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## QUARTERLY ACTIVITIES REPORT for the period ending 30 September 2016

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### Highlights

#### Activities

##### ***Latin Claims Historical Lithium Pegmatite Mining Concessions Catamarca – (Argentina)***

- On 31 May 2016 the Company announced it had made claim applications over 70,000 hectares in seven exploration tenements in the Catamarca Province, prospective for Lithium Pegmatites.
- On the 14th June following the extinction of a series of abandoned claims by the Mining Authority of Catamarca, Latin 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.
- Analysis of four new samples collected by Latin geologists of exposures of spodumene in old mine workings in two pegmatite deposits within the claim applications reported grades of up to 6.97% Li<sub>2</sub>O.
- The exploration program has been approved by the Board with drilling expected to commence 4th Quarter 2016.

##### ***Latin acquires new Lithium project in Salta Argentina Ansotana Project – (Argentina)***

- The company entered into a binding Purchase and Earn-In Terms Sheet to acquire up to a 90% interest in several mining concessions which comprise of approximately 44,290 hectares of lithium and tantalum pegmatites in the Province of Salta, Argentina, known as the Ansotana Project.
- This purchase, if successfully completed, will advance the continuing strategy of Latin Resources to secure the known hard rock lithium bearing pegmatites in Argentina.

##### ***Latin Signs Binding Terms Sheet with Major copper producer Ilo Copper Projects – Southern Concession Block (Peru)***

- Latin Resources Limited 100% owned subsidiary Peruvian Latin Resources SAC (“PLR”) signed a Binding Terms Sheet (BTS) with the Peruvian subsidiary of Canada mining giant First Quantum Minerals Ltd - Minera Antares Perú 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 Project to Antares.

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## Corporate

- Completion of a Placement of \$3.4 million to sophisticated and professional investors and 1 free attaching listed option for every 2 shares held at an exercise price of \$0.02 on or before 31 March 2017.
- The convertible note debt held by Lind Partners and Magna Securities has been extinguished

