



LATIN RESOURCES LIMITED

ABN 81 131 405 144

**Half Year Report
for the half-year ended
30 June 2016**

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DIRECTORY

Directors

Mr David Vilensky
(Non-Executive Chairman)

Mr Christopher Gale
(Managing Director)

Mr Brent Jones
(Non-Executive Director)

Company Secretary

Ms Sarah Smith

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Stock Exchange

Australian Securities Exchange (ASX: LRS)

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National Australia Bank (NAB)
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Perth WA 6000

Auditors

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Level 2
1 Walker Avenue
West Perth WA 6005

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 subsidiaries (collectively **the Group**) for the half-year ended 30 June 2016.

DIRECTORS

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

- Mr David Vilensky
- Mr Christopher Gale
- Mr Brent Jones

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

DIVIDENDS

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

PRINCIPAL ACTIVITIES

The Group's principal activities during the course of the half year continued to be mineral exploration and evaluation.

OPERATING RESULTS

The result for the consolidated entity for the six months ended 30 June 2016 was a loss of \$4,242,527 (2015: loss of \$2,457,876).

REVIEW OF OPERATIONS

The Group has a portfolio of projects in Peru, Brazil and Argentina which it is actively progressing via joint venture arrangements. A summary of the highlights for the six months ended 30 June 2016 for the projects is set out below.

Lithium Projects

During the period, Latin defined a new strategic direction in the area of lithium in line with its long term strategy of mineral exploration in South America.

Latin Signs Binding Terms Sheet with Lithium Company Lepidico Ltd

- On 9 May 2016, Latin announced it had entered into a binding term sheet with Lepidico Limited (**LEP**) to create a joint-venture which will seek to acquire and advance lithium projects in Argentina and Peru.
- Latin and LEP will create two wholly owned Australian incorporated companies one focused on Argentina and the other focused on Peru (together **Strategic JV**). The Strategic JV is exclusive to Latin and will be established to acquire and advance lithium projects in Argentina and Peru.
- The Strategic JV will aim to process lithium using LEP's lithium extraction technology "L-Max" for Mica and Pegmatite ores that are amenable to the process. LEP to be free-carried for the first \$1,000,000 of Latin Resources Limited (ABN 81 131 405 144)

agreed expenditure.

- Latin has identified and is currently securing hard rock pegmatite concessions in the Pampean Pegmatite province of NW Argentina.
- Latin has also identified a number of potential lithium brines projects in the “Salar del Hombre Muerto” district in the North West of Catamarca province.

Latin Claims 70,000 Hectares in Lithium Pegmatite District – Catamarca, Argentina

- On 31 May 2016, Latin announced that 70,000 hectares in seven exploration tenements have been applied for in the Catamarca Province that adjoin two areas totalling 7,500 hectares that together host in excess of twenty Lithium bearing pegmatite deposits documented by various authors over the last 50 years.
- The documented deposits in the adjacent areas are pegmatite dykes striking roughly N-S over 50 m to 700 m length, and are up to 8 m thick.
- Past reports identify that Lithium is predominantly present in the adjacent areas as Spodumene, with individual crystals reaching more than 1m in length. Lithium micas are also reported in some cases as accessory minerals.
- The documented Lithium bearing pegmatite deposits in the adjacent areas have a history of small scale past production, having been intermittently exploited for Lithium minerals and associated Beryl, Tantalum and feldspars during the 1950's and 1970's.
- The exploration tenements applied for by the Company host hundreds of outcropping pegmatite dykes, frequently in swarms, and have reportedly never been systematically explored for Lithium. Such fertile terrain in proximity to significant Lithium deposits is considered highly prospective.
- The Company is now working towards controlling the Villisman and Ancasti groups that host the known Lithium pegmatites that adjoin the tenements applied for.

Latin Claims Historical Lithium Pegmatite Mining Concessions – Catamarca, Argentina

- On 14 June 2016, Latin announced that following extinction of a series of abandoned claims by the Mining Authority of Catamarca, Latin has applied for additional exploration tenements over 7,051.6 hectares that were surrounded by the initial exploration tenement applications in two areas, Vilisman and Ancasti, each with past Lithium mining activity and that together host in excess of twenty Lithium bearing pegmatite deposits documented by various authors in publications made over the last 50 years.
- Combined estimates of Spodumene content within 15m of surface of 12 of these deposits subject of the latest claim applications are in excess of 120,000 t (Acosta *et al* 1988, Balmaceda & Kaniefsky 1982 and other non-JORC foreign publications).

