LATIN RESOURCES LIMITED

ABN 81 131 405 144

Half Yearly Report
30 June 2020

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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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Auditors

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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 2020.

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 2020 was a loss of $2,299,681 (2019: loss of $2,573,216).

REVIEW OF OPERATIONS

The Group has a portfolio of projects in Peru and Argentina which it is actively progressing in its own right or via joint venture arrangements. A summary of the highlights for the six months ended 30 June 2020 for the projects is set out below.

Yarara Gold Project, NSW

In June, Latin announced it had signed a binding farm-in terms sheet ("Terms Sheet") with Mining and Energy Group Pty Ltd ("MEG") to earn up to a 75% interest in a gold project ("Yarara"), situated within the highly prospective Lachlan Fold gold belt of NSW.

The Lachlan Fold Belt hosts many significant mineral projects including Junee, Boda, Woodlawn, Cadia Ridgeway, McPhillamys, Hill End, Copper Hill, Cowal, Commonwealth, Tomingley and North Parkes, and is currently experiencing significant renewed interest following a number of exploration successes over recent months.

There are three principle areas of interest to the Company within the Yarara Project:

1. **Yarara Reefs (North):** The Yarara area hosts structurally located gold mineralisation in sediments. A major shear zone provides the focus for mineralisation.
2. **Carboona (Centre):** At Carboona, known mineralisation includes a wide variety of metals, including lead, tin, tungsten, gold and silver which are spatially related to granite contact or to a major shear zone; and
3. **Ournie (South):** The Ournie goldfield contains historical workings for gold and silver hosted in granite.

The Yarara Shear Zone was mined from 1877 to the 1930s and the production mostly came from four mines in the northern part of the Shear Zone (i.e. Billabong, Rangatira, Just-in-Time and Perseverance) and very high-grade sheeted gold mined in the southern Ournie area (i.e. Peep-O-Day, Discovery and Hidden Treasure). This gold was generally hosted in quartz veins with pyrite in chlorite-graphite shear zones and micro-shear zones in the metasedimentary host rocks. The gold has a high fineness and is associated with quartz and sulphides.

This is possibly analogous to the Bethanga gold workings in Victoria where the workings were taken to over 200 metres in mine development.

Historical records show an average ROM grade of more than an ounce per tonne (to a depth of less than 70m).

Mine	Max working DEPTH	Production Dates	Average Grade	Output (Oz Au)
Rangatira	45m	1877,1905,1935	60 g/t	781
Just in Time	24m	1876,1905,1935	30 g/t	22,515
Perseverance	66m	1875-81, 1905-10 1935-37	45 g/t	2,540
Four Mile Creek& Mountaineer	50m	1870's 1902-06 1935	45 g/t	Unknown
TOTAL			16-37 g/t	26,036

Table 1 - *Data taken from the Wagga Wagga 1:250,000 Metallogenic Map – Mine data and Metallogenic Study (Mine No. 195-200), Geological Survey of New South Wales 1982 as published in the JC Downes Report, October 2003. The information presented in the above table is open to the public via the Geological Survey of New South Wales, Mine data and Metallogenic Study (Mine No. 195-200) and this information is to be used to assist the company in its exploration efforts over the Yarara Gold Project.* *https://search.geoscience.nsw.gov.au/report/R00055625*

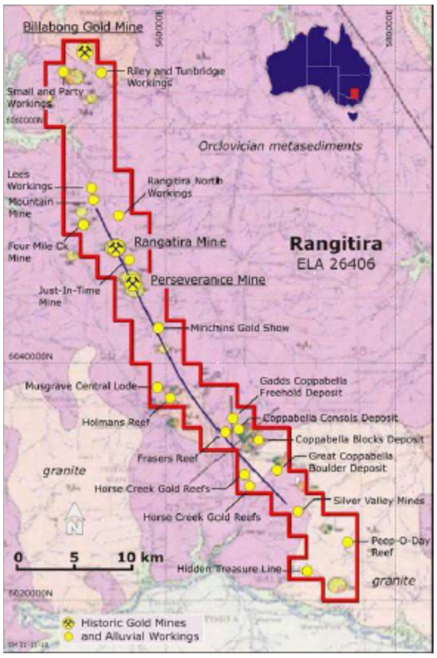

Figure 1 – *EL8958 Exploration License tenement showing historical mines*

The Carboona fluorite-silver-lead mine (also known as Coppabella) was mined by then BHP from 1905 to 1925 and produced a mine product of fluorite. Drill testing by BHP encountered disseminated mineralisation that was not assayed. There has been no exploration of the area since that time.

There has been very little exploration of this area in the past 40 years, with limited drilling undertaken in 1956 and 1969 at the Carboona mine and more recently some drilling undertaken at the Rangatira gold mine in 1980/81. More recent exploration activity has been limited with no meaningful comprehensive programs undertaken.

Latin Resources intends on carrying out pre-drilling exploration activities that would initially involve the acquisition of high-resolution geophysics, in particular low level closely spaced TEM type of surveys method in conjunction with detailed data compilation and interpretation followed by structural control

studies/interpretations leading to drilling target definition. This approach will enable the prioritisation of high value targets and initial reconnaissance drill testing to be completed within 3-6 months.

