



LATIN RESOURCES LIMITED
ABN: 81 131 405 144

HALF YEAR REPORT

30 JUNE 2023

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Corporate Directory

Directors

Mr David Vilensky
(Non-Executive Chairman)

Mr Christopher Gale
(Managing Director)

Mr Brent Jones
(Non-Executive Director)

Mr Pablo Tarantini
(Non-Executive Director)

Mr Peter Oliver
(Non-Executive Director)

Company Secretary
Ms Sarah Smith

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Stock Exchange

Australian Securities Exchange (ASX)
Code: LRS

Frankfurt Stock Exchange (FRA)
Code: XL5

Website

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Share Registry

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Solicitors

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National Australia Bank (NAB)

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Auditors

Ernst & Young
11 Mounts Bay Road
Perth, WA 6000

Director's Report

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 2023.

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
- Mr. Pablo Tarantini
- Mr. Peter Oliver

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 half year continued to be mineral exploration and evaluation of mining projects in Australia, Peru, Argentina and Brazil.

OPERATING RESULTS

The result for the consolidated entity for the six months ended 30 June 2023 was a loss of \$7,919,365 (2022: loss of \$5,126,504).

REVIEW OF OPERATIONS

Latin Resources Limited (ASX: LRS) is an Australian-based mineral exploration company, with projects in Australia and South America, that is developing mineral projects in commodities that progress global efforts towards Net Zero emissions.

In Latin America, the Company's focus is on its lithium project in Brazil, the rapidly expanding Salinas Lithium Project in the state of Minas Gerais, Brazil. Lithium is considered a critical commodity, with the mineral utilised in electric vehicles and energy storage.

1. SALINAS LITHIUM PROJECT, BRAZIL

Over the reporting period, the Company significantly progressed activities at its Salinas Lithium Project in Brazil, with the commencement of diamond drilling works, leading to the release of a significant upgrade to the project's mineral resource, where the increased size and grade demonstrates the true potential of the Colina Deposit.

The Project tenure also expanded as Latin secured new tenements around the Colina Lithium Deposit, with the Salinas Lithium Project now representing a significant land position in the region.

Approximately 63,000m of drilling has been completed at the project to date, including approximately 40,000m of the planned 65,000m 2023 budget. Colina extension drilling has dramatically extended the footprint of the Colina Deposit, confirming the presence of a large, mineralised pegmatite system.

Subsequent to the reporting period, the Company released successful Dense Media Separation ("DMS") results, impacting positively on the upcoming Preliminary Economic Assessment ("PEA").

1.1. Colina Mineral Resource Expansion

The Company was pleased to announce an impressive 241% increase in the Colina Mineral Resource at the Company’s 100% owned Salinas Lithium Project in Brazil. An updated JORC Measured, Indicated and Inferred Mineral Resource Estimate (“MRE”) totalled 45.2Mt @ 1.32% Li₂O, reported above a cut-off of 0.5% Li₂O.

The resource definition drilling program was undertaken at the Colina Deposit in the first half of 2023 on significant pegmatite swarms, down dip and extending to the southwest of the existing MRE, comprised of 135 diamond drillholes (*Figure 1 and Figure 2*) for 39,033m. This represents an exceptionally high discovery rate of over one million tonnes of resource per thousand metres of drilling.

The JORC classification included 0.43Mt @ 1.34% Li₂O as Measured, 29.7Mt @ 1.37% Li₂O in the Indicated category and approximately 15.0Mt @ 1.22% Li₂O categorised as Inferred. 67% of the total mineral resource now sits in the Measured and Indicated category, which provides strong support for a positive PEA, scheduled for completion by SGS Geological Services in the third Quarter of 2023.

