LATIN RESOURCES LIMITED

ABN 81 131 405 144

Half Year Report
for the half-year ended
30 June 2015

CONTENTS

DIRECTORY

Directors:

Mr David Vilensky
(Non-executive Chairman)

Mr Christopher Gale
(Managing Director)

Mr Frankie Li
(Non-executive Director)

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Mr Anthony Begovich

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Auditors:

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The Directors present their report together with the financial statements of the Group consisting of Latin Resources Limited and its subsidiaries (collectively the Group) for the half-year ended 30 June 2015.

DIRECTORS

The names of company's directors in office during the half-year and until the date of this report are set out below.

- Mr David Vilensky
- Mr Christopher Gale
- Mr Frankie Li
- Mr Zhongsheng Liu (resigned 30 April 2015)
- Mr Mark Rowbottam (resigned 30 April 2015)

Directors were in office for this entire period unless otherwise stated.

DIVIDENDS

No dividends were paid or declared during the half year or in the period to the date of this report.

PRINCIPAL ACTIVITIES

The Group's principal activities during the course of the half year continued to be the exploration and evaluation of its mining projects in Peru.

OPERATING RESULTS

The result for the consolidated entity for the six months ended 30 June 2015 was a loss of $2,457,876 (2014: loss of $4,571,688).

The improved result for the period reflects significant reductions across all major expense categories. The reductions are due to the move by the Group to progress its exploration projects via JV arrangements, the renegotiated terms for the acquisition of the Guadalupito concessions, the cessation of activities in Brazil and restructuring and other cost saving measures introduced during the period to align the Group to the new strategy.

REVIEW OF OPERATIONS

The Consolidated entity has a portfolio of projects in Peru which it is actively progressing via joint venture arrangements. A summary of the highlights for the six months ended 30 June 2015 for the projects is set out below.

Ilo Este Porphyry Copper Project – Southern Peru

Ilo Este is a Copper-Gold Porphyry system boasting spectacular supporting infrastructure being only 6 km from the Pan-American Highway, a Railway Line and an Electrical Substation, and from there 32 km to the Port of Ilo.

A summary of the highlights achieved at Ilo Este and published in press releases during the half year is set out below.

Copper Mineralisation Confirmed Over 1.1 km of Strike at Ilo Este Copper porphyry:

- Third hole, IE-JDD-003, completed to a depth of 629.2 m, with continuous copper mineralisation from surface to 472 m down hole in potassic altered and stockworked porphyry intrusives.
- 0-472 m @ 0.11% Cu, 0.09g/t Au, 11ppm Mo, 1.6g/t Ag (uncut).
- Highest grades intersected: 0.33% Cu, 1.5g/t Au, 68ppm Mo, 41g/t Ag.
- This is the longest intersection of continuous copper mineralisation at Ilo Este to date, and reinforces potential magnitude of the deposit.
- Three holes now completed over 1.1 km of strike, each consistently mineralised from surface to 200 m, 318 m and now 472 m down hole respectively.
- Geology, alteration and mineralisation seen to date clearly indicate that Ilo Este is a very large copper porphyry system now intersected over 1.1 km of strike in the northern belt alone.

Latin's Partner Zahena to Earn 70% of Ilo Este Project:

- 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 and minimum exploration work commitments totalling 11,000 m of diamond drilling valued at approximately US$3.0 million.
- PLR to receive staged payments over 3 years totalling US$1.0 million.
- A minimum of 5,000 m of diamond drilling to be completed by Zahena within 6 months, 3,000 m more within 12 months and a further 3,000 m for a total of 11,000 m within 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.

Zahena mobilises in preparation for drill campaign at Ilo Este Pophyry Copper Project:

- Final approval for commencement of exploration activities granted.
- Zahena has mobilised for preparative activities (earthworks and camp construction) and is expected to commence drilling in September 2015.

