



LATIN RESOURCES LIMITED

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ASX Announcement
November 30 2011

Significant Chinese firm to spend up to A\$52 million to acquire up to 16.8% stake in Latin Resources and earn up to 70% of Mariela and Dylan concessions.

Key points:

- Placement of up to 30,000,000 shares in two tranches to Hong Kong based company Junefield High Value Metals Limited at A\$0.28 per share to raise A\$8,400,000, representing a 51% premium to the last traded price.
- Junefield backed Total Genius Iron Mining SAC signs Earn in Option Agreement up to 70% on Mariela and newly optioned Dylan concessions, by funding all activities up to completion of Bankable Feasibility Study or to a total cost of A\$35 million.
- Funds raised through placement to be applied to acceleration of activities at Latin's flagship Guadalupido Iron Sands Project and other highly prospective Ilo concessions in Peru.

South American focussed exploration and resource development company Latin Resources Limited (**ASX: LRS**) ("Latin" or "the Company") is pleased to advise that it has executed two agreements, with a combined value of up to A\$52 million, with Junefield High Value Metals Investments Limited ("Junefield") and Junefield backed Total Genius Iron Mining SAC ("Iron Mining").

Junefield is the wholly owned subsidiary of private company Junefield Holdings Limited ("Junefield Holdings") that is a Chinese based business with considerable interests and standing in the PRC, owned by Mr Zhou Chu Jian He.

Junefield Holdings owns and controls a number of substantial businesses in China and worldwide, including a major shareholding in Hong Kong listed company Junefield Department Store Group Limited (HK: 0758) ("Junefield Group"), who are predominately focussed on the property markets in China and elsewhere in Asia. Their interests include property, coal trading, mineral exploration and project development operations in Peru.

In Peru, Junefield has significant concession holdings and a strong exploration capability, with numerous geologists and drill rigs.

Placement

Latin has agreed to a Placement, whereby Junefield will subscribe for up to 30,000,000 ordinary shares in two tranches in the Company at A\$0.28 per share, to raise up to A\$8,400,000. The A\$0.28 per share subscription price represents a 51% premium to the last traded price in the period immediately prior to this announcement being made.



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The shares to be issued as part of the Placement represent approximately 16.8% of the issued capital of the Company. In addition to the ordinary shares received as part of the Placement, Junefield will also receive 10,000,000 Options, with an exercise price of A\$0.30, expiring on June 20, 2013.

The Placement to Junefield will be made in two tranches;

- Tranche 1 consists of 10,000,000 shares and 3,333,333 options, and will be issued under the Company's existing 15% capacity; and
- Tranche 2 consisting of 20,000,000 shares and 6,666,666 options, which is subject to shareholder approval.

Use of Funds

Funds raised via the Placement will be utilised to accelerate the current exploration and drilling campaign at the Company's flagship Peruvian project, the Guadalupito Iron Mineral Sands Project, where a maiden JORC resource is expected to be released in Q1, 2012.

Funds will also be used to fast-track exploration activity on the Company's 110,000 hectares of granted tenements in the highly prospective Ilo district of southern Peru. The southern Peruvian coastal zone is home to some of South America's largest mining projects, including Phelps Dodge's Cerro Verde copper mine, Southern Copper Cuajone and Quellaveco copper mines along with the major iron mine at Marcona owned by Shougang and the US\$745 million Mina Justa copper project recently acquired by Glencore.

Latin Resources Managing Director, Mr Chris Gale, said "the capital raising will result in the introduction of a new long-term cornerstone investor, further strengthening the Company's share register as it continues to rapidly advance the Guadalupito Iron Mineral Sands Project and its other highly prospective assets in the established Ilo mining district."

"Attracting a cornerstone investor that is as reputable and experienced as Junefield is a major achievement and a key milestone in the advancement of our Peruvian assets," Mr Gale said.

"The premium paid over the current share price is an indication of the value in which our new investor Junefield places on Latin Resources."

Earn In Option Agreement

In addition to the placement mentioned above, Latin has also entered into a binding Earn In Option Agreement with Iron Mining on the Company's Mariela and newly optioned Dylan concessions, located in the Islay Province of Arequipa in Southern Peru (refer attached map).

The key terms of the Earn In Option Agreement are as follows:



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- A\$700,000 in cash payable to the Company's wholly owned subsidiary, Peruvian Latin Resources SAC ("PLR") at date of signing of the Earn In Option Agreement;
- Iron Mining to earn in up to 70% on Mariela and newly optioned Dylan concessions, by funding all activities up to completion of Bankable Feasibility Study or to a total cost of A\$35 million.
- In the event that Junefield fails to implement the exploration program for the Project in accordance with the Agreed Program within four (4) years from the date of the Earn In Option Agreement, PLR will have the right to terminate the Formal Agreement and retain 100% ownership of Project.

This agreement is subject to regulatory approval and the following Conditions Precedent:

- Execution of Placement Agreement by Junefield and the Company
- Any required Latin shareholder approvals.

Commenting on the Earn In Option Agreement, Mr Gale said, "We are delighted to welcome Junefield as a strong partner in the development of the highly prospective Mariela and Dylan concessions, and look forward to taking the project into production and unlock the value for our shareholders.

"Junefield's strong and well resourced team of experienced in-country exploration staff will be invaluable during the exploration of the Mariela Project and will enable exploration to progress at an accelerated pace."

"I would like to thank Mr Zhou, Chairman of Junefield, for the extremely positive and professional way in which he conducted negotiations leading to this cornerstone investment and earn in agreement. We expect our partnership will continue to develop as Latin Resources works towards the development of a world class strategic metals business in Peru."

Ends

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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, with a specific focus on Peru. The company has



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a portfolio of projects in Peru and is actively progressing its two main projects: Guadalupito Iron Ore and Heavy Mineral Sands Projects and the Ilo Iron Ore Projects.

About Junefield

Junefield High Value Metals Investment Ltd (“Junefield”) is a subsidiary of the Hong Kong listed Junefield Group of companies, with its Chairman and major shareholder being Zhou Chu Jian He, who has considerable business interests and standing in the PRC.

The Junefield Group has considerable investments in the PRC, mainly consisting of high quality office premises, retail and department stores, where they generate recurrent revenues. They are also involved in the manufacture and supply of construction equipment.

In 2010 Junefield Group established a coal trading subsidiary which purchases coal from Indonesia for supply to PRC. It expects to expand on this business in the coming years given the success this subsidiary has achieved to date.

This year Junefield Group also established a Peruvian-based subsidiary to study and identify possible investment opportunities in Peru and elsewhere in South America.

Website: www.junefield.etnet.com.hk