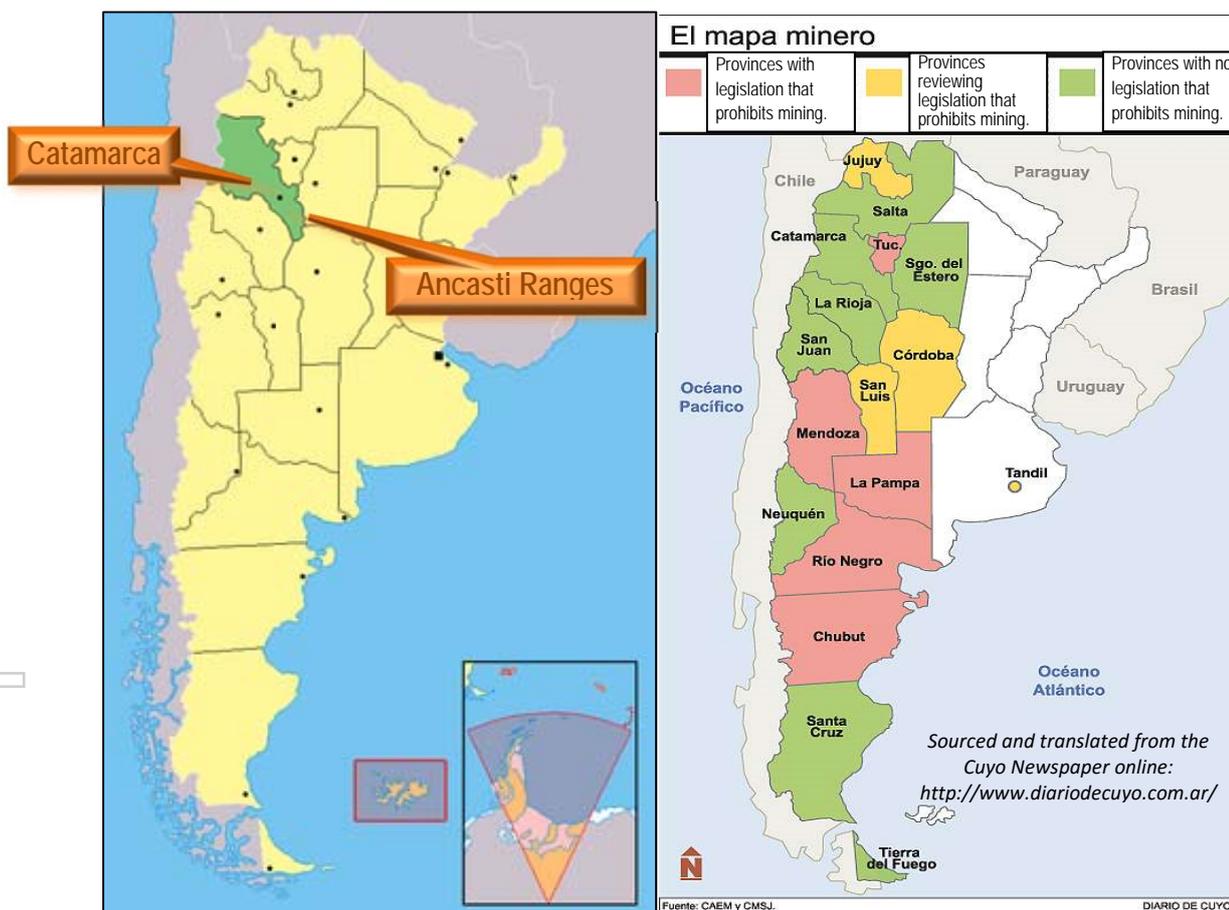
## OPERATIONS

### Catamarca – (Argentina)

On the 25th of August Latin announced that recent field samples taken have continued to produce positive results on their claim applications at their Catamarca exploration tenements in Argentina.

Analysis of four new samples collected by Latin geologists of exposure of spodumene in old mine workings in two pegmatite deposits within the claim applications reported grades of up to 6.97% Li<sub>2</sub>O.

Two claim applications cover the Vilisman and Ancasti Pegmatite Groups referred to in the Company's announcement of 31 May and 14 June 2016, and each host a number of well documented Lithium bearing pegmatites near the townships of Ancasti and Vilisman (Figure 2), each located on the eastern slopes of the Ancasti Ranges some 40 km from the Provincial Capital, San Fernando del Valle de Catamarca (Figure 1).



**Figure 1: Location of the mining friendly Catamarca Province, its capital, and the Ancasti Ranges in NW Argentina.**

These new applications are in addition to seven initial applications totaling 70,000 hectares surrounding the Ancasti and Vilisman Groups subject of the announcement of 31 May 2016. The two new applications were made following extinction of abandoned mining claims by the Catamarca Mining Court.

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**Pegmatites of the Ancasti Ranges:**

Various studies of pegmatites in the Ancasti Ranges have been reviewed: Herrera (1964), Rossi (1965), Fernández Lima et al. (1970), Marconi (1972), Balmaceda (1982), Balmaceda and Kaniefsky (1982), Lottner (1983), Acosta et al. (1988) and Galliski (1992a, 1994a, 1994b).

