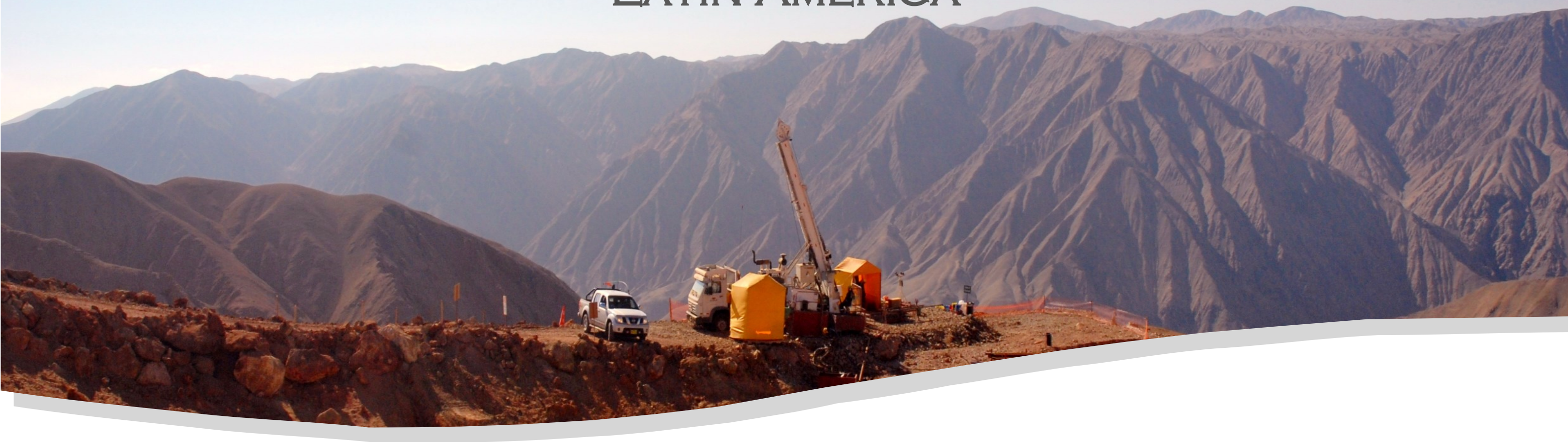
LATIN RESOURCES LIMITED

ABN 81 131 405 144

2015

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 Brent Jones
(Non-Executive Director)

COMPANY SECRETARY
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CHAIRMAN'S REVIEW

Dear Shareholders

Not much has changed in the mining and resources sector over the past 12 months save for a further fall in global commodity prices. Few in the know will argue against the fact that the mining and resources sector has rarely been more challenging. Ongoing negative investment sentiment and weak capital markets globally continue to prevail.

The combination of these factors has caused the Board of the Company to review some of its core strategies. This has resulted in our decision to potentially sell an interest in our Guadalupito Project as well as seeking a suitable joint venture partner to bring the Andalusite deposit into production.

Timing is everything and the same can be said for the mining and resources sector. The Board believes that this is not the time for the Company to be developing any project which requires the Company to have access to significant capital. The Board believes the better option is to sell an interest in Guadalupito and use the cash proceeds to retire debt and explore other opportunities.

In my last Chairman's Review of 2015 I mentioned as a highlight the signing of a Joint Venture Agreement with Campania Minera Zahena S.A.C **("Zahena")** covering our Ilo Este copper- gold target in Southern Peru. As recently announced, the system is confirmed as extremely large and drilling continues with the objective of locating a higher grade within the overall system.

Due to some unexpected delays our separate collaborative exploration agreement with First Quantum on our Ilo Sur properties is still in its early stages. First Quantum have expended significant time and resources to date into an extensive assessment of the Ilo Sur property which has resulted in a target area recommended for follow up. The results of this collaboration could provide exciting drilling targets potentially justifying the earn in agreement foreshadowed by the current MOU. The Company remains hopeful that this joint venture will deliver the upside it has the potential to do and we look forward to the continuation of our relationship with First Quantum going forward.

The Board remains confident that its 'stay in the game' strategy will deliver the hoped for outcomes for shareholders. More to the point, the Board has not been content to simply bunker down and hope for some miracle to come along to change the Company's fortunes. Instead the strategy has remained to be pro-active in preserving the value of the Company and seeking new opportunities while keeping costs and expenses to a minimum.

Further details are contained in the Review of Operations section of this Annual Report.

During the year in question there were some changes to the Board. Mr Mark Rowbottam and Mr Frankie Li resigned as non executive directors. The Company thanks them both for their valuable contributions and commitment to the Company over many years respectively and wishes them both well in their future endeavours. In September 2015 the Board announced the appointment of Mr Brent Jones as a non Executive Director. As announced, prior to him joining the Board of the Company, Mr Jones was a long term supporter of the Company as well as a substantial shareholder. Being Melbourne based his appointment has provided shareholders with greater access to the Board on the eastern seaboard. His contribution to date has been both welcome and valuable and we look forward to his ongoing contribution.

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 sometimes in very difficult circumstances. On behalf of the Board, I would like to make special mention of and thank our Managing Director, Mr Chris Gale for his tireless efforts in the pursuit of the strategy and vision of the Company as well as his promotional and capital raising activities. There is not a stone he will leave unturned to ensure that the Company delivers a return to its very loyal shareholders and his energy and leadership overall in difficult circumstances deserve special mention.

I also thank our loyal and valued shareholders, including our new shareholders, for your ongoing support of the Company over the past 12 months. As I did last year, I again 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 again ask our shareholders to remain patient as you await news of progress in 2016.

DAVID VILENSKY
Chairman

REVIEW OF OPERATIONS

Company overview

In what has been another extremely challenging year for exploration companies globally, Latin Resources Limited was able to successfully apply its strategy to advance exploration of its portfolio of mining concessions in copper rich Southern Peru by direct investment through an earn-in option deal with Minera Zahena at the Ilo Este Cu-Au-Ag-Mo porphyry project, and new target generation by the Peruvian subsidiary of First Quantum Minerals in the remainder of Latin's Ilo concessions. In order to facilitate success of the same strategy at its Guadalupito Andalusite Project in Northern Peru, Latin also successfully renegotiated more favourable terms with the project vendor.

The earn-in option agreement with Minera Zahena at the Ilo Este Cu-Au-Ag-Mo porphyry project culminated in the commencement of a drilling campaign in Q4 2015 with the first two drill holes completed in 2015. Both holes intersected copper mineralisation in both oxide and sulphide forms. The first assay results released in 2016 prior to the release date of this report extended the size of the known porphyry mineralisation with another large intersection of copper, but with grades lower than were hoped for (IE-DDH-010-15, 0-366 @ 0.11% Cu & 0.11g/t Au). Drilling continues on a broad spacing over the more than 3km^2 area of the large porphyry system seeking a higher grade intrusive phase within the overall system.

In March 2015, the Peruvian subsidiaries of Latin Resources Limited and First Quantum Minerals Ltd., signed an MOU to collaborate together exclusively for 12 months to discover mineral deposits worthy of further exploration and development within a selection of Latin's mining concessions in Southern Peru. The most important result of this collaborative exploration was the definition of a 5km diameter circular magnetic feature cut by both Andean and Cross Arc structures (favourable for porphyry emplacement), and completely covered by Quaternary sediments. The large anomaly was interpreted to be a possible porphyry system with potential for more than 5 Million tonnes contained copper and will be subject of an IP geophysical survey during Q2 2016 with the aim of defining drill targets that may be subject of a separate earn-in agreement.

Interest remains high from potential project level investors in Latin's other Ilo projects that are well placed with respect to infrastructure, community and environment. At the release date of this report, two separate site visits are being coordinated to the Ilo Norte project which Latin still believes holds good potential for an IOCG deposit of sufficient size and grade to support an underground operation in a very friendly location with respect to infrastructure, permitting and approvals.

Latin's registered service brand, PLR Services, achieved over US$200,000 in sales in 2015, more than doubling 2014 sales. Aside from permitting and social diagnostic services undertaken for Vale and other major mining clients, permit modifications were also undertaken for Minera Zahena allowing for drilling to commence according to their planned platform and drilling configuration at Ilo Este.

Early in 2015, the Company took the decision to limit spending on Guadalupito until a suitable partner could be found to invest directly into the project. In order to facilitate this aim, Latin was able to renegotiate conditions of the sale agreement with the Project vendors, reducing the sale price substantially, and offsetting all cash payments to 6 months after a successful DFS is released to market, or January 2020 at the latest. The much improved sale conditions have allowed discussions to advance with a number of parties and the company expects a result from these during 2016.

As a result of the significant devaluation of the iron ore price in 2015, and the Company's consideration that these conditions are likely to continue in the foreseeable future, Latin divested from its Iron Ore concession holdings in Brazil.

Throughout 2015, Latin also focussed attention on identifying and evaluating projects presenting short term cash flow generating opportunities, reaching favourable agreed terms over the Filipina copper project in Chile. Unfortunately ongoing depressed market conditions has prevented financing of this opportunity and at the release date of this report the Company has decided not to pursue Filipina due to these prevailing conditions. Latin continues to evaluate new project opportunities throughout Latin America, in particular those with more favourable characteristics in the current market place.

Finally, in anticipation of continued challenges in the market, the Company strengthened its focus on cost reduction throughout 2015, culminating in further changes implemented in Q4 2015 to reduce administrative overhead to a minimum going into 2016. 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.

Latin Resources Limited's major focus through 2015 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 2015

ILO COPPER PROJECTS

- Latin assigned rights and an earn-in option to transfer 70% ownership of its Ilo Este Project to Minera Zahena S.A.C. for a total consideration of US$1.0 million cash over 3 years and minimum exploration work commitments totalling 11,000 m of diamond drilling over 18 months valued at approximately US$3.0 million. Latin 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 completed 2 drill holes with visible copper mineralisation, with 2 holes in progress at year end. First results released in 2016 prior to the release date of this report enlarged the size of the known mineralised porphyry albeit with low grade mineralisation, (IE-DDH-010-15, 0-366 @ 0.11% Cu & 0.11g/t Au).

- In March 2015, Latin Resources Limited's Peruvian subsidiary, Peruvian Latin Resources S.A.C. ("PLR") signed an MOU with Minera Antares Perú S.A.C., ("Antares") Peruvian subsidiary of First Quantum Minerals Ltd. Under the MOU, PLR and Antares are collaborating 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.

- In November 2015, Antares presented PLR with a final interpretive report of combined datasets, identifying six targets within Latin's Ilo concessions, and recommended immediate follow up of one of these ("Pachamanca/MT-03"), considering that potential exists for a Porphyry Copper Deposit of significant scale (>5Mt contained copper).

- Prior to the release date of this report, Antares formally confirmed their interest in this target area, allowing a further 6 months of exclusivity under the MOU to undertake further work and to negotiate a JV/Earn-in agreement should results warrant.

- Prior to the release date of this report, Latin is coordinating site visits from two significant copper producers to the Ilo Norte IOCG project (drilled by Zahena in 2014) and to inspect drill core in the Company's Ilo store.

GUADALUPITO ANDALUSITE PROJECT

- The Company has suspended further work on Guadalupito, limiting spending on the Project until a suitable partner can be found to invest directly into the project.

- The terms and conditions of the sale agreement with the Project vendors were renegotiated, reducing the sale price by US$7.219M, and offsetting all cash payments to 6 months after a successful DFS is released to market, or January 2020 at the latest.

- The much improved sale conditions have allowed discussions to advance with a number of parties and the company expects a result from these during 2016.

BRAZILIAN IRON ORE PROJECTS

- Latin has divested its interest in its Brazilian Iron Ore projects.

REVIEW OF OPERATIONS

Projects

GUADALUPITO ANDALUSITE PROJECT – NORTHERN PERU

New Terms Agreed with Guadalupito Vendors

On 29 June 2015, Latin announced 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 and again in August 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 leaving a pending amount of US$10 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 the payment of a further US$10 million at Latin's option.

The new terms were accepted by the vendors in consideration of the 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.

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.*

During 2015, 8,135 ha in 16 of the original 41 concessions were abandoned, resulting in a reduction in concession area for the Guadalupito project from 21,917 ha to 13,782 ha (representing an annual saving of over US$70,000). Concessions retained that now comprise the project are shown on the map in Figure 1.

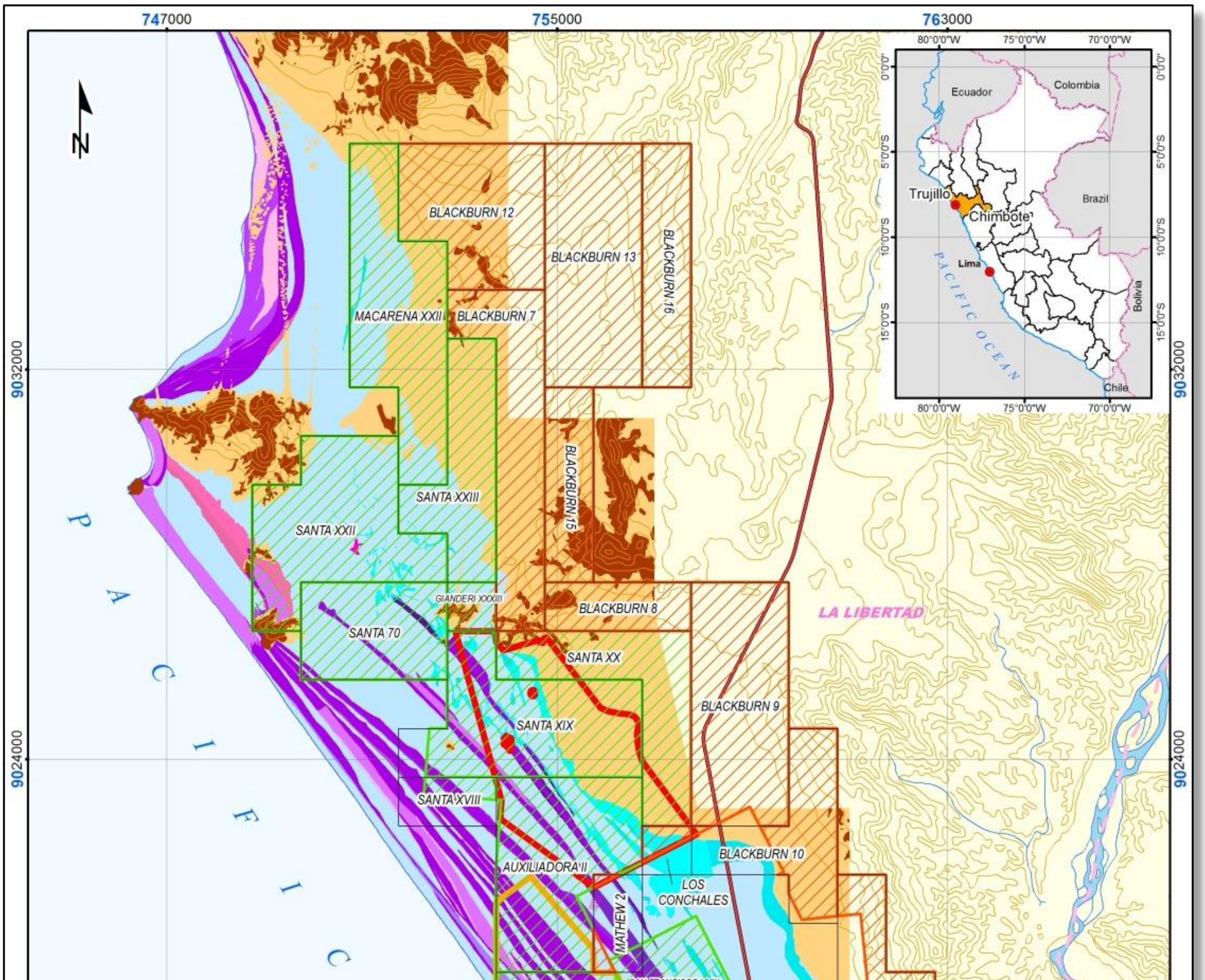


Figure 1 – Map of Guadalupito Andalusite Project Mining Concessions at 31 December 2015.