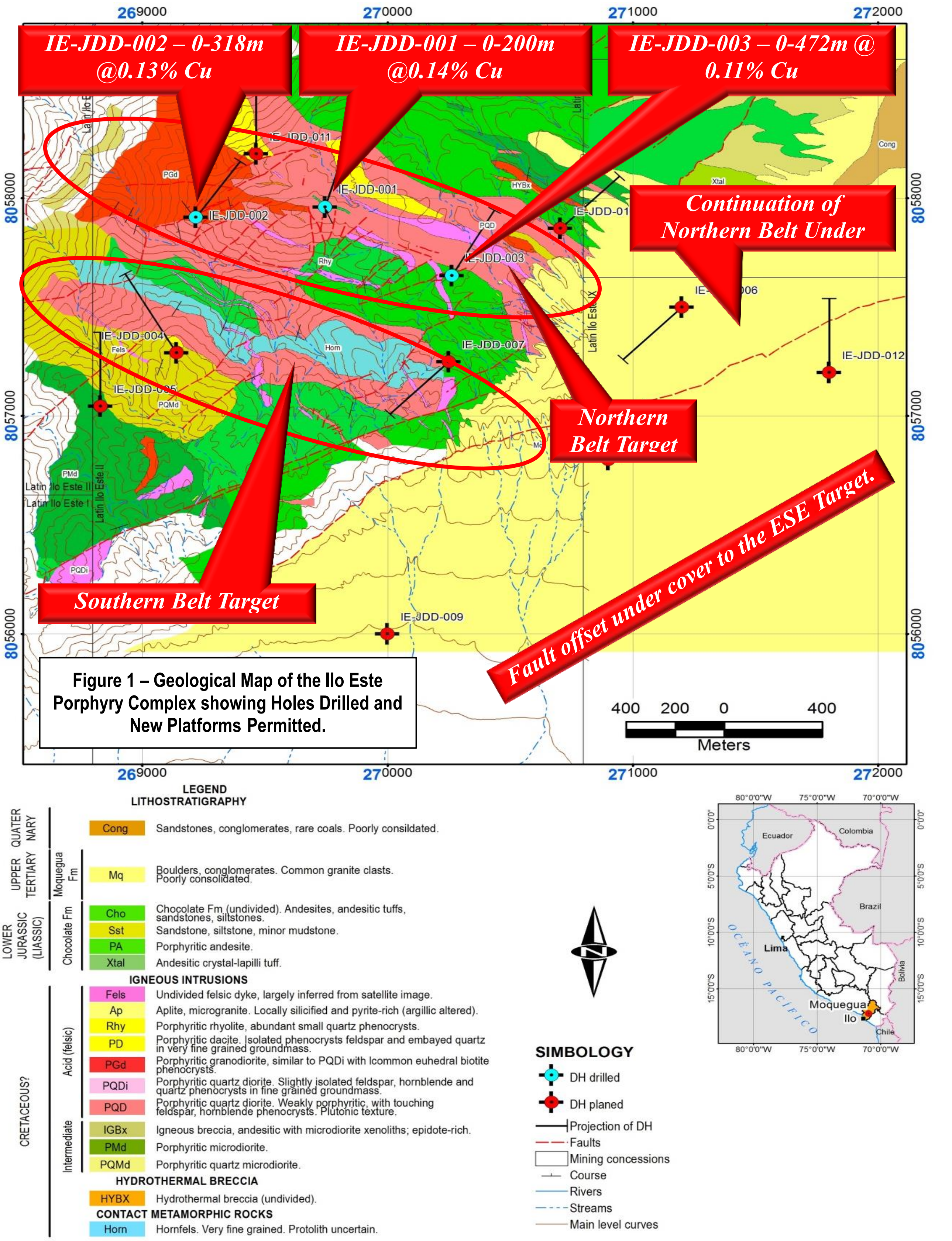

Figure 1 – Geological Map of the Ilo Este Porphyry Complex showing Holes Drilled and New Platforms Permitted.

Ilo Norte IOCG Project – Southern Peru

The Ilo Norte Project is defined by 5,300 hectares of 100% owned mining concessions in the Southern Coastal IOCG belt around Ilo.

A summary of the highlights achieved at Ilo Norte and published in press releases during the half year is set out below.

Ilo Norte Copper-Gold project now 100% owned by Latin Resources:

- Ilo Norte Project returned unencumbered to Latin following Zahena's move to Ilo Este and provision of final assay results.
- Estimated total exploration spend at Ilo Norte by Zahena was over US$3M with an additional US$200,000 that was paid directly to Latin.

Drilling results

- 16 holes were drilled by Zahena for a total of 12,657.9 m of diamond core, now property of Latin, and available for due diligence by prospective earn in partners along with complete database of assays and other geological data.
- 14 of the 16 holes drilled over 2km^2, had several intersections, together totaling 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 ("smoke") (Table 1).
- Best intersections were associated with structural zones:

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

Table 1 - Intersections are down-hole, true width unknown.

Latin seeking new JV partner for Ilo Norte

- Latin believes considerable potential remains for high grade structurally controlled copper-gold +/- silver mineralisation, especially considering relatively broad drill pattern (400 m) spacing to date.
- Latin now seeking alternative JV partner interested in moderate tonnage high grade copper-gold deposit.
- Ilo Norte benefits from excellent infrastructure: 5km from sealed highway, 10km from a major copper smelter and 25km from the port city of Ilo.
- Data and core was reviewed by potential JV partners during the quarter.
- Discussions with potential joint venture partners ongoing.

