



LATIN RESOURCES LIMITED
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12 February 2016

Ben Secrett
Senior advisor
ASX Listings Compliance
Level 40 Central Park
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Perth WA 6000

Response to ASX Issue of Shares

Dear Ben,

We refer to your letter dated 10 February 2016 in relation to the Company's Appendix 5B report for the period ended 31 December 2015 that was lodged with the ASX on 29 January 2016.

Our responses to the four questions raised in your letter are as follows:

Question 1: Does the Entity expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

Response: Yes

Question 2: Has the Entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Response: *The Company is currently considering a number of opportunities to raise cash to fund its operations.*

The Company has commenced discussions with a number of parties regarding these opportunities and expects to be able to make an announcement regarding one or more of these opportunities by the end of the month once terms are agreed.

As previously announced the Company is actively seeking JV partners to assist it in progress its projects via JV arrangements that may involve a combination of exploration commitments and direct payments to the Company, similar to the deal involving its Ilo Este project as announced on 5 February 2015. The Company is in discussions with a number of parties regarding such arrangements and a decision regarding one or more of its projects is expected in the first half of 2016.

The Company recently received approval from AusIndustry allowing it to claim a rebate for overseas expenditure on R&D activities associated with its Guadalupito project. The Company has submitted a claim of up to \$900,000 for the period 1 July 2012 to 31 December 2014 which is expected to be received in March 2016. The Company is also in the process on preparing a claim for the 2015 calendar year.

The Company can access a further \$2 million from the Funding Agreement announced on 13 November 2014, subject to the conditions of the Funding Agreement, which it is confident of achieving.

Question 3: Does the Entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Response: *Based on the above the Company is confident that it will have adequate funds to continue its operations and meet its business objectives.*

Question 4: Can the Entity confirm that it is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market?

Response: *The Company confirms that it is in compliance with ASX Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.*

Kind regards



Anthony Begovich
CFO/Company secretary



10 February 2016

Anthony Begovich
Latin Resources Limited
Unit 3, 32 Harrogate Street
WEST LEEDERVILLE WA 6007

By email

Dear Mr Begovich

LATIN RESOURCES LIMITED (“ENTITY”): ASX APPENDIX 5B QUERY

I refer to the Entity’s quarterly report in the form of Appendix 5B for the period ended 31 December 2016 released on the ASX Market Announcements Platform on Friday, 29 January 2016 (the “Appendix 5B”).

ASX notes that the Entity has reported:

- negative net operating cash flows for the quarter of \$581,000;
- cash at the end of the quarter of \$32,000; and
- estimated cash outflows for the next quarter of \$524,000.

It is possible to conclude on the basis of the information provided in the Appendix 5B that if the Entity were to continue to expend cash at the rate for the quarter (and at the rate estimated for the next quarter) indicated by the Appendix 5B, the Entity may not have sufficient cash to continue funding its operations. In view of that, please respond to each of the following questions.

1. Does the Entity expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has the Entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does the Entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Can the Entity confirm that it is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market?

Please also provide any other information that the Entity considers may be relevant to ASX forming an opinion on whether the Entity is in compliance with Listing Rule 12.2.



When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, **by not later than 4.30pm AWST on Friday, 12 February 2016**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ben.secrett@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and



- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 Trading Halts & Voluntary Suspensions.

Please contact me if you have any queries about the above.

Yours sincerely

[sent electronically without signature]

Ben Secrett
Senior Adviser, ASX Listings Compliance