REVIEW OF OPERATIONS

JV Partner and Further Studies

Renegotiation of more favorable terms with the Project vendors has created key conditions for the Company to be able to secure a JV Partner which is fundamental to advancing Guadalupito through feasibility studies to production. Until such a partner is secured, the company has suspended activity related to Guadalupito which limited spending on the Project in 2015.

Mineral Resources Statement

At 31 December 2015, total JORC (2004) inferred resources were 1,329 Million Tonnes grading 5.7% Heavy Mineral in two resource areas (Table 2, Figure 1), subject of announcements made 7 February 2013 and 05 June 2013.

Table 2 – 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 2015 and 2014 Resource estimates

At 31 December 2014, the total JORC (2004) inferred resources were the same as at 31 December 2015, 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.

REVIEW OF OPERATIONS

ILO ESTE PORPHYRY COPPER PROJECT – SOUTHERN PERU

Earn-in option agreement with Compañia Minera Zahena SAC

The Company's 100% owned subsidiary Peruvian Latin Resources SAC (PLR) has a registered contract granting a rights assignment and earn-in option to transfer 70% ownership of its Ilo Este Project to Peruvian firm, Compañia Minera Zahena SAC (Zahena), for a total consideration of US$1.0 million cash and minimum exploration work commitments of 11,000 m of diamond drilling valued at approximately US$3.0 million.

Under the contract, registered on 12 October 2015 (inscription date), PLR is to receive the following cash payments:

Payment Trigger	Payment Amount
12 April 2016 or the completion of 4 exploratory holes on the Project, whichever occurs first. (***PAID prior to the release date of this report***)	US$ 75,000
12 October 2016	US$ 75,000
12 April 2017	US$ 150,000
12 October 2017	US$ 150,000
12 April 2018	US$ 200,000
12 October 2018	US$ 350,000
TOTAL	**US$ 1,000,000**

In addition to completing the above cash payments, Zahena is required to complete a diamond drilling program for a minimum of 5,000 metres before 1 March 2016, 8,000 metres before 1 September 2016 and a total of 11,000 metres before 1 March 2017 (valued at approximately US$3.0 million). If the drilling is completed early, the option payments can also be made early to exercise the option.

The assignment of rights and earn-in option was granted over the mining concessions Latin Ilo Este I, Latin Ilo Este II, Latin Ilo Este III, Latin Ilo Este IV, Latin Ilo Este V, Latin Ilo Este VI, Latin Ilo Este VII and Latin Ilo Este IX totalling 6,200 hectares.

Drilling Advances

On January 25 2016, the Company announced that earn-in operator Compañia Minera Zahena SAC (Zahena) had completed the first four drill holes at Latin's Ilo Este Porphyry Copper Project, (Table 3).

Assay results for the first hole, IE-DDH-010-15, were also reported, with mineralisation from surface to 366 m down hole depth averaging 0.11% Cu (max 0.37%) and 0.11 g/t Au (max 1.2g/t).

Table 3 – Collar information of the first four holes completed at Ilo Este by Zahena.

Hole ID	Easting (m) WGS84	Northing (m) WGS84	Elevation (m)	Azimuth (degrees)	Declination (degrees)	Depth (m)
IE-DDH-010-15	270705	8057861	902	45	-70	561.80
IE-DDH-008-15	270899	8056796	883	0	-90	512.80
IE-DDH-005-15	268831	8057041	864	0	-70	679.50
IE-DDH-009-15	269993	8055994	796	0	-90	560.00

Grades intersected by IE-DDH-010-15 were similar to those encountered by Latin's 2014 drilling campaign, and further highlight the size of the overall mineralised porphyry, now extending over 1.5km along the strike of the northern intrusive belt alone (Table 4, Figure 2). Hole IE-DDH-005-15 was drilled into the southern-most extension of the mapped porphyry system, and also intersected visible copper mineralisation.

REVIEW OF OPERATIONS

Table 2 – Summary assay results from IE-DDH-010-15

From (m)	To (m)	Interval (m)	Cu (%) Avg	Cu (%) Max	Au (g/t) Avg	Au (g/t) Max	Mo (ppm) Avg	Mo (ppm) Max	Ag (g/t) Avg	Ag (g/t) Max	m <0.1% Cu included in avg
0	366	366	0.11	0.37	0.11	1.15	16	44	1	11.6	153
Including											
6	*27*	*21*	*0.14*	*0.25*	*0.23*	*1.15*	*19*	*34*	*0.36*	*0.6*	*0*
48	*57*	*9*	*0.13*	*0.15*	*0.12*	*0.16*	*15*	*20*	*0.6*	*0.6*	*0*
72	*285*	*213*	*0.13*	*0.37*	*0.13*	*0.4*	*19*	*44*	*1.4*	*11.6*	*51*
291	*321*	*30*	*0.10*	*0.15*	*0.02*	*0.05*	*10*	*23*	*0.5*	*1.2*	*18*
342	*354*	*12*	*0.12*	*0.16*	*0.01*	*0.01*	*6*	*7*	*0.6*	*0.7*	*3*
471	522	*51*	0.05	0.27	0.07	0.14	6	8	0.3	0.8	45
Including											
471	*474*	*3*	*0.27*	*0.27*	*0.14*	*0.14*	*3*	*3*	*0.8*	*0.8*	*0*

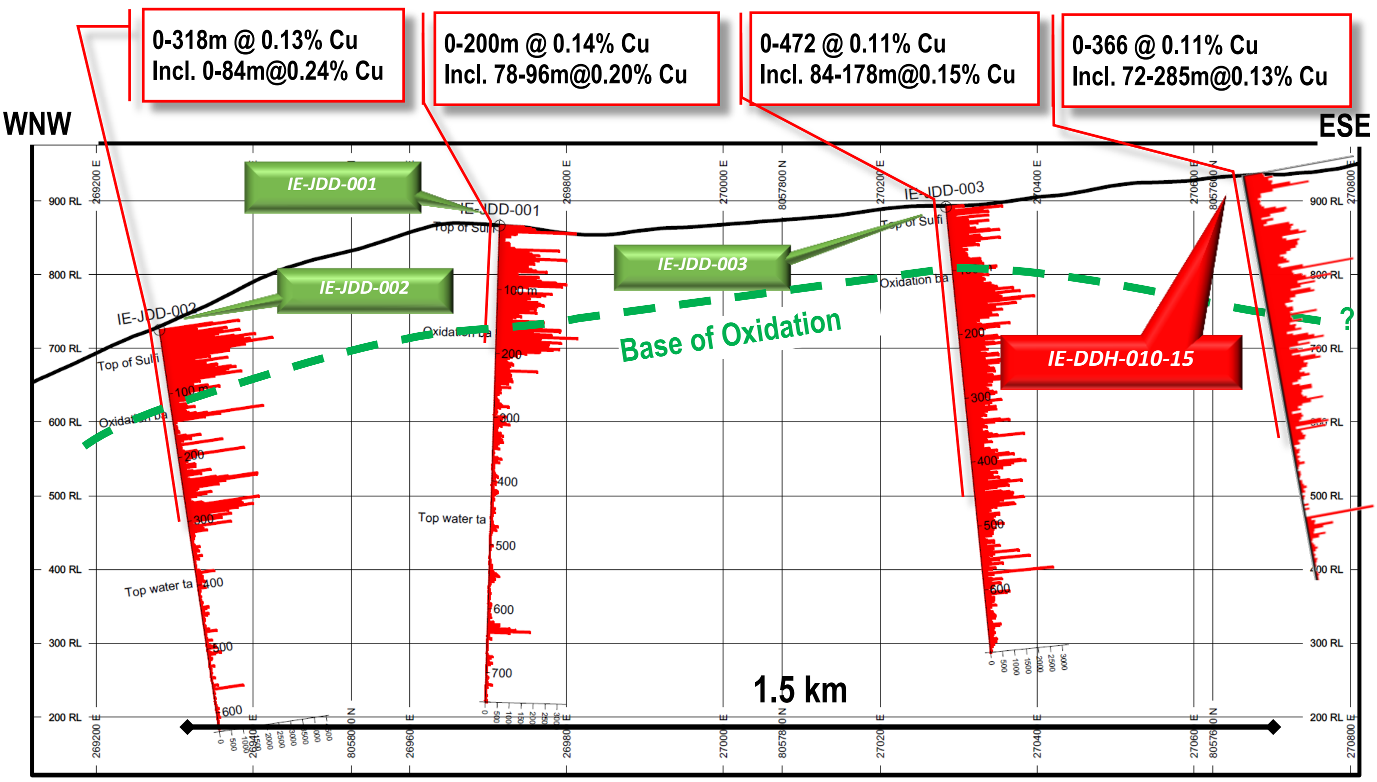
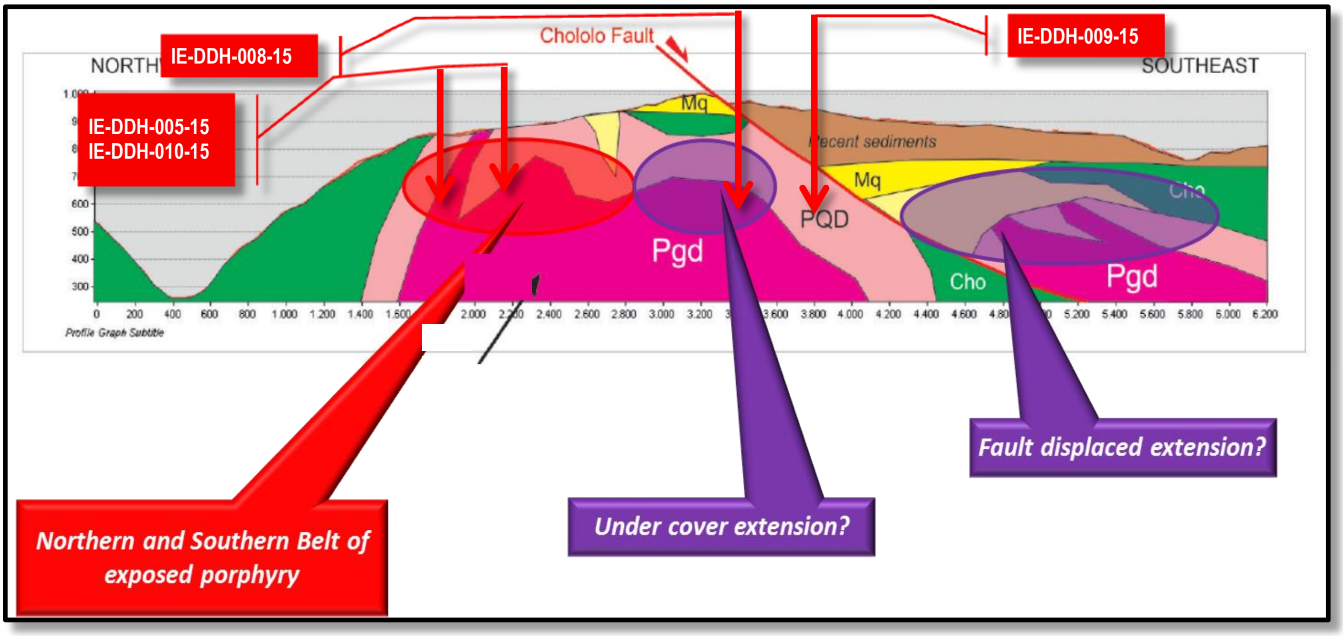


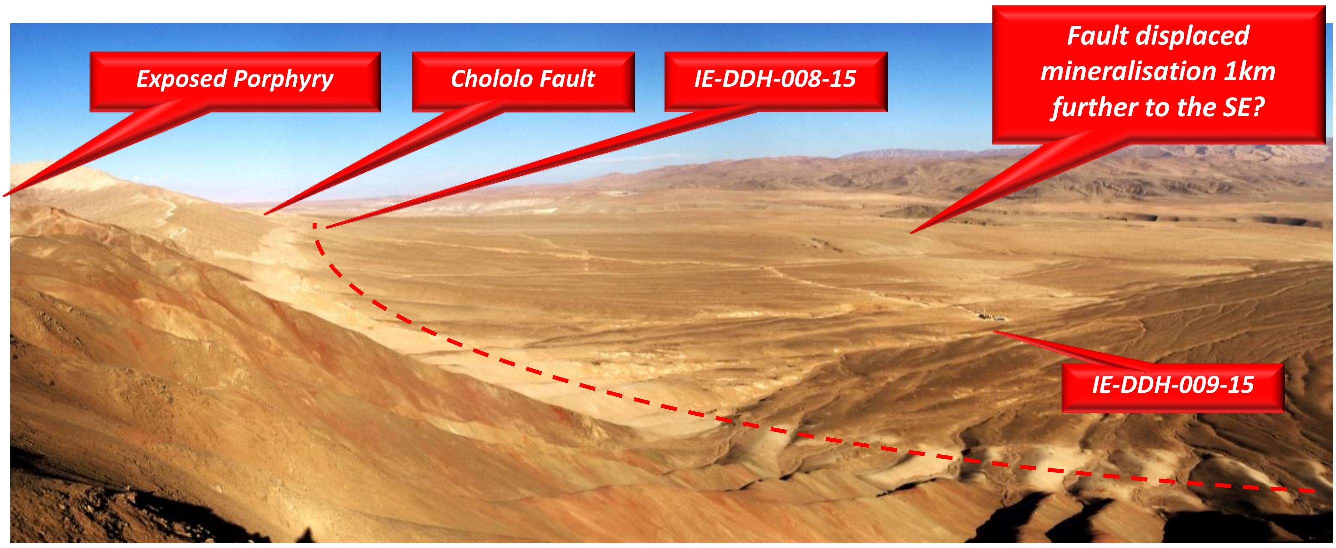
Figure 2 – Long section parallel with the strike of the Northern Intrusive Belt showing copper assay results (red) from drill holes IE-JDD-001, 002, 003 drilled by Latin in 2014 and Zahena's first hole, IE-DDH-010-15. Section line on map in Figure 3.

