

19 June 2018

\$6.0M FUNDING AND EARN IN PACKAGE TO ADVANCE LITHIUM PROJECTS IN ARGENTINA

HIGHLIGHTS

- **\$2million plus additional \$4million, 24 month Convertible Security Funding Agreement (CSFA).**
- **A fixed conversion price of \$0.015 per share representing 100% premium to the company's 5 day VWAP.**
- **An optional Project Equity Earn-In to Latin's Lithium projects.**
- **Latin Resources can elect to pay back Convertible Note with cash at any time.**
- **Funds will be used to meet exploration, general corporate and working capital costs and to provide funding for Latin's lithium and cobalt projects in Argentina.**

Latin Resources Limited (ASX: LRS) ("Latin" or "the Company") is very pleased to announce that a \$6 million Convertible Security Funding Agreement (**CSFA**) with an optional equity earn-in to Latin's Argentinean lithium projects has been executed with Lind Asset Management XII, LLC, an entity managed by The Lind Partners New York ("**Lind**"). The CSFA will provide a source of capital to enable the Company to pursue its program of project development and exploration across its portfolio of lithium and cobalt projects in Argentina.

The key terms of the CSFA are set out below with further details provided in Appendix 1:

- Total funding of up to \$6 million, including an initial amount of \$2 million to be advanced to the Company, and a further investment of up to \$4 million, subject to certain conditions having been met;
- 24 month term with a Face Value of \$2.4 million for the initial investment, being 120% of the amount advanced (equivalent to an effective interest rate of 10%pa);
- The Company may elect to buy back the note at a discounted \$2.15m Face Value within 3 months and \$2.3 million within six months;
- Lind will be restricted from converting or selling shares for a period of 90 days (Restriction Period);
- After the 90 day Restriction Period, the Convertible Security may be converted into shares, in whole or in increments at 1.5 cents;
- Lind will have the option, with the permission of Latin, to waive the repayment of AU\$2,400,000 and, instead, take 5% direct equity ownership into the lithium projects in lieu of repayment of the Face Value;
- The Company may elect to buy-back any outstanding amounts at no premium; and
- Commencing 90 days after advancing funds, the Company must make monthly repayments of 1/20 of the original Face Value of the note. The Company may make these payments, at its option, in cash (at a 3% premium), or in shares (priced at 90% of the average of 5 daily VWAPS chosen by the Investor from the prior 20 Trading Days), or a combination of both (subject to share issue limits).

The initial investment will provide working capital to pursue exploration activities including the commencement of drilling at the Company's Catamarca lithium projects which have now been granted to the Company. The Company will be submitting drill permits for the Lomo Pelada and Ipizca 1 concessions in Catamarca (see ASX announcement dated 5 June 2018).

In addition, the Company will commence to define drill targets at its La Rioja cobalt project. Once these drill targets are defined, permits will be applied for with drilling to commence thereafter.

Managing Director Chris Gale commented, *"The CFSA facility provided by our funding partners, Lind, provides the Company necessary working capital as we expand operations in Argentina. This will also provide a source of funding for our new drilling campaign in Catamarca and La Rioja. Compared with an equity placement, the Convertible security funding provides a cost effective source of capital and may also reduce the potential dilution of existing shareholders."*

Phillip Valliere, Managing Director at The Lind Partners, stated *"Lind is extremely pleased to be investing in Latin Resources for a second time. They have an exciting portfolio of lithium and cobalt projects targeting the battery metals sector, which we hope will deliver growth and shareholder value for all LRS shareholders"*.

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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 263,000 hectares of exploration concessions in the lithium pegmatite districts of Catamarca, San Luis and Salta Provinces, Argentina as well as 28,000 hectares prospective for Cobalt in La Rioja.

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 partner First Quantum Minerals Ltd.

About The Lind Partners

The Lind Partners, founded in 2011, is a New York-based alternative asset management firm focused on small- and mid-cap companies listed in Australia, Canada, the UK and USA with an emphasis on the mining, oil & gas, biotech and technology sectors. Lind has completed over 70 direct investments for over \$650 million in total value and is a supportive capital partner to investee companies. WWW.THELINDPARTNERS.COM

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LATIN RESOURCES
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Appendix 1 – Summary terms of the new Convertible Security Funding Agreement (CSFA)