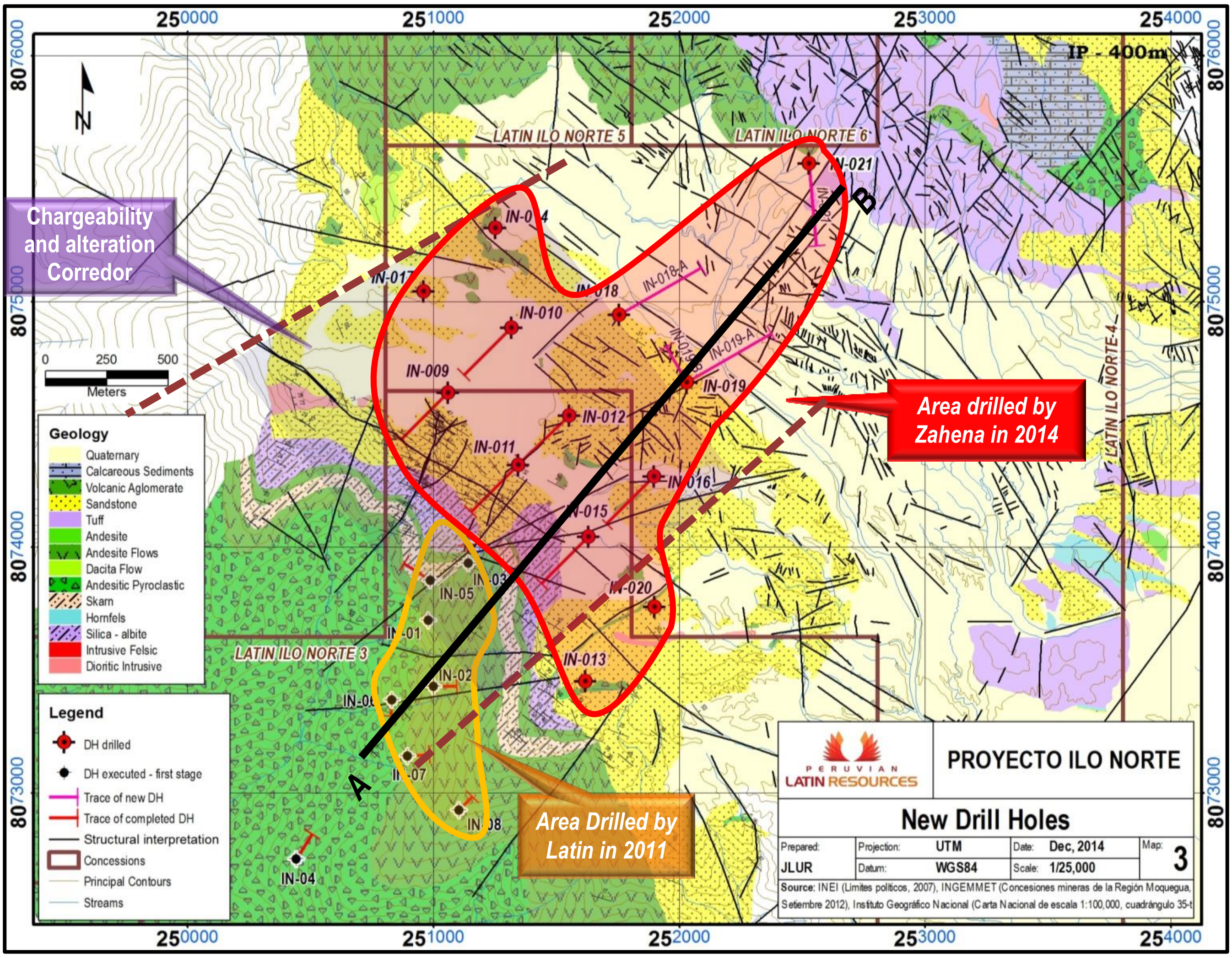

Figure 2 – Map of Ilo Norte showing updated geological mapping and topography as a base with a structural interpretation from imagery overlain. Drill holes IN-01 though IN-08 were completed in 2011 by Latin and IN-009 through IN-021 were completed in 2014 by Zahena.

Ilo Southern Concession Block Copper Gold Projects – Southern Peru

The Ilo Southern Concession Block consists of 4 separate project areas.

A summary of the highlights achieved at Ilo Southern Concession Block and published in press releases during the half year is set out below.

MOU signed to allow Global Copper Producer to explore Latin's Copper Projects in Southern Peru.

- Latin Resources Limited's Peruvian subsidiary, Peruvian Latin Resources S.A.C. ("PLR") has signed an MOU with Minera Antares Perú S.A.C., ("Antares") Peruvian subsidiary of First Quantum Minerals Ltd.
- Under the MOU, PLR and Antares will collaborate together exclusively for 12 months to discover mineral deposits worthy of further exploration and development within 65,730 hectares of PLR's 100% owned mining concessions in Southern Peru that both companies believe are prospective for significant porphyry copper and IOCG deposits.

- Discoveries of such "Target Properties" within the overall concession package will be further explored and developed through the execution of additional agreements to be negotiated between PLR and Antares where Antares will have exclusive rights to negotiate over any declared target properties for 6 months after these are identified.
- Over 560,000 tonnes per annum copper production and 125 billion pounds of copper in published resources and reserves within 150 km of the concession package with excellent infrastructure access including sealed highways railway and port facilities close by.

Data analysis and review of Concession package.

- Data analysis and thorough review undertaken in conjunction with Antares resulted in the optimization of the concession package under the MOU.
- A decision has been made to abandon 28,900 ha of concessions (out of the 65,730 ha originally under the MOU) considered unprospective, with excessive cover and/or unfeasible surface rights issues which has reduced Latin's holding under the MOU to 36,830 ha (Figure 2), and saved almost US$90,000 annually in fees.
- Results from collaborative exploration will begin to be announced in Q3 2015.

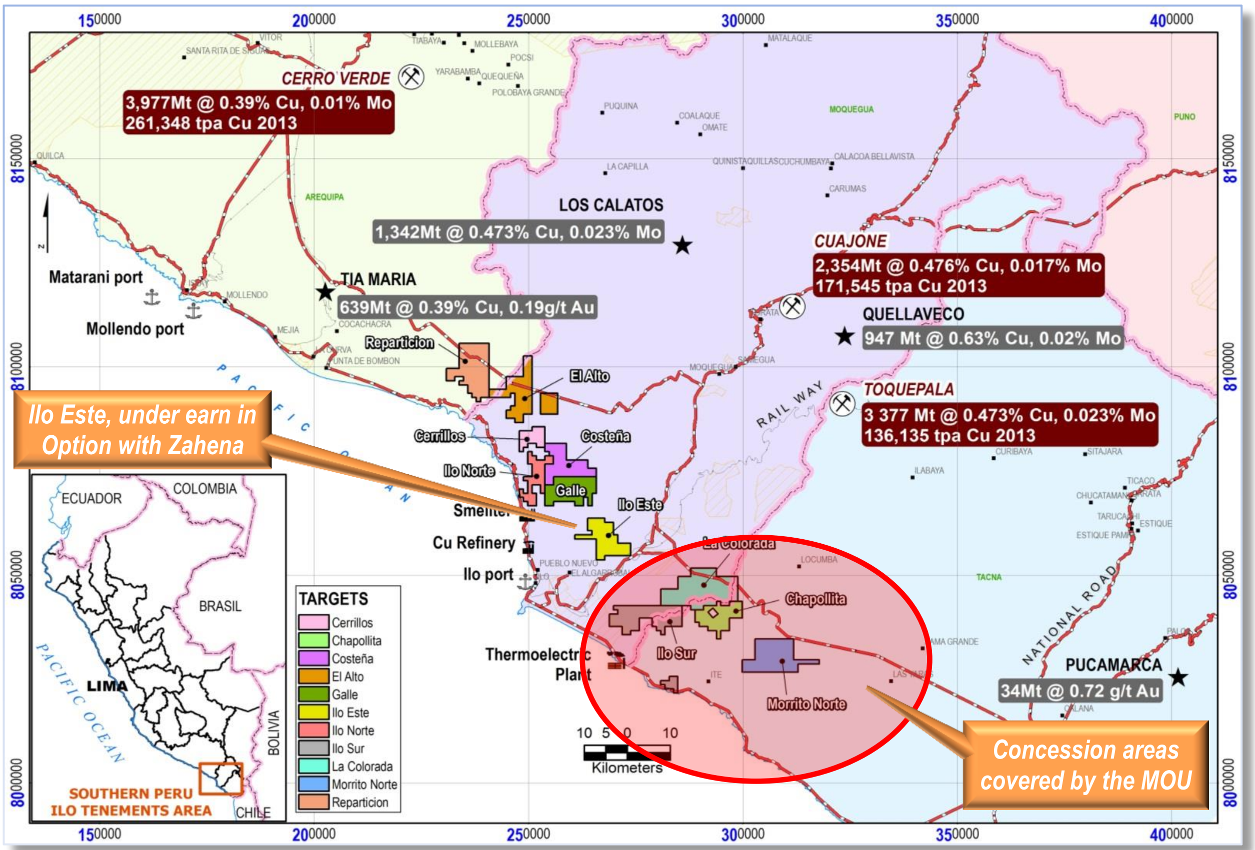

Figure 3 – Latin's eleven 100% owned target areas in Peru's Southern Cordillera including the Ilo Este Copper Porphyry project under option to Zahena, and Ilo Properties covered under an MOU for collaborative exploration with First Quantum Minerals Peruvian subsidiary.