Cautionary Statement: These data are published historical foreign estimates not reported in accordance with the JORC Code. A competent person has not done sufficient work to verify the data in accordance with the JORC code and it is uncertain that following evaluation and/or further exploration work that these foreign estimates will be able to be reported in accordance with the JORC Code.

DIRECTORS' REPORT

- These Lithium bearing pegmatite deposits have a history of small scale past production, having been intermittently exploited for Lithium minerals and associated Beryl, Tantalum and feldspars during the 1950's and 1970's.
- Analysis of four samples collected by Latin geologists of exposures of spodumene in old mine workings in three pegmatite deposits within the new claim applications reported grades of 6.6%, 7.1%, 6.3% and 4.9% Li₂O respectively.

Ilo Este Porphyry Copper Project – Southern Peru

During the period Compañía Minera Zahena SAC (**Zahena**) completed a total of nine drill holes for 5,322.1m of diamond drill core at Latin's Ilo Este Porphyry Copper Project. Six of the holes were sampled and assayed with the result for one (IE-DDH-010-15) being announced on 25 January 2016. Results of assays from the remaining five holes assayed were provided by Zahena, and in general show no improvement over the lower grades reported previously. A summary of results was announced 27 May 2016. Three holes were not mineralised and were not sampled or assayed.

The mineralised porphyry system is confirmed as being very large, and while potential may exist for higher grade phases within the relatively broad drill pattern executed by Zahena and previously by Latin, further investment to test for such mineralisation in the short term is unlikely.

The Company has terminated the rights assignments and earn-in option with Zahena (refer ASX Announcement 13 July 2015) however will continue to evaluate the results and consider the future of the project in the context of its strategy to seek third party direct investment to advance exploration of its Peruvian Copper projects.

Ilo Norte IOCG Project – Southern Peru

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

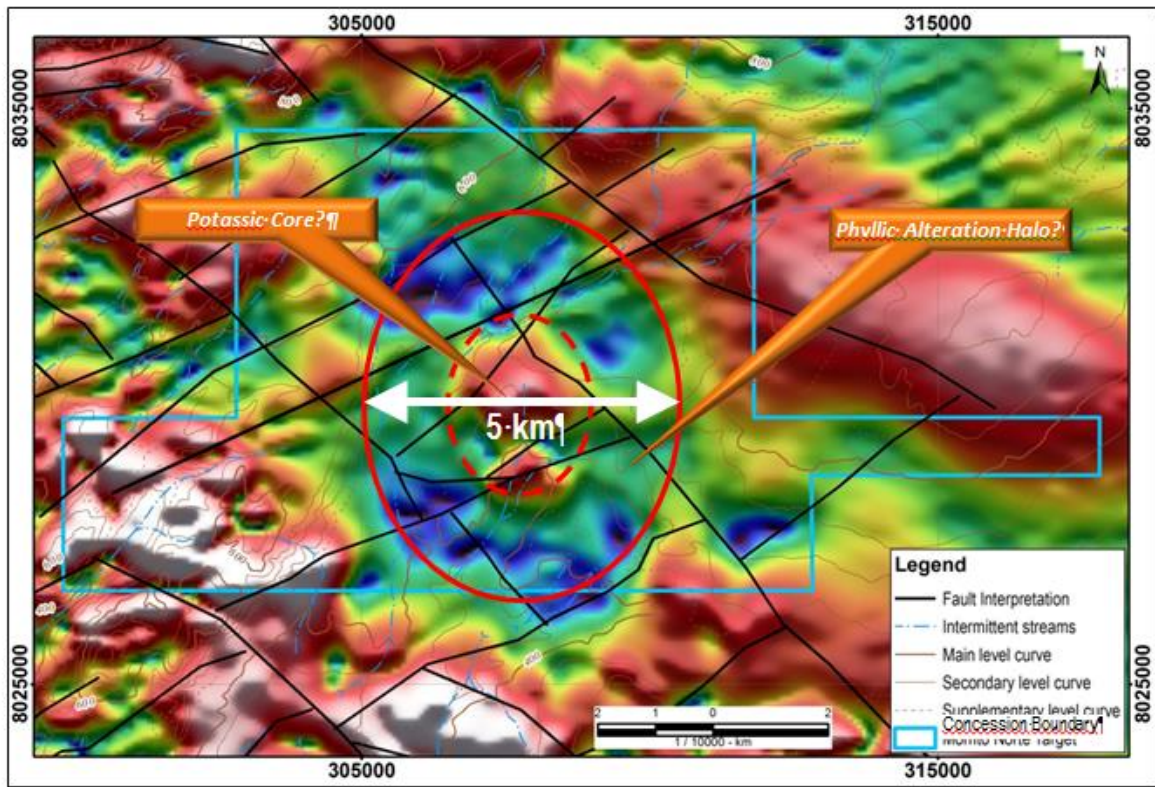
Exploration to date by Latin and previous earn-in partner Zahena suggests there is good potential for a moderate tonnage high grade copper-gold deposit at Ilo Norte, which given the proximity to infrastructure and favourable topography, would likely be an attractive mine development.

