

9 October 2015

SHORTFALL UPDATE

Latin Resources Limited (**ASX: LRS**) ("**Latin Resources or the Company**") is pleased to advise it has raised another \$1,546,292 from the Shortfall Offer ("Shortfall") since the last update provided on 28 August 2015.

This brings the total raised from the Entitlement Issue (including the Shortfall) to \$2,347,183 or 76% of the total Entitlement Issue Offer which is an outstanding result given the current state of the market.

There is a balance of \$729,615 remaining from the Shortfall and the Company is actively pursuing investors to place the balance before the end of October 2015.

The Shortfall involves issuing LRS shares at \$0.008 per Share together with one (1) free attaching New Option that will be exercisable at \$0.02 at any time up to 9 March 2017, for every two (2) Shares subscribed for and issued.

As indicated in the Entitlement Issue Prospectus dated and announced on 30th June 2015 the Company would pay a 5% capital raising fee on Shortfall subscription funds raised by brokers or other third parties, together with the issue of one (1) Share for every four (4) Shortfall Shares issued in respect of Shortfall subscription funds raised by a broker or third party.

The funds raised from the Entitlement Issue have been used to repay the Junefield convertible note and have and will continue to be used to progress the Company's projects in South America as well as working capital.

An Appendix 3B in relation to the Shortfall applications and other issues follows.

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: Guadalupito (Andalusite and Heavy Mineral Sands) and Ilo (Iron Oxide-Copper-Gold and Copper Porphyry).

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Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Latin Resources Limited

ABN

81 131 405 144

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | (a), & (b) Fully paid ordinary shares

(c) Options exercisable at \$0.02 each on or before 9 March 2017. |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | (a) 17,862,250
(b) 4,465,563
(c) 8,931,125 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | (a) & (b) Shares rank pari passu with the existing quoted shares.

(c) Options are exercisable at \$0.02 each on or before 9 March 2017. |

Appendix 3B
New issue announcement

<p>4 Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional ⁺securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes</p>
<p>5 Issue price or consideration</p>	<p>(a) & (b) \$0.008 each</p> <p>(c) Nil</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>(a) & (c) Issued in accordance with Entitlement Issue Shortfall Offer announced on 7 August 2015.</p> <p>(b) Settlement of amounts owed to creditors.</p>
<p>6a Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the ⁺securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>22 May 2015</p>
<p>6c Number of ⁺securities issued without security holder approval under rule 7.1</p>	<p>Nil</p>
<p>6d Number of ⁺securities issued with security holder approval under rule 7.1A</p>	<p>Nil</p>
<p>6e Number of ⁺securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)</p>	<p>Nil</p>

+ See chapter 19 for defined terms.

6f	Number of +securities issued under an exception in rule 7.2	(a) 17,862,250 (b) 4,465,563 (c) 8,931,125	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/a	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/a	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	7.1 – 3,559,130 7.1A – 6,105,518	
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	9 October 2015	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number 713,180,119 123,667,815	+Class Ordinary fully paid shares Options exercisable at \$0.02 each on or before 9 March 2017

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New issue announcement

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	14,292,886	Incentive rights (LRSAS) issued pursuant to approved Incentive rights plan
	10,137,119	Deferred rights (LRSAS) issued pursuant to approved Deferred rights plan
	1	Convertible security (LRSAT) (face value of \$836,746 maturing on 1 June 2016)
	10,687,500	Options (LRSAX) exercisable at \$0.0461 each on or before 1 December 2017
	1	Convertible security (LRSAX) (face value of US\$265,000 maturing on 29 September 2015)
	11,468,643	Options (LRSAX) exercisable at \$0.0166 each on or before 22 May 2017
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Nil	

Part 2 - Pro rata issue

11 Is security holder approval required?	N/a
12 Is the issue renounceable or non-renounceable?	N/a
13 Ratio in which the +securities will be offered	N/a
14 +Class of +securities to which the offer relates	N/a
15 +Record date to determine entitlements	N/a
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/a
17 Policy for deciding entitlements in relation to fractions	N/a

+ See chapter 19 for defined terms.

18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/a
19	Closing date for receipt of acceptances or renunciations	N/a
20	Names of any underwriters	N/a
21	Amount of any underwriting fee or commission	N/a
22	Names of any brokers to the issue	N/a
23	Fee or commission payable to the broker to the issue	N/a
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/a
25	If the issue is contingent on security holders' approval, the date of the meeting	N/a
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/a
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/a
28	Date rights trading will begin (if applicable)	N/a
29	Date rights trading will end (if applicable)	N/a
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/a
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/a
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/a

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New issue announcement

33 ⁺Issue date

N/a

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☒ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

⁺ See chapter 19 for defined terms.