Ilo Northern Concession Block Copper Gold Projects – Southern Peru

The Ilo Northern Concession Block consists of 5 separate project areas.

A summary of the characteristics of the Ilo Nothern Concession Block are set out below.

- 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.
- 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.
- All of these projects are within 100-150 km of the five IOCG/Porphyry Cu target areas in the Company's almost 40,000 hectares of 100% owned and unrestricted concession holdings (including Ilo Norte) in this highly prospective Copper belt (Figure 2).
- Latin has consistently demonstrated the ability to attract quality partnerships on its projects in Ilo and is now in discussions to continue advancing exploration of the Northern Concession Block at Ilo using the same model.

Guadalupito Andalusite and Mineral sands Project - Northern Peru

Guadalupito is Latin's most advanced project and has the potential to become a world class Andalusite and Mineral sands project. The project is located in close proximity to high quality infrastructure, being 10 kilometres from Chimbote, home to a major Port and one of the largest steel smelters in Peru, which is owned by the Brazilian Gerdau Group, the largest long steel producer in the Americas.

A summary of the highlights achieved at Guadalupito and published in press releases during the half year is set out below.

New terms agreed with Guadalupito project Vendors:

- 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 seeks JV partner

Discussions with potential joint venture partners ongoing.

Latin tightens concession holding

Decision to relinquish 16 concessions with little resource potential to reduce concession maintenance costs, saving over US$70,000 annually.

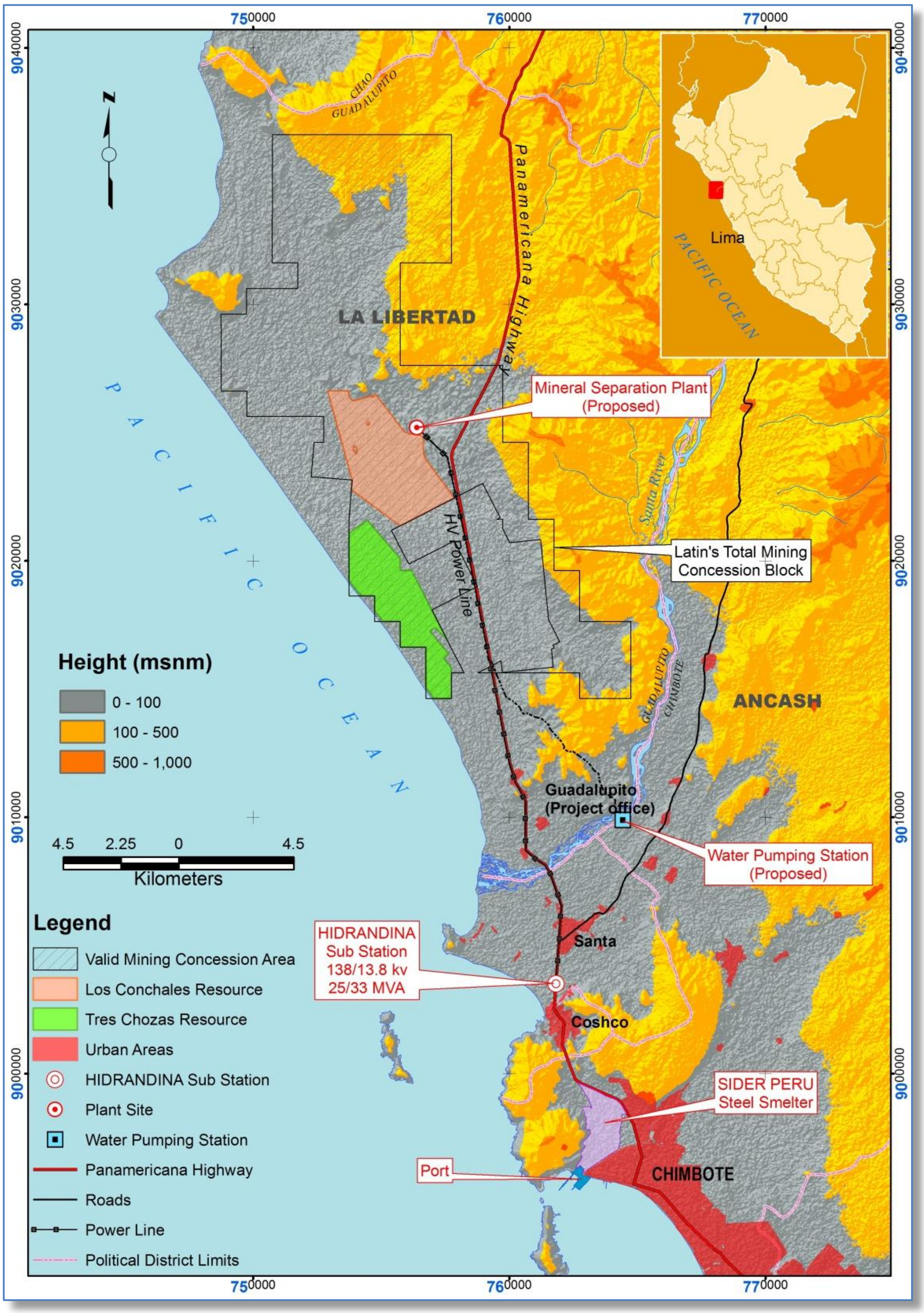

Figure 4 – Guadalupito's Resource areas and development infrastructure layout both existing and proposed.