Table 1: Updated MRE for the Colina Lithium Deposit

Deposit	Resource Category	Grade Cut-off	Tonnes (Mt)	Grade (Li ₂ O %)	Li ₂ O (Kt)	Contained LCE (Kt)
Colina	Measured	0.50	0.43	1.34	5.8	14.3
	Indicated	0.50	29.74	1.37	408.1	1,009.3
	Measured + Indicated	0.50	30.17	1.37	413.9	1,023.6
	Inferred	0.50	15.02	1.22	183.5	453.7
Total			45.19	1.32	597.4	1,477.3

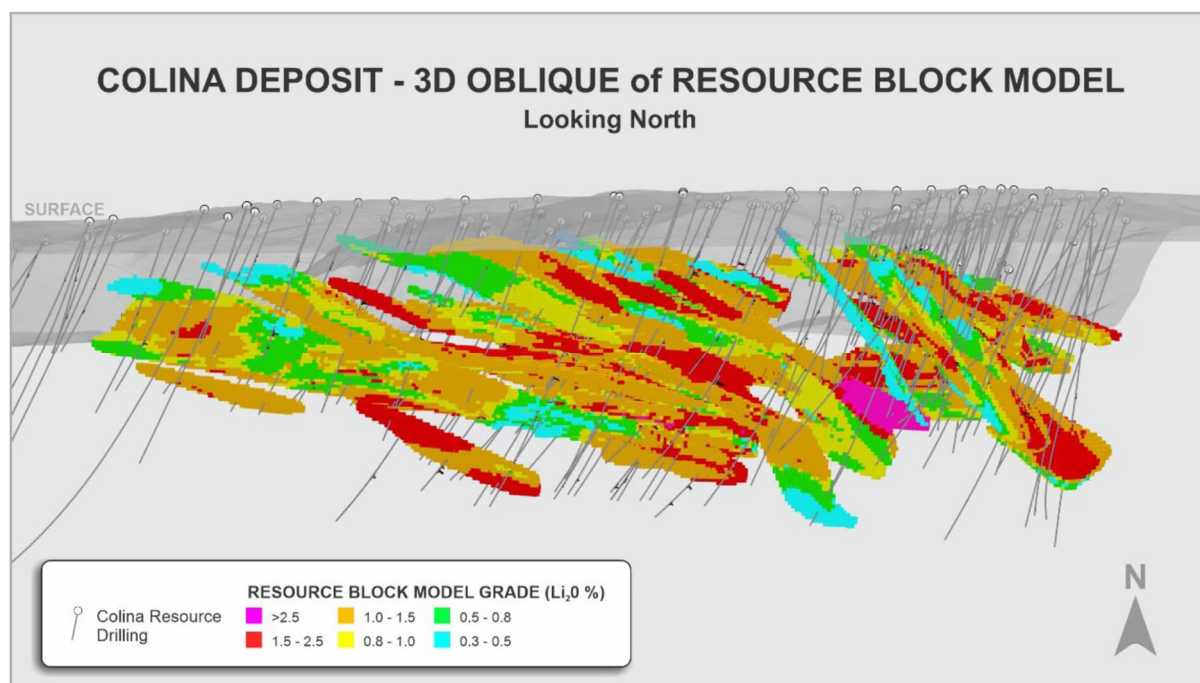


Figure 1: Oblique 3D view of the updated Colina MRE Block Model

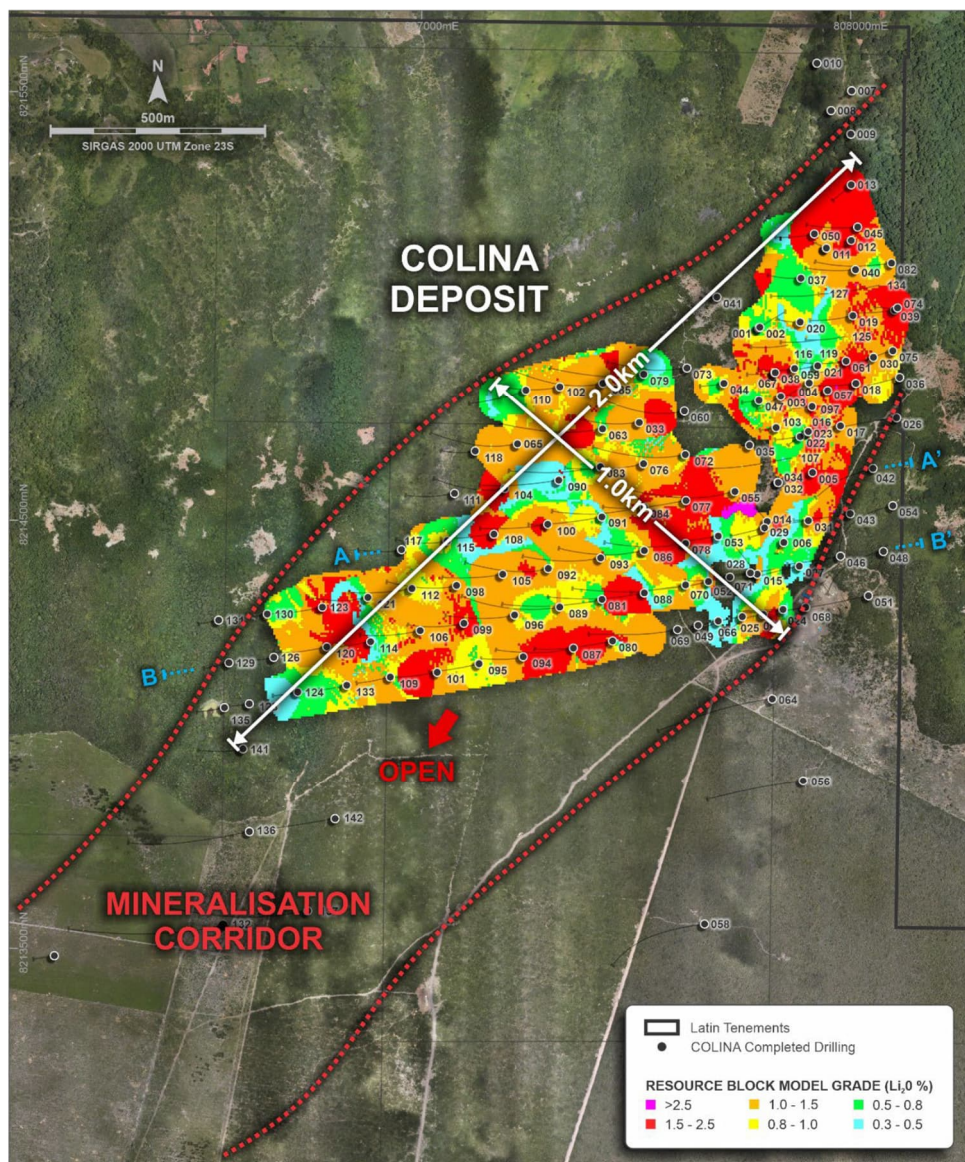


Figure 2: Colina drill collar plan showing the updated MRE Block model, drill collar location and drillhole traces

1.1.1. Resource Expansion Drilling

During the period, the Company's field teams arrived on site to commence the 65,000m 2023 drilling program at the Company's flagship Salinas Lithium Project in Brazil.

Six small and two larger low-impact diamond drilling rigs arrived on site, ensuring the Company's commitment to minimising the environmental impact during the west and south expansion of the Colina MRE.

Specifically, at the Colina Deposit, the infill and extension drilling was focused on the down dip extensions of the high-grade mineralisation in the north (Figure 3), where the MRE block model showed thick high-grade mineralisation open at depth.

