo South - Memorandum of Understanding

On 15 March 2015, the Company announced that it had signed a Memorandum of Understanding (MOU) with Minera Antares Peru S.A.C, the Peruvian subsidiary of First Quantum Minerals Ltd to collaborate with each other exclusively for 12 months to discover mineral deposits worthy of further exploration and development within 63,730 hectares of PLR's 100% owned mining concessions in Southern Peru.

Placement

On 23 March 2015, the Company announced that it had completed a placement of 28.5 million shares at an average price of $0.01 each raising a total of $285,000 (before costs) to progress its projects in South America and for working capital purposes.

	12 months to 31 Dec 2014 $	6 months to 31 Dec 2013 $
27. AUDITORS REMUNERATION		
Amounts received or due and receivable by the auditor for:		
An audit or review of the financial report of the consolidated group	28,000	17,000
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	9,144	3,824
Other services in relation to the consolidated group	8,250	25,338
	17,394	29,162
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	-	-
	45,394	**46,162**

	31 Dec 2014 $	Restated 31 Dec 2013 $
28. PARENT ENTITY INFORMATION		
(a) Financial position		
Assets		
Current assets	501,689	588,435
Non-current assets	15,134,361	15,005,823
Total assets	**15,636,050**	**15,594,258**
Liabilities		
Current liabilities	3,783,410	988,946
Non-current liabilities	400,538	2,396,299
	4,183,948	**3,385,245**
Net assets	**11,452,102**	**12,209,013**
Equity		
Contributed equity	32,018,530	28,564,150
Reserves	1,930,487	1,468,460
Accumulated losses	(22,496,915)	(17,823,597)
	11,452,102	**12,209,013**

(b) Financial performance	**12 months to 31 Dec 2014 $**	**6 months to 31 Dec 2013 $**
Profit/(loss) of the parent entity	**(4,673,318)**	**(2,752,790)**
Total comprehensive loss of the parent entity	**(4,668,222)**	**(2,746,486)**

(c) Contingencies and commitments	**31 Dec 2014 $**	**31 Dec 2013 $**
Operating lease commitments:		
Not later than one year	58,249	169,248
Later than one year but not later than five years	-	55,643
	58,249	**224,891**

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 2014 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 2014 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 2014.

On behalf of the Directors

Mr David Vilensky
Chairman
Signed on 31 March 2015, in Perth, Western Australia.

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

31 March 2015

Board of Directors
Latin Resources Limited
Suite 2, Level 1
254 Rokeby Road
Subiaco, WA 6008

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 2014, 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)

Samir R Tirodkar
Director

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

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

Report on the Financial Report

We have audited the accompanying financial report of Latin Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 note 2(b), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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 company'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 company's 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

(a) the financial report of Latin Resources Limited is 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 2014 and of its performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 2(b).

Inherent Uncertainty Regarding Going Concern and Carrying Value of Exploration and Evaluation Assets

Without qualification to the opinion expressed above, attention is drawn to the following matters:

As referred to in Note 2(h) to the financial statements, the financial statements have been prepared on the going concern basis. As at 31 December 2014, the entity had working capital deficiency of $5,799,803 and had incurred a loss for the year of $5,828,378. The ability of the consolidated entity to continue as a going concern is subject to the successful recapitalisation of the consolidated entity. In the event that the Board is not successful in recapitalising the consolidated entity and in raising further funds, the consolidated entity 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.

The recoverability of the consolidated entity's carrying value of exploration and evaluation assets of $26,329,037 is dependent on the successful commercial exploitation of the assets and/or sale of the assets at amounts in excess of the book values. In the event that the consolidated entity is not successful in commercial exploitation and/or sale of the assets, the realisable value of the consolidated entity's assets may be significantly less than their current carrying values.

Report on the Remuneration Report

We have audited the remuneration report included in pages 32 to 41 of the directors' report for the year ended 31 December 2014. 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

Opinion
In our opinion the remuneration report of Latin Resources Limited for the year ended 31 December 2014 complies with section 300A of the *Corporations Act 2001.*

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

Stantons International

Samir Tirodkar
Director

West Perth, Western Australia
31 March 2015

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 23 March 2015.

Class of equity securities and voting rights

SHARES

There were 363,352,682 ordinary fully paid shares on issue. All issued ordinary shares carry one vote per share.