Discussions continue with prospective exploration partners for Ilo Norte to unravel the complex structural setting required to deliver exploration success.

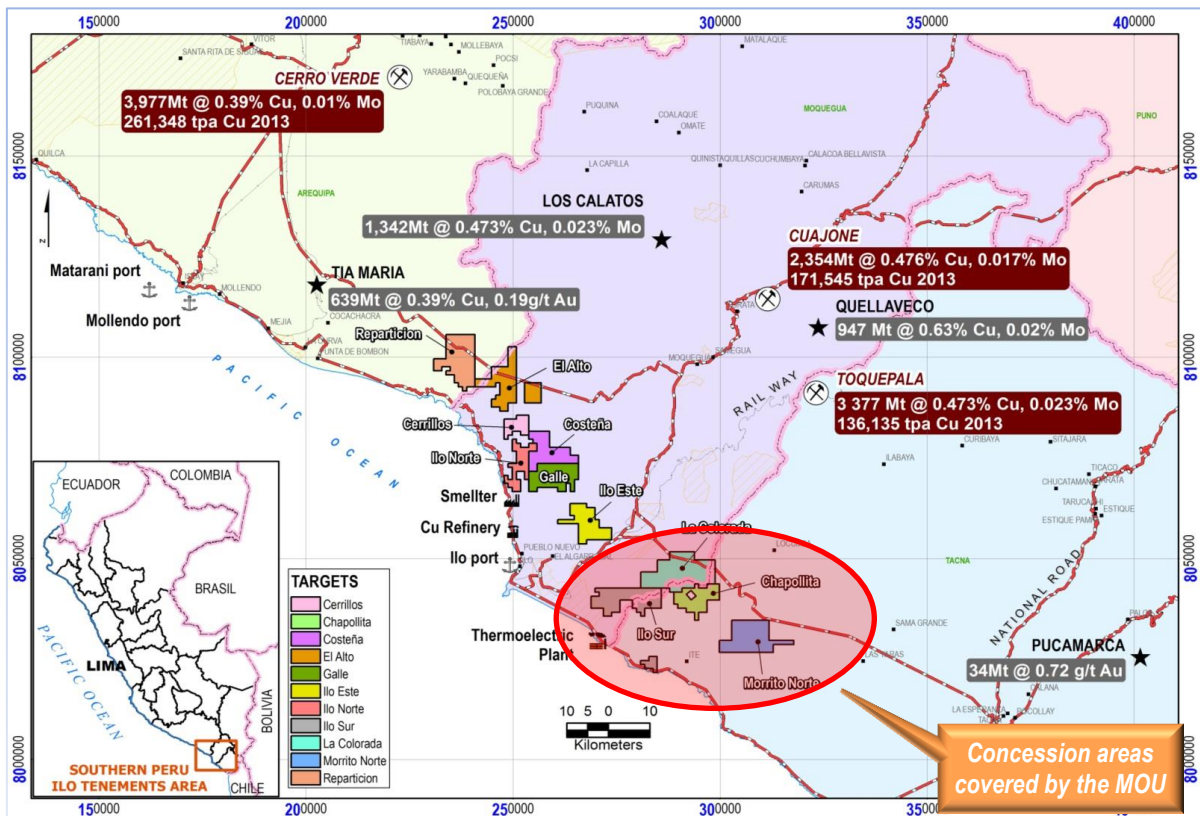
Ilo Southern Concession Block Copper Gold Projects – Southern Peru

The Ilo Southern Concession Block consists of 4 separate project areas totaling 36,830 hectares of 100% owned mining concessions that were subject to a collaborative exploration MOU with the Peruvian Subsidiary of First Quantum Minerals (FQM), Minera Antares.