Holes IE-DDH-008-15 and IE-DDH-009-15 were drilled from platforms 135 m and 450 m to the South East of the Chololo Fault respectively, each intersecting more than 300 m of unmineralised Tertiary and Quaternary sediments overlying weakly propylitic altered and unmineralised granodiorite. The inferred low angle listric Chololo Fault was apparently intersected in the sedimentary sequence in both holes at depths that would infer a fault angle of around 45 degrees, in line with Latin's model. In this scenario, the targeted fault offset phyllic zone of the Ilo Este porphyry would be at least another 1km to the SE.

Drilling continues at Ilo Este with planned holes shown on Figure 3 expected to be completed in Q2 2016, following which Zahena will evaluate results before taking its next steps on the project.



Interpreted location of the four holes completed by Zahena on the conceptual section displaying the potential fault displaced extension of the Ilo Este Porphyry System.



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.

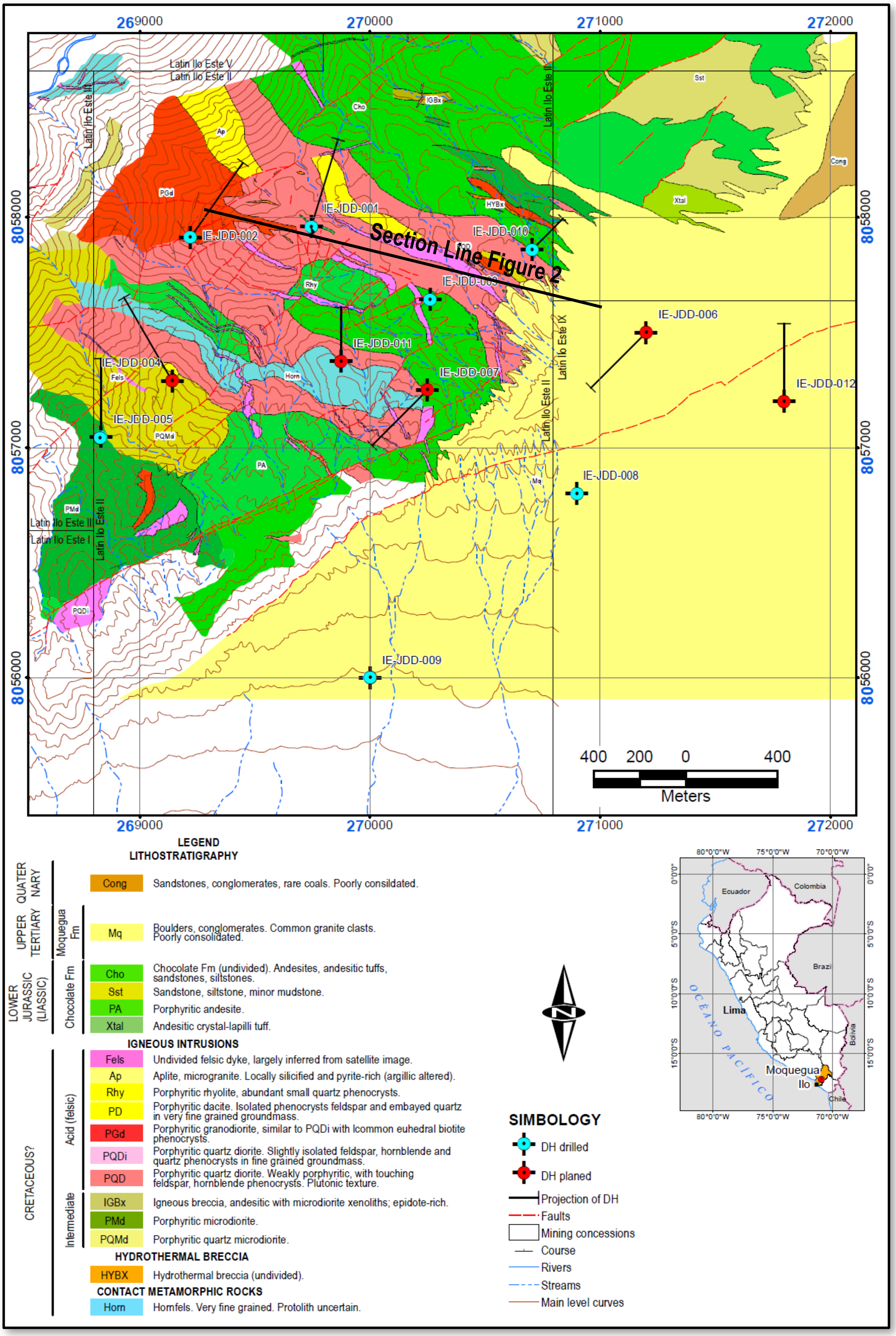


Figure 3 – Geological Map of Ilo Este showing advance of drilling completed as announced 25 January 2016. Section Line represented in Figure 2.

REVIEW OF OPERATIONS

MINERA ANTARES (FQM) MOU FOR COLLABORATIVE EXPLORATION

In Q1 2015, the Company signed 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.

Data analysis and thorough review undertaken in conjunction with Antares resulted in the optimization of the concession package under the MOU. During Q2 2015, a decision was 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 reduced Latin's holding under the MOU to 36,830 ha (Figure 7), saving almost US$90,000 annually in fees.

The objective of the MOU was 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, with Antares having exclusive rights (with PLR) to undertake exploration for 12 months within the remaining 36,430 hectares of PLR's 100% owned mining concessions in Southern Peru, considered prospective by both companies for porphyry copper deposits of significant scale.

In November 2015, Antares provided PLR with a final report of interpretations of integrated PLR/Antares datasets including 6 target areas recommended for follow up. The first of these, "Pachamanca/MT-03", was considered by Antares to have potential for a Porphyry Copper Deposit of significant scale (>5Mt contained copper).

"Pachamanca/MT-03" is a covered porphyry copper target based on a 5 km diameter circular feature interpreted from aeromagnetic data (Figure 4): A donut shaped low (possibly representing a phyllic alteration zone) surrounds a central high (possibly representing a potassic alteration zone). Andean and cross arc structures interpreted from the data also intersect in the target area which would be favourable for emplacement of a porphyry system.

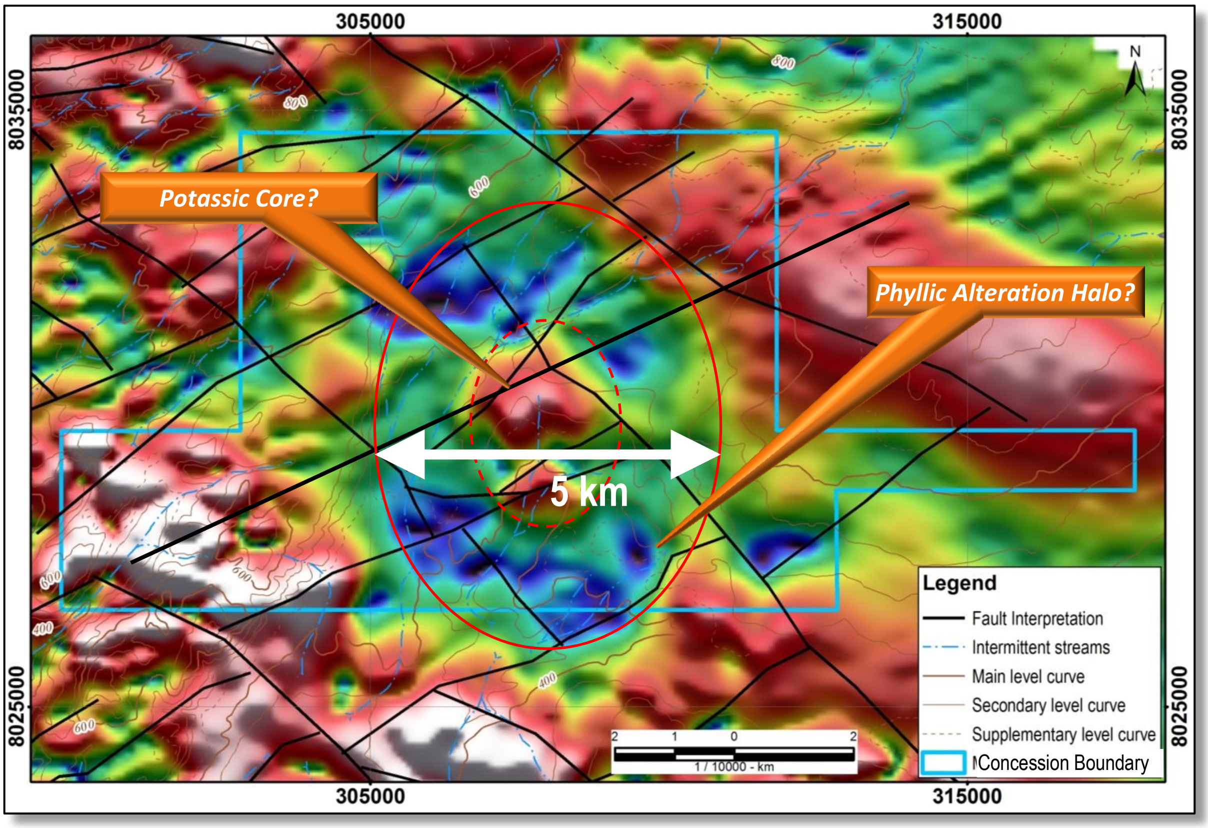


Figure 4 – Analytical Signal image of aeromagnetic data with 5 km diameter donut shaped low possibly representing the phyllic alteration zone, surrounding a central high possibly representing the potassic alteration zone of a copper porphyry system. NW trending Andean structures, and NE trending cross arc structures bound the central high. The area is completely covered.

REVIEW OF OPERATIONS

Geology

The geology is dominated by extensive alluvial and young volcanic deposits in the low coastal ranges, obscuring the underlying rocks and any host mineralisation (Figure 5). Outcropping intrusive rocks to the immediate west of the target area together with a geomorphological assessment of the area suggest the cover may be less than 100 m thick.

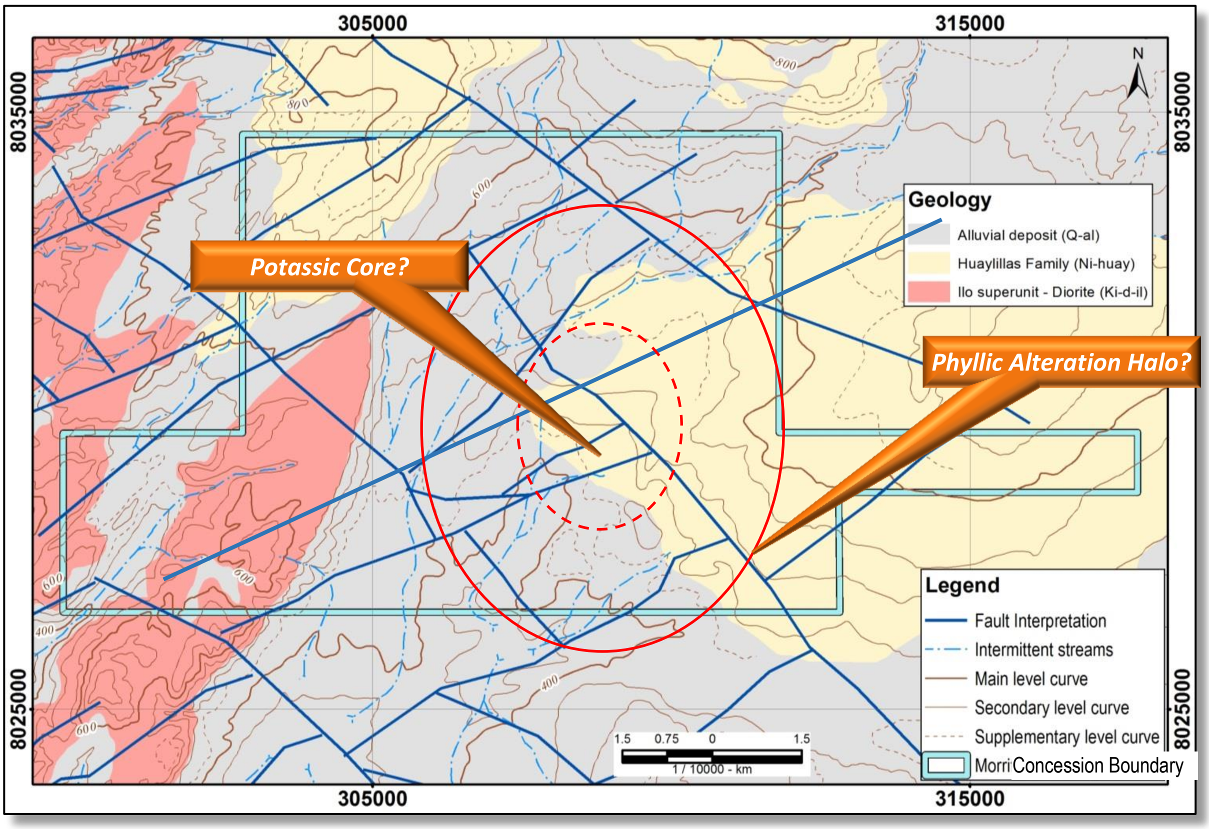


Figure 5 – Geology Map showing the donut anomaly completely covered by alluvium (grey) and young volcanics (yellow), and flanked to the west by outcrops of Diorite Intrusive, part of the coastal batholith.

