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NEW TERMS AGREED WITH GUADALUPITO VENDORS

Highlights:

- **Total sale price reduced by US\$7.219M**
- **No cash payments until after release of a successful Definitive Feasibility Study (DFS).**
- **Terms facilitate the Company's aim of attracting direct investment in the Project from a JV Partner.**

Latin Resources Limited (ASX: LRS) ("Latin" or "the Company") is pleased to announce the signing of a letter agreement with the Guadalupito Project Vendors outlining further amendments to be made to the sale agreement originally announced 10 February 2011, and subsequently amended in March 2014, through which the Company's Peruvian subsidiary acquired 22 mining concessions totalling 14,568 hectares at the Guadalupito project from 16 vendor companies.

Amendments in 2014 were related to the offsetting of, and extensions to, the payment schedule and the payment of some cash obligations in shares of the Company, and were announced 28 March 2014 and in the September Quarterly report 31 October 2014.

In the letter agreement, the purchase price is reduced by US\$7.219 million. A new payment schedule has also been agreed with the pending amount paid in 5 annual instalments beginning 6 months after the release to market of a favourable Definitive Feasibility Study (DFS), that the Company has a maximum of four years to achieve (no later than July 2019). In addition 2 million ordinary shares will be issued to the Vendor every 05 January in 2016, 2017 2018 and 2019 (Table 1).

The final agreed amendment is to increase the Royalty payment to the vendors from 1.5% NSR to 3.0% NSR, with 1.0% NSR able to be extinguished by Latin Resources by the payment of a further US\$10 million at Latin's option.

The new terms were accepted by the vendors in consideration of the current challenging investment environment, and with the full understanding that deferring cash payments beyond the DFS completion is required in order to achieve the direct investment sought by the company in the Project from a JV partner.

Finally, the letter agreement commits the parties to proceed as soon as possible to complete the required documentation to register the agreement as previous amendments have been under Peruvian law.

Latin managing director Chris Gale said: *“Latin is confident that having eliminated any cash obligations to the Vendor prior to completing a favourable DFS the project will attract the appropriate investment partner we have been seeking, allowing for all investment going forward being dedicated to the funding of DFS which is the next crucial step to bring the project into production.”*

Table 1: Revised payment schedule under the modified terms agreed.

Date	Cash Payments	Share Based Payments
05 January 2016	-	2 Million Shares
05 January 2017	-	2 Million Shares
05 January 2018	-	2 Million Shares
05 January 2019	-	2 Million Shares
January 2020*	US\$250,000.00	
January 2021*	US\$750,000.00	
January 2022*	US\$1'000,000.00	
January 2023*	US\$2'000,000.00	
January 2024*	US\$6'000,000.00	
TOTAL	US\$10'000,000.00	

* - Cash payments are due 6, 18, 30, 42 and 54 months following publication of a favourable Definitive Feasibility Study, no later than July 2019.

For further information please contact:

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About Latin Resources

Latin Resources Limited is a mineral exploration company focused on creating shareholder wealth through the identification and definition of mineral resources in Latin America, with a specific focus on Peru. The company has a portfolio of projects in Peru and is actively progressing its two main project areas: Ilo (Copper Projects) and Guadalupito (Andalusite and Iron sands projects).

The information in this report relates to previously released exploration results and geological data 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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