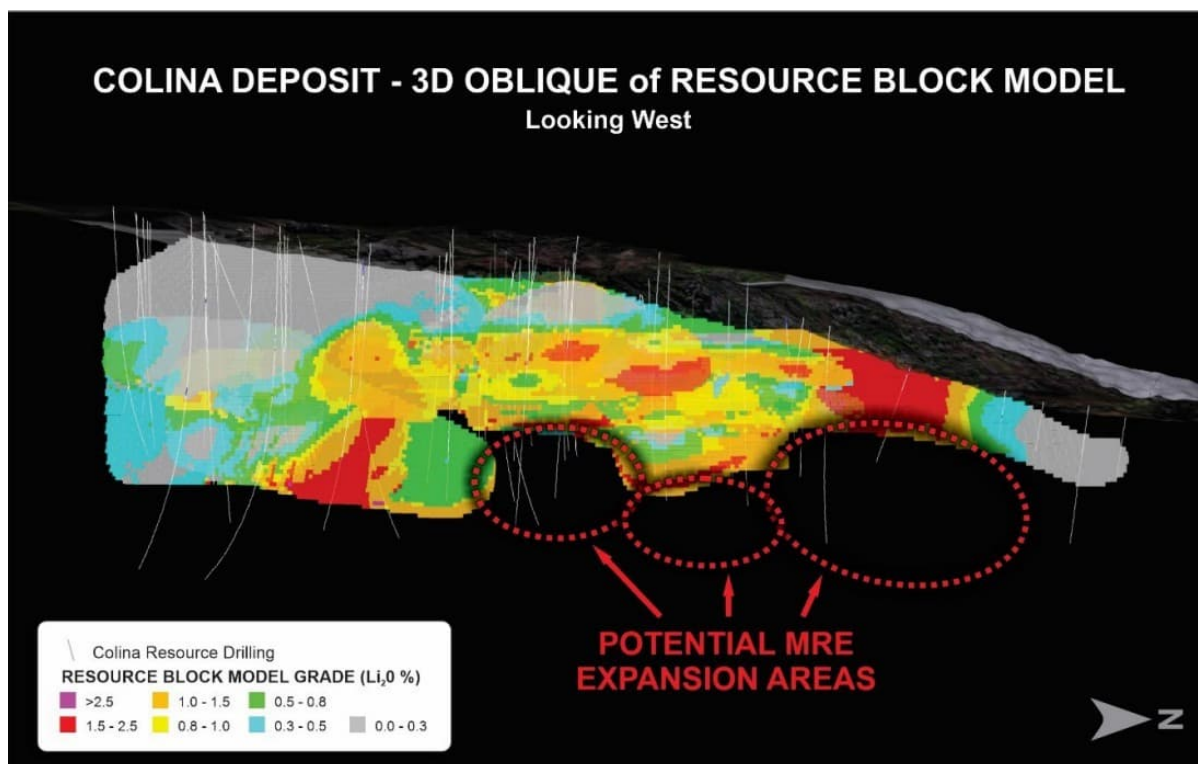


Figure 3: 3D image showing Colina Deposit Block model, indicating where additional drilling will test the potential expansion of the Colina MRE

1.2. Positive DMS Test Work

Subsequent to the reporting period, the Company announced that DMS test work undertaken on Colina Deposit ore confirmed ability to produce a high-grade, low impurity spodumene concentrate.

Latin was pleased to report that its first bulk DMS tests produced a high-quality concentrate grading 5.5% Li₂O at 93.1% stage recovery from a representative sample with a head grade of 1.38% Li₂O.

Due to the scale of the test, the results are considered a reliable indication of commercial DMS performance, and stage recoveries of greater than 90% to a 5.5% Li₂O sinks concentrate are anticipated. This will in turn have a positive impact on the project economics in the upcoming PEA.

1.3. Expansion of Deposit Footprint

The Company continued to release impressive results in the lead up towards the MRE update, with the Company's fully funded 65,000m drilling campaign for 2023 operating at full capacity.