The collaborative work with First Quantum Minerals (FQM) Peruvian subsidiary, Minera Antares, continues at the Pachamanca/MT-03 Porphyry Copper Project. Antares advised the Company of their interest in the concessions associated with the Project in March, and by doing so, earned an additional 6 months exclusivity to undertake geophysical and other work towards defining drill targets. Latin and Antares (FQM) are currently in discussions over terms of a potential Earn-in Joint Venture which if agreed would likely see drilling of the Pachamanca/MT-03 Project in 2017.



Pachamanca/MT-03 target showing analytical signal image of aeromagnetic data with 5 km diameter donut shaped low possibly representing the phyllitic 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.



Latin's eleven 100% owned target areas in Peru's Southern Cordillera including those included in an MOU for collaborative exploration with First Quantum Minerals Peruvian subsidiary.

DIRECTORS' REPORT

Guadalupito Andalusite and Mineral sands Project – Northern Peru

Guadalupito has a substantial heavy mineral (sand) resource containing Andalusite and other Mineral sands. The project is located in close proximity to high quality infrastructure, being 10 kilometres from Chimbote, home to a major Port and one of the largest steel smelters in Peru, which is owned by the Brazilian Gerdau Group, the largest long steel producer in the Americas.

A decision to relinquish 8 concessions while retaining the higher grade resource area and likely extensions of this has resulted in further concession maintenance costs saving of over US\$23,000 annually.

The Company is currently in discussions with prospective investors for a potential divestment of this project.

Corporate

- On 29 April 2016, the Company completed a placement to raise \$385,000 (before costs) through lead manager PAC Partners Pty Ltd (**PAC Partners**). The funds raised from this placement were used for exploration in South America as well as for general working capital purposes. Following the successful completion of this placement, Latin appointed PAC Partners as their corporate advisers to assist in future capital raising and corporate advice.
- On 16 May 2016, the Company announced that it had completed a placement to raise \$825,000 (before costs) through lead manager PAC Partners. The funds raised from the placement were used to develop the lithium projects and for general working capital purposes.
- On 26 February 2016, the Company issued shares to sophisticated and professional investors following the receipt of placement funds of \$180,000 (before costs).
- During the period, the Company received a research and development rebate of \$950,000 (before costs).
- During the period, the Company negotiated the settlement of various liabilities via the issue of shares.

COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results from Projects in Peru is based on information compiled by Mr Andrew Bristow, a Competent Person who is a Member of the Australian Institute of Geoscientist and a full time consultant 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 this report of the matters based on his information in the form and context in which they appear.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company during the six months ended 30 June 2016 that are not disclosed elsewhere in this report, the financial statements or the attached notes.

DIRECTORS' REPORT

SIGNIFICANT EVENTS AFTER BALANCE DATE

The following significant events and transactions have taken place subsequent to 30 June 2016:

On 27 July 2016, the Company announced it had signed a binding terms sheet with the Peruvian subsidiary of Canada mining giant First Quantum Minerals Ltd, Minera Antares Peru S.A.C., to document the terms of a rights assignment and earn in option to transfer up to 80% ownership of its Pachamanca/MT-03 (part of the Ilo Southern Concession Block) to Minera Antares Peru S.A.C.

On 1 August 2016, the Company issued 10,000,000 shares at a deemed issue price of \$0.017 per share to Magna as settlement of the amounts owing.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 23 and forms part of the Directors' report for the half-year ended 30 June 2016.

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



David Vilensky
Chairman

Dated this, 11th day of August 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2016

	Note	6 months to 30 June 2016	6 months to 30 June 2015
		\$	\$
Revenue	4(a)	38,183	1,559
Other income	4(b)	172,111	312,412
Gain from renegotiation of deferred consideration, net	4(c)	-	2,737,169
Gain from settlement of liabilities		21,797	-
Depreciation expense		(22,214)	(20,026)
Employee benefits expense		(484,138)	(715,374)
Finance costs	5(a)	(813,748)	(906,743)
Exploration and evaluation expenditure	5(b)	(2,766,078)	(3,255,252)
Other expenses	5(c)	(388,440)	(611,621)
Loss before income tax		(4,242,527)	(2,457,876)
Income tax benefit		-	-
Loss after income tax		(4,242,527)	(2,457,876)
Loss attributable to owners of the Group		(4,242,527)	(2,457,876)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translating foreign operations		173,752	766,917
Total comprehensive loss for the period attributable to owners of the Group		(4,068,775)	(1,690,959)
Basic and diluted loss per share (cents)		(0.34)	(0.69)

The above Consolidated Statement of Profit or Loss and Other Comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2016