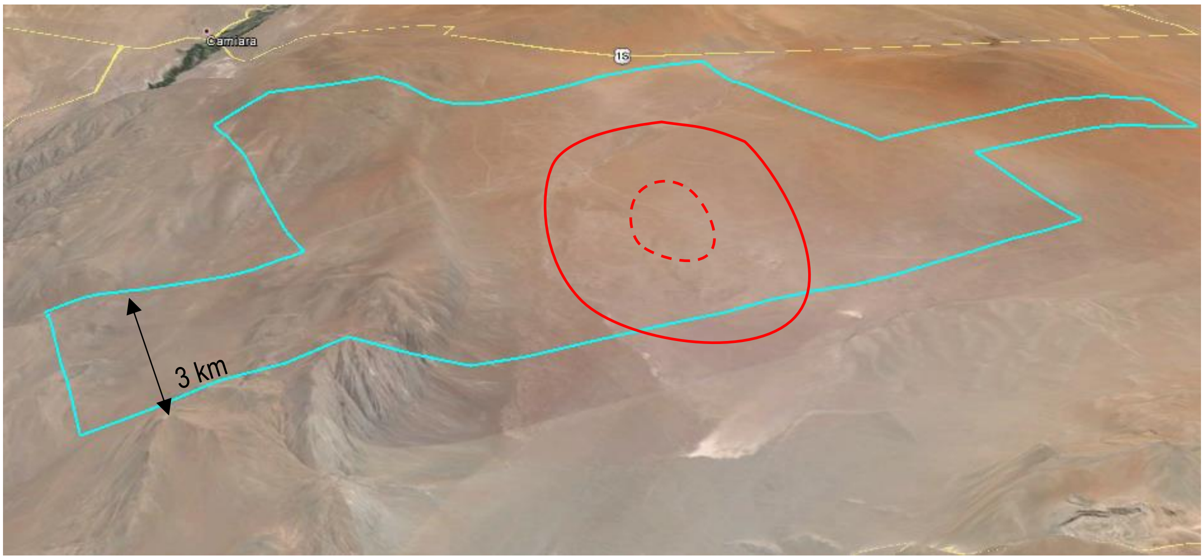


Figure 5a – Oblique aerial view of the concession area (cyan), showing relatively flat, covered terrain around the anomaly (red). The Pan-American Highway crosses the top of the view (yellow).

Geochemistry

PLR has been trialling advanced geochemical methods in covered terrains in Southern Peru during 2015 based on similar work undertaken in Northern Chile by several authors over the past decade[1]. PLR's methods are based around analysis of samples collected in the near surface of soil materials, that are collected with minimal disturbance, sieved to remove rock and other fragments >1mm, and then subject to measurements of Hydrogen Potential (pH), which measures acidity, and electrical conductivity (EC) which measures salinity.

271 near surface, <1mm fraction soil samples were collected over the porphyry target area on a 400 m x 400 m grid. pH and EC were measured under controlled conditions in Latin's field office. Analysis of the data reveals predominantly weakly alkaline soils across the target area as might be expected in such arid terrain, however a number of more acid (<pH 7) anomalies were detected apparently associated with the porphyry target and in particular, intersections of the interpreted structures (Figure 6).

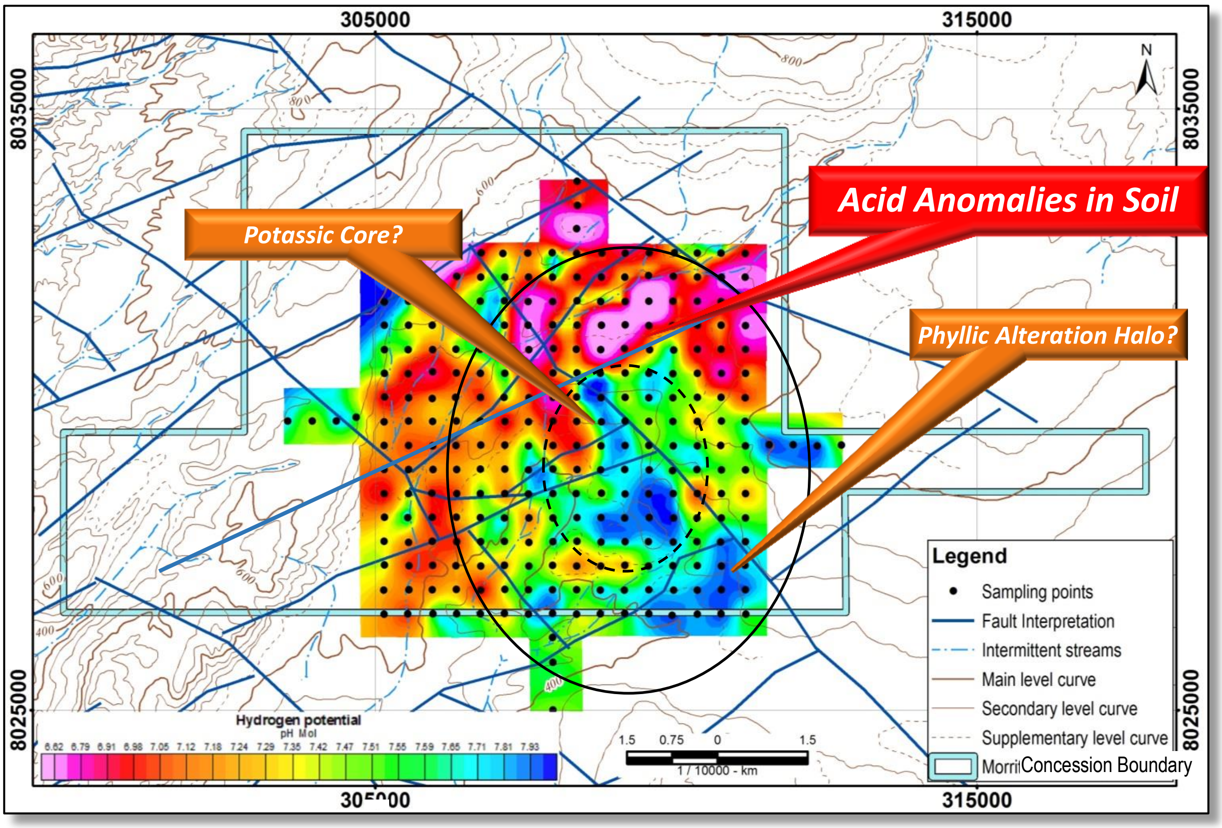


Figure 6 – Gridded pH results from 1:1 soil:solution mix on <1 mm near surface soils. Sample points are marked with black points and the donut anomaly is marked in black rings.

Acid content of <1 mm near surface soils is most anomalous in the northern portion of the porphyry target with multi-sample anomalies possibly associated with a prominent structural intersection.

Immediate Follow-up

Antares undertook an advanced geophysical survey over the prospect area in December 2015 designed to provide data that will aid in the interpretation of the depth of alluvial/colluvial cover that is hiding the underlying, potentially mineralised rocks. Data from this survey was not conclusive, and as a result, at the release date of this report, Antares is preparing to mobilise geophysical contractors to undertake 12km of Induced Polarization (IP) survey over the target.

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1 **Kelley et.al, 2003.** The use of partial extraction geochemistry for copper exploration in northern Chile. Geochemistry: Exploration, Environment, Analysis 2003, v.3; p85-104.
Cameron et.al., 2004. Finding deeply buried deposits using geochemistry. Geochemistry: Exploration, Environment, Analysis 2004, v.4; p7-32.
Cameron et.al., 2005. Relationship between groundwater chemistry and soil geochemical anomalies at the Spence copper porphyry deposit, Chile. Geochemistry: Exploration, Environment, Analysis 2005, v.5; p135-145.
Cameron et.al., 2010. Geochemical anomalies in northern Chile as a surface expression of the extended supergene metallogeneis of buried copper deposits. Geochemistry: Exploration, Environment, Analysis 2010, v.10; p157-169.

REVIEW OF OPERATIONS

Prior to the release date of this report, and in line with the MOU timeline, Antares formally confirmed their interest in this target area, allowing a further 6 months of exclusivity under the MOU to undertake further work and to negotiate a JV/Earn-in agreement should results warrant.

Other Targets

Five other targets were identified in the Antares report, one of which was Latin's Ilo Norte IOCG project, considered by Antares to potentially host causative porphyry intrusions. The four remaining targets are predominantly covered, and in concurrence with Antares recommendation, will be progressively followed up by Latin with initial surface soil sampling programs and pH determinations as was undertaken previously at Pachamanca/MT-03.

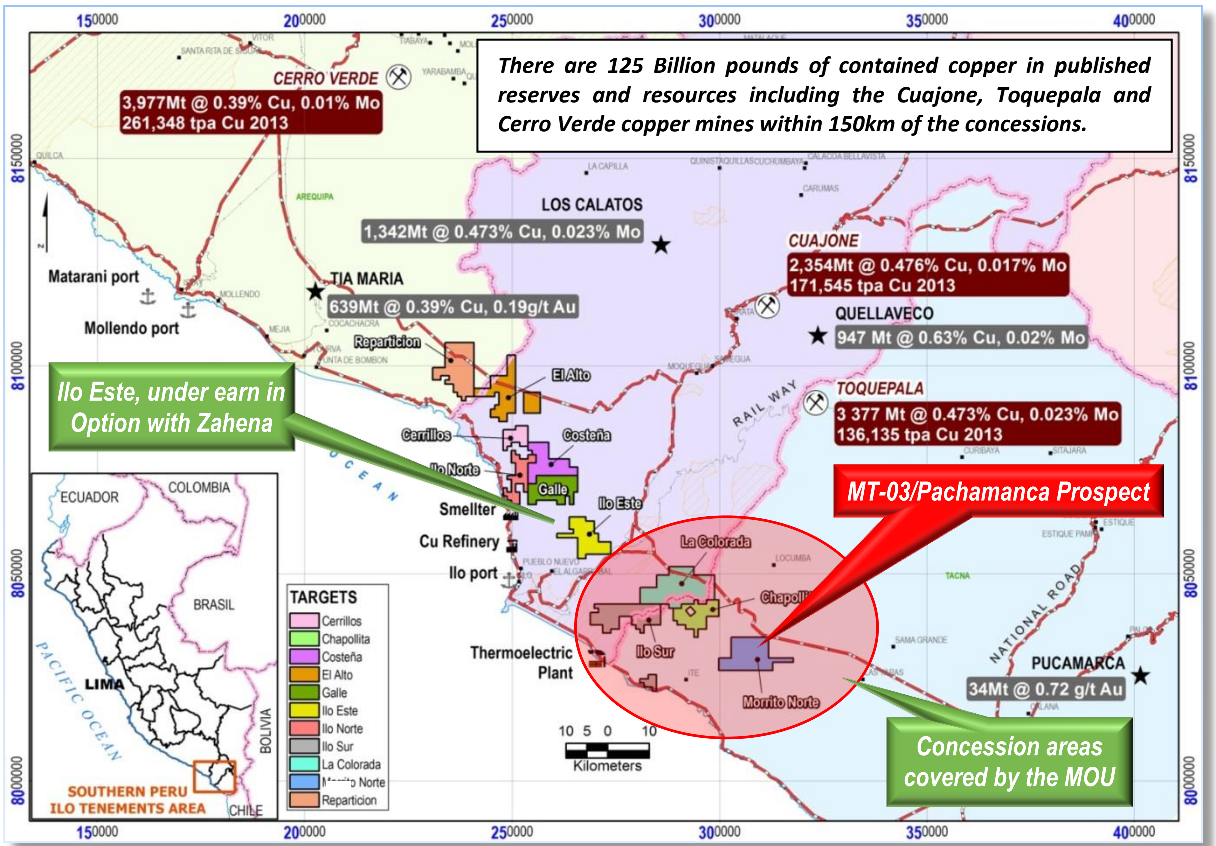

Figure 7 – Latin's concession holding in Southern Peru highlighting the Ilo Este Cu-Au-Ag-Mo porphyry Project under assignment and earn-in option with Minera Zahena, and the MOU concessions subject to collaborate exploration with FQM subsidiary, Minera Antares.

OTHER ILO COPPER PROJECTS – SOUTHERN PERU

Ilo Norte IOCG Project

Interest remains high from potential project level investors in the Ilo Norte Project, drilled by Latin in 2011 and by Zahena in 2014, that is well placed with respect to infrastructure, community and environment. At the release date of this report, two separate site visits are being coordinated to the Ilo Norte project which the Company still believes holds good potential for an IOCG deposit of sufficient size and grade to support an underground operation in a very friendly location with respect to infrastructure, permitting and approvals.

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 7).

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.

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.

LATIN'S PERUVIAN SERVICE DIVISION – PLR SERVICES

2015 saw continued growth of its service division "PLR Services", the registered brand of Latin's 100% owned Peruvian subsidiary, Peruvian Latin Resources S.A.C. PLR Services was launched in late 2013 to take advantage of the Company's successful experience in permitting, social management and other activities to provide similar services to other companies as a means of generating additional income during the prevailing challenging market conditions.

Clients include the local subsidiaries of large multi-national operators such as Vale Exploration Peru S.A.C. and also Latin's project partners such as Compañia Minera Zahena S.A.C. as well as other major metal producing companies. Junior explorers relatively new to the Peruvian operating environment have also appreciated Latin's extensive in-house experience in Peru coupled with a direct understanding of the non-geological challenges faced by publicly listed mineral explorers.

2015 Sales exceeded US$200,000 more than double the 2014 year sales.

BORBOREMA IRON ORE PROJECT – NORTH EASTERN BRAZIL

As a result of the significant devaluation of the iron ore price in 2015, and the Company's consideration that these conditions are likely to continue in the foreseeable future, Latin divested from its Iron Ore concession holdings in Brazil.

OTHER BRAZIL ACTIVITIES

The Company maintains its Brazilian subsidiary and is evaluating project opportunities more suited to the current market conditions.

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.

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.

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.

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 2015.

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, Independent Non-Executive Chairman)

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

Other directorships of Australian listed companies held by Mr Vilensky in the last three years are:
Current: Zambezi Resources Limited.

CHRISTOPHER GALE (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).

BRENT JONES (appointed 14 September 2015, Non-Executive Director)

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

Over the past 13 years, Mr. Jones has been the joint Managing Director of InterPrac Limited, an unlisted public company, specializing in providing the accounting industry access to financial services products and distribution capabilities.

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

FRANKIE LI (appointed 21 March 2012, resigned 1 December 2015, Non-Executive Director)

Mr Li has 26 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.

ZHONGSHENG LIU (appointed 5 June 2013, resigned 30 April 2015, Non-Executive Director)

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

DIRECTORS' REPORT

MARK ROWBOTTAM (appointed 2 June 2008, resigned 30 April 2015, Independent 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 Transcendence Technologies Limited (formerly GRP Corporation Limited).

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	Share options Number
David Vilensky	6,589,479	4,414,552	1,502,370
Chris Gale	19,367,615	5,406,355	2,926,073
Brent Jones	40,543,577	-	5,687,494

Company secretary

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

Mr Begovich is a chartered accountant with more than 19 years' experience in the resources sector. Mr Begovich has over 13 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.

Financial review

RESULTS

The consolidated loss after tax of the Group for the year ended 31 December 2015 was $12,183,490 (2014: $5,828,378).