SHARE RIGHTS

There were share rights over 27,291,289 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 23 March 2015 as detailed below. Options do not carry any rights to vote.

Code	Class	Terms	Number
LRSAI	Unlisted	Exercisable at $0.30 each and expiring on 25 June 2015	1,000,000
LRSAU	Unlisted	Exercisable at $0.046 each and expiring on 1 December 2017	10,687,500

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 (unlisted)
1 – 1,000	42	-	-
1,001 – 5,000	57	-	-
5,001 – 10,000	96	-	-
10,001 – 100,000	529	-	-
100,001 and over	295	9	2
Total	**1,019**	**9**	**2**
HOLDING LESS THAN A MARKETABLE PARCEL	**480**	**-**	**-**

ASX ADDITIONAL INFORMATION

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*
Junefield High Value Metal Investment Ltd	47,139,797	13.67
Dempsey Resources Pty Ltd	31,466,622	9.12

Twenty largest holders of quoted shares

	Shareholder	**No. of Shares Held**	**% Held**
1.	Junefield High Value Metals Investments Limited	47,139,797	13.67
2.	Dempsey Resources Pty Ltd	30,466,622	9.12
3.	HSBC Custody Nominees (Australia) Limited	20,707,764	6.00
4.	Elmer Moises Rosales Castillo	13,600,000	3.94
5.	Alocasia Pty Limited <Camellia Super Fund A/C>	10,195,868	2.96
6.	SCW RED Pty Ltd <SCW 2009 Investment A/C>	8,833,333	2.56
7.	SRP RED Pty Ltd <SRP 2009 Investment A/C>	7,910,575	2.29
8.	J P Morgan Nominees Australia Limited	7,755,212	2.25
9.	Lascelles Holdings Pty Ltd	6,633,606	1.92
10.	Netwealth Investments Limited <Super Services a/c>	5,479,009	1.59
11.	Heelmo Holdings Pty Ltd <Deep Blue A/C>	4,671,088	1.35
12.	Sixth Erra Pty Ltd <Staff Super Fund A/C>	3,838,096	1.11
13.	Kabila Investments Pty Limited	3,528,612	1.02
14.	Peta Pty Ltd <Rosebud Super Pension A/c>	3,483,007	1.01
15.	BNP Paribus Nominees Pty Ltd < Albert Fried Customer DRP>	3,388,235	0.98
16.	Kram Nominees Pty Ltd	3,051,389	0.88
17.	Sixth Erra Pty Ltd <The I Collie Family A/C>	2,794,046	0.81
18.	Saliba and Yvonne M Sassine <Sassine Super Fund A/C>	2,765,000	0.80
19.	Coilens Corporations Pty Ltd	2,681,741	0.78
20.	CPS Control Systems Pty Limited <The Ian Campbell S/Fund A/C>	2,673,080	0.78
Total		**192,596,080**	**55.85**