Borborema Iron ore project – North eastern Brazil

In the light of the negative scenario for the iron ore industry in the short-medium term, the company has decided to drop its exploration licenses on the Borborema Project and avoid further expenses with mining rights fees.

Corporate

A summary of the highlights achieved and published in press releases during the half year is set out below.

Cost savings

The Company introduced further cost saving measures during the quarter that included the following:

- staff numbers reduced by 7;
- a further 20% decrease to remuneration for most staff to reflect a move to 4 day week;
- exploration and evaluation activities in Peru limited to supporting drilling and other programs funded by our JV partnerships;
- the cessation of all exploration and evaluation activities in Brazil;
- the closing of the Brazil office and a move to less expensive offices in both Perth and Peru; and
- the scaling back of all discretionary spend;
- following a review of the Group's concession holdings a number of concessions identified as having little resource potential were relinquished; and
- The Company decreased the size of its Board by two.

Funding

- The Company completed a Placement in March 2015 of $285,000 (before costs).
- In May 2015 the Company entered into a funding arrangement for US$300,000 with a New York based investment firm.
- A Prospectus was lodged with ASIC on 29 June 2015 for a Non-renounceable Entitlement Issue to raise up to $3.1m.
- Short term loans totalling approx. $393k were obtained during the quarter to assist in funding the Company's

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company during the six months ending 30 June 2015 that are not disclosed elsewhere in this report, the financial statements or the attached notes.

SIGNIFICANT EVENTS AFTER BALANCE DATE

Entitlement issue

The Company announced on 7 August 2015 that it had received applications for 36.4 million shares at an issue price of $0.008 each and 18.2 million free attaching options exercisable at $0.02 at any time up to 9 March 2017, in accordance with the non-renounceable entitlement offer announced on 30 June 2015 ('Offer').

Total consideration received from the applications was $300,891.29 (includes $9,834.24 of Shortfall acceptances).

The remaining Shortfall for the Offer is, 347 million shares at an issue price of $0.008 each and 173.5 million free attaching options exercisable at $0.02 at any time up to 9 March 2017, for a total consideration of $2,775,907.

Shortfall offer

As of the date of this report the Company has issued 55 million shares at $0.02 each and 68.8 million shares at $0.008 each together with 61.9 million free attaching options in accordance with the Shortfall Offer announced on 7 August 2015. As a result of the issue of these securities the Company has received $550,000 in cash and settled, via debt to equity swap arrangements, amounts owed to creditors totalling $1,100,000.

Other security issues

Since 30 June 2015 the Company has also issued 96.6 million shares to settle amounts owing in regards to interest bearing loans and other borrowings and trade and other payables totalling more than $1,005,673.

Junefield Convertible note

As announced on 31 August 2015 the Company has settled $2,500,000 of the principal owed in relation to the Convertible note issued to Junefield High Value Metals Investments Limited ('Junefield') by a cash payment of $400,000, the issue of 80 million shares @ $0.02 each and 27.5 million free attaching options exercisable at $0.02 each on or before 9 March 2017 via the Shortfall and Other security issues and the creation of a $500,000 loan over 18 months at 12% per annum. The market value of the 80 million shares at the date of issue was $0.007 cents per share resulting in an estimated gain of $1,040,000 on the settlement of this debt.

COMPETENT PERSON'S STATEMENT

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.

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.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 29 and forms part of the Directors' report for the half-year ended 30 June 2015.

This report is signed in accordance with a resolution of the Board of Directors pursuant to Section 306(3) of the Corporations Act 2001.

David Vilensky
Chairman

Dated this, 11th day of September 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2015

	Note	6 months to 30 Jun 2015 $	6 months to 30 Jun 2014 $
Revenue	4(a)	1,559	4,978
Other income	4(b)	312,412	74,601
Gain from renegotiation of deferred consideration, net	4(c)	2,737,169	-
Depreciation expense		(20,026)	(18,824)
Employee benefits expense		(715,374)	(865,706)
Finance costs	5(a)	(906,743)	(1,920,129)
Exploration and evaluation expenditure	5(b)	(3,255,252)	(1,221,093)
Other expenses	5(c)	(611,621)	(996,942)
Loss before income tax		**(2,457,876)**	**(4,943,115)**
Income tax benefit		-	371,427
Loss after income tax		**(2,457,876)**	**(4,571,688)**
Loss attributable to owners of the Group		**(2,457,876)**	**(4,571,688)**
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translating foreign operations		766,917	(570,722)
Items not to be reclassified to profit or loss in subsequent periods:		-	-
Total comprehensive loss for the period attributable to owners of the Group		**(1,690,959)**	**(5,142,410)**
Basic and diluted loss per share (cents)		(0.69)	(1.95)

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 30 June 2015

	Note	30 Jun 2015	31 Dec 2014
		$	**$**
ASSETS			
Current assets			
Cash and cash equivalents	6	76,009	308,008
Trade and other receivables	7(a)	372,707	395,049
Other financial assets		31,558	118,570
Total current assets		**480,274**	**821,627**
Non-current assets			
Trade and other receivables	7(b)	1,508,814	1,618,992
Property, plant & equipment		129,621	254,542
Exploration & evaluation assets	8	20,082,118	26,329,037
Total non-current assets		**21,720,553**	**28,202,571**
Total assets		**22,200,827**	**29,024,198**
LIABILITIES			
Current liabilities			
Trade and other payables	9	2,470,494	2,247,355
Interest bearing loans and borrowings	10(a)	4,009,462	3,020,425
Deferred revenue		-	283,467
Deferred consideration	11(a)	15,715	755,633
Provisions		324,390	314,550
Total current liabilities		**6,820,061**	**6,621,430**
Non-current liabilities			
Interest bearing loans and borrowings	10(b)	-	400,538
Deferred consideration	11(b)	4,627,480	10,550,128
Total non-current liabilities		**4,627,480**	**10,950,666**
Total liabilities		**11,447,541**	**17,572,096**
Net assets		**10,753,286**	**11,452,102**
EQUITY			
Contributed equity	12	32,843,185	32,018,530
Reserves	13	6,787,569	5,853,164
Accumulated losses		(28,877,468)	(26,419,592)
Total equity		**10,753,286**	**11,452,102**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 30 June 2015