	Note	30 June 2016	31 Dec 2015
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	6	159,411	32,076
Trade and other receivables	7(a)	183,358	1,148,021
Other financial assets		27,370	28,024
Total current assets		370,139	1,208,121
Non-current assets			
Trade and other receivables	7(b)	1,584,642	1,564,878
Property, plant & equipment		92,073	121,877
Exploration & evaluation assets	8	8,904,325	11,170,432
Total non-current assets		10,581,040	12,857,187
Total assets		10,951,179	14,065,308
LIABILITIES			
Current liabilities			
Trade and other payables	9	1,257,897	1,998,824
Interest bearing loans and borrowings	10(a)	1,115,600	1,040,594
Deferred consideration	11(a)	8,950	18,886
Provisions		52,715	336,352
Total current liabilities		2,435,162	3,394,656
Non-current liabilities			
Interest bearing loans and borrowings	10(b)	-	500,000
Deferred consideration	11(b)	5,490,130	5,206,795
Total non-current liabilities		5,490,130	5,706,795
Total liabilities		7,925,292	9,101,451
Net assets		3,025,887	4,963,857
EQUITY			
Contributed equity	12	38,199,185	36,202,047
Reserves	13	7,672,311	7,364,892
Accumulated losses		(42,845,609)	(38,603,082)
Total equity		3,025,887	4,963,857

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 30 June 2016

	Issued capital \$	Share based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total \$
Balance at 1 January 2016	36,202,047	2,247,712	5,117,180	(38,603,082)	4,963,857
Loss for the period	-	-	-	(4,242,527)	(4,242,527)
Other comprehensive income	-	-	173,752	-	173,752
Total comprehensive income/(loss) for the period	-	-	173,752	(4,242,527)	(4,068,775)
Issue of shares	2,309,796	-	-	-	2,309,796
Share based payments	-	133,667	-	-	133,667
Cost of equity issues	(312,658)	-	-	-	(312,658)
Balance at 30 June 2016	38,199,185	2,381,379	5,290,932	(42,845,609)	3,025,887
Balance at 1 January 2015	32,018,530	1,930,487	3,922,677	(26,419,592)	11,452,102
Loss for the period	-	-	-	(2,457,876)	(2,457,876)
Other comprehensive income	-	-	766,917	-	766,917
Total comprehensive income/(loss) for the period	-	-	766,917	(2,457,876)	(1,690,959)
Issue of shares	887,870	-	-	-	887,870
Share based payments	-	167,488	-	-	167,488
Cost of equity issues	(63,215)	-	-	-	(63,215)
Balance at 30 June 2015	32,843,185	2,097,975	4,689,594	(28,877,468)	10,753,286

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

CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30 June 2016

	Note	6 months to 30 June 2016	6 months to 30 June 2015
		\$	\$
Cash flows from operating activities			
Receipts from customers		149,374	40,068
Payments to suppliers and employees		(1,036,645)	(1,193,594)
Interest received		38,183	1,559
Interest paid		(3,304)	(30,626)
R&D refund		949,560	-
Taxes refunded		-	104,962
Net cash flows from/(used in) operating activities		97,168	(1,077,631)
Cash flows from investing activities			
Payments for plant and equipment		-	(6,290)
Proceeds from sale of plant and equipment		5,977	88,502
Payments for exploration & evaluation assets		(926,698)	(332,173)
Proceeds from security deposits		584	89,312
Net cash flows (used in) investing activities		(920,137)	(160,649)
Cash flows from financing activities			
Proceeds from the issue of equity		1,390,128	285,000
Capital raising costs		(73,859)	(48,215)
Proceeds from borrowings		-	769,374
Repayment of borrowings		(365,793)	-
Net cash flows from financing activities		950,476	1,006,159
Net increase/(decrease) in cash and cash equivalents		127,507	(232,121)
Cash and cash equivalents at the beginning of the period		32,076	308,008
Effects of movement in foreign exchange		(172)	122
Cash and cash equivalents at the end of the period	6	159,411	76,009

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

CONDENSED NOTES TO THE FINANCIAL STATEMENTS for the half-year ended 30 June 2016

1. CORPORATE INFORMATION

The interim consolidated financial statements of Latin Resources Limited (**the Company**) and its subsidiaries (collectively, **the Group**) for the six months ended 30 June 2016 were authorised in accordance with a resolution of the directors on 11 August 2016.

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

The principal activity of the Group during the half-year was mineral exploration and evaluation.