TENEMENT SCHEDULE

Tenement name	Code	Location	Ownership	Status
Latin Ilo Este I	01-05005-08	Peru	100% PLR	Concession
Latin Ilo Este II	01-05003-08	Peru	100% PLR	Concession
Latin Ilo Este III	01-05001-08	Peru	100% PLR	Concession
Latin Ilo Este IV	01-05007-08	Peru	100% PLR	Concession
Latin Ilo Este V	01.05008-08	Peru	100% PLR	Concession
Latin Ilo Este VI	01-05009-08	Peru	100% PLR	Concession
Latin Ilo Sur A	01-05276-08	Peru	100% PLR	Concession
Latin Ilo Sur B	01-06227-08	Peru	100% PLR	Concession
Latin Ilo Sur C 1	01-05275-08	Peru	100% PLR	Concession
Latin Ilo Sur C 2	01-05277-08	Peru	100% PLR	Concession
Latin Ilo Sur D	01-05278-08	Peru	100% PLR	Concession
Latin Ilo Sur E 1	01-06720-08	Peru	100% PLR	Concession
Latin Ilo Sur E 2	01-06721-08	Peru	100% PLR	Concession
Latin Ilo Norte 1	01-00828-09	Peru	100% PLR	Concession
Latin Ilo Norte 2	01-00829-09	Peru	100% PLR	Under Application
Latin Ilo Norte 3	01-00830-09	Peru	100% PLR	Concession
Latin Ilo Norte 4	01-00831-09	Peru	100% PLR	Concession
Latin Ilo Norte 5	01-02510-09	Peru	100% PLR	Concession
Latin Ilo Norte 6	01-02511-09	Peru	100% PLR	Concession
Latin Ilo Norte 7	01-02512-09	Peru	100% PLR	Concession
Latin Ilo Norte 8	01-02513-09	Peru	100% PLR	Concession
Latin Ilo Sur G	01-02514-09	Peru	100% PLR	Concession
Latin Ilo Sur H	01-02515-09	Peru	100% PLR	Concession
Latin Ilo Sur I	01-02516-09	Peru	100% PLR	Concession
Latin Ilo Sur J	01-02517-09	Peru	100% PLR	Concession
Latin Ilo Sur K	01-02825-09	Peru	100% PLR	Concession
Latin Ilo Sur L	01-02826-09	Peru	100% PLR	Concession
Latin Ilo Sur F	01-02824-09	Peru	100% PLR	Concession
Latin Morrito 1	01-02827-09	Peru	100% PLR	Concession
Latin Morrito 2	01-02828-09	Peru	100% PLR	Concession
Latin Morrito 3	01-02829-09	Peru	100% PLR	Concession
Latin Pampa de Pongo 1	01-02932-09	Peru	100% PLR	Concession
Latin Ilo Este VII	01-00335-10	Peru	100% PLR	Concession
Essendon 2	01-01895-10	Peru	100% PLR	Concession
Essendon 3	01-01896-10	Peru	100% PLR	Concession
Essendon 4	01-01897-10	Peru	100% PLR	Concession
Essendon 5	01-01898-10	Peru	100% PLR	Concession
Essendon 6	01-01899-10	Peru	100% PLR	Concession
Fremantle 1	01-02062-10	Peru	100% PLR	Concession
Fremantle 2	01-02063-10	Peru	100% PLR	Concession
Fremantle 3	01-02064-10	Peru	100% PLR	Concession
Fremantle 4	01-02065-10	Peru	100% PLR	Concession
Fremantle 5	01-02066-10	Peru	100% PLR	Concession
Fremantle 6	01-02067-10	Peru	100% PLR	Concession

TENEMENT SCHEDULE

Tenement name	Code	Location	Ownership	Status
Fremantle 7	01-02068-10	Peru	100% PLR	Concession
Fremantle 8	01-02250-10	Peru	100% PLR	Concession
Essendon 7	01-02246-10	Peru	100% PLR	Concession
Essendon 8	01-02247-10	Peru	100% PLR	Concession
Essendon 9	01-02248-10	Peru	100% PLR	Concession
Essendon 10	01-02249-10	Peru	100% PLR	Concession
Bombers 5	01-02422-10	Peru	100% PLR	Concession
Bombers 6	01-02423-10	Peru	100% PLR	Concession
Fremantle 9	01-02424-10	Peru	100% PLR	Concession
Fremantle 10	01-02425-10	Peru	100% PLR	Concession
Fremantle 11	01-02426-10	Peru	100% PLR	Concession
Fremantle 12	01-02427-10	Peru	100% PLR	Concession
Fremantle 13	01-02428-10	Peru	100% PLR	Concession
Fremantle 14	01-02429-10	Peru	100% PLR	Concession
Fremantle 15	01-02430-10	Peru	100% PLR	Concession
Fremantle 16	01-02431-10	Peru	100% PLR	Concession
Fremantle 17	01-02432-10	Peru	100% PLR	Concession
Fremantle 18	01-02433-10	Peru	100% PLR	Concession
Fremantle 19	01-02434-10	Peru	100% PLR	Concession
Fremantle 20	01-02435-10	Peru	100% PLR	Concession
Fremantle 21	01-02436-10	Peru	100% PLR	Concession
Vandals 1	01-02437-10	Peru	100% PLR	Concession
Vandals 2	01-02438-10	Peru	100% PLR	Concession
Vandals 3	01-02439-10	Peru	100% PLR	Concession
Vandals 4	01-02440-10	Peru	100% PLR	Concession
Vandals 5	01-02441-10	Peru	100% PLR	Concession
Essendon 11	01-01818-11	Peru	100% PLR	Concession
Essendon 12	01-01819-11	Peru	100% PLR	Concession
Ryan	01-01821-11	Peru	100% PLR	Concession
Bridgette	01-01820-11	Peru	100% PLR	Concession
Maddison	01-01822-11	Peru	100% PLR	Concession
Essendon 13	01-01823-11	Peru	100% PLR	Concession
Essendon 14	01-01824-11	Peru	100% PLR	Concession
Essendon 15	01-01825-11	Peru	100% PLR	Concession
Essendon 16	01-01826-11	Peru	100% PLR	Concession
Essendon 17	01-01827-11	Peru	100% PLR	Concession
Essendon 18	01-01828-11	Peru	100% PLR	Concession
Essendon 19	01-01829-11	Peru	100% PLR	Concession
Essendon 20	01-01830-11	Peru	100% PLR	Concession
Essendon 21	01-01841-11	Peru	100% PLR	Concession
Essendon 22	01-01842-11	Peru	100% PLR	Concession
Ryan 1	01-01843-11	Peru	100% PLR	Concession
Bridgette 1	01-01844-11	Peru	100% PLR	Concession
Maddison 1	01-01845-11	Peru	100% PLR	Concession
Essendon 23	01-01846-11	Peru	100% PLR	Concession
Essendon 24	01-01847-11	Peru	100% PLR	Concession
Essendon 25	01-01848-11	Peru	100% PLR	Concession