- 36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of +securities for which +quotation is sought

N/a

- 39 +Class of +securities for which quotation is sought

N/a

- 40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:
 - the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
- | |
|-----|
| N/a |
|-----|
- 41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)
- | |
|-----|
| N/a |
|-----|
- 42 Number and +class of all +securities quoted on ASX (*including* the +securities in clause 38)
- | Number | +Class |
|--------|--------|
| N/a | |

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

Appendix 3B
New issue announcement

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Anthony Begovich
(Company secretary)

Date: 9/10/2015

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ⁺ ordinary securities on issue 12 months before the ⁺ issue date or date of agreement to issue	251,437,224
<p>Add the following:</p> <ul style="list-style-type: none"> Number of fully paid ⁺ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid ⁺ordinary securities issued in that 12 month period with shareholder approval Number of partly paid ⁺ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	<ul style="list-style-type: none"> 1,661,327 issued on 10/10/2014 3,128,537 issued on 12/1/2015 5,328,772 issued on 15/4/2015 37,611,397 issued on 7/8/2015 8,927,411 issued on 11/8/2015 62,500,000 issued on 27/8/2015 61,250,000 issued on 28/8/2015 12,424,466 issued on 15/9/2015 20,937,500 issued on 24/9/2015 6,250 issued on 25/9/2015 17,862,250 issued on 9/10/2015 30,660,089 issued on 22/7/2014 & approved on 3/10/2014 16,077,471 issued on 12/8/2014 & approved on 3/10/2014 5,600,000 issued on 19/8/2014 & approved on 3/10/2014 4,054,395 issued on 10/9/2014 & approved on 22/5/2015) 1,978,737 issued on 10/10/2014 & approved on 22/5/2015) 8,750,000 issued on 1/12/2014 & approved on 22/5/2015) 4,916,667 issued on 5/1/2015 & approved on 22/5/2015) 4,338,235 issued on 10/2/2015 & approved on 22/5/2015) 12,000,000 issued on 16/3/2015 & approved on 22/5/2015) 2,000,000 issued on 24/3/2015 & approved on 22/5/2015) 16,500,000 issued on 25/3/2015 & approved on 22/5/2015) <p>Nil</p>
Subtract the number of fully paid ⁺ ordinary securities cancelled during that 12 month period	Nil

Appendix 3B

New issue announcement

“A”	589,950,728
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Step 2: Calculate 15% of “A”

“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	88,492,609

Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used

<p>Insert number of ⁺equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> Under an exception in rule 7.2 Under rule 7.1A With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<ul style="list-style-type: none"> 250,000 fully paid shares issued on 3/12/2014 5,000,000 fully paid shares issued on 13/4/2015 1,834,983 fully paid shares issued on 8/5/2015 8,333,333 unlisted options issued on 22/5/2015 11,468,643 unlisted options issued on 22/5/2015 750,000 fully paid shares issued on 11/6/2015 10,714,286 fully paid shares issued on 13/7/2015 9,045,680 fully paid shares issued on 11/8/2015 10,000,000 fully paid shares issued on 13/8/2015 5,000,000 fully paid shares issued on 28/8/2015 3,125,000 listed options issued on 28/08/2015 3,106,116 fully paid shares issued on 14/9/2015 5,234,375 fully paid shares issued on 24/9/2015 6,605,500 fully paid shares issued on 24/9/2015 4,465,563 fully paid shares issued on 24/9/2015
“C”	84,933,479

Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1

“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	88,492,609
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	84,933,479
Total [“A” x 0.15] – “C” <i>[Note: this is the remaining placement capacity under rule 7.1]</i>	3,559,130

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	589,950,728
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	58,995,073
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of ⁺ equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> This applies to equity securities – not just ordinary securities Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained It may be useful to set out issues of securities on different dates as separate line items 	<ul style="list-style-type: none"> 31,327,055 fully paid shares issued on 27/8/2015 21,562,500 fully paid shares issued on 28/8/2015
“E”	52,889,555
Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	58,995,073
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	52,889,555
Total [“A” x 0.10] – “E”	6,105,518 <i>Note: this is the remaining placement capacity under rule 7.1A</i>