Farm-In Terms Sheet Details

Latin Resources has the right to acquire up to a 75% interest ("Joint Venture Interest") in EL 8958 (comprising the Yarra Project) ("Tenement") from MEG and is subject to the satisfaction of the Conditions Precedent (as defined below) and LRS meeting the obligations as follows:

- Within 10 days of execution of the Terms Sheet, LRS shall pay a non-refundable deposit of $30,000 to MEG and MEG will provide LRS with all mining information in its possession.
- Stage 1: Within 14 days of the date of satisfaction of the Conditions ("Commencement Date"), LRS may earn a 20% Joint Venture Interest by:
    - issuing to MEG or its nominee 40,000,000 LRS Shares at a deemed issue price of the lesser of$0.003 per share or equal to the price at which LRS issues shares only in the next placement that occurs after the date of the Terms Sheet, with such LRS Shares received by MEG to be voluntarily escrowed for 6 months from the date of issue by LRS;
    - paying MEG $20,000 cash and issuing to MEG or its nominee that number of LRS Shares calculated by dividing $130,000 by the lower of $0.003 and the 30 day VWAP of LRS Shares prior to the grant of the Drilling Permits, such payment and issue to be made upon grant of drill permits for the first phase of drilling on the Tenement.
- Stage 2: LRS will have the right, but not the obligation, to earn an additional 20% Joint Venture Interest (to have a total 40% Joint Venture Interest) by undertaking approved "on the ground" exploration activities totalling no less than $250,000, including responsibility for environmental bonds, within 18 months of the Commencement Date.
- Stage 3: LRS will have the right, but not the obligation, to earn an additional 10% Joint Venture Interest (to have a total 50% Joint Venture Interest) by acquiring and analysing high quality airborne VTEM data of no less than 2,500 line km within 24 months of the Commencement Date.
- Stage 4: LRS will have the right, but not the obligation, to earn an additional 10% Joint Venture Interest (to have a total 60% Joint Venture Interest) by drilling no less than 2,500m of a mix of RAB, RC and/or diamond drilling within 36 months of the Commencement Date.
- Stage 5: LRS will have the right, but not the obligation, to earn an additional 15% Joint Venture Interest (to have a total 75% Joint Venture Interest) by drilling no less than 10,000m of a mix of RAB, RC and/or diamond drilling (but including a minimum of 2,500m of diamond drilling) within 36 months of the Commencement Date.
- Commencement of the farm-in is conditional on the following conditions precedent ("Conditions Precedent"):
    - the parties obtaining all necessary regulatory, shareholder and third-party approvals, consents or waivers that are required to give effect to the terms of the Terms Sheet (including in relation to the Stage 1 consideration at the Company's next AGM); and

- there being no event occurring prior to the date of satisfaction of the Condition Precedent above which materially and adversely affects the Tenement and/or MEG.

The Conditions Precedent are for the benefit of both parties and may only be waived by both parties in writing.

- While LRS is sole funding exploration expenditure on the Tenement, LRS shall be responsible for all tenement rental costs (including for the full current tenement year, to be reimbursed to MEG upon the Commencement Date), preparing tenement reporting, rehabilitation bonding and rehabilitation works (including replacement of existing environmental bonds within 7 days of commencement date) and shall indemnify MEG against any liability arising as a result of LRS' activities on the Tenement. All mining information obtained will form part of the joint venture property and will therefore be the property of MEG and LRS.
- Upon the earlier of LRS ceasing to sole fund exploration and LRS completing the Stage 5 Joint Venture Interest, LRS and MEG shall form an unincorporated joint venture on standard industry terms.

The Terms Sheet may be terminated upon the Conditions Precedent not being satisfied or waived within 45 days of execution of the Terms Sheet (unless extended by the parties) and may be replaced by a more formal, full-form, farm-in agreement based on the terms of the Terms Sheet.

MEG is not a related party of the Company.

Noombenberry Halloysite Project – WA

The Company announced on the 22nd January 2020, positive results reported from a recent first pass sampling program conducted at the Company's Noombenberry Project, located 300km east of Perth, Western Australia. The results prepared by an independent expert being First Test Minerals a United Kingdom based kaolin and halloysite specialist. First Test Minerals have been established in kaolin and industrial minerals analysis for over 30 years and have worked on assessment and development on kaolin and halloysite deposits across Australia, Middle East and the United States.

A series of four kaolinitic samples collected from the surface in the Noombenberry clay project in Western Australia (ASX 20 November 2019) submitted to First Test Minerals in the UK for determination of kaolin/halloysite clay content, quality and sales potential. Testing was conducted via Scanning Electron Microscopy (SEM) to identify halloysite occurrence in samples.

A total of 13 samples were taken from the Noombenberry project site which exhibits outcropping across an area of approximately 50km².