TENEMENT SCHEDULE

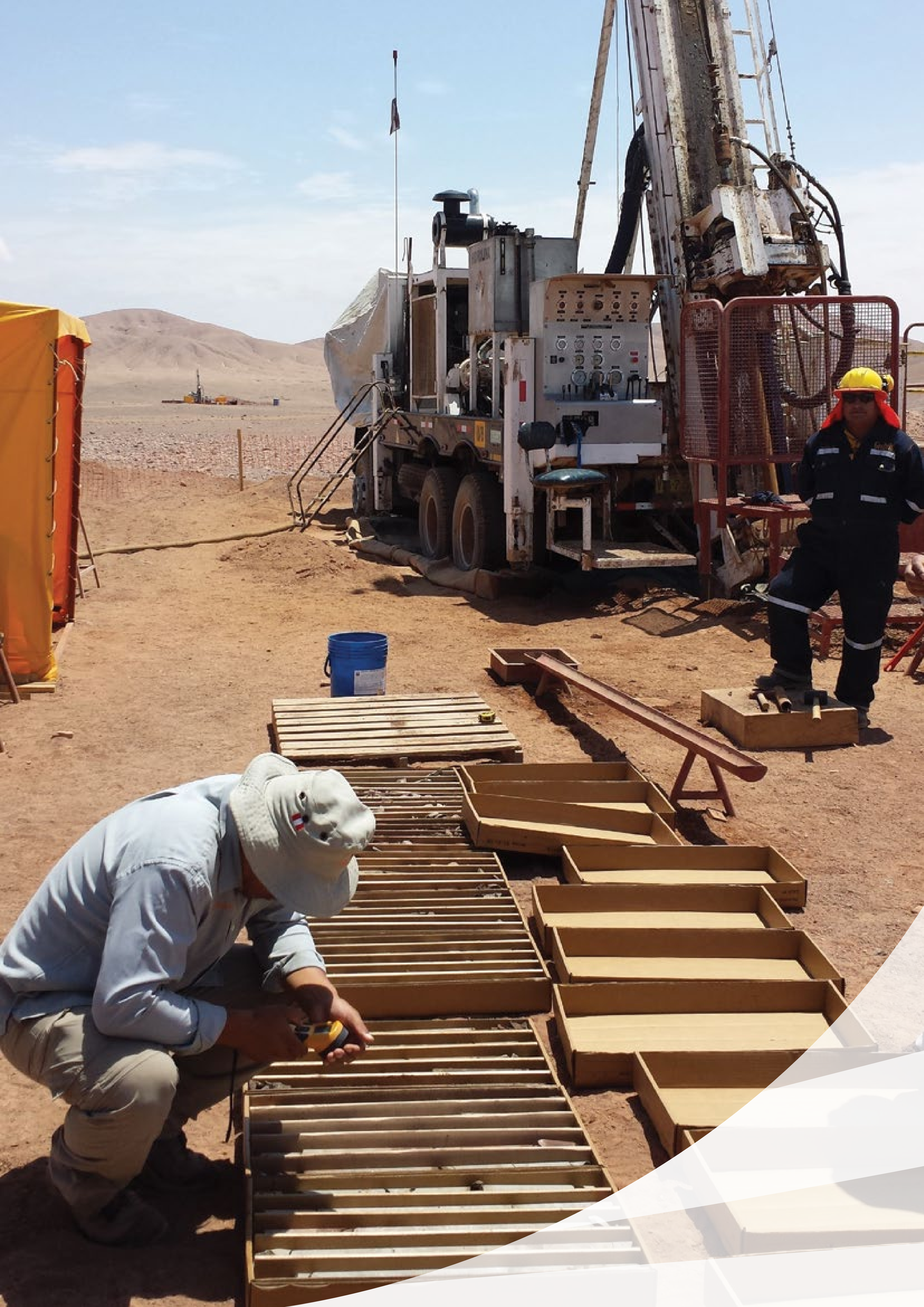
Tenement name	Code	Location	Ownership	Status
Essendon 26	01-01849-11	Peru	100% PLR	Concession
Essendon 27	01-01850-11	Peru	100% PLR	Concession
Essendon 28	01-05116-11	Peru	100% PLR	Concession
Essendon 29	01-05117-11	Peru	100% PLR	Concession
Fremantle 22	01-01831-11	Peru	100% PLR	Concession
Fremantle 23	01-01832-11	Peru	100% PLR	Concession
Fremantle 24	01-01833-11	Peru	100% PLR	Concession
Fremantle 25	01-01834-11	Peru	100% PLR	Concession
Fremantle 26	01-01835-11	Peru	100% PLR	Concession
Fremantle 27	01-01836-11	Peru	100% PLR	Concession
Fremantle 28	01-01837-11	Peru	100% PLR	Concession
Fremantle 29	01-01838-11	Peru	100% PLR	Concession
Stephanie	01-01839-11	Peru	100% PLR	Concession
Kelly 00	01-01840-11	Peru	100% PLR	Concession
Fremantle 30	01-01856-11	Peru	100% PLR	Concession
Fremantle 31	01-01857-11	Peru	100% PLR	Concession
Fremantle 32	01-01858-11	Peru	100% PLR	Concession
Fremantle 33	01-01859-11	Peru	100% PLR	Concession
Fremantle 34	01-01860-11	Peru	100% PLR	Concession
Fremantle 35	01-01861-11	Peru	100% PLR	Concession
Fremantle 36	01-01862-11	Peru	100% PLR	Concession
Fremantle 37	01-01863-11	Peru	100% PLR	Concession