	Issued capital	Share based payment reserve	Foreign currency translation reserve	Accumulated losses	Total
	$	$	$	$	$
Balance at 1 January 2015	**32,018,530**	**1,930,487**	**3,922,677**	**(26,419,592)**	**11,452,102**
Loss for the period	-	-	-	(2,457,876)	(2,457,876)
Other comprehensive income	-	-	766,917	-	766,917
Total comprehensive income/(loss) for the period	-	-	766,917	(2,457,876)	**(1,690,959)**
Issue of shares	887,870	-	-	-	887,870
Share based payments		167,488	-	-	167,488
Cost of equity issues	(63,215)	-	-	-	(63,215)
Balance at 30 June 2015	**32,843,185**	**2,097,975**	**4,689,594**	**(28,877,468)**	**10,753,286**
Balance at 1 January 2014	**28,564,150**	**1,473,556**	**2,510,554**	**(17,412,012)**	**15,136,248**
Loss for the period	-	-	-	(4,571,688)	(4,571,688)
Other comprehensive loss	-	-	(570,722)	-	(570,722)
Total comprehensive loss for the period	**-**	**-**	(570,722)	(4,571,688)	**(5,142,410)**
Issue of shares	956,794	-	-	-	956,794
Share based payments	-	103,645	-	-	103,645
Cost of equity issues	(8,000)	-	-	-	(8,000)
Balance at 30 June 2014	**29,512,944**	**1,577,201**	**1,939,832**	**(21,983,700)**	**11,046,277**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30 June 2015

	Note	6 months to 30 Jun 2015 $	6 months to 30 Jun 2014 $
Cash flows from operating activities			
Receipts from customers		40,068	169,921
Payments to suppliers and employees		(1,193,594)	(1,752,427)
Interest received		1,559	4,620
Interest paid		(30,626)	(203,175)
Taxes refunded		104,962	318,349
Net cash flows used in operating activities		**(1,077,631)**	**(1,462,712)**
Cash flows from investing activities			
Payments for plant and equipment		(6,290)	-
Proceeds from sale of plant and equipment		88,502	2,500
Payments for exploration & evaluation assets		(332,173)	(1,470,383)
Proceeds from sale of exploration and evaluation assets		-	2,186,463
Proceeds from security deposits		89,312	-
Net cash flows (used in)/from investing activities		**(160,649)**	**718,580**
Cash flows from financing activities			
Proceeds from the issue of equity		285,000	393,600
Capital raising costs		(48,215)	-
Proceeds from borrowings		769,374	350,000
Repayment of borrowings		-	(250,000)
Net cash flows from financing activities		**1,006,159**	**493,600**
Net decrease in cash and cash equivalents		(232,121)	(250,532)
Cash and cash equivalents at the beginning of the period		308,008	390,592
Effects of movement in foreign exchange		122	(16,062)
Cash and cash equivalents at the end of the period	6	**76,009**	**123,998**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The interim consolidated financial statements of Latin Resources Limited ('the Company') and its subsidiaries (collectively, the Group) for the six months ending 30 June 2015 were authorised in accordance with a resolution of the directors on 11 September 2015.

Latin Resources Limited (the Company) is a for profit company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The principal activities of the Group are the exploration of mineral resources in Peru.

2. BASIS OF PREPARATION AND CHANGES TO GROUP'S ACCOUNTING POLICIES

Basis of preparation

The interim consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

Changes in accounting policies, accounting standards and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half year 30 June 2015. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

Going concern

The interim consolidated financial statements have 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 six months ended 30 June 2015 the consolidated entity incurred a loss of $2,457,876 (2014: $4,571,688), had net cash outflows used in operating and investing activities of $1,238,280 (2014: $744,132) and had a working capital deficiency of $6,339,787 as at 30 June 2015 (2014: $5,799,803).

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 30 June 2015, the company has received approximately $0.9 million from the Entitlement issue and the Shortfall Offer.

The proceeds from these transactions together with the issue of shares and options in the Company have been applied to settle Interest bearing loans and borrowings and Trade and other payables as at 30 June 2015 of approximately $2.8 million.

The ability of the company and the consolidated entity to continue as going concerns are principally dependent upon obtaining new funding of approximately $3 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 to date, 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.

3. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by senior management 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 senior management on a monthly basis. The accounting policies used by the Group in reporting segments internally are the same as the Group’s accounting policies.

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

Six months to 30 June 2015	**Australia**	**Peru**	**Brazil**	**Total**
	$	**$**	**$**	**$**
Revenue				
Interest revenue	1,516	-	43	1,559
Other income	-	312,412	-	312,412
Total segment revenue	**1,516**	**312,412**	**43**	**313,971**
Results				
Depreciation expense	(3,504)	(16,522)	-	(20,026)
Share based payments	(185,894)	(25,772)	(4,500)	(216,166)
Interest expense	(12,171)	(4,152)	-	(16,323)
Net foreign exchange gain/(loss)	(28,637)	7,995	(279)	(20,921)
Segment profit/(loss)	**(2,596,523)**	**235,483**	**(96,837)**	**(2,457,876)**

As at 30 June 2015	**Australia**	**Peru**	**Brazil**	**Total**
	$	**$**	**$**	**$**
Segment assets	**3,432,141**	**18,734,224**	**34,462**	**22,200,827**
Segment liabilities	**(5,181,172)**	**(6,177,984)**	**(88,385)**	**(11,447,541)**
Additions to non-current assets				
Plant & equipment	181	6,227	-	6,408
Exploration and evaluation assets	190,685	99,766	49,300	339,751
Total	**190,866**	**105,993**	**49,300**	**346,159**