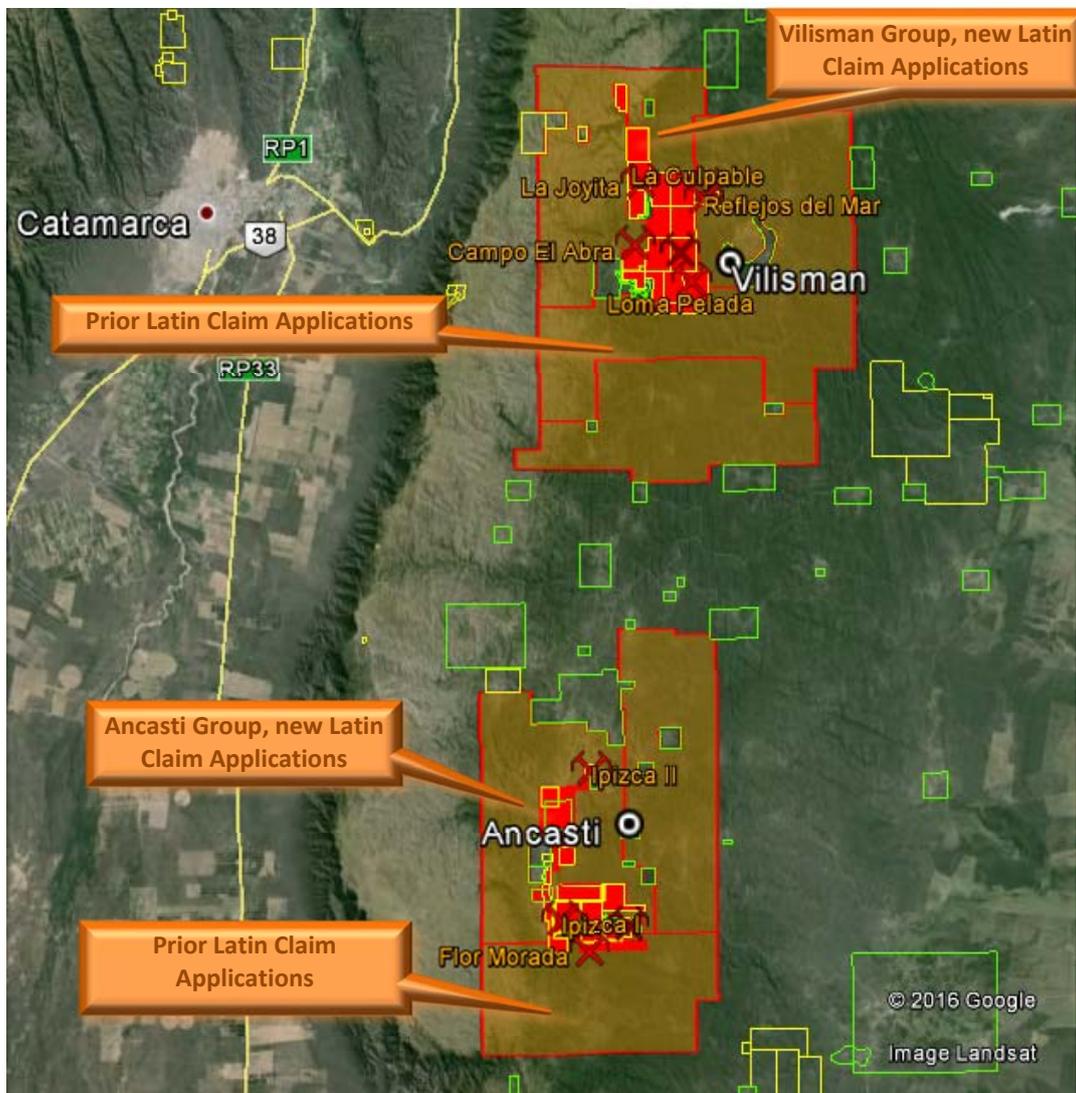
Acosta *et al* (1988) grouped a series of lithium-bearing pegmatites occurrences in the Ancasti Ranges into two groups, geographically located within several kilometres of each of the Vilisman and Ancasti townships.

**The Vilisman group:**

- La Culpable
- Reflejos del Mar
- La Herrumbrada
- Loma Pelada
- Campo el Abra
- Juan Carlos
- Joyita
- Pampa El Coco

**The Ancasti group:**

- Ipizca I
- Ipizca II
- Santa Gertrudis
- Flor Morada



**Figure 2: Location of the Vilisman and Ancasti Lithium Pegmatite Groups, (Solid red areas), with old mines marked. Latin's claim applications now cover the orange shaded areas extending outwards from, and also including the known Lithium deposits.**

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The Vilisman Group hosts at least 8 pegmatite deposits that have evidence of past mining activity. Six of these are individual dykes emplaced along structures in banded mica schists, while two are formed as multiple dykes. Most of the dykes outcrop over at least 100 m of strike length with thicknesses of between 1 m and 5 m (Table 1). Acosta et al (1988) mentions 11 other deposits in the Vilisman Group that were visited as part of this work, but cites insufficient data preventing their inclusion in the tabulated list, despite having observed good mineralisation and workings.

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### ***Anсотana Project – (Argentina)***

On the 22nd of September Latin announced that they have signed a binding term sheet for the acquisition, via an earn-in agreement, of the Anсотana group of concessions in Salta, Argentina. The 24 concessions, subject to the Binding Term Sheet, cover approx. 44,290 hectares in the El Quemado pegmatite district. The project is located approximately 75 kilometres west from the city of Salta. The 60km long El Quemado pegmatite district is the most northerly of the various pegmatite districts in the 800km long Argentine Pampean Pegmatite province. These pegmatites are known to range in strike length up to 800m with widths up to 40m. The Anсотana mine produced commercial quantities of tantalum and bismuth. They are also known to contain the commercially important lithium minerals spodumene, amblygonite and Lepidolite.