The result reflects an increase in Exploration and evaluation costs of 1930% or $17.3 million to $18.2 million which were impacted by a larger impairment charge $9.8m (2014: $0.9m), an adjustment to reflect the renegotiated acquisition price for the Guadalupito project $4.9m (2014: Nil), more costs written off due to concessions dropped during the year of $3.3m (2014: Nil) and other charges. These increased costs were partially offset by reduced Employee costs of $0.5 million, Corporate costs of $0.6 million and Occupancy costs of $0.1 million.

In addition during the period the Company recorded Gains totalling $9 million (2014: Nil) from the effect of the renegotiated acquisition price for the Guadalupito project and the settlement of Liabilities. The Company also recorded increased Tax credits of $0.5 million from R&D claims as well as increased Other Income of $0.4 million.

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 decreased by 52% or $15m during the year to $14.1 million. The majority of the reduction was attributed to Exploration and evaluation assets which fell $15.2 million from an impairment charge of $9.8 million, the effect of the renegotiated acquisition price for the Guadalupito project of $4.9 million and the write off of costs associated with concessions relinquished during the year of $3.3 million less foreign currency translation movements, additions and other write offs $2.8 million.

The balance reflects the combination of smaller changes in other asset categories of $0.6m offset by an increase in Receivables of $0.8m from R&D claims.

LIABILITIES

Total liabilities reduced by 48% or $8.5 million to $9.1 million during the year. The fall was mainly due to a reduction in the deferred consideration balances of $6.1 million, from the combined effects of the renegotiated acquisition price for the Guadalupito project $7.7 million less foreign currency translation and other movements of $1.6 million, the repayment of $2m of interest bearing borrowings in cash and shares with the balance the net effect of smaller changes in Other liability categories.

EQUITY

Total equity decreased by 57% or $6.5 million during the year to $5 million. The reduction reflects the loss of $12.2 million for the period, partially offset by increases in Contributed equity of $4.2 million, from placements and the settlement of creditors and interest bearing loans and borrowings, an increase in Reserves of $1.5 million from foreign currency translation movements of $1.2 million, due to the strengthening of the United States dollar against the Australian dollar, and share based payments of $0.3 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 further steps to reduce its 'cash burn' while continuing to progress its projects to ensure the successful outcome of its stated objectives.

These steps included all directors replacing 20% of their cash remuneration with shares in the Company for the first half of 2015 at which point the issuing of shares in lieu of cash ceased. From 1 July 2015 onwards directors reduced their remuneration by 40%.

Senior management also replaced 20% of their cash remuneration with shares in the Company for the period to 30 September 2015 at which point the issuing of shares in lieu of cash ceased. From 1 October 2015 onwards Senior management remuneration reduced in line with the activities of the Group.

Staff numbers fell 42% as the majority of exploration work was carried out by the Group's JV partners and further overhead expenditure efficiencies were achieved during the reporting period.

Further efficiencies are planned for 2016 and 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 2015**	December 2014**	December 2013^*	June 2013^ **	June 2012# **
Loss attributable to the Group ($)	(12,183,490)	(5,828,378)	(1,093,216)	(8,308,465)	(2,864,686)
Basic loss per share (Cents)	(2.41)	(2.17)	(0.49)	(4.24)	(1.78)
Dividends ($)	Nil	Nil	Nil	Nil	Nil
Closing share price ($)	.005	0.023	0.070	0.080	0.250
Total shareholder return (%)	(78)	(67)	(13)	(68)	0

* Denotes six months period.

** 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

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 2015.

Liquidity and capital resources

The Group's principal source of liquidity as at 31 December 2015 is cash and cash equivalents of $32,076 (2014: $308,008).

Funding for 2016 is expected from a combination of existing and new Research and development claims of approximately $1 million, further capital raisings, proceeds from the sale of interests in existing projects and the drawing down of the second Convertible note of $2,000,000 from the funding facility with the Australian Special Opportunity Fund LP.

Shares, share rights and options

As at 31 December 2015 the Company had 892,568,828 fully paid Shares on issue, 214,768,078 Share Options and 24,430,005 Share Rights on issue.

SHARES

A total of 572,099,585 shares were issued during the year. Shares totalling 28.5 million were issued in accordance with the Placement announced on 10 March 2015, 302.1 million were issued in accordance with the Entitlement issue announced on 30 June 2015, 24.8 million to directors and employees for accepting a 20% reduction in their cash remuneration shares in accordance with the approved Director and Employee Plan, 123 million shares were issued in accordance with agreements associated with interest bearing loan and borrowings and 93.7 million shares were issued to Creditors in settlement of amounts owed by the Company.

SHARE RIGHTS

During the year no new share rights were issued to directors and employees and 2,861,284 share rights were cancelled due to resignations in accordance with the Deferred rights plan approved by shareholders on 27 May 2014.

OPTIONS

During the year 204,086,828 options were issued, 6,250 were exercised and 1,000,000 expired. Options totalling 151 million were issued to in accordance with the Entitlement issue announced on 30 June 2015, 22.3 million options were issued to creditors to settle amounts owed by the Company and a total of 30.8 million options were issued in accordance with agreements associated with interest bearing loan and borrowings.

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 securities

The Group has two Convertible securities on issue as at 31 December 2015 with The Australian Special Opportunity Fund LP ('ASOF') and Magna Equities 11 LLC. The key terms of the two facilities are set our below.

ASOF Convertible security – Remaining Principal of $0.6 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.

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 ASOF, 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 ASOF 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").

Magna Convertible security – Remaining Principal of US$210,000, Interest rate of 12% per annum, Conversion price based on 75% of the lowest daily VWAP form the last 10 trading days and has matured. The Company is currently in discussions regarding the repayment of the outstanding amount and expects to settle in the first half of 2016.

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

PLACEMENT

During the month of March 2016 the Company raised $180,000 (before costs) via a placement of 45 million shares at an average price of $0.004 each to progress its projects in Peru and for working capital purposes.

LATIN ENDS NEGOTIATIONS ON COPPER JOINT VENTURE IN CHILE

On 30 March 2016 the Company announced that it had decided not to proceed with the joint venture agreement with Chilean company Minera Activa on their Filipina Copper project in Chile, South America as first announced on 19 November 2015.

Likely developments and expected results

In 2016 the Group intends to continue to progress its projects in Peru via JV arrangements or via the sale of its interests in the projects.

The Group will also persist with its cost cutting program to reduce costs and preserve cash and continue to look for other opportunities that will create value for its shareholders.

Environmental regulation and performance

The Group carries out exploration and evaluation activities at its operations in Peru and 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 2015 and the number of meetings attended by each director is as follows:

Table 3: Directors meetings and attendance

Director	***Board***	
	meetings held	***meetings attended***
D. Vilensky	10	10
C. Gale	10	10
B. Jones	3	3
F. Li	9	3
Z. Liu	4	-
M. Rowbottam	4	4

All directors were eligible to attend all meetings except for Mr Li who was eligible to attend 9 meetings, Mr Liu and Mr Rowbottam who were legible to attend 4 meetings and Mr Jones who was eligible to attend 3 meetings.

Committee membership

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

Corporate governance statement

The Company's Corporate Governance statement is located on the Company's website at:
http://latinresources.com.au/corporate_governance

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 2015		**31 December 2014**	
	Female	**Male**	**Female**	**Male**
Board	-	100%	-	100%
Executive	-	100%	-	100%
Group	29%	71%	18%	82%

Auditors' independence declaration

The auditors independence declaration is set out on page 68 and forms part of the Directors' report for the year ended 31 December 2015.

Non-audit services

Non-audit services provided by the Group's auditor Stantons International during the year ended 31 December 2015 is shown at note 29 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.

DIRECTORS' REPORT

Remuneration report (Audited)

This remuneration report for the year ended 31 December 2015 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
Brent Jones	Non-executive director
Frankie Li	Non-executive director (resigned 1 December 2015)
Zhongsheng Liu	Non-executive director (resigned 30 April 2015)
Mark Rowbottam	Non-executive director (resigned 30 April 2015)

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

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

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

The 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.

NON-EXECUTIVE DIRECTOR REMUNERATION ARRANGEMENTS

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

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

Non-executive directors are remunerated by way of fees based on-executive directors of comparable companies and scope and extent of the Companies activities. During the reporting period fees were reduced from $108,000 to $75,600 for the Chairman and from $84,000 to $50,400 for other non-executive directors. For the first half of 2015 the Non-executive directors agreed to receive 20% of their fees in shares in the Company at which point the issuing of shares in lieu of cash ceased.

Non-executive directors are also entitled to participate in the Non-executive director Deferred Rights plan which was approved by shareholders on 27 May 2014 but do not receive retirement benefits, nor do they participate in any incentive programs.

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

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 2015 and 2014 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 2016 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 the Executive director agreed to receive 20% of his fees in shares in the Company for the six month period to 30 June 2015 at which point the issuing of shares in lieu of cash ceased. From 1 July 2015 onwards the Executive director agreed to reduce his remuneration by 40%. Other executives also replaced 20% of their cash remuneration with shares in the Company for the period to 30 September 2015 at which point the issuing of shares in lieu of cash ceased. From 1 October 2015 onwards Other executives remuneration reduced in line with the activities of the Group.

Variable remuneration

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

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 2015, 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 2015 and 2014 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 was employed under a consultancy agreement for a one year term ending on 30 September 2015. A new consultancy agreement is currently being negotiated which will take effect from 1 October 2015.

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 2015

	Short-term benefits			Post employment		Other long-term benefits	Share-based payments		Total	Performance related	Equity compensation
12 months to 31 Dec 2015	**Salary & Fees $**	**Bonus $**	**Non-cash benefits $**	**Super $**	**Other $**	**Long service leave $**	**Share rights $**	**Shares $**	**$**	**%**	**%**
Directors											
D. Vilensky	64,800	-	-	-	-	-	58,682[1]	10,800[3]	134,282	-	52
C. Gale	277,200	-	-	-	-	-	42,381[2]	39,600[3]	359,181	8	23
B. Jones[6]	12,500	-	-	-	-	-	-	-	12,500	-	-
F. Li[5]	46,200	-	-	-	-	-	20,919[1]	8,400[3]	75,519	-	39
Z. Liu[4]	12,000	-	-	-	-	-	5,434[1]	4,000[3]	21,434	-	44
M. Rowbottam[4]	13,115	-	-	305	-	-	5,977[1]	4,400[3]	23,797	-	44
Other executives											
A. Begovich	152,000	-	-	14,440	-	-	25,437[2]	32,850[3]	224,727	8	26
A. Bristow	200,486	-	-	10,621	7,825	-	30,093[2]	49,508[3]	298,533	7	27
C. Spier	108,517	-	-	4,655	-	-	33,924[2]	27,000[3]	174,096	13	35
Total	**886,818**	**-**	**-**	**30,021**	**7,825**	**-**	**222,847**	**176,558**	**1,324,069**	**7**	**30**

[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] Mr Liu and Mr Rowbottam resigned on 30 April 2015.

[5] Mr Li resigned on 1 December 2015.

[6] Mr Jones joined the Company on 14 September 2015.

Table 6 - 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
Z. Liu	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.

ADDITIONAL DISCLOSURES RELATING TO REMUNERATION

(a) Share holdings of key management personnel

31 Dec 2015	Balance at start of year	Granted as remuneration	On exercise of options	Net change other	Balance at end of year
Directors					
D. Vilensky	2,481,301	1,103,438	-	3,004,740	6,589,479
C. Gale	9,469,533	4,045,937	-	5,852,145	19,367,615
B. Jones[1]	-	-	-	32,587,343[1]	32,587,343
F. Li	349,153	858,228	-	(1,207,381)[2]	-
Z. Liu	-	179,443	-	(179,443)[2]	-
M. Rowbottam	6,803,065	319,808	-	(7,122,873)[2]	-
Other key management personnel					
A. Begovich	1,758,973	3,735,706	-	2,835,661	8,330,340
A. Bristow	2,300,979	5,644,027	-	(5,911,152)	2,033,854
C. Spier	1,653,387	3,274,451	-	(770,970)	4,156,868
	24,816,391	**19,161,038**	**-**	**29,088,070**	**73,065,499**

31 Dec 2014	Balance at start of year	Granted as remuneration	On exercise of options	Net change other	Balance at end of year
Directors					
D. Vilensky	1,269,230	1,212,071	-	-	2,481,301
C. Gale	9,087,692	2,166,857	-	(1,785,016)	9,469,533
F. Li	-	349,153	-	-	349,153
Z. Liu	-	-	-	-	-
M. Rowbottam	6,528,730	274,335	-	-	6,803,065
Other key management personnel					
A. Begovich	510,000	1,117,394	-	131,579	1,758,973
A.Bristow	1,277,835	1,246,144	-	(223,000)	2,300,979
C. Spier	600,000	1,203,387	-	(150,000)	1,653,387
	19,273,487	**7,569,341**	**-**	**(2,206,437)**	**24,816,391**

[1] This includes shares held by Mr Jones when he joined the Company on 14 September 2015.

[2] This represents the director's entitlements to shares in the Company up until their resignation less any other changes to their share holdings.

(b) Share right holdings of key management personnel

31 Dec 2015	Balance at start of year	Granted as remuneration	Vested in year	Net change other	Balance at end of year
Directors					
D. Vilensky	4,414,552	-	-	-	4,414,552
C. Gale	5,406,355	-	-	-	5,406,355
B. Jones	-	-	-	-	-
F. Li	3,433,540	-	-	(3,433,540)[1]	-
Z. Liu	2,452,529	-	-	(2,452,529)[1]	-
M. Rowbottam	2,697,782	-	-	(2,697,782)[1]	-
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	**-**	**-**	**(8,583,851)**	**18,124,596**

31 Dec 2014	Balance at start of year	Granted as remuneration	Vested in year	Net change other	Balance at end of year
Directors					
D. Vilensky	-	4,414,552	-	-	4,414,552
C. Gale	-	5,406,355	-	-	5,406,355
F. Li	-	3,433,540	-	-	3,433,540
Z. Liu	-	2,452,529	-	-	2,452,529
M. Rowbottam	-	2,697,782	-	-	2,697,782
Other key management personnel					
A. Begovich	-	2,237,350	-	-	2,237,350
A. Bristow	-	3,101,937	-	-	3,101,937
C. Spier	-	2,964,402	-	-	2,964,402
	-	**26,708,447**	**-**	**-**	**26,708,447**

[1] This represents the director's entitlements to share rights in the Company up until their resignation less any other changes to their share right holdings.

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

	Number	Grant date	Vested in year (%)	Net change other (%)	Date at which share rights are to be tested
Directors					
D. Vilensky	4,414,552	27/5/2014	-	-	31/12/2016
C. Gale	5,406,355	27/5/2014	-	-	31/12/2016
B. Jones	-	-	-	-	-
F. Li	-	-	-	100%	-
Z. Liu	-	-	-	100%	-
M. Rowbottam	-	-	-	100%	-
Executives					
A. Begovich	2,237,350	8/4/2014	-	-	31/12/2016
A. Bristow	3,101,937	16/4/2014	-	-	31/12/2016
C. 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.