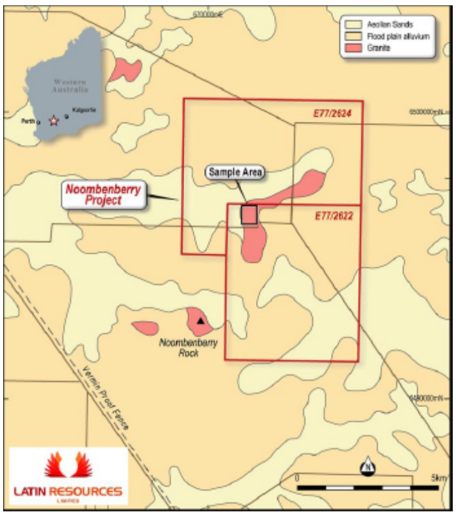

Figure 2- *Location of Noombenberry Project and Sample area*

These results presented by the independent experts have confirmed the prospectivity of the project area and the best results (location 4) were taken from 3m below ground level. Location 4 was the least weathered sample, located at the base of a dam, and the other 3 were oxidised and taken from the surface. Samples from Location 4 delivered high grade kaolin results from the 45 to 180 um category, up to 15% halloysite by weight and up to 38.9% kaolinite by weight, and over 68% kaolinite at Location 3 and 44% kaolinite at Location 1. These grades are very encouraging and give confidence to further explore the project via a deeper and expanded drill program with assistance from First Test Minerals.

Joint Venture Agreement on Argentinian Lithium Projects

In June, Latin announced it had signed a transformational joint venture agreement on the Company's Catamarca lithium pegmatite projects with Argentinian investment group Integra Capital S.A. ("Integra").

The agreement underpins the strategic approach by Latin in identifying, acquiring and advancing large-scale land positions of highly prospective mineral projects to attract joint venture partners. The signing of the binding Joint Venture agreement comes after an extensive and thorough negotiations on Latin's concessions which encompass more than 70,000 hectares in the province of Catamarca in Argentina.

Integra is an investment company that has a diversified portfolio in more than ten countries. Founded in 1995, Integra has developed projects and ventures with private institutions and investors for more than $16.5 billion in financing and investment projects. Integra is one of Argentina's largest lithium explorers and holds more than 400,000 hectares of lithium brines projects in Jujuy and Catamarca provinces. The firm has developed a portfolio of assets in oil exploration and production, natural gas distribution, electricity generation and distribution. The company also has investments in uranium and copper. Integra provides services such as mergers and acquisitions, financial structuring, IPOs, due diligence procedures, debt and company restructuring.

Integra will spend up to US$1 million (A$1.4 million) under a Joint Venture ("JV") which will underpin an aggressive exploration program on the Catamarca concessions, with the initial aim of delivering a maiden JORC resource. Following the release of a maiden JORC resource on the projects, the joint venture focus will turn to project development, including feasibility, engineering and metallurgy studies to produce a lithium spodumene concentrate.

Latin has already developed a high-level scoping study with consulting engineers Primero Group for the Argentinian lithium assets.

Under the JV, Latin will be free-carried through initial exploration with financing for the construction of the processing plant to be in line with percentage ownership between Integra and Latin of the project partnership at the time of the Final Investment Decision.

Integra has an option on completion of its due diligence to take a 10% stake in Latin and become the Company's largest corporate shareholder.

Integra was attracted to Latin's highly prospective and large-scale lithium tenement portfolio in Argentina, as well the Company's renowned 10-year operational experience in Latin America. Integra is not a related party of the company.

Under the Joint-Venture partnership, Integra will be the operating partner, but will leverage with Latin's exploration team in Argentina.

Key terms:

- Contribution of up to US$1,000,000 ("Expenditure Commitment") valued at the average between the seller and buyer exchange rate of the Banco Nación Argentina from the closing of business of the business day previous to that of the execution of the Formal Documentation over a three-year period to fund exploration, feasibility analysis and related works to explore, investigate and develop the Catamarca Project Assets.

- The Expenditure Commitment shall be contributed in cash directly to the NewCo or through the direct payment of any expenditures related to the works, as may be so agreed under the abovementioned budget and working plan.
- Latin Resources Limited shall transfer all the Catamarca Project Assets to a new Company (“NewCo”) to be incorporated in Argentina.
- NewCo shall constitute a corporate joint venture between Integra and Latin Resources Limited to hold, explore, develop and mine the Catamarca Project Assets following the completion of the 30-day Exclusivity Period and satisfaction of the Due Diligence Condition at which point the Project JV shall commence.
- The exploration works will be carried out by Integra with the assistance of the Latin exploration team as per agreed among the Parties in accordance to the exploration budget. o Upon completion of the transfer of the Project Assets to NewCo, and registration thereof at the applicable registry of mining rights, Integra will subscribe shares of NewCo in exchange for subscription consideration of the contribution of up to US$1,000,000.
- The Expenditure Commitment shall be disbursed according to the financial needs of NewCo to achieve its agreed exploration programs. Integra will be issued shares in Newco of up to 50% based on the full US$1,000,000 being required by NewCo and invested by Integra. If NewCo does not require the full US$1,000,000, the percentage interest of Integra in NewCo shall be reduced accordingly. By way of example, if Integra were to contribute with US$500,000, such a contribution would represent 25% of the capital stock and voting power in NewCo.
- After completion of works up to the value of the Expenditure Commitment by Integra, each party will be then responsible for their portion of expenditure required for further funding for exploration, feasibility analysis and related works to explore investigate and develop the Project Assets.
- Within seven days of the completion of the Due Diligence Period, Integra or any of its Affiliates will have the option (“Option”) to take a placement of up to 10% of the issued capital of Latin at an issue price equivalent to the lower of:
    (i) A$0.005 per share; or
    (ii) the volume - weighted average market price of the shares of Latin in the last 10 calendar days, immediately preceding the date of the Placement (completion of DD period). The maximum number of shares that may be issued is 40,926,533. As part of the Placement, Latin must also issue Integra one free attached listed option for every one share issued (exercisable at A$0.012 on or before 31 December 2022).