Six months to 30 June 2014	**Australia**	**Peru**	**Brazil**	**Total**
	$	**$**	**$**	**$**
Revenue				
Interest revenue	4,874	-	104	4,978
Other income	-	74,601	-	74,601
Total segment revenue	**4,874**	**74,601**	**104**	**79,579**
Results				
Depreciation expense	(5,380)	(13,444)	-	(18,824)
Share based payments	(176,421)	(37,736)	-	(214,157)
Interest expense	(168,704)	(4,296)	(27)	(173,027)
Net foreign exchange gain/(loss)	(23,555)	(1,452)	-	(25,007)
Segment profit/(loss)	**(1,156,694)**	**(3,320,808)**	**(94,186)**	**(4,571,688)**

As at 31 December 2014	**Australia**	**Peru**	**Brazil**	**Total**
	$	**$**	**$**	**$**
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 and evaluation assets	416,179	630,481	8,989	1,055,649
Total	**416,179**	**635,873**	**8,989**	**1,061,041**

	6 months to 30 Jun 2015	**6 months to 30 Jun 2014**
	$	**$**
4. REVENUES		
(a) Finance revenue		
Interest income	**1,559**	**4,978**
(b) Other revenue		
Sundry income	306,917	74,601
Gain on sale of plant and equipment	5,495	-
	312,412	**74,601**

	6 months to 30 Jun 2015 $	6 months to 30 Jun 2014 $
(c) Gain from renegotiation of deferred consideration	2,737,169	-

The Gain from renegotiation of deferred consideration refers to the net adjustment resulting from the renegotiated terms for the acquisition of the concessions relating to the Guadalupito project (see notes 8 and 11). The result was achieved after impairing the related assets acquired by $4,695,985.

5. EXPENSES

(a) Finance expenses

Bank fees and expenses	5,583	27,297
Interest expense	16,323	173,027
Unwinding of the effective interest rate[1]	719,538	1,658,205
Other finance expenses	165,299	61,600
	906,743	**1,920,129**

[1] Unwinding of the effective interest rate refers to the discounting of the Convertible securities ($423,639, 2014: Nil) and the remaining cost of the concessions relating to the Guadalupito project ($295,899, 2014: $1,658,205) to arrive at the fair value of the obligations the Group is required to pay (see notes 10 and 11).

(b) Exploration and evaluation expenditure

Amounts written off	112,889	-
Impairment expense[1]	3,142,363	1,221,093
	3,255,252	**1,221,093**

[1] Impairment expense refers to the costs associated with concessions that were relinquished on 1 July 2015 for having little or no resource potential.

(c) Other expenses

Administration expenses	188,842	311,196
Corporate expenses	301,138	512,108
Net foreign exchange loss	20,921	25,007
Occupancy expenses	100,720	148,631
	611,621	**996,942**

	30 Jun 2015 $	31 Dec 2014 $
6. CASH AND CASH EQUIVALENTS		
Cash in hand	2,070	711
Cash at bank	73,939	307,297
	76,009	**308,008**
7. TRADE AND OTHER RECEIVABLES		
(a) Current		
Trade receivables	7,934	1,123
Other receivables	102,906	157,206
Good and services tax	102,168	94,181
Related party receivables	2,085	-
Prepayments	157,614	142,539
	372,707	**395,049**
(b) Non-current		
Other receivables	-	195,000
Good and services tax[1]	1,508,814	1,423,992
	1,508,814	**1,618,992**

[1] Goods and services tax ('GST') includes $1,508,814 (2014: $1,104,921) receivable by the Company's subsidiary in Peru which can only be offset against GST attributable to future sales.

	6 months to 30 Jun 2015 $	6 months to 31 Dec 2014 $
8. EXPLORATION AND EVALUATION ASSETS		
Opening balance	26,329,037	24,868,590
Additions	339,751	1,055,649
Disposals	(21,894)	(34,691)
Amounts written off [1]	(3,255,252)	(702,378)
Other[2]	(4,695,985)	1,025,961
Foreign currency translation movement	1,386,461	115,906
	20,082,118	**26,329,037**

[1] Amounts written off include an impairment charge of $3,142,363 (2014: $702,378) relating to Concessions that were relinquished on 1 July 2015 for having little or no resource potential.

[2] Other refers to an adjustment to reflect the renegotiated terms for the acquisition of the concessions relating to the Guadalupito project (see note 4(c)).

	30 Jun 2015	31 Dec 2014
	$	$

9. TRADE AND OTHER PAYABLES

Trade payables	1,560,051	1,893,630
Other payables	66,220	56,772
Accruals	844,223	296,953
	2,470,494	**2,247,355**

10. INTEREST BEARING LOANS AND BORROWINGS

	30 Jun 2015 $	31 Dec 2014 $
(a) Current		
Loans	396,924	-
Convertible securities[1]	3,612,538	3,020,425
	4,009,462	**3,020,425**
(b) Non-current		
Convertible securities[1]	**-**	**400,538**

[1] Convertible securities refers to borrowings from Junefield High Value Metals Investments Limited ('JVHM'), The Australian Special Opportunity Fund LP ('ASOF') and Magna Equities II ('Magna').

The key terms of the Convertible securities are set our below.

JVHM - 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. As announced on 11 June 2015 the Company has renegotiated the terms of the JVHM convertible security. Under the revised terms the Company is required to pay JVHM $500,000 in cash and is able to convert $1.5m of the principal and accrued interest into shares at $0.02 per share with the remaining balance of $500,000 to be rolled over as a loan for 18 months at an interest rate of 12% per annum. Settlement has been extended to 26 August 2015.

ASOF – Outstanding Face value $1.1 million, 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.

Magna – Outstanding Face value of US$315,000 Interest rate of 12% per annum, Conversion price based on 75% of the lowest trading price of the shares on the ten trading days prior to the Conversion notice.