31 Dec 2015	Balance at start of year	Granted as remuneration	Exercised	Net change other	Balance at end of year	Vested exercisable	Vested not exercisable
Directors							
D. Vilensky	-	-	-	1,502,370	1,502,370	1,502,370	-
C. Gale	-	-	-	2,926,073	2,926,073	2,926,073	-
B. Jones	-	-	-	4,125,000	4,125,000	4,125,000	-
F. Li	-	-	-	-	-	-	-
Z. Liu	-	-	-	-	-	-	-
M. Rowbottam	-	-	-	-	-	-	-
Other key management personnel							
A. Begovich	-	-	-	1,416,062	1,416,062	1,416,062	-
A. Bristow	-	-	-	1,226,322	1,226,322	1,226,322	-
C. Spier	-	-	-	1,364,515	1,364,515	1,364,515	-
	-	**-**	**-**	**12,560,342**	**12,560,342**	**12,560,342**	**-**

31 Dec 2014	Balance at start of year	Granted as remuneration	Exercised	Net change other	Balance at end of year	Vested exercisable	Vested not exercisable
Directors							
D. Vilensky	634,515	-	-	(634,515)	-	-	-
C. Gale	528,846	-	-	(528,846)	-	-	-
F. Li	-	-	-	-	-	-	-
Z. Liu	-	-	-	-	-	-	-
M. Rowbottam	-	-	-	-	-	-	-
Other key management personnel							
A. Begovich	1,000,000	-	-	(1,000,000)	-	-	-
A. Bristow	530,110	-	-	(530,110)	-	-	-
C. Spier	-	-	-	-	-	-	-
	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 25 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 2016, in Perth, Western Australia.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the twelve months ended 31 December 2015

	Notes	31 Dec 2015 $	31 Dec 2014 $
Interest revenue		2,542	13,364
Other income	5	508,582	134,958
Gain from renegotiation of deferred consideration	6	7,733,269	-
Gain from settlement of liabilities	7	1,232,742	-
Depreciation and amortisation expense		(33,653)	(35,111)
Employee benefits expense	8(a)	(1,356,462)	(1,811,331)
Finance expenses	8(b)	(1,850,173)	(1,834,389)
Exploration and evaluation expenditure	15	(18,221,467)	(897,511)
Other expenses	8(c)	(1,190,341)	(1,874,747)
Loss before tax		(13,174,961)	(6,304,767)
Income tax benefit	9	991,471	476,389
Loss for the period		(12,183,490)	(5,828,378)
Loss attributable to owners of the Group	23	(12,183,490)	(5,828,378)
Other comprehensive loss			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translating foreign operations		1,194,503	1,160,156
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		(10,988,987)	(4,668,222)
Basic and diluted loss per share (Cents)	8	(2.41)	(2.17)

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 2015

	Notes	31 Dec 2015 $	31 Dec 2014 $
ASSETS			
Current assets			
Cash and cash equivalents	11(a)	32,076	308,008
Trade and other receivables	12(a)	1,148,021	395,049
Other financial assets	13	28,024	118,570
Total current assets		**1,208,121**	**821,627**
Non-current assets			
Trade and other receivables	12(b)	1,564,878	1,618,992
Plant and equipment	14	121,877	254,542
Exploration and evaluation assets	15	11,170,432	26,329,037
Total non-current assets		**12,857,187**	**28,202,571**
Total assets		**14,065,308**	**29,024,198**
LIABILITIES			
Current liabilities			
Trade and other payables	16	1,998,824	2,247,355
Interest bearing loans and borrowings	17(a)	1,040,594	3,020,425
Deferred revenue	18	-	283,467
Deferred consideration	19(a)	18,886	755,633
Provisions	20	336,352	314,550
Total current liabilities		**3,394,656**	**6,621,430**
Non-current liabilities			
Interest bearing loans and borrowings	17(b)	500,000	400,538
Deferred consideration	19(b)	5,206,795	10,550,128
Total non-current liabilities		**5,706,795**	**10,950,666**
Total liabilities		**9,101,451**	**17,572,096**
Net assets		**4,963,857**	**11,452,102**
EQUITY			
Contributed equity	21	36,202,047	32,018,530
Reserves	22	7,364,892	5,853,164
Accumulated losses	23	(38,603,082)	(26,419,592)
Total equity		**4,963,857**	**11,452,102**

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 2015

	Contributed equity	Share based payment reserve	Foreign currency translation reserve	Accumulated losses	Total
	$	$	$	$	$
Balance at 1 January 2014	**28,564,150**	**1,473,556**	**2,762,521**	**(20,591,214)**	**12,209,013**
Loss for the year	-	-	-	(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**
Loss for the year	-	-	-	(12,183,490)	(12,183,490)
Other comprehensive income	-	-	1,194,503	-	1,194,503
Total comprehensive income	-	-	1,194,503	(12,183,490)	(10,988,987)
Issue of shares	4,789,353	-	-	-	4,789,353
Share based payments	-	317,225	-	-	317,225
Exercise of options	125	-	-	-	125
Transaction costs	(605,961)	-	-	-	(605,961)
Balance at 31 December 2015	**36,202,047**	**2,247,712**	**5,117,180**	**(38,603,082)**	**4,963,857**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the twelve months ended 31 December 2015

	Notes	31 Dec 2015 $	31 Dec 2014 $
Cash flows from operating activities			
Receipts from other income		338,155	104,723
Payments to suppliers and employees		(1,855,114)	(2,564,344)
Interest received		2,594	13,364
Interest paid		(42,220)	(235,453)
Taxes refunded		184,761	371,428
Net cash flows used in operating activities	**11(b)**	**(1,371,824)**	**(2,310,282)**
Cash Flows from investing activities			
Payments for plant and equipment		(6,535)	(5,392)
Proceeds from plant and equipment		91,673	-
Payments for exploration and evaluation assets		(911,499)	(3,033,450)
Proceeds from sale of exploration and evaluation assets		-	2,180,484
Proceeds from security deposits		94,728	-
Net cash flows used in investing activities		**(731,633)**	**(858,358)**
Cash flows from financing activities			
Proceeds from the issue of equity		2,261,923	2,116,194
Transaction costs of issuing shares		(256,721)	(107,479)
Proceeds from borrowing		576,168	2,175,000
Repayment of borrowings		(755,000)	(1,100,000)
Net cash from financing activities		**1,826,370**	**3,083,715**
Net decrease in cash and cash equivalents		(277,087)	(84,925)
Cash and cash equivalents at the beginning of the period		308,008	390,592
Net foreign exchange difference		1,155	2,341
Cash and cash equivalents at the end of the period	**11(a)**	**32,076**	**308,008**

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

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information

The consolidated financial statements of the Group, being Latin Resources Limited (the Company or Parent) and its subsidiaries (collectively, the Group), for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 31 March 2016.

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 25.

2. Summary of significant accounting policies

(a) BASIS OF PREPARATION

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

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

(b) COMPLIANCE WITH IFRS

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

(c) CHANGE IN ACCOUNTING POLICY AND DISCLOSURES.

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

(d) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

(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 2015:

- **AASB 2014-1 *Amendments to Australian Accounting Standards***

  AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) *Annual Improvements to IFRSs 2010–2012 Cycle* and *Annual Improvements to IFRSs 2011–2013 Cycle.* Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items:

  - AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'.

  - AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137.

  - AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segment assets to the entity's total assets.

  - AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts.

- AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 Related Party Disclosures for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.

The adoption AASB 2014-1 of this standard did not have any impact on the current period or any prior period and is not likely to materially affect future periods.

(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.

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

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

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

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

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

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

- **AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]**

  AASB 2014-3 amends AASB 11 *Joint Arrangements* to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:

  (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11

  (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

This Standard also makes an editorial correction to AASB 11.

- **AASB 2014-9: Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements (AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted).**

  AASB 2014-9 amends AASB 127 *Separate Financial Statements*, and consequentially amends AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 128 *Investments in Associates and Joint Ventures*, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127.

- **IFRS 16: Leases applies to annual reporting periods beginning on or after 1 January 2019.**

  IFRS 16 requires that lessees recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Assets and liabilities arising from a lease are initially measured on a net present value basis. The directors anticipate this will have an impact on the financial statements but at this stage are unable to quantify the impact.

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

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

(e) BASIS OF CONSOLIDATION

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

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. Information regarding subsidiaries is disclosed in note 25(d).

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

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

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

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

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

(f) COMPARATIVE INFORMATION

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

(g) GOING CONCERN

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

For the year ended 31 December 2015 the consolidated entity incurred a loss of $12,183,490 (2014: $5,828,378), had net cash outflows from operating and investing activities of $2,103,457 (2014: $3,168,640) and had net working capital deficiency of $2,186,535 as at 31 December 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 31 December 2015, the company has received $180,000 from a Placement and entered into arrangements to reduce amounts owing to creditors.

The ability of the company and the consolidated entity to continue as going concerns are principally dependent upon the receipt of R&D claims of approximately $1 million and obtaining additional 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, 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.

(h) SEGMENT REPORTING

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

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

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

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

(i) REVENUE

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

Interest income

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

(j) CURRENT VERSUS NON-CURRENT CLASSIFICATION

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

(k) INCOME TAX

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

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

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

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

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

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

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

(l) GOODS AND SERVICES TAX

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

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

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

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

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

(m) LEASES

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

(n) BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other 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.

(o) 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.

(p) CASH AND CASH EQUIVALENTS

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

(q) 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.

(r) EXPLORATION AND EVALUATION EXPENDITURE

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

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

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

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

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

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

(s) 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.

(t) 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.

(u) 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.

(v) 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.

(w) 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.

(x) 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.

(y) 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.

(z) 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

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

Determination of mineral resources and ore reserves

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

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

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

Impairment of Exploration and evaluation assets

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

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

The estimated recoverable amount of the Group's Guadalupito project is supported by a DCF model based on the results from pre-feasibility studies performed by consultants engaged by the Company and a number of judgements, estimates and assumptions made by management including commodity prices and discount rate.

The DCF model is sensitive to commodity prices and the discount rate. The Commodity prices used by management are based on the mid-range of latest available actual prices and due to a lack of available empirical data are kept constant for the life of the project. The discount rate used is based of management's estimate of the rate of return required and risk associated with mining projects.

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

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

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

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

As at 31 December 2015 the Group has recorded an impairment charge of $9.8 million (refer note 15) to reflect concessions that management expect to relinquish during 2016 and the expected recoverable amount of assets should the Group decide to sell an interest.

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 THE FINANCIAL STATEMENTS

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

2015	Australia	Peru	Brazil	Total
	$	$	$	$
Revenue				
Interest revenue	2,520	27	(5)	2,542
Other income	-	508,582	-	508,582
Total revenue	**2,520**	**508,609**	**(5)**	**511,124**
Results				
Depreciation & amortisation expense	(5,947)	(27,706)	-	(33,653)
Share based payments	(266,398)	(76,439)	-	(342,837)
Interest expense	(28,223)	(8,357)	(32)	(36,612)
Net foreign exchange loss	(88,113)	(1,004)	(289)	(89,406)
Segment loss	**(4,255,358)**	**(7,753,047)**	**(175,085)**	**(12,183,490)**
Segment assets	**1,896,425**	**12,141,419**	**27,464**	**14,065,308**
Segment liabilities	**(2,227,441)**	**(6,787,905)**	**(86,105)**	**(9,101,451)**
Additions to non-current assets				
Plant & equipment	181	6,544	-	6,725
Exploration & evaluation assets	401,388	323,947	49,300	774,634
Total additions to non-current assets	**401,569**	**330,491**	**49,300**	**781,359**

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 loss	(25,601)	(1,670)	(17,974)	(45,245)
Segment 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**	**1,766,953**	**144,422**	**2,627,150**

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.

	2015 $	2014 $
5. OTHER INCOME		
Sundry income[1]	508,582	105,973
Gain on sale of exploration and evaluation assets	-	28,985
	508,582	**134,958**

[1] Sundry income includes the recognition of the deferred income recorded in 2014 (see note 18) and fees from providing consulting services to third parties.

	2015 $	2014 $
6. GAIN FROM RENEGOTIATION OF DEFERRED CONSIDERATION	**7,733,269**	**-**

The Gain from renegotiation of deferred consideration refers to the adjustment resulting from the renegotiated terms for the acquisition of the concessions relating to the Guadalupito project (see notes 15 and 19).

	2015 $	2014 $
7. GAIN FROM SETTLEMENT OF INTEREST BEARING LOANS AND BORROWINGS	**1,232,742**	**-**

The Gain from settlement of interest bearing loans and borrowings refers to the premium to the market price of the Company's shares used to extinguish interest bearing loans borrowings during the year.

	2015 $	2014 $
8. EXPENSES		
(a) Employee benefits expense		
Employee benefits	1,013,625	1,364,883
Share based payments	342,837	446,448
	1,356,462	**1,811,331**
(b) Finance expenses		
Bank fees and charges	10,682	16,848
Interest expense	36,612	336,268
Unwinding of the effective interest rate[1]	1,577,797	1,340,421
Other finance charges[2]	225,082	140,852
	1,850,173	**1,834,389**

[1] Unwinding of the effective interest rate refers to the discounting of the Convertible securities $935,334 (2014: Nil) and the remaining cost of the concessions relating to the Guadalupito project $642,663 (2014: $1,340,421).

[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 $191,408 (2014: $19,750).

	2015 $	2014 $
(c) Other expenses		
Administration expenses	446,141	442,147
Corporate expenses	516,542	1,103,405
Net foreign exchange loss	89,406	45,245
Occupancy expenses	138,252	283,950
	1,190,341	**1,874,747**

9. INCOME TAXES

	2015 $	2014 $
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	(12,183,490)	(5,828,377)
At the statutory income tax rate of 30% (in Australia and Peru)	(3,655,047)	(1,748,513)
Other non-deductible expenditure for income tax purposes		-
Prior year adjustment (unders/overs)		-
R&D tax rebate claim	991,471	476,389
Unrecognised tax losses	3,655,047	1,748,513
Income tax benefit reported in the consolidated statement of profit or loss and other comprehensive income	991,471	476,389
Deferred tax assets		
Carried forward revenue losses - Australia	4,491,371	3,464,578
Carried forward revenue losses - Peru	(163,879)	2,078,802
Carried forward revenue losses - Brazil	236,513	178,682
Exploration and evaluation assets	155,629	155,629
Provisions and accruals	105,415	118,249
Other	323,441	339,500
Gross deferred tax asset	5,148,490	6,335,440
Offset against deferred tax liability	-	-
Unrecognised tax losses	5,148,490	6,335,440
Deferred tax liabilities		
Exploration and evaluation assets	-	-
Plant and equipment	-	-
Gross deferred tax liability	-	-
Offset against deferred tax asset	-	-
Net deferred tax liability	-	-

10. EARNINGS PER SHARE

	2015 Cents	2014 Cents
Basic and diluted earnings per share	(2.41)	(2.17)
		$
Loss used in calculating basic and diluted earnings per share	(12,183,490)	(5,828,378)
		Number
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share*	505,311,861	267,777,839

*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 239,198,083 (2014 restated: 38,978,789) share options and share rights on issue which were anti-dilutive and therefore excluded from the weighted average number of ordinary shares used in calculating dilutive earnings per share.