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

Basis of preparation

The interim consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

Changes in accounting policies, accounting standards and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half year 30 June 2016. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

Going concern

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

For the six months ended 30 June 2016 the consolidated entity incurred a loss of \$4,242,527 (2015: \$2,457,876) and had net cash outflows used in operating and investing activities of \$822,969 (2015: \$1,238,280).

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.

The Company is planning to undertake a capital raising. The ability of the company and the consolidated entity to continue as going concerns are principally dependent upon obtaining new funding.

Based on the Company's ability to modify expenditure outlays if required and the Directors confidence and historical performance of ability to raise additional funds, the Directors consider there are reasonable

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2016

grounds to believe the Group will be able to pay its debts as and when they become due and payable, and therefore the going concern basis preparation is considered to be appropriate for these interim consolidated financial statements.

In the event that the Company is not able to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts different to those stated in its financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the company and consolidated entity do not continue as going concerns.

3. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by senior management in assessing performance and in determining the allocation of resources.

The Group's three operating segments are Australia, Peru and Brazil. Discrete financial information regarding these operating segments is reported to senior management on a monthly basis. The accounting policies used by the Group in reporting segments internally are the same as the Group's accounting policies.

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

Six months to 30 June 2016	Australia	Peru	Brazil	Total
	\$	\$	\$	\$
Revenue				
Interest revenue	38,183	-	-	38,183
Gain from settlement of liabilities	21,797	-	-	21,797
Other income	(10,897)	183,008	-	172,111
Total segment revenue	49,083	183,008	-	232,091
Results				
Depreciation expense	(13,303)	(8,911)	-	(22,214)
Share based payments	(142,879)	-	-	(142,879)
Interest expense	(83,916)	(3,029)	-	(86,945)
Net foreign exchange gain/(loss)	(10,899)	33,636	-	22,737
Segment loss	(1,081,882)	(3,155,804)	(4,841)	(4,242,527)

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2016

3. SEGMENT INFORMATION (CONTINUED)

As at 30 June 2016	Australia \$	Peru \$	Brazil \$	Total \$
Segment assets	1,182,403	9,735,221	33,555	10,951,179
Segment liabilities	(1,459,663)	(6,417,105)	(48,524)	(7,925,292)
Additions to non-current assets				
Plant & equipment	1,203	-	-	1,203
Exploration and evaluation assets	-	632,772	-	632,772
Total	1,203	632,772	-	633,975
Six months to 30 June 2015	Australia \$	Peru \$	Brazil \$	Total \$
Revenue				
Interest revenue	1,516	-	43	1,559
Other income	-	312,412	-	312,412
Total segment revenue	1,516	312,412	43	313,971
Results				
Depreciation expense	(3,504)	(16,522)	-	(20,026)
Share based payments	(185,894)	(25,772)	(4,500)	(216,166)
Interest expense	(12,171)	(4,152)	-	(16,323)
Net foreign exchange gain/(loss)	(28,637)	7,995	(279)	(20,921)
Segment profit/(loss)	(2,596,523)	235,483	(96,836)	(2,457,876)
As at 30 June 2015	Australia \$	Peru \$	Brazil \$	Total \$
Segment assets	3,432,141	18,734,224	34,462	22,200,827
Segment liabilities	(5,181,172)	(6,177,984)	(88,385)	(11,447,541)
Additions to non-current assets				
Plant & equipment	181	6,227	-	6,408
Exploration and evaluation assets	190,685	99,766	49,300	339,751
Total	190,866	105,993	49,300	346,159

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2016

	6 months to 30 June 2016	6 months to 30 June 2015
	\$	\$
4. REVENUES		
(a) Finance revenue		
Interest income	<u>38,183</u>	<u>1,559</u>
(b) Other revenue		
Sundry income	149,374	306,917
Net foreign exchange gain	22,737	-
Gain on sale of plant and equipment	-	5,495
	<u>172,111</u>	<u>312,412</u>
(c) Gain from renegotiation of deferred consideration	-	<u>2,737,169</u>

The Gain from renegotiation of deferred consideration refers to the net adjustment resulting from the renegotiated terms for the acquisition of the concessions relating to the Guadalupito project.

5. EXPENSES

(a) Finance expenses		
Bank fees and expenses	6,309	5,583
Interest expense	86,945	16,323
Unwinding of the effective interest rate ¹	466,371	719,538
Other finance expenses	254,123	165,299
	<u>813,748</u>	<u>906,743</u>

¹ Unwinding of the effective interest rate refers to the discounting of the Convertible securities (\$104,177, 2015: \$423,639) and the remaining cost of the concessions relating to the Guadalupito project (\$362,194, 2015: \$295,899).