Latin Resources will carry out detailed Due Diligence on the Anсотana project to assess the prospectively of the pegmatites for lithium. The due diligence period agreed is 60 days from access to the site. The plan is to commence due diligence on the Anсотana project in October. The major focus of the due diligence will be to ascertain if there is viable lithium mineralisation to ultimately prove up a JORC resource.

This earn in agreement will potentially further allow Latin Resources to secure known lithium targets to build on its already substantial portfolio of lithium exploration concessions in the Catamarca district of Argentina.

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### ***Catamarca Exploration program update***

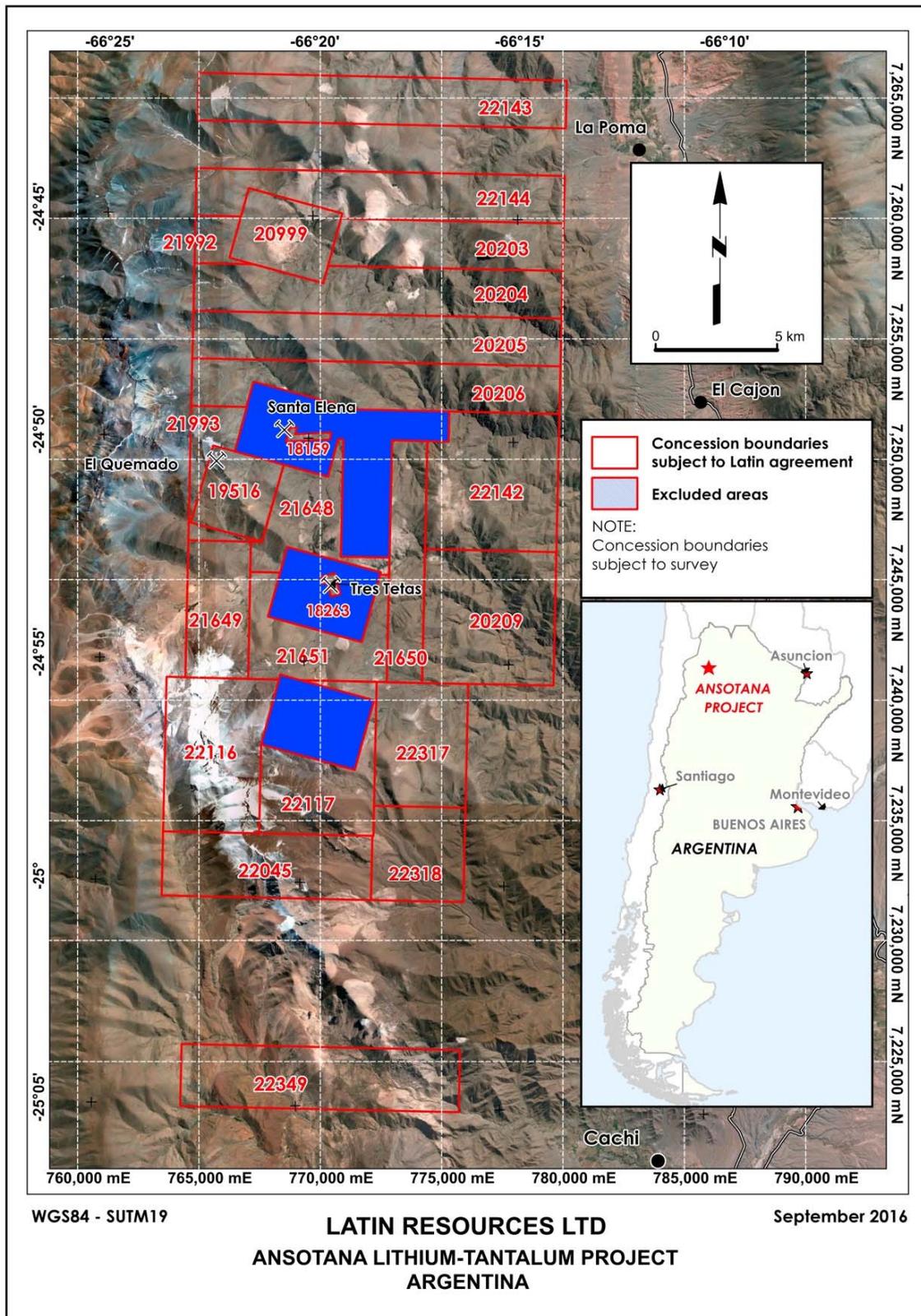
The exploration strategy for Latin Resources will be to commence drilling on the Catamarca concessions in the 4<sup>th</sup> Quarter of 2016 once the concessions have been granted.