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| General | |
| Issuer: | Latin Resources Limited (the Company) |
| Investor: | Lind Asset Management XII, LLC (the Investor) |
| Total Amount: | <p>AUD\$6 million comprising three tranches:</p> <ul style="list-style-type: none"> • An initial A\$2 million to be advanced to the Company against the issue to Lind of a zero coupon convertible security with a face value of \$2.4 million dollars. If convertible note is paid back within 90 days the face value is \$2.15m and if paid back within 120 days the face value is \$2.3 m • After the 90 day Restriction Period, if the market capitalization is at least equal to the market capitalization on the execution date, and subject to the company having available capacity and shareholder approval, Lind can on one occasion advance the Company up to a further \$1.0 million against the issue to Lind of further convertible notes. The terms and conditions will be based along the same terms as the previous \$2m facility. • Up to a further \$3.0 million may be advanced to the Company against the issue to Lind of further convertible notes once 75% of existing \$2m note is repaid subject to shareholder approval. The terms and conditions will be along the same terms as the previous \$2m facility. |
| Term: | 24 months |
| Face Value: | <p>First Convertible Security - A\$2,400,000 (\$2.15m if paid back within 90 days- \$2.3m 120 days) Re-investment Convertible Security – up to A\$1,200,000 Additional Convertible Security with Company approval – up to A\$3,600,000.</p> |
| Commitment Fees & Options: | <p>First Convertible Security - A\$50,000 and the issue of 110,000,000 existing listed options, exercisable at A\$0.01 per share and expiring on 12 October 2019.</p> <p>Re-investment and Additional \$3m Convertible Securities at election of Latin Resources - A commitment fee of 4% of the amount advanced under the Re-investment and Additional Convertible Securities together with listed options to a value of 50% of the re-investment and additional amounts advanced divided by the average daily VWAP for the 5 trading days immediately prior to the issue of the Re-investment and the Additional Convertible Securities. The option exercise price to be 130% of the VWAP for the 20 days immediately prior to the issue date of the Re-investment and Additional Convertible Securities. The option term to be 48 months from the issue date of the Re-investment and Additional Convertible Securities. Lind may at its option elect to receive listed options in place of some or all of these options.</p> |
| Rank & Security | General Security Agreement over the Company and pledges over the shares in the Company's subsidiaries. |

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| Conversion: | <p>The Convertible Securities will be convertible into shares, in whole or in increments, on the Investor giving notice of conversion to the Company during its term. The conversion price will be:</p> <ol style="list-style-type: none"> 1. In months 0-3 – Restricted period - No conversions. 2. In months 4 – 24 - conversion to listed shares at a fixed price of A\$0.015 per share. |
| Conversion into Direct Project Interest | The investor, may at any time with the approval of LRS and by notice to the Company, require the Company to transfer a 5% direct interest in the lithium hard rock projects in Argentina, both current and projects acquired during the Term of the Agreement, by way of redemption of the whole of the face value of the First Convertible Security. |
| Lock Up Period | No conversions of the First Convertible Security to occur for the period of 90 days of the Execution date. |
| Buy-back Rights: | In its sole discretion, the Company will have the right to buy-back, in cash, any or all of the outstanding face value of the convertible securities at any time at no premium (Buy- Back Rights). Should the Company exercise its Buy-Back Rights, the Investor will have the option of converting up to 25% of the amount of the face value the subject of the Buy-Back Rights at the conversion price of 1.5c per share. |
| Repayments: | <p>Commencing 90 days after advancing funds, the Company must make monthly repayments of 1/20 of the original Face Value of the relevant note.</p> <p>The Company may make these payments, at its option, in cash (at a 3% premium), or (subject to having available capacity at the time) in shares (priced at 90% of the average of 5 daily VWAPS chosen by the Investor from the prior 20 Trading Days), or a combination of both. Provided however that the maximum number of new shares that the Company may issue in respect of a note (on conversion or repayment), without obtaining shareholder approval in respect of the issue, will be initially capped at 238 million shares unless the Company obtains shareholder approval in which event the Convertible Securities will be subject to a cap of the amount approved by shareholders.</p> |
| Collateral Shares: | 37,000,000 collateral shares will be issued to Lind. An amount equal to a notional subscription price of the number of collateral shares remaining at the end of the term (the Collateralization Price), will be credited to the Company upon the repayment of the outstanding face value of the convertible securities, or on satisfaction of Company's obligation to issue shares upon the conversion of the convertible securities. The Collateralization Price will be equal to 90% of the average of five (5) consecutive daily VWAPs, chosen by the Investor from amongst the 20 trading days prior to payment. |
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