	2015 $	2014 $
11. CASH		
(a) Cash and short term deposits		
Cash in hand	309	711
Cash at bank	31,767	307,297
	32,076	**308,008**
(b) Reconciliation of net loss after income tax to net cash flows from operating activities:		
Loss for the period	(12,183,490)	(5,828,378)
Adjustments to reconcile loss after tax to net cash flows from operating activities:		
Gain from renegotiation of deferred consideration	(2,847,596)	-
Gain from settlement of interest bearing loans and borrowings	(1,232,742)	-
Depreciation	33,653	35,111
Share based payments	342,837	446,448
Net foreign exchange (gain)/loss	89,406	45,245
Exploration and evaluation assets disposed/written off	13,335,793	897,511
Loss on sale of plant & equipment	26,606	-
Profit on sale of exploration and evaluation assets	-	(28,985)
Unwinding of the effective interest rate	1,577,797	1,340,421
Working capital adjustments:		
(Increase)/decrease in trade and other receivables	(531,066)	25,131
Increase/(decrease) in trade and other payables	4,060	690,958
Increase/(decrease) in provisions	12,918	66,256
Net cash flows from operating activities	**(1,371,824)**	**(2,310,282)**
12. TRADE AND OTHER RECEIVABLES		
(a) Current		
Trade receivables	7,950	1,123
Other receivables	975,610	157,206
Goods & services tax[1]	117,037	94,181
Prepayments	47,424	142,539
	1,148,021	**395,049**
(b) Non-current		
Other receivables	-	195,000
Goods & services tax[1]	1,564,878	1,423,992
	1,564,878	**1,618,992**

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

	2015 $	2014 $
13. OTHER FINANCIAL ASSETS		
Security deposits/bonds	**28,024**	**118,570**

14. PLANT AND EQUIPMENT

	2015 $	2014 $
Furniture and equipment		
At cost	302,431	410,852
Less: Accumulated depreciation	(180,554)	(173,505)
	121,877	**237,347**
Motor vehicles		
At cost	-	71,124
Less: Accumulated Depreciation	-	(53,929)
	-	**17,195**
Net book value	**121,877**	**254,542**
Furniture and equipment		
Balance at beginning of period	237,347	254,703
Additions	6,725	5,392
Disposals	(117,177)	-
Depreciation expense	(28,951)	(22,589)
Effects of exchange rate movements	23,933	(159)
Balance at end of period	**121,877**	**237,347**
Motor vehicles		
Balance at beginning of period	17,195	28,396
Disposals	(14,601)	-
Depreciation expense	(4,703)	(12,522)
Effects of exchange rate movements	2,109	1,321
Balance at end of period	**-**	**17,195**
Net book value	**121,877**	**254,542**

15. EXPLORATION AND EVALUATION ASSETS

	2015 $	2014 $
Balance at beginning of period	26,329,037	22,698,051
Additions	774,634	2,621,758
Disposals[1]	(3,312,975)	(34,691)
Amounts written off[2]	(10,022,819)	(897,511)
Other[3]	(4,885,673)	-
Foreign currency translation movement	2,288,228	1,941,430
Balance at end of period	**11,170,432**	**26,329,037**

[1] Disposals refer to costs associated with concessions relinquished during the year.

[2] Amounts written off includes an impairment charge of $9,810,065 (2014: $897,511) to reflect the recoverable amounts of the exploration and evaluation assets.

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

	2015 $	2014 $
16. TRADE AND OTHER PAYABLES		
Trade payables	1,539,347	1,893,630
Other payables	104,919	56,772
Accruals	354,558	296,953
	1,998,824	**2,247,355**
17. INTEREST BEARING LOANS AND BORROWINGS		
(a) Current		
Loan[1]	160,000	-
Convertible securities[2]	880,594	3,020,425
	1,040,594	**3,020,425**
(b) Non-current		
Loan[3]	500,000	**-**
Convertible securities	**-**	400,538
	500,000	**400,538**

[1] This refers to a loan from Cape Lambert Resources Limited ('CL') which matured on 12 November 2015 and subsequently is attracting interest at 16% per annum. The Company is in discussions with CL regarding the repayment of the outstanding amount and expects to settle this Loan in the first half of 2016.

[2] The Convertible securities refer to borrowings from The Australian Special Opportunity Fund LP ('ASOF') and Magna Equities 11, LLC ('Magna'). The key terms of the two facilities are set our below.

ASOF Convertible security – Remaining Principal of $0.7 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 Convertible security – Remaining Principal of US$210,000, Interest rate of 12% per annum, Conversion price based on 75% of the lowest daily VWAP form the last 10 trading days and has matured. The Company is currently in discussions regarding the repayment of the outstanding amount and expects to settle in the first half of 2016.

The Convertible security balances as at 31 December 2015 are based on the fair value of the Convertible securities using a discounted cash flow method with a discount rate that reflects the effective borrowing rate at the reporting date.

[3] This refers to a loan from Junefield High Value Metals Investments which attracts interest at 12% per annum with a maturity date of February 2017.

	2015 $	2014 $
18. DEFERRED REVENUE	**-**	**283,467**
19. DEFERRED CONSIDERATION		
(a) Current	**18,886**	**755,633**
(b) Non-current	**5,206,795**	**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 (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 $7,733,269 to reflect the renegotiated terms for the acquisition of the concessions relating to the Guadalupito project (see note 6).

	2015 $	2014 $
20. PROVISIONS		
Employee benefits – Leave entitlements	**336,352**	**314,550**

21. CONTRIBUTED EQUITY

(a) Issued capital

	2015 $	2014 $
Issued shares	34,464,603	30,284,553
Option premium	1,737,444	1,733,977
	36,202,047	**32,018,530**

(b) Movements in issued capital

	Number	$
Issued shares		
Balance at 1 January 2014	**229,667,852**	**26,901,056**
Settlement of remuneration	7,092,763	374,324
Settlement of borrowings	250,000	12,250
Settlement of creditors	10,600,000	494,566
Placement	61,413,027	2,323,695
Settlement of remuneration	980,022	35,010
Settlement of creditors	1,715,579	75,728
Settlement of borrowings	8,750,000	238,750
Transaction costs	-	(170,826)
Balance at 31 December 2014	**320,469,243**	**30,284,553**
Settlement of borrowings [1]	58,302,521	583,964
Settlement of remuneration[2]	24,810,250	311,056
Placement[3]	28,500,000	285,000
Settlement of borrowings[4]	24,073,388	173,358
Entitlement issue[5]	302,099,770	2,361,798
Settlement of creditors[6]	93,662,206	770,548
Settlement of borrowings[7]	40,645,200	300,162
Exercise of options	6,250	125
Transaction costs	-	(605,961)
Balance at 31 December 2015	**892,568,828**	**34,464,603**
Option premium		
Balance at 1 January 2014	**57,971,354**	**1,733,977**
Lapsed	(56,971,354)	-
Share based payment	10,687,500	-
Balance at 31 December 2014	**11,687,500**	**1,733,977**
Settlement of creditors	3,125,000	3,467
Balance at 31 December 2015	**14,812,500**	**1,737,444**

[1] During the year 58,302,521 shares were recorded at market prices ranging from $0.026 to $0.005 per share to settle borrowings owed to The Australian Special Opportunity Fund LP. The shares were issued based on conversion prices ranging from $0.015 to $0.005 per share in accordance with the Funding Agreement announced on 13 November 2014. The difference between the market price and deemed issue price was recorded as a loss in the profit or loss.

[2] During the year 24,810,250 shares were issued at a deemed price per share ranging from $0.027 to $0.007 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.

3 On 25 March 2015, the Company announced that it had completed a Placement involving the issue of 28,500,000 shares at $0.01 per share.

4 During the year 24,073,388 shares were issued at market prices ranging from $0.008 to $0.006 per share to settle borrowings owed to Magna Equities 11 LLC. The shares were issued based on conversion prices ranging from $0.008 to $0.006 per share in accordance with Funding Agreement announced on 8 May 2015. The difference between the market price and the conversion price was recorded as a loss in the profit or loss.

5 On 12 November the Company announced that it had completed an Entitlement issue involving the issue of 302,099,770 shares at a market price of $0.008. Shares totalling 55,000,000 were issued based on a conversion price of $0.02 to settle borrowings owed to Junefield High Value Metals Investments Limited. The difference between the market price and the conversion price was recorded as a gain in the profit or loss.

6 During the year shares totalling 93,662,206 were issued at market prices ranging from $0.080 to $0.007 per share to settle amounts owing to various creditors.

7 During the year 40,645,200 shares were issued at market prices ranging from $0.008 to $0.007 to settle amounts owing to Junefield High Value Metals Investments Limited. The shares were issued based on a conversion price of $0.02 per share. The difference between the market price and deemed issue price was recorded as a gain in the profit or loss.

	2015 $	2014 $
22. RESERVES		
(a) **Foreign currency translation reserve**		
Balance at beginning of period	3,922,677	2,762,521
Foreign currency translations	1,194,503	1,160,156
Balance at the end of the period	**5,117,180**	**3,922,677**
(b) Share based payments reserve		
Balance at the beginning of period	1,930,487	1,473,556
Share based payments	317,225	456,931
Balance at the end of the period	**2,247,712**	**1,930,487**
Total reserves	**7,364,892**	**5,853,164**

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 24 for further details regarding share based payments.

	2015 $	2014 $
23. ACCUMULATED LOSSES		
Balance at the beginning of the period	(26,419,592)	(20,591,214)
Loss after income tax	(12,183,490)	(5,828,378)
Balance at the end of the period	**(38,603,082)**	**(26,419,592)**

	2015 $	2014 $
24. SHARE BASED PAYMENTS		
(a) Expenses arising from share based payment transactions		
Employee benefits expense	342,837	446,448
Finance expenses	191,408	19,750
	534,245	**466,198**

(b) Share rights

Incentive rights plan

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

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

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

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

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

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

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

Non-executive director Deferred rights plan

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

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

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

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

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

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

Valuation of Share rights

The assessed fair value of the share rights granted to individuals is allocated equally over the measurement period.

Fair values are determined using valuation model that takes into account the 10 day VWAP share price prior to grant date.

Share rights without market based vesting conditions are valued at the 10 day VWAP share price prior to the grant date.

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 2015 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	10,137,119	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 24,430,005 share rights outstanding as at 31 December 2015 (2014: 27,291,289) all of which had a vesting date of 31 December 2016. Share rights totalling 2,861,284 (2014: Nil) were cancelled during the year due to resignations.

(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 2015**	**31 Dec 2014**
Grant date share price	$0.008 - $0.012	$0.03
Exercise price	$0.008 - $0.046	$0.05
Expected volatility	121% - 143%	100%
Risk-free interest rate	2%	2.35%
Option life	1.5 – 3 years	3 years

	Number of options	Weighted average exercise price
Options outstanding		
Balance at 1 January 2014	**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**
Granted during the period	204,086,828	$0.02
Forfeited, exercised and expired during the period	(1,006,250)	$0.30
Balance at 31 December 2015	**214,768,078**	**$0.02**

25. RELATED PARTY DISCLOSURES

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

	2015 $	2014 $
(a) Compensation of directors and other key management personnel		
Short term employee benefits	886,818	1,204,682
Post-employment benefits	37,846	36,132
Share based payments	399,405	623,116
	1,324,069	**1,863,930**

(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

Interprac Financial Planning Pty Ltd, a related party of Mr Brent Jones, charged fees totaling $40,670 for the year ending 31 December 2015 in relation to fees associated with capital raisings.

(d) Subsidiaries

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

		Equity holding	
		2015	2014
Name of entity	Country of incorporation	%	%
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

26. COMMITMENTS AND CONTINGENCIES

Commitments

	2015 $	2014 $
Operating lease commitments:		
Not later than one year	17,316	149,703
Later than one year but not later than five years	-	105,167
Later than five years	-	-
	17,316	**254,870**

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.

27. 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 2015, the Group had the following exposure to USD that is not designated in cash flow hedges:

	2015 $	2014 $
Financial assets		
Cash and cash equivalents	10,570	28,405
Trade and other receivables	1,732,443	1,670,808
Other financial assets	4,325	45,017
	1,747,338	**1,744,230**
Financial liabilities		
Trade and other payables	(1,377,911)	(1,562,201)
Interest bearing loans and borrowings	(268,541)	-
Deferred consideration[1]	(5,225,681)	(11,305,761)
	(6,872,133)	**(12,867,962)**
Net exposure	**(5,124,795)**	**(11,123,732)**

[1] As at 31 December 2014, the Group had an obligation to pay USD 10.1 million (2014: USD 17.3 million) in various instalments by 1 January 2024. The liability is recognised in the Group's subsidiary in Peru whose functional currency is US dollars.

The following sensitivity analysis is based on the judgements by management of reasonably possible movements in foreign exchange rates after consideration of the views of market commentators. The sensitivity is also based on foreign currency risk exposures to financial asset and liability balances as at 31 December 2015 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 2015		
AUD/USD +10%	10,089	(522,568)
AUD/USD -10%	(10,089)	522,568
Restated 31 December 2014		
AUD/USD +10%	18,203	(1,130,576)
AUD/USD -10%	(18,803)	1,130,576

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 2015 the Group had the following exposure to Australian variable interest rate risk

	2015	2014
	$	$
Financial assets		
Cash and cash equivalents	**21,506**	**307,297**

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 2015, 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:

	2015	2014
	$	$
Pre-tax loss		
+0.5% (50 basis points)	108	1,536
-0.5% (50 basis points)	(108)	(1,536)

The sensitivity is less as at 31 December 2015 than at 31 December 2014 due to a 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 11(a)) and trade and other receivables (refer note 12) and other financial assets (refer note 13).

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 2015	Less than 1 month	1-3 months	3-12 months	1-5 years	5+ years	Total
	$	$	$	$	$	$
Trade and other payables	499,706	499,706	999,412	-	-	1,998,824
Interest bearing liabilities	428,541	-	-	500,000	-	928,541
Deferred consideration	-	-	-	342,184	13,345,196	13,687,380
	928,247	**499,706**	**999,412**	**842,184**	**13,345,196**	**16,614,745**

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**

(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 2015 the Group is not subject to any external capital requirements.