The Managing Director made a visit in September in Catamarca with the exploration team to assess the projects and timeline.

The Company now has access to a number of mineralised positions at Catamarca, the exploration team has started to undertake mapping and sampling of the concessions. The objective is to employ trenching and sampling techniques with appropriate chemical analysis to define immediate drill targets. The drilling will commence as permitting allows but is expected to have approvals over the coming weeks. The drilling will then commence once drill targets are completed as well as access created for the drill pads. The resource will be defined according to the JORC code with the mineral resource estimates, should the data produced to allow such estimates, be defined successfully.

The company has recently raised \$3,400,000 to fund the exploration program and drilling. This will occur as permits allow, but it is considered to expect significant advance towards these objectives during the 4<sup>th</sup> quarter of 2016.

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**Figure 3: The concessions of the Ansoatana Projects. The 24 Ansoatana concessions total approx. 44,290 hectares.**

### ***Ilo Projects – Southern Concession Block (Peru, Copper-Gold)***

On the 27th of July Latin announced that it's 100% owned subsidiary Peruvian Latin Resources SAC ("PLR") had signed an earn-in agreement with the Peruvian Subsidiary of First Quantum Minerals Ltd., Minera Antares Peru SAC ("Antares")

First Quantum Minerals is the largest copper producer in Canada and the Binding Terms Sheet ("BTS") documents the terms of a rights assignment and earn-in option to transfer up to 80% ownership of Latin's Pachamanca/MT-03 copper project to Antares.

The rights assignment and earn-in option is given in return for a total consideration of US\$0.5 million cash and exploration work, resource estimation and development studies sufficient to support a decision to mine resources containing in excess of 1 million tonnes of copper metal or equivalent.

Following completion of geophysical surveys, the BTS is to be formalised at Antares' election as a definitive contract according to Peruvian Law by 30 September 2016. On signing the definitive contract, Antares will be assigned rights and an initial option by PLR to earn 51% of the 8,900 hectares of concessions hosting the Pachamanca/MT-03 covered porphyry copper target.

Antares will obtain all permits required for initial and advanced drilling phases, and once obtained, will have up to 4 years to undertake drilling and technical studies to support a JORC resource estimate of at least 1 million tonnes of copper metal (or equivalent) to earn 51% of the project.

During this option phase, the following cash payments will be made by Antares to PLR:

<b>Payment Trigger</b>	<b>Payment Amount</b>
8 months following granting of all permits to complete initial drilling phase	US\$ 50,000
20 months following granting of all permits to complete initial drilling phase	US\$ 75,000
32 months following granting of all permits to complete initial drilling phase	US\$ 100,000
44 months following granting of all permits to complete initial drilling phase	US\$ 125,000
56 months following granting of all permits to complete initial drilling phase	US\$ 150,000
<b>TOTAL</b>	<b>US\$ 500,000</b>

On earning 51% of the project, a second option to earn an additional 29% of the Project is granted. To earn this total of 80% of the project, Antares must provide to PLR the technical documentation of work completed to support a decision to mine. PLR will be free carried up to a decision to mine.

Following a decision to mine PLR and Antares will contribute to funding according to their respective participation, or be diluted. Antares will have an option to buy PLR's remaining 20% share based on an independent valuation of the Project.

In the event PLR is diluted below 10% participation, the participation will convert to a 2% Net Smelter Return (NSR) which is the net revenue from the sale of the copper less transportation and refining costs. Antares will have the right to reduce this by 1% in return for a US\$40 million cash payment to PLR.