Fremantle 38	01-01864-11	Peru	100% PLR	Concession
Dockers 1	01-01865-11	Peru	100% PLR	Concession
Dockers 2	01-01866-11	Peru	100% PLR	Concession
Dockers 3	01-01867-11	Peru	100% PLR	Concession
Dockers 4	01-01868-11	Peru	100% PLR	Concession
Ashleigh	01-01869-11	Peru	100% PLR	Concession
Fremantle 39	01-01870-11	Peru	100% PLR	Concession
Fremantle 40	01-01871-11	Peru	100% PLR	Concession
Fremantle 41	01-01872-11	Peru	100% PLR	Concession
Fremantle 42	01-01875-11	Peru	100% PLR	Concession
Fremantle 43	01-01873-11	Peru	100% PLR	Concession
Fremantle 44	01-01874-11	Peru	100% PLR	Concession
Auxiliadora II	01-00586-07	Peru	100% PLR	Concession
Auxiliadora III	01-00587-07	Peru	100% PLR	Concession
Santa 70	6300029-08	Peru	100% PLR	Concession
Santa XIX	01.00590-07	Peru	100% PLR	Concession
Santa XXII	01-00591-07	Peru	100% PLR	Concession
Santa XXIII	01-00595-07	Peru	100% PLR	Concession
Santa Norte XXI	01-01101-07	Peru	100% PLR	Concession
Santa Norte XXII	01-01102-07	Peru	100% PLR	Concession
Santa Norte XXIII	01-01100-07	Peru	100% PLR	Concession
Mi Amito XXII	01-00527-00	Peru	100% PLR	Concession
Fatima XXI	01-01408-00	Peru	100% PLR	Concession
Sta. Rosa XXI	01-01349-98	Peru	100% PLR	Concession
Macarena XXI	03-00052-97	Peru	100% PLR	Concession