Drilling intersections included:

- SADD078: 14.00m @ 1.55% Li₂O from 323.00m
Including: 5.00m @ 1.99% Li₂O from 323.00m
- SADD080: 12.59m @ 1.46% Li₂O from 274.46m
- SADD081: 16.92m @ 1.36% Li₂O from 242.48m
- SADD082: 27.15m @ 1.45% Li₂O from 237.00m

Assay results from further diamond drilling show continuous high-grade pegmatites to the southwest, where cumulative pegmatite thickness in drillholes continued to show a significant increase in the abundance of pegmatite in the region.

Drilling intersections in this southwest area included:

- SADD072: 10.00m @ 1.38% Li₂O from 174.87m
- SADD085: 5.10m @ 1.58% Li₂O from 248.65m

- SADD086: 13.52m @ 1.25% Li₂O from 306.07m
and: 12.04m @ 1.40% Li₂O from 337.85m
- SADD087: 9.02m @ 2.06% Li₂O from 221.39m
- SADD088: 15.42m @ 1.48% Li₂O from 288.64m
and: 12.65m @ 1.44% Li₂O from 327.04m
- SADD089: 18.21m @ 1.90% Li₂O from 212.72m
and: 16.12m @ 1.55% Li₂O from 302.69m
- SADD091: 15.92m @ 1.64% Li₂O from 290.29m
- SADD092: 16.12m @ 1.23% Li₂O from 202.92m
- SADD095: 10.77m @ 1.39% Li₂O from 210.81m

The drill program included extension drilling to the west of Colina, encountering a significant lithium swarm, extending the footprint of the Colina Deposit to over 2.0 km long by 1.0 km wide (*Figure 4*).

Consistency of grade and pegmatite continuity persisted, with results including:

- SADD093: 13.79m @ 1.52% Li₂O from 293.28m
- SADD095: 10.77m @ 1.39% Li₂O from 210.81m
- SADD096: 12.35m @ 1.42% Li₂O from 235.47m
- SADD097: 19.60m @ 1.42% Li₂O from 114.30m
- SADD098: 9.12m @ 1.62% Li₂O from 184.72m
- SADD099: 10.46m @ 1.17% Li₂O from 171.85m
and: 10.75m @ 1.17% Li₂O from 246.25m
- SADD100: 10.25m @ 1.50% Li₂O from 274.41m
- SADD105: 11.65m @ 1.89% Li₂O from 271.23m
- SADD106: 12.08m @ 1.22% Li₂O from 244.30m
- SADD107: 24.74m @ 1.23% Li₂O from 50.16m