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## Corporate

During the quarter the Company completed a Placement of \$3.4 million to sophisticated and professional investors. placement with PAC Partners Pty Ltd (“**PAC Partners**”) and EverBlu Capital Pty Ltd (“**EverBlu**”) acting as joint lead managers. Pursuant to the Placement, the Company issued a total of 309,090,909 shares at a price of \$0.011 per share (“Placement”). In addition, the Company will issue 1 free attaching listed option for every 2 shares held at an exercise price of \$0.02 on or before 31 March 2017. The issue of the Listed Options will be subject to shareholder approval. PAC Partners, as Latin Resources corporate advisers, will continue to assist the company with strategic advice to expedite the development of the new company strategy of developing its lithium business in Argentina.

The funds raised from the Placement will be used to secure the lithium bearing pegmatite properties identified in Argentina, expedite further exploration work and for working capital.

During the quarter, the Company issued 12,000,000 shares at a deemed issue price of \$0.017 in settlement of amounts owing to creditors. In addition, 8,194,444 shares were issued in accordance with a Funding Agreement (announced 12 November 2014). A further 1,155,507 shares were issued as consideration for interest on a loan.

A total of 10,000,000 shares were issued upon the exercise of *Options (\$0.01; expiry 25 December 2016)*.

Latin Resources has now discharged and extinguished all of its convertible note debt formerly held by Junefield Holdings, Lind Partners and Magna Securities. This has enabled Latin Resources to strengthen its balance sheet enabling capital raised to be spent on exploration on its newly acquired lithium projects in Argentina.

## Corporate summary

ASX	LRS
<b>Shares Issued :</b>	1,555.4 M
<b>Options Issued:</b>	206.3 M
<b>Rights Issued:</b>	17.4 M

## Competent persons statement

*The information in this report that relates to geological data and exploration results is based on information compiled by Mr. Geoff Blackburn, a Competent Person who is a Fellow of the Australian Institute of Mining and Metallurgy (AusIMM) and who is a part time employee of Latin Resources Limited. Mr Blackburn, FAusIMM, 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 Blackburn, FAusIMM, consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

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### **Enquires**

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### **About Latin Resources**

Latin Resources Limited is a mineral exploration company focused on creating shareholder wealth through the identification and definition of mineral resources in Latin America. The Company has secured over 70,000 hectares of exploration concessions in the lithium pegmatite district of Catamarca in Argentina.

The company also has a portfolio of projects in Peru and is actively progressing its Iron Oxide-Copper-Gold and Copper Porphyry projects in the Ilo region with its joint venture partners.

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### **Appendix 5B**

The Appendix 5B for the Quarter is attached

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## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

**Name of entity**

Latin Resources Limited

**ABN**

81 131 405 144

**Quarter ended ("current quarter")**

September 2016

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	149
1.2 Payments for		
(a) exploration & evaluation	(517)	(1,563)
(b) development	-	-
(c) production	-	-
(d) staff costs	(49)	(133)
(e) administration and corporate costs	(381)	(1,025)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	41
1.5 Interest and other costs of finance paid	-	(3)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	761
1.8 Other (R&D expenses and BAS Refund)	(25)	(25)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(970)</b>	<b>(1,798)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	(200)	(200)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	6
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	1
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(200)</b>	<b>(193)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	3,340	4,730
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	100	100
3.4	Transaction costs related to issues of shares, convertible notes or options	(219)	(293)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(224)	(590)
3.7	Transaction costs related to loans and borrowings	(13)	(13)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>2,984</b>	<b>3,934</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>	<b>1,814</b>	<b>1,943</b>
4.1	Cash and cash equivalents at beginning of period	159	32
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(969)	(1,799)

+ See chapter 19 for defined terms.

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(200)	(193)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,984	3,934
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,974</b>	<b>1,974</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	974	159
5.2	Call deposits	1,000	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,974</b>	<b>159</b>

**6. Payments to directors of the entity and their associates**

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
203
-

Amount above are inclusive of GST and exclude the reimbursement of expenses.

**7. Payments to related entities of the entity and their associates**

Current quarter \$A'000
-
-

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

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**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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**9. Estimated cash outflows for next quarter**

**\$A'000**

9.1	Exploration and evaluation	719
9.2	Development	-
9.3	Production	-
9.4	Staff costs	26
9.5	Administration and corporate costs	342
9.6	Other (provide details if material)	-
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>1,087</b>

## Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

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