(b) Exploration and evaluation expenditure

Amounts written off	-	112,889
Impairment expense ¹	2,766,078	3,142,363
	<u>2,766,078</u>	<u>3,255,252</u>

¹ Impairment expense refers to the costs associated with concessions that were relinquished on 1 July 2016 for having little or no resource potential.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2016

	6 months to 30 June 2016	6 months to 30 June 2015
	\$	\$
5. EXPENSES (CONTINUED)		
(c) Other expenses		
Administration expenses	88,350	188,842
Corporate expenses	274,582	301,138
Net foreign exchange loss	-	20,921
Occupancy expenses	25,508	100,720
	388,440	611,621
	30 June 2016	31 Dec 2015
	\$	\$
6. CASH AND CASH EQUIVALENTS		
Cash in hand	39	309
Cash at bank	159,372	31,767
	159,411	32,076
7. TRADE AND OTHER RECEIVABLES		
(a) Current		
Trade receivables	-	7,950
Other receivables	63,633	975,610
Good and services tax	35,685	117,037
Related party receivables	17,858	-
Prepayments	66,182	47,424
	183,358	1,148,021
(b) Non-current		
Good and services tax ¹	1,584,642	1,564,878
	1,584,642	1,564,878

¹ Goods and services tax ('GST') receivable by the Company's subsidiary in Peru which can only be offset against GST attributable to future income.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2016

	6 months to 30 June 2016	12 months to 31 Dec 2015
	\$	\$
8. EXPLORATION AND EVALUATION ASSETS		
Opening balance	11,170,432	26,329,037
Additions	632,772	774,634
Disposals	-	(3,312,975)
Amounts written off ¹	(2,766,078)	(10,022,819)
Other ²	33,886	(4,885,673)
Foreign currency translation movement	(166,687)	2,288,228
	8,904,325	11,170,432

¹ Amounts written off include an impairment charge of \$2,766,078 (2015: \$10,022,819 of which \$3,142,363 related to Concessions that were relinquished on 1 July 2016 for having little or no resource potential.

² The Other balance of \$4,885,673 in 2015 refers to an adjustment to reflect the renegotiated terms for the acquisition of the concessions relating to the Guadalupito project.

	30 June 2016	31 Dec 2015
	\$	\$
9. TRADE AND OTHER PAYABLES		
Trade payables	986,440	1,539,347
Other payables ¹	217,372	104,919
Accruals	54,085	354,558
	1,257,897	1,998,824

¹ Includes \$100,996 for funds received from Zahena as per agreement. Will be transferred to income once all obligations are satisfied by Zahena.

10. INTEREST BEARING LOANS AND BORROWINGS

(a) Current

Loans ¹	646,496	160,000
Convertible securities ²	469,104	880,594
	1,115,600	1,040,594

(b) Non-current

Loans	-	500,000
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CONDENSED NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2016

10. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

¹ Loan with Junefield High Value Metals Investments Limited (JVHM) \$500,000 (2015: \$500,000 classified as a non-current loan), Magna Equities II (Magna) \$146,496 (2015: \$268,541 classified as a current convertible securities) and Cape Lambert Resources Limited \$nil (2015: \$160,000).

² Convertible security note with The Australian Special Opportunity Fund LP (ASOF) \$469,104 (2015: \$612,053).

The key terms of the loans and convertible securities are set out below.

- JVHM - Principal of \$500,000 with an interest rate of 12% per annum. Repayment date is 27 February 2017.
- ASOF – Outstanding Face value \$469,104, 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 Company is in discussions with ASOF regarding a revised repayment date.
- Magna – Principal of US\$109,788. Reclassified from convertible securities as at 31 December 2015 to loans at 30 June 2016. Refer to events occurring after balance date for details regarding the settlement of this outstanding liability.

	30 June 2016	31 Dec 2015
	\$	\$
11. DEFERRED CONSIDERATION		
(a) Current	8,950	18,886
(b) Non-current	5,490,130	5,206,795

The deferred consideration balances reflect the current and non-current portions of the present value of the remaining US\$10,041,472 (31 December 2015: US\$10,055,296) the Group is required to pay in cash and shares for the acquisition of the concessions relating to the Guadalupito project.