The following table details the Group's capital

		2015 $	2014 $
Cash & cash equivalents	11(a)	32,076	308,008
Trade and other receivables	12	2,712,899	2,014,041
Other financial assets	13	28,024	118,570
Trade and other payables	16	(1,998,824)	(2,247,355)
Interest bearing loans and borrowings	17	(1,540,594)	(3,420,963)
Deferred consideration	19	(5,225,681)	(11,305,761)
Net debt		(5,992,100)	(14,533,460)
Equity	21, 22 & 23	4,963,857	11,452,102
Total capital		**(1,028,243)**	**(3,081,358)**

28. EVENTS AFTER THE REPORTING PERIOD

Placement
During the month of March 2016 the Company raised $180,000 (before costs) via a placement of 45 million shares at an average price of $0,004 each to progress its projects in Peru and for working capital purposes.

Latin ends negotiations on copper joint venture in Chile
On 30 March 2016 the Company announced that it had decided not to proceed with the joint venture agreement with Chilean company Minera Activa on their Filipina Copper project in Chile, South America as first announced on 19 November 2015.

	2015 $	2014 $
29. AUDITORS REMUNERATION		
Amounts received or due and receivable by the auditor for:		
An audit or review of the financial report of the consolidated group	36,097	28,000
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	11,763	9,144
Other services in relation to the consolidated group	8,700	8,250
	20,463	17,394
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	-	-
	56,560	**45,394**

	2015	2014
	$	$
30. PARENT ENTITY INFORMATION		
(a) Financial position		
Assets		
Current assets	1,025,662	501,689
Non-current assets	6,165,636	15,134,361
Total assets	**7,191,298**	**15,636,050**
Liabilities		
Current liabilities	1,727,441	3,783,410
Non-current liabilities	500,000	400,538
	2,227,441	**4,183,948**
Net assets	**4,963,857**	**11,452,102**
Equity		
Contributed equity	36,202,047	32,018,530
Reserves	2,247,712	1,930,487
Accumulated losses	(33,485,902)	(22,496,915)
	4,963,857	**11,452,102**
(b) Financial performance		
Profit/(loss) of the parent entity	**(10,988,986)**	**(4,673,318)**
Total comprehensive loss of the parent entity	**(10,988,986)**	**(4,668,222)**
(c) Contingencies and commitments		
Operating lease commitments:		
Not later than one year	-	58,249
Later than one year but not later than five years	-	-
	-	**58,249**

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 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 31 December 2015 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 2015.

On behalf of the Directors

Mr David Vilensky
Chairman
Signed on 31 March 2016, in Perth, Western Australia.

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

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www.stantons.com.au

31 March 2016

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

Dear Sirs

RE: LATIN RESOURCES LIMITED

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

As Audit Director for the audit of the financial statements of Latin Resources Limited for the financial year ended 31 December 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 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
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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 2015, 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 2015 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 2015, the entity had working capital deficiency of $2,186,535 and had incurred a loss for the year of $12,183,490. 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 $11,170,432 and GST receivable of $1,564,878 in its subsidiary in Peru 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 including GST receivable in Peru may be significantly less than their current carrying values.

Report on the Remuneration Report

We have audited the remuneration report included in pages 25 to 34 of the directors' report for the year ended 31 December 2015. 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 2015 complies with section 300A of the *Corporations Act 2001.*

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

Stanton International

Samir Tirodkar
Director

West Perth, Western Australia
31 March 2016

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 24 March 2016.

Class of equity securities and voting rights

SHARES

There were 986,515,002 ordinary fully paid shares on issue. All issued ordinary shares carry one vote per share.

SHARE RIGHTS

There were share rights over 24,430,005 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 24 March 2015 as detailed below. Options do not carry any rights to vote.

Code	Class	Terms	Number
LRSO	Listed	Exercisable at $0.02 each and expiring on 9 March 2017	174,799,429
LRSAU	Unlisted	Exercisable at $0.0461 each and expiring on 1 December 2017	10,687,500
LRSAX	Unlisted	Exercisable at $0.0166 each and expiring on 22 May 2017	11,468,643
LRSAY (a)	Unlisted	Exercisable at $0.01 each and expiring on 25 December 2016	10,000,000
LRSAY (b)	Unlisted	Exercisable at $0.046 each and expiring on 1 December 2017	9,375,000

VOTING RIGHTS

In accordance with the Company's Constitution:

- on a show of hands every shareholder present in person or by proxy, attorney or representative of a shareholder has one vote and

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

Distribution of equity securities

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

Range	Ordinary shares (listed)	Share rights (unlisted)	Options (listed)	Options (unlisted)
1 – 1,000	42	-	2	-
1,001 – 5,000	54	-	8	-
5,001 – 10,000	78	-	13	-
10,001 – 100,000	432	-	61	-
100,001 and over	392	9	87	4
Total	**998**	**9**	**171**	**4**

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	142,784,997	14.47

Twenty largest holders of quoted shares

Rank	*Shareholder*	*No. of Shares Held*	*% Held*
1.	Junefield High Value Metals Investments Limited	142,784,997	14.47
2.	HSBC Custody Nominees (Australia) Limited	129,380,685	13.11
3.	Dempsey Resources Pty Ltd	41,466,622	4.20
4.	Mr Robert Veitch + Mrs Elaine Veitch <Veitch Super Fund A/C>	36,705,737	3.72
5.	CPS Control Systems Pty Limited <The Ian Campbell S/Fund A/C>	33,923,080	3.44
6.	Elmer Moises Rosales Castillo	26,302,055	2.67
7.	Kabila Investments Pty Limited	26,106,737	2.65
8.	Netwealth Investments Limited <Wrap Services a/c>	24,995,461	2.53
9.	Netwealth Investments Limited <Super Services a/c>	18,901,418	1.92
10.	Sixth Erra Pty Ltd <Staff Super Fund A/C>	16,824,346	1.71
11.	Unrandom Pty Ltd <Unrandom A/C>	15,858,150	1.61
12.	Interprac Ltd	15,625,000	1.58
13.	Alocasia Pty Limited <Camellia Super Fund A/C>	15,325,868	1.55
14.	Sixth Erra Pty Ltd <The I Collie Family A/C>	15,325,296	1.55
15.	Posse Investment Holidays Pty Limited	13,500,000	1.37
16.	Moonah Capital Pty Ltd	13,250,398	1.34
17.	Lascelles Holdings Pty Ltd	11,192,931	1.13
18.	Interasia Capital Pty Ltd	10,812,500	1.10
19.	SCW RED Pty Ltd <SCW 2009 Investment A/C>	8,833,333	0.90
20.	Mr Anthony Michael Begovich	8,330,340	0.84
	Total	**625,444,954**	**63.40**

TENEMENT SCHEDULE

Latin Ilo Este I	01-05005-08	Peru	100%	Concession
Latin Ilo Este II	01-05003-08	Peru	100%	Concession
Latin Ilo Este III	01-05001-08	Peru	100%	Concession
Latin Ilo Este IV	01-05007-08	Peru	100%	Concession
Latin Ilo Este V	01.05008-08	Peru	100%	Concession
Latin Ilo Este VI	01-05009-08	Peru	100%	Concession
Latin Ilo Este IX	01-01952-14	Peru	100%	Concession
Latin Ilo Sur A	01-05276-08	Peru	100%	Concession
Latin Ilo Sur B	01-06227-08	Peru	100%	Concession
Latin Ilo Sur C 1	01-05275-08	Peru	100%	Concession
Latin Ilo Sur C 2	01-05277-08	Peru	100%	Concession
Latin Ilo Sur E 2	01-06721-08	Peru	100%	Concession
Latin Ilo Norte 1	01-00828-09	Peru	100%	Concession
Latin Ilo Norte 2	01-00829-09	Peru	100%	Under Application
Latin Ilo Norte 3	01-00830-09	Peru	100%	Concession
Latin Ilo Norte 4	01-00831-09	Peru	100%	Concession
Latin Ilo Norte 5	01-02510-09	Peru	100%	Concession
Latin Ilo Norte 6	01-02511-09	Peru	100%	Concession
Latin Ilo Norte 7	01-02512-09	Peru	100%	Concession
Latin Ilo Norte 8	01-02513-09	Peru	100%	Concession
Latin Ilo Sur G	01-02514-09	Peru	100%	Concession
Latin Ilo Sur H	01-02515-09	Peru	100%	Concession
Latin Ilo Sur I	01-02516-09	Peru	100%	Concession
Latin Ilo Sur J	01-02517-09	Peru	100%	Concession
Latin Ilo Sur F	01-02824-09	Peru	100%	Concession
Latin Morrito 1	01-02827-09	Peru	100%	Concession
Latin Morrito 2	01-02828-09	Peru	100%	Concession
Latin Ilo Este VII	01-00335-10	Peru	100%	Concession
Essendon 2	01-01895-10	Peru	100%	Concession
Essendon 3	01-01896-10	Peru	100%	Concession
Essendon 4	01-01897-10	Peru	100%	Concession
Essendon 5	01-01898-10	Peru	100%	Concession
Essendon 6	01-01899-10	Peru	100%	Concession
Fremantle 1	01-02062-10	Peru	100%	Concession
Fremantle 2	01-02063-10	Peru	100%	Concession
Fremantle 3	01-02064-10	Peru	100%	Concession
Fremantle 4	01-02065-10	Peru	100%	Concession
Fremantle 5	01-02066-10	Peru	100%	Concession
Fremantle 7	01-02068-10	Peru	100%	Concession
Fremantle 8	01-02250-10	Peru	100%	Concession
Essendon 7	01-02246-10	Peru	100%	Concession
Essendon 8	01-02247-10	Peru	100%	Concession
Essendon 9	01-02248-10	Peru	100%	Concession
Essendon 10	01-02249-10	Peru	100%	Concession

TENEMENT SCHEDULE

Bombers 5	01-02422-10	Peru	100%	Concession
Bombers 6	01-02423-10	Peru	100%	Concession
Fremantle 9	01-02424-10	Peru	100%	Concession
Fremantle 10	01-02425-10	Peru	100%	Concession
Fremantle 11	01-02426-10	Peru	100%	Concession
Fremantle 12	01-02427-10	Peru	100%	Concession
Fremantle 13	01-02428-10	Peru	100%	Concession
Fremantle 14	01-02429-10	Peru	100%	Concession
Fremantle 15	01-02430-10	Peru	100%	Concession
Fremantle 16	01-02431-10	Peru	100%	Concession
Fremantle 18	01-02433-10	Peru	100%	Concession
Vandals 1	01-02437-10	Peru	100%	Concession
Vandals 2	01-02438-10	Peru	100%	Concession
Essendon 11	01-01818-11	Peru	100%	Concession
Essendon 12	01-01819-11	Peru	100%	Concession
Ryan	01-01821-11	Peru	100%	Concession
Bridgette	01-01820-11	Peru	100%	Concession
Maddison	01-01822-11	Peru	100%	Concession
Essendon 13	01-01823-11	Peru	100%	Concession
Essendon 14	01-01824-11	Peru	100%	Concession
Essendon 15	01-01825-11	Peru	100%	Concession
Essendon 16	01-01826-11	Peru	100%	Concession
Essendon 17	01-01827-11	Peru	100%	Concession
Essendon 18	01-01828-11	Peru	100%	Concession
Essendon 19	01-01829-11	Peru	100%	Concession
Essendon 20	01-01830-11	Peru	100%	Concession
Essendon 21	01-01841-11	Peru	100%	Concession
Essendon 22	01-01842-11	Peru	100%	Concession
Ryan 1	01-01843-11	Peru	100%	Concession
Bridgette 1	01-01844-11	Peru	100%	Concession
Maddison 1	01-01845-11	Peru	100%	Concession
Essendon 23	01-01846-11	Peru	100%	Concession
Essendon 24	01-01847-11	Peru	100%	Concession
Essendon 25	01-01848-11	Peru	100%	Concession
Essendon 26	01-01849-11	Peru	100%	Concession
Essendon 27	01-01850-11	Peru	100%	Concession
Essendon 28	01-05116-11	Peru	100%	Concession
Essendon 29	01-05117-11	Peru	100%	Concession
Fremantle 22	01-01831-11	Peru	100%	Concession
Fremantle 23	01-01832-11	Peru	100%	Concession
Fremantle 24	01-01833-11	Peru	100%	Concession
Fremantle 26	01-01835-11	Peru	100%	Concession
Fremantle 27	01-01836-11	Peru	100%	Concession
Fremantle 29	01-01838-11	Peru	100%	Concession
Kelly 00	01-01840-11	Peru	100%	Concession
Dockers 1	01-01865-11	Peru	100%	Concession
Dockers 2	01-01866-11	Peru	100%	Concession

TENEMENT SCHEDULE

Dockers 3	01-01867-11	Peru	100%	Concession
Dockers 4	01-01868-11	Peru	100%	Concession
Fremantle 44	01-01874-11	Peru	100%	Concession
Auxiliadora II	01-00586-07	Peru	100%	Concession
Santa 70	6300029-08	Peru	100%	Concession
Santa XIX	01.00590-07	Peru	100%	Concession
Santa XXII	01-00591-07	Peru	100%	Concession
Santa XXIII	01-00595-07	Peru	100%	Concession
Macarena XXII	01-00588-07	Peru	100%	Concession
San francisco XXI	01-00589-07	Peru	100%	Concession
Santa XX	63-00042-09	Peru	100%	Concession
Santa XVIII	63-00041-09	Peru	100%	Concession
San Francisco XXIII	63-00026-10	Peru	100%	Under Application
GIANDERI XXXIII	01-01560-06	Peru	100%	Concession
Mathew 1	01-01634-11	Peru	100%	Concession
Mathew 2	01.01635-11	Peru	100%	Concession
Kelly 01	01-04977-11	Peru	100%	Concession
Los Conchales	01-02590-12	Peru	100%	Concession
Blackburn 7	01-02850-12	Peru	100%	Concession
Blackburn 8	01-02895-12	Peru	100%	Concession
Blackburn 9	01-02896-12	Peru	100%	Concession
Blackburn 10	01-02897-12	Peru	100%	Concession
Blackburn 11	01-02898-12	Peru	100%	Concession
Blackburn 12	01-02899-12	Peru	100%	Concession
Blackburn 13	01-03176-12	Peru	100%	Concession
Blackburn 14	01-03177-12	Peru	100%	Concession
Blackburn 15	01-03179-12	Peru	100%	Concession
Blackburn 16	01-03178-12	Peru	100%	Concession
Blackburn 17	01-03208-12	Peru	100%	Concession

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