TENEMENT SCHEDULE

Tenement name	Code	Location	Ownership	Status
Macarena XXII	01-00588-07	Peru	100% PLR	Concession
San francisco XXI	01-00589-07	Peru	100% PLR	Concession
Santa XXI	63-00035-09	Peru	100% PLR	Concession
Santa XX	63-00042-09	Peru	100% PLR	Concession
Santa XVIII	63-00041-09	Peru	100% PLR	Concession
Santa XVI	63-00040-09	Peru	100% PLR	Concession
Mi Amito XXI	01-01836-99	Peru	100% PLR	Concession
San Francisco XX111	63-00026-10	Peru	100% PLR	Under Application
Gianderi XXX111	01-01560-06	Peru	100% PLR	Concession
Mathew 1	01-01634-11	Peru	100% PLR	Concession
Mathew 2	01.01635-11	Peru	100% PLR	Concession
Blackburn 1	01-03226-11	Peru	100% PLR	Concession
Blackburn 2	01-03534-11	Peru	100% PLR	Under Application
Kelly 01	01-04977-11	Peru	100% PLR	Concession
Blackburn 3	01-00467-12	Peru	100% PLR	Concession
Blackburn 4	01-00468-12	Peru	100% PLR	Concession
Blackburn 6	01-00470-12	Peru	100% PLR	Concession
Perthiam 1	01-00675-12	Peru	100% PLR	Concession
Perthiam 2	01-00676-12	Peru	100% PLR	Concession
Los Conchales	01-02590-12	Peru	100% PLR	Concession
Blackburn 7	01-02850-12	Peru	100% PLR	Concession
Blackburn 8	01-02895-12	Peru	100% PLR	Concession
Blackburn 9	01-02896-12	Peru	100% PLR	Concession
Blackburn 10	01-02897-12	Peru	100% PLR	Concession
Blackburn 11	01-02898-12	Peru	100% PLR	Concession
Blackburn 12	01-02899-12	Peru	100% PLR	Concession
Blackburn 13	01-03176-12	Peru	100% PLR	Concession
Blackburn 14	01-03177-12	Peru	100% PLR	Concession
Blackburn 15	01-03179-12	Peru	100% PLR	Concession
Blackburn 16	01-03178-12	Peru	100% PLR	Concession
Blackburn 17	01-03208-12	Peru	100% PLR	Concession
Acu	848.543/2010	Brazil	71%MFN	Exploration claim
Acu	848.545/2010	Brazil	100%MFN	Exploration claim
Acu	848.546/2010	Brazil	79%MFN	Exploration claim
Acu	848.547/2010	Brazil	79%MFN	Exploration claim
Acu	848.580/2010	Brazil	72%MFN	Exploration claim
Acu	848.624/2010	Brazil	81%MFN	Exploration claim
Acu	848.625/2010	Brazil	81%MFN	Exploration claim
Acu	848.626/2010	Brazil	78%MFN	Exploration claim
Jucurutu	848.555/2010	Brazil	100%MFN	Exploration claim
Jucurutu	848.556/2010	Brazil	100%MFN	Exploration claim
Jucurutu	848.572/2010	Brazil	100%MFN	Exploration claim
Jucurutu	848.583/2010	Brazil	100%MFN	Exploration claim
Jucurutu	848.552/2010	Brazil	100%MFN	Exploration claim
Jucurutu	848.574/2010	Brazil	100%MFN	Exploration claim
Sabugi	848.571/2010	Brazil	100%MFN	Exploration claim

TENEMENT SCHEDULE

Tenement name	Code	Location	Ownership	Status
Sabugi	848.573/2010	Brazil	100%MFN	Exploration claim
Sabugi	848.201/2011	Brazil	100%MFN	Exploration claim
Sabugi	848.375/2011	Brazil	100%MFN	Exploration claim
Sabugi	846.199/2011	Brazil	100%MFN	Exploration claim
Sabugi	848.553/2010	Brazil	100%MFN	Exploration claim
Sabugi	848.554/2010	Brazil	100%MFN	Exploration claim
Sabugi	848.576/2010	Brazil	100%MFN	Exploration claim
Sabugi	848.570/2010	Brazil	100%MFN	Exploration claim



LATIN RESOURCES
LIMITED

REGISTERED OFFICE

Suite 2, Level 1, 254 Rokeby Road
SUBIACO 6008, Western Australia

Tel (08) 9485 0601 **Fax** (08) 9321 6666

latinresources.com.au