12. CONTRIBUTED EQUITY

(a) Issued capital

Issued shares	36,461,614	34,464,603
Option premium	1,737,571	1,737,444
	38,199,185	36,202,047

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2016

12. CONTRIBUTED EQUITY (CONTINUED)

	Number	\$
(b) Movements in issued capital		
<i>Issued shares</i>		
Balance at 1 July 2015	384,599,770	31,109,208
Shares issued	507,969,058	2,824,186
Transaction costs	-	531,209
Balance at 31 December 2015	892,568,828	34,464,603
Shares issued	322,388,408	2,309,796
Transaction costs	-	(312,658)
Balance at 30 June 2016	1,214,957,236	36,461,741
<i>Option premium</i>		
Balance at 1 July 2015	60,836,148	1,733,977
Options lapsed	(7,024,483)	-
Options issued	62,361,690	-
Options exercised	(6,250)	-
Settlement of creditors	117,568,989	3,467
Balance at 31 December 2015	233,736,094	1,737,444
Options exercised	(6,375)	-
Balance at 30 June 2016	233,729,719	1,737,444
Total issued capital		38,199,185
	30 June 2016	31 Dec 2015
	\$	\$

13. RESERVES

Foreign currency translation reserve

Balance at beginning of period	5,117,180	3,922,677
Foreign currency translations	173,752	1,194,503
	5,290,932	5,117,180

Share based payments reserve

Balance at beginning of period	2,247,712	1,930,487
Share based payments	133,667	317,225
	2,381,379	2,247,712
Total reserves	7,672,311	7,364,892

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
for the half-year ended 30 June 2016

14. COMMITMENTS AND CONTINGENCIES

	30 June 2016	31 Dec 2015
	\$	\$
Commitments		
(a) Operating lease commitments:		
Not later than one year	2,013,060	17,316
Later than one year but not later than five years	-	-
Later than five years	-	-
	2,013,060	17,316

On 9 May 2016, Latin announced it had entered into a binding term sheet with Lepidico Limited (**LEP**) to create a joint-venture which will seek to acquire and advance lithium projects in Argentina and Peru. In accordance with the terms sheet, Latin must secure \$1,000,000 in funding in the first year for each of the joint venture companies being set up in Argentina and Peru.

(b) Mining concessions

The Group is required to pay a right of concession fee of US\$3 per hectare per annum. The estimated fee to be paid in 2016 is approximately US\$190,000.

15. CONTINGENT LIABILITIES

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

16. EVENTS OCCURRING AFTER BALANCE DATE

The following significant events and transactions have taken place subsequent to 30 June 2016:

On 27 July 2016, the Company announced it had signed a binding terms sheet with the Peruvian subsidiary of Canada mining giant First Quantum Minerals Ltd, Minera Antares Peru S.A.C., to document the terms of a rights assignment and earn in option to transfer up to 80% ownership of its Pachamanca/MT-03 (part of the Ilo Southern Concession Block) to Minera Antares Peru S.A.C.

On 1 August 2016, the Company issued 10,000,000 shares at a deemed issue price of \$0.017 per share to Magna as settlement of the amounts owing.

DIRECTORS' DECLARATION

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

In the opinion of the directors:

- (a) The financial statements and notes of Latin Resources Limited for the half-year ended 30 June 2016 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: *Interim financial reporting and the Corporations Regulations 2001*
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



David Vilensky
Chairman

Dated this, the 11th day of August 2016

11 August 2016

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

Dear Sirs

RE: LATIN RESOURCE LIMITED

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

As Audit Director for the review of the financial statements of Latin Resource Limited for the half year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

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



Martin Michalik
Director

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Latin Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Latin Resources Limited (the consolidated entity). The consolidated entity comprises both Latin Resources Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Latin Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Latin Resources Limited on 11 August 2016.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

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

As referred to in Note 2 to the financial statements, the financial statements have been prepared on the going concern basis. As at 30 June 2016, the entity had working capital deficiency of \$2,065,023 and had incurred a loss for the six months of \$4,242,527. 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 \$8,904,325 is dependent on the successful commercial exploitation of the assets and/or sale of the exploration and evaluation assets. The recoverability of the non current tax receivable of \$1,584,642, is dependent upon the consolidated entity commencing production/generating income and thus paying taxes in Peru and offsetting this against the tax receivable which is recorded in the Company's accounts.

In the event that the consolidated entity is not successful in commercial exploitation and/or sale of the assets, or not successful in generating enough revenue, and thus taxes payable, to offset against the tax receivable, the realisable value of the consolidated entity's exploration and evaluation assets and tax receivable may be significantly less than their current carrying values.

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

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
11 August 2016