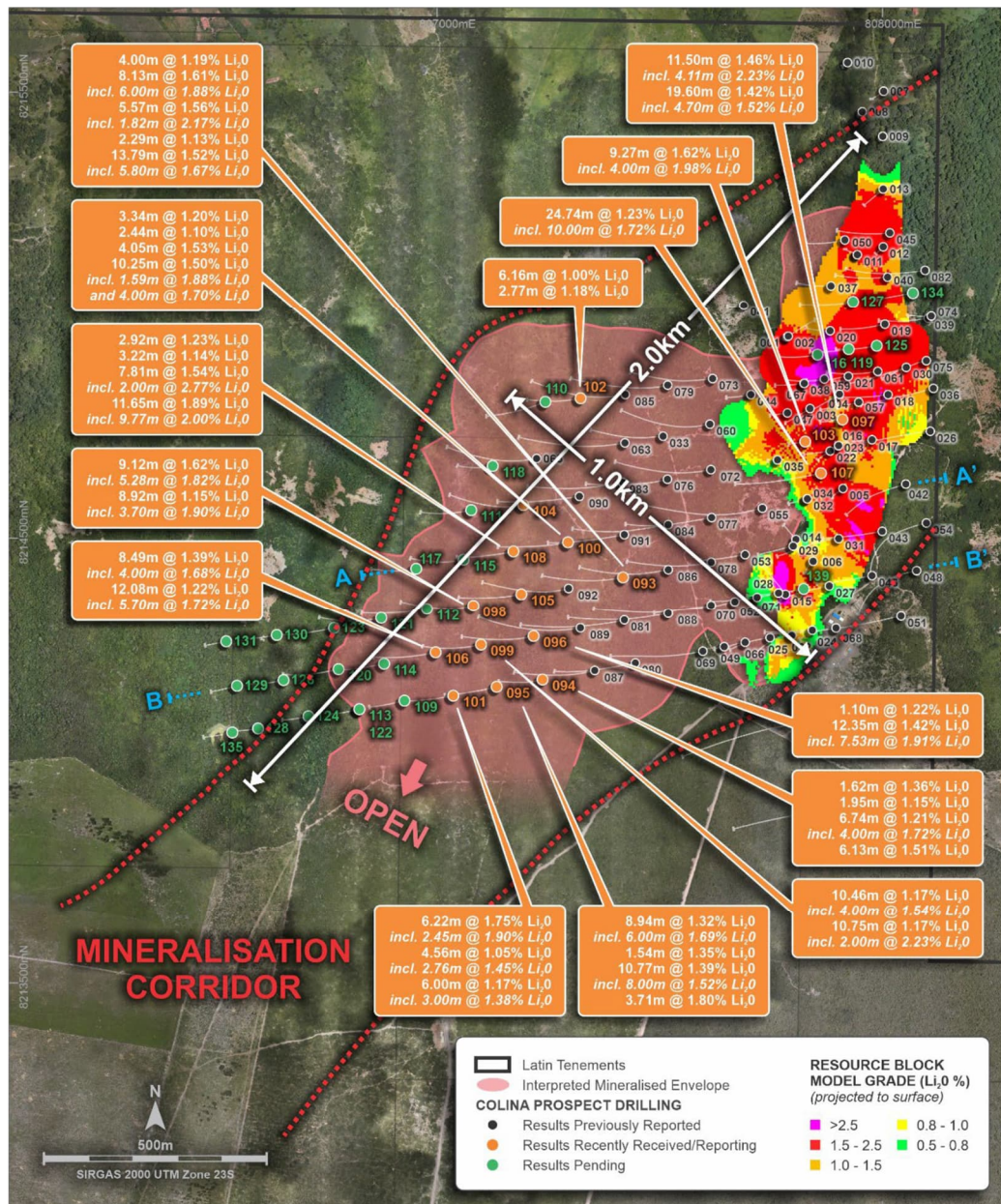


Figure 4: Colina Deposit drill collar plan highlighting potential MRE growth areas, including Colina West and Colina South

1.4. District Scale Lithium Corridor Identified

During the reporting period, the Company announced the intersection of spodumene rich pegmatites in multiple diamond drill holes, at two separate locations within Latin’s prospective lithium corridor.

The Company continued to expand on the existing Colina Deposit footprint by undertaking extensional diamond drilling programmes to the southwest of the existing Colina Deposit and at several regional target areas (Figure 5 and Figure 6), with eight diamond drilling rigs active on site.

The Company confirmed a significant extension of the ‘Colina pegmatite system’, with successful drill testing of a ‘blind’ geophysical target, 560m to the southwest of the Colina, where three of four holes completed to date intersected shallow east dipping, coarse grained spodumene rich pegmatites. Visual core observations of hole SADD132 identified 29.86m of spodumene pegmatite mineralisation (cumulative).

Drill testing of the “Fog’s Block” tenement (approximately 12 km to the southwest of Colina) also intersected multiple shallow east dipping coarse grained spodumene pegmatites, with visual core observations identifying 32.69m of spodumene pegmatite mineralisation (cumulative) in hole MCDD001.

The drilling and mapping results confirmed the presence of a ‘district scale’ lithium corridor within the Company’s tenements, extending up to 26km to the southwest of the Company’s flagship 45.2 Mt Colina Deposit.

Systematic step-out diamond drilling will commence along strike from Colina, and regional diamond drilling programs are planned to continue systematically identifying further targets within the Colina Mineralised Corridor.