	30 Jun 2015	31 Dec 2014
	$	$
11. DEFERRED CONSIDERATION		
(a) Current	**15,715**	**755,633**
(b) Non-current	**4,627,480**	**10,550,128**

The deferred consideration balances reflect the current and non-current portions of the present value of the remaining US$10.1 million (31 December 2014: US$17.3 million) the Group is required to pay in cash and shares for the acquisition of the concessions relating to the Guadalupito project.

The reduction in the balances includes an adjustment of $7,433,306 to reflect the renegotiated terms for the acquisition of the concessions relating to the Guadalupito project (see note 4(c)).

12. CONTRIBUTED EQUITY

(a) Issued capital

	30 Jun 2015	31 Dec 2014
Issued shares	31,109,208	30,284,553
Option premium	1,733,977	1,733,977
	32,843,185	**32,018,530**

(b) Movements in issued capital

	Number	$
Issued shares		
Balance at 1 July 2014	**249,880,659**	**27,849,850**
Shares issued	70,588,584	2,597,528
Transaction costs	-	(162,825)
Balance at 31 December 2014	**320,469,243**	**30,284,553**
Shares issued	64,130,527	887,870
Transaction costs	-	(63,215)
Balance at 30 June 2015	**384,599,770**	**31,109,208**

	Number	$
(b) Movements in issued capital (continued)		
Option premium		
Balance at 1 July 2014	**57,971,354**	**1,733,977**
Options lapsed	(56,971,354)	-
Options issued	10,687,500	-
Balance at 31 December 2014	**11,687,500**	**1,733,977**
Options lapsed	(1,000,000)	-
Options issued	25,718,643	-
Balance at 30 June 2015	**36,406,143**	**1,733,977**

	30 Jun 2015 $	31 Dec 2014 $
13. RESERVES		
Foreign currency translation reserve		
Balance at beginning of period	3,922,677	2,762,521
Foreign currency translations	766,917	1,160,156
	4,689,594	**3,922,677**
Share based payments reserve		
Balance at beginning of period	1,930,487	1,473,556
Share based payments	167,488	456,931
	2,097,975	**1,930,487**
Total reserves	**6,787,569**	**5,853,164**

14. COMMITMENTS AND CONTINGENCIES

Commitments

(a) Operating lease commitments:

Not later than one year	33,404	283,727
Later than one year but not later than five years	112,315	235,418
Later than five years	-	-
	145,719	**519,415**

(b) Mining concessions

The Group is required to pay a right of concession fee of US$3 per hectare per annum. The estimated fee to be paid in 2016 is approximately US$288,000.

15. CONTINGENT LIABILITIES

There are no changes to the contingent liabilities disclosed in the most recent annual financial report.

16. EVENTS OCCURRING AFTER BALANCE DATE

Entitlement issue

The Company announced on 7 August 2015 that it had received applications for 36.4 million shares at an issue price of $0.008 each and 18.2 million free attaching options exercisable at $0.02 at any time up to 9 March 2017, in accordance with the non-renounceable entitlement offer announced on 30 June 2015 ('Offer').

Total consideration received from the applications was $300,891.29 (includes $9,834.24 of Shortfall acceptances).

The remaining Shortfall for the Offer is, 347 million shares at an issue price of $0.008 each and 173.5 million free attaching options exercisable at $0.02 at any time up to 9 March 2017, for a total consideration of $2,775,907.

Shortfall offer

As of the date of this report the Company has issued 55 million shares at $0.02 each and 68.8 million shares at $0.008 each together with 61.9 million free attaching options in accordance with the Shortfall Offer announced on 7 August 2015. As a result of the issue of these securities the Company has received $550,000 in cash and settled, via debt to equity swap arrangements, amounts owed to creditors totalling $1,100,000.

Other security issues

Since 30 June 2015 the Company has also issued 96.6 million shares to settle amounts owing in regards to interest bearing loans and other borrowings and trade and other payables totalling more than $1,005,673.

Junefield Convertible note

As announced on 31 August 2015 the Company has settled $2,500,000 of the principal owed in relation to the Convertible note issued to Junefield High Value Metals Investments Limited ('Junefield') by a cash payment of $400,000, the issue of 80 million shares @ $0.02 each and 27.5 million free attaching options exercisable at $0.02 each on or before 9 March 2017 via the Shortfall and Other security issues and the creation of a $500,000 loan over 18 months at 12% per annum. The market value of the 80 million shares at the date of issue was $0.007 cents per share resulting in an estimated gain of $1,040,000 on the settlement of this debt.

DIRECTORS' DECLARATION

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

In the opinion of the directors:

(a) The financial statements and notes of Latin Resources Limited for the half-year ended 30 June 2015 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 30 June 2015 and of its performance for the half-year ended on that date; and

 (ii) complying with Accounting Standard AASB 134: *Interim financial reporting and the Corporations Regulations 2001*

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

David Vilensky
Chairman

Dated this, the 11th day of September 2015

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11 September 2015

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

Dear Sirs

RE: LATIN RESOURCE 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 Resource Limited.

As Audit Director for the review of the financial statements of Latin Resource Limited for the half year ended 30 June 2015, 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 review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

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

Samir R. Tirodkar
Director

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Latin Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Latin Resources Limited (the consolidated entity). The consolidated entity comprises both Latin Resources Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Latin Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Latin Resources Limited on 11 September 2015.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Latin Resources Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

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

As referred to in Note 2 to the financial statements, the financial statements have been prepared on the going concern basis. As at 30 June 2015, the entity had working capital deficiency of $6,339,787 and had incurred a loss for the six months of $2,457,876. The ability of the Company and consolidated entity to continue as a going concern is subject to the successful recapitalisation of the Company and consolidated entity. In the event that the Board is not successful in recapitalising the Company and consolidated entity and in raising further funds, the Company and 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 $20,082,118 and GST receivable of $1,508,814 in its subsidiary in Peru is dependent on the successful commercial exploitation of the assets and/or sale of the assets to generate income at least equal to the current 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 including GST receivable in Peru may be significantly less than their current carrying values.

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

Stanton International

Samir

Samir R. Tirodkar
Director

West Perth, Western Australia
11 September 2015