Pachamanca/MT-03 Copper Project – Peru

In February, Latin announced its subsidiary Peruvian Latin Resources SAC (“PLR”) had signed an extension to the Binding Terms executed with Minera Antares Peru SAC (“Antares”), a subsidiary of Canadian copper producer First Quantum Minerals Ltd (“FQM”).

The current term sheet was extended to 31 December 2020.

The following terms have been agreed;

- Antares to complete geophysical survey and following which may elect to proceed with a rights assignment and an option to earn an initial 51% of the project by completing 4,000m of drilling within 6 months of obtaining drilling approvals. It is at Antares election to drill the 4000 metres and complete the 4000m drill campaign.

- Antares may exercise the first option within a maximum of 48 months after obtaining advanced stage drill permits, and will earn 51% on completion of drilling and technical studies to support a JORC resource estimate of >1Mt contained copper equivalent.
- PLR to receive staged payments totalling US$0.5 million over the option period, as an additional condition precedent to exercise the option.
- Antares can earn up to a total of 80% of the project when technical documentation of work completed is provided to support a "decision to mine". PLR free carried up to decision to mine. Antares will have an option to buy PLR's remaining 20% share based on an independent valuation. PLR will then retain a 2% NSR royalty.
- Antares will have the right to reduce the NSR to 1% by paying US$40 Million cash to PLR.

Latin Resources has received government approval to commence official drill permitting by Antares. The drill hole targets have been identified by Antares and a 4000-metre diamond drilling program will commence once drill permits have been approved.

CORPORATE

Capital Raising

<u>*Entitlement Offer*</u>

An Entitlement Offer announced by the Company in December 2019 was extended until 17 February 2020.

Latin Resources received applications for 17,029,511 Shares at an issue price of $0.006 each with 8,514,755 free attaching Options exercisable at $0.012 at any time up to 31 December 2022, in accordance with the non-renounceable entitlement offer pursuant to the Prospectus lodged with ASX on 12 December 2019.

Total consideration received from the applications was $102,177. The Shares subscribed for under the Offer, and free attaching Options were issued on 21 February 2020. A total of 2,084,650 Shares and 1,042,324 free attaching Options were issued to Directors for their participation in the Entitlement Offer.

<u>*Placement*</u>

During the June quarter, the Company completed a share placement to professional and sophisticated investors ("Placement") and also plans on launching a share purchase plan to eligible shareholders of the Company ("SPP") to raise capital for exploration, project development, working and other capital requirements.

The Placement raised $215,200 (before costs) through placing 53,800,000 shares in LRS ("Shares") at an issue price of $0.004 per Share, with 1 free attaching listed options (LRSOC) for every 1 Share subscribed for and issued, with an expiry date 31 December 2022 and $0.012 exercise price ("Listed Option"). The Listed Options will be issued subject to shareholder approval. The Placement was made without a prospectus or other disclosure document using the Company's existing placement capacity under ASX Listing Rule 7.1.

<u>*Share Purchase Plan*</u>

Latin also completed a Share Purchase Plan (SPP) in the June quarter, offering eligible shareholders on the Record Date the lowest price per Share permitted by the ASX Listing Rules, being $0.005 (i.e. 80% of the 5-day VWAP of traded Shares immediately prior to the 25 June announcement) (SPP Share), together with one (1) free attaching Listed Option for every one (1) Share issued under the SPP (SPP Option) (the SPP Offer).

The SPP Offer allowed Eligible Shareholders to subscribe for up to $15,000 worth of SPP Shares together with the equivalent number of free attaching SPP Options (Entitlement). A prospectus in relation to the SPP Offer was lodged by Latin with ASIC and ASX on 30 June 2020.

The Offer closed on 14 July 2020 and was heavily oversubscribed with the Company receiving applications for a total of 230,160,000 shares raising a total of $1,150,800. Accordingly, the Company completed a scale back of applications equally on a pro-rata basis. The 125,458,494 SPP Shares were issued on 17 July 2020. The directors of Latin thanked participating shareholders for their ongoing support.

COMPETENT PERSON'S STATEMENT

Information in this ASX release that relates to Exploration Results and Exploration Targets is based on information completed by Mr Anthony Greenaway, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Greenaway is a full time employee of Latin Resources Ltd and has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves". Mr Greenaway consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

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 2020 that are not disclosed elsewhere in this report, the financial statements or the attached notes.

IMPACT OF COVID-19

As previously disclosed, the Group has exploration projects in Latin America (Peru, Argentina and Brazil). The region has been badly affected by COVID-19. The Group's offices in Latin American are now closed, and staff are working from home. Despite this, the Group assessment has determined that there has been no significant impact on the performance nor financial position of the Group as at 30 June 2020.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 25 and forms part of the Directors' report for the half-year ended 30 June 2020.

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 14th day of October 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2020

	Note	6 months to 30 June 2020	6 months to 30 June 2019
			$
Revenue	4(a)	221	464
Other income	4(b)	72,349	80,577
Depreciation expense		(9,300)	(5,403)
Employee benefits expense	5(c)	(244,913)	(257,656)
Finance costs	5(a)	(1,669,714)	(1,010,303)
Equity share of associated company loss		-	(161,409)
Loss on fair value of financial asset through profit or loss		-	(443,456)
Other expenses	5(b)	(448,324)	(776,030)
Loss before income tax		**(2,299,681)**	**(2,573,216)**
Income tax benefit		-	-
Loss after income tax		**(2,299,681)**	**(2,573,216)**
Loss attributable to owners of the Group		**(2,299,681)**	**(2,573,216)**
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translating foreign operations		197,420	177,865
Total comprehensive loss for the period attributable to owners of the Group		**(2,102,261)**	**(2,395,351)**
Basic and diluted loss per share (cents)		(1.3)	(0.10)

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 2020

	Note	30 June 2020	31 December 2019
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	6	184,635	733,282
Trade and other receivables	7(a)	501,315	575,147
Other financial assets		43,700	43,700
Total current assets		**729,650**	**1,352,129**
Non-current assets			
Trade and other receivables	7(b)	-	1,710,528
Plant & equipment		47,767	55,757
Exploration & evaluation assets	8	11,822,310	9,598,392
Total non-current assets		**11,870,077**	**11,364,677**
Total assets		**12,599,727**	**12,716,806**
LIABILITIES			
Current liabilities			
Trade and other payables	9	1,932,455	1,693,434
Interest bearing loans and borrowings	10	2,369,768	2,535,755
Deferred consideration	11(a)	1,457,089	22,000
Provisions		61,928	41,330
Total current liabilities		**5,821,240**	**4,292,519**
Non-current liabilities			
Deferred consideration	11(b)	9,297,224	9,161,111
Total non-current liabilities		**9,297,224**	**9,161,111**
Total liabilities		**15,118,464**	**13,453,630**
Net (deficiency)/assets		**(2,518,737)**	**(736,824)**
EQUITY			
Contributed equity	12	48,513,632	48,218,621
Reserves	13	11,189,967	10,967,210
Accumulated losses		(62,222,336)	(59,922,655)
Total equity		**(2,518,737)**	**(736,824)**

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 2020

	Issued capital	Share based payment reserve	Foreign currency translation reserve	Accumulated losses	Total
	$	$	$	$	$
Balance at 1 January 2020	**48,218,621**	**5,067,448**	**5,899,762**	**(59,922,655)**	**(736,824)**
Loss for the period	-	-	-	(2,299,681)	**(2,299,681)**
Other comprehensive income/(loss)	-	-	197,420	-	**197,420**
Total comprehensive income/(loss) for the period	**-**	**-**	**197,420**	**(2,299,681)**	**(2,102,261)**
Issue of shares	317,377	-	-	-	**317,337**
Share based payments	-	25,337	-	-	**25,377**
Cost of equity issues	(22,366)	-	-	-	**(22,366)**
Balance at 30 June 2020	**48,513,632**	**5,092,785**	**6,097,182**	**(62,222,336)**	**(2,518,737)**
Balance at 1 January 2019	**45,902,186**	**4,617,161**	**5,227,684**	**(54,383,501)**	**1,363,530**
Loss for the period	-	-	-	(2,573,216)	**(2,573,216)**
Other comprehensive income	-	-	177,865	-	**177,865**
Total comprehensive (loss) for the period	**-**	**-**	**177,865**	**(2,573,216)**	**(2,395,351)**
Issue of shares	1,540,937	-	-	-	**1,540,937**
Share based payments	-	214,637	-	-	**214,637**
Cost of equity issues	(46,580)	-	-	-	**(46,580)**
Balance at 30 June 2019	**47,396,543**	**4,831,798**	**5,405,549**	**(56,956,717)**	**677,173**

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 2020

	Note	6 months to 30 June 2020 $	6 months to 30 June 2019 $
Cash flows from operating activities			
Other Income		24,568	-
Payments to suppliers and employees		(140,102)	(357,578)
Interest received		221	464
Interest paid		(14,150)	(1,395)
Net cash flows (used in) operating activities		**(129,463)**	**(358,509)**
Cash flows from investing activities			
Payments for exploration & evaluation costs		(246,195)	(541,543)
Net cash flows (used in) investing activities		**(246,195)**	**(541,543)**
Cash flows from financing activities			
Proceeds from the issue of equity		317,377	523,100
Proceeds from borrowings		-	250,000
Capital raising costs		(22,366)	(46,580)
Repayment of borrowings		(468,000)	-
Net cash flows from financing activities		**(172,989)**	**726,520**
Net (decrease) in cash and cash equivalents		(548,647)	(173,532)
Cash and cash equivalents at the beginning of the period		733,282	204,764
Effects of movement in foreign exchange		-	-
Cash and cash equivalents at the end of the period	6	**184,635**	**31,232**

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

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 2020 were authorised in accordance with a resolution of the directors on 14 October 2020.

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 2020 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 2019.

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 2019.

The Group has also reviewed all new Standards and Interpretations that are applicable on or after 1 January 2020 and determined that their application to the financial statements is not relevant or not material.

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 2020 the Group incurred a loss of $2,299,681 (2019: $2,573,216) and had net cash outflows used in operating and investing activities of $375,658 (2019: $900,052). Cash and cash equivalents at 30 June 2020 amount to $184,635 (31 December 2019: $733,282).

As at 30 June 2020, the Directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 months period from the date of signing this half-year financial report.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- The Group has raised over $1.2 million via Share Purchase Plan and private placement subsequent to 30 June 2020, which were both heavily oversubscribed;
- The Group has converted the outstanding convertible note of $520,000 to fully paid ordinary shares subsequent to 30 June 2020;
- The Group has the support of Lind as a substantial shareholder and provider of convertible security funding of $1,849,768 as at 30 June 2020. Subsequent to 30 June 2020, a further repayment of $592,000 in cash and shares was made and an agreement to extend the convertible security funding facility to December 2020, with ongoing negotiation for a further extension with agreed monthly repayment plan currently taking place;
- Reduced exploration costs have been budgeted and exploration activities on the Group's projects in Latin America will be dependant on the COVID-19 related situation and restrictions affecting the region;

- The Group has JV arrangements for some of its projects in Latin America where the JV partner shall finance the exploration activities on these projects;
- The Group is managing and monitoring its outstanding trade payable balances closely and are confident that they will not adversely affect its cashflow for the next twelve months;
- Despite the non-payment of cash and non-issuance of shares in accordance with the agreement entered on Guadalupito Project, the Group is currently seeking to renegotiate the related payment terms and is confident in achieving a favourable outcome where a moratorium of any payment at least for the next twelve months will be obtained. Management further confirms that the non-compliance with the payment terms has no adverse monetary implication on the Group;
- The Directors have an appropriate plan to raise additional funds as and when they are required. In light of the Group's current exploration and project development, the Directors believe that the additional capital required can be raised in the market; and
- The Directors have an appropriate plan to contain certain expenditure if appropriate funding is unavailable.

Should the Group not achieve the matters set out above, there is uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The consolidated half year financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

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 four operating segments are Australia, Peru, Argentina, 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 2020	**Australia**	**Peru**	**Argentina**	**Brazil**	**Total**
	$	**$**	**$**	**$**	**$**
Revenue					
Interest revenue	221	-	-	-	221
Other income	64,920	7,429	-	-	72,349
Total segment revenue	**65,141**	**7,429**	**-**	**-**	**72,570**
Expenses					
Depreciation expense	(3,530)	(5,770)	-	-	(9,300)
Employee benefits expense	(186,857)	(58,056)	-	-	(244,913)
Interest expense	(377,390)	(1,290,571)	-	-	(1,667,961)
Share based payments	(25,337)	-	-	-	(25,337)
Net foreign exchange (loss)	(718)	(580)	(56,665)	-	(57,963)
Other expenses	(185,334)	(121,134)	(60,309)	-	(366,777)
	(779,166)	(1,476,111)	(116,974)	-	(2,372,251)
Segment loss	**(714,025)**	**(1,468,682)**	**(116,974)**	**-**	**(2,299,681)**

3. SEGMENT INFORMATION continued

	Australia	Peru	Argentina	Brazil	Total
	$	$	$	$	$
Segment assets	**556,654**	**7,461,947**	**4,109,535**	**471,591**	**12,599,727**
Segment liabilities	**(3,212,198)**	**(11,689,962)**	**(185,397)**	**(30,907)**	**(15,118,464)**
Additions to non-current assets					
Exploration and evaluation assets	21,665	126,782	345,776	-	494,223
Total	**21,665**	**126,782**	**345,776**	**-**	**494,223**

	Australia	Peru	Argentina	Brazil	Total
Six months to 30 June 2019					
Revenue					
Interest revenue	464	-	-	-	464
Other income	-	80,577	-	-	80,577
Total segment revenue	**464**	**80,577**	**-**	**-**	**81,041**
Depreciation expense	-	(5,403)	-	-	(5,403)
Employee benefits expense	(148,805)	(75,939)	-	-	(224,744)
Share based payments	(32,912)	-	-	-	(32,912)
Interest expense	(317,606)	(557,216)	-	-	(874,822)
Borrowing costs	(132,357)	-	-	-	(132,357)
Equity share of associated company loss	(161,409)	-	-	-	(161,409)
Net foreign exchange (loss)	(2,869)	-	(367,828)	-	(370,697)
Other expenses	(776,223)	(63,456)	(12,234)	-	(851,913)
	(1,572,181)	(702,014)	(380,062)	-	(2,654,257)
Segment loss	**(1,571,717)**	**(621,437)**	**(380,062)**	**-**	**(2,573,216)**
As at 31 December 2019					
Segment assets	**1,061,909**	**7,311,812**	**3,864,522**	**478,563**	**12,716,806**
Segment liabilities	**(3,176,552)**	**(10,204,784)**	**(31,309)**	**(40,985)**	**(13,453,630)**
Additions to non-current assets					
Exploration and evaluation assets	201,631	163,175	(82,630)	450,207	732,383
Total	**201,631**	**163,175**	**(82,630)**	**450,207**	**732,383**

	6 months to 30 June 2020	6 months to 30 June 2019
	$	$

4. REVENUES

(a) Finance revenue

Interest income	**221**	**464**

(b) Other revenue

Sundry income	60,789	80,577
Gain on fair value of financial asset through profit and loss	11,560	-
	72,349	**80,577**

	6 months to 30 June 2020	6 months to 30 June 2019

5. EXPENSES

(a) Finance expenses

Bank fees and expenses	(1,753)	(3,124)
Interest expense	(377,390)	(317,606)
Borrowing costs	-	(132,357)
Unwinding of the effective interest rate[1]	(1,290,571)	(557,216)
	(1,669,714)	**(1,010,303)**

[1] Unwinding of the effective interest rate refers to net present valuation of the balance on consideration payable for the concessions relating to the Guadalupito Project (refer note 11).

(b) Other expenses

Administration expenses	(146,313)	(179,278)
Corporate expenses	(234,747)	(196,367)
Net foreign exchange loss	(57,963)	(370,697)
Occupancy expenses	(9,301)	(29,688)
	(448,324)	**(776,030)**

(c) Employee Benefits Expense

Employee benefits including salaries and wages	(133,513)	(117,344)
Directors fees	(111,400)	(107,400)
Share based payments	-	(32,912)
	(244,913)	**(257,656)**

6. CASH AND CASH EQUIVALENTS

	30 June 2020	31 Dec 2019
	$	$
Cash in hand	306	309
Cash at bank	184,329	732,973
	184,635	**733,282**

7. TRADE AND OTHER RECEIVABLES

Current		
Trade receivables	311,861	302,704
Other receivables	126,344	220,499
Related party receivables	21,682	16,372
Tax credits	17,689	27,322
Prepayments	23,739	8,250
	501,315	**575,147**
Non-current		
Good and services tax	**-**	**1,710,528**

During the period, the Goods and Services Tax ('GST') receivable by the Company's subsidiary in Peru and Argentina which can only be offset against GST/VAT attributable to future income, has been reclassified as part of the Exploration and Evaluation Assets.

8. EXPLORATION AND EVALUATION ASSETS

Opening balance	9,598,392	8,866,009
Additions	253,718	890,171
Reclassification of goods and services tax receivable for exploration	1,729,695	-
Foreign currency translation movement	240,505	(339,633)
	11,822,310	**9,598,392**

Included in exploration and evaluation assets are costs capitalised on the Guadalupito Project. Despite the non-compliance with certain payment terms of the related agreement entered into, management is confident that the Group's concession rights on this project have not been compromised and remains current.

9. TRADE AND OTHER PAYABLES

Trade payables	1,637,161	1,409,872
Other payables	233,235	218,562
Accruals	62,059	65,000
	1,932,455	**1,693,434**

10. INTEREST BEARING LOANS AND BORROWINGS

	30 June 2020	31 Dec 2019
Current	**$**	**$**
Convertible Security Funding [1]	1,849,768	2,015,755
Convertible Note [2]	520,000	520,000
	2,369,768	**2,535,755**

[1] Convertible Security Funding - Lind

The convertible security provides a funding limit of $6 million and repayable in either cash or shares at the election of the Company. The Facility is for a period of 24 months with original maturity date of 26 June 2020. Subsequent to the end of the reporting period, the facility has been extended to 31 December 2020.

Monthly repayments can be made in cash or the issue of fully paid ordinary shares at the election of the Company.

The convertible note holder has the election of requesting repayment of the original convertible note valued at $2,000,000 by acquiring a direct 5% interest in the Argentine Projects.

During the period, the Company has not made any further drawdown on the facility or issued any additional collateral shares.

Security for the facility is provided by a general security agreement by the Company in favour of the convertible note holder and pledges over all shares in each subsidiary and the Company.

Repayments in the period totalling $468,000 were made by cash.

Subsequent to 30 June 2020, the Company made a further repayment of $592,000 in cash and with an agreement to extend the Lind Convertible Security Funding Facility to December 2020, with ongoing negotiation for a further extension with agreed monthly repayment plan currently taking place.

[2] Convertible Note

The Convertible Note will convert to fully paid ordinary shares at the lower of $0.012 per share or 20% discount to historical 5 days VWAP prior to the date the Noteholders' sent the Conversion Notice, with a floor price of $0.004. Upon conversion the Noteholders will also receive for every $1.00 raised under the Notes, 80 free attaching options exercisable at $0.012 on or before 31 December 2022.

All the Convertible Note has been fully repaid via conversion to fully paid ordinary shares subsequent to 30 June 2020 and the balance is now nil.

	30 June 2020	31 Dec 2019
	$	$
11. DEFERRED CONSIDERATION		
(a) Current	**1,457,089**	**22,000**
(b) Non-current	**9,297,224**	**9,161,111**

The deferred consideration balances reflect the current and non-current portions of the present value of the remaining US$10.0 million (31 December 2019: US$10.0 million) the Group is required to pay in cash and shares for the acquisition of the concessions relating to the Guadalupito Project, as follows:

Share issues	
- January 2019	4,000,000 fully paid shares
Cash Payments	
- Within 6 months of feasibility study	US$250,000
- Within 18 months of feasibility study	US$750,000
- Within 30 months of feasibility study	US$1,000,000
- Within 42 months of feasibility study	US$2,000,000
- Within 54 months of feasibility study	US$6,000,000

The favourable feasibility study is to be published no later than July 2019.

The 4,000,000 shares and cash payments have not been issued as at 30 June 2020, as the Group is in the renegotiation process of the payment terms under the Sale Agreement.

Despite the non-payment of cash and non-issuance of shares in accordance with the agreement on the Guadalupito Project, the Group is currently seeking to renegotiate the related payment terms and is confident in achieving a favourable outcome where a moratorium of any payment at least for the next twelve months will be obtained. Management further confirms that the non-compliance with the payment terms has no adverse monetary implication on the Group.

12. CONTRIBUTED EQUITY

(a) Issued capital

	30 June 2020	31 Dec 2019
	$	$
Issued shares	**48,513,632**	**48,218,621**

(b) Movement in issued shares

	Number	$
Balance at 1 July 2019	**3,892,466,595**	**47,396,543**
Share consolidation	(3,736,767,467)	-
Shares issued	191,666,667	1,150,000
Costs of issue	-	(327,922)
Balance at 31 December 2019	**347,365,795**	**48,218,621**
Shares issued		
Entitlement offer	17,029,511	102,177
Placement	53,800,000	215,200
Transaction costs	-	(22,366)
Balance at 30 June 2020	**418,195,306**	**48,513,632**

13. RESERVES

	30 June 2020	31 Dec 2019
Foreign currency translation reserve	$	$
Balance at beginning of period	5,899,762	5,227,684
Foreign currency translations	197,420	672,078
	6,097,182	**5,899,762**
Share based payments reserve		
Balance at beginning of period	5,067,448	4,617,161
Capital raising costs – issue of broker options	-	203,809
Loan establishment costs	-	132,354
Share based payments	25,337	82,279
Project acquisition	-	31,545
	5,092,785	**5,067,448**
Total reserves	**11,189,967**	**10,967,210**

14. CONTINGENT LIABILITIES

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

15. EVENTS OCCURING AFTER BALANCE DATE

The following significant events and transactions have taken place subsequent to 30 June 2020:

The Convertible Note totaling $520,000 was fully converted into fully paid ordinary shares in July 2020.

Subsequent to the end of the reporting period, the Company made a further repayment of $592,000 in cash and shares to Lind with an agreement to extend the Lind Convertible Security Funding Facility to December 2020, with ongoing negotiation for a further extension with agreed monthly repayment plan currently taking place.

On 15 July 2020, the Company announced that the Share Purchase Plan of the Company closed heavily oversubscribed raising $627,293 before costs. The Company received applications for a total of $1,150,800 and accordingly completed a scale back of the applications on pro-rata basis.

On 8 September 2020, the Company announced that it has agreed terms for a placement of 59,272,728 shares at an issue price of $0.011 to raise $652,000 before costs. The placement was oversubscribed by $102,000.

On 1 October 2020, the Company announced that Integra Capital have confirmed successful due diligence completion and will spend up to US$1,000,000 in a Joint Venture to explore, develop and earn 50% in the Catamarca lithium pegmatite projects. Within seven days of signing the Joint Venture Agreement, Integra Capital or any of its affiliates will have the option to take a placement of up to 10% of the issued capital in Latin Resources Limited at an issue price equivalent to the lower of $0.005 per share or the volume weighted average market price of the last 10 calendar days preceding the date of the placement. As part of the placement, the Company must also issue Integra Capital, one free attaching LRSOC Option for every share issued.

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 2020 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 2020 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 14th day of October 2020

HALL CHADWICK

AUDITOR'S INDEPENDENCE DECLARATION
LATIN RESOURCES 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 Resources Limited.

As lead audit partner for the review of the financial report of Latin Resources Limited for the half-year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Hall Chadwick

Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682

Nikki Shen
Director

Dated 14 October 2020

HALL CHADWICK

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

Report on the half-year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Latin Resources Limited (the Company) and its controlled entities (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial 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.

Emphasis of matter – Material uncertainty related to going concern

We draw attention to Note 2 in the half-year financial report which describes the principal conditions that raised doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Directors' responsibility for the half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards 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, anything has come to our attention that causes us to 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 Group's consolidated financial position as at 30 June 2020 and its consolidated financial 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 the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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HALL CHADWICK

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.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Hall Chadwick

Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682

Nikki Shen
Director

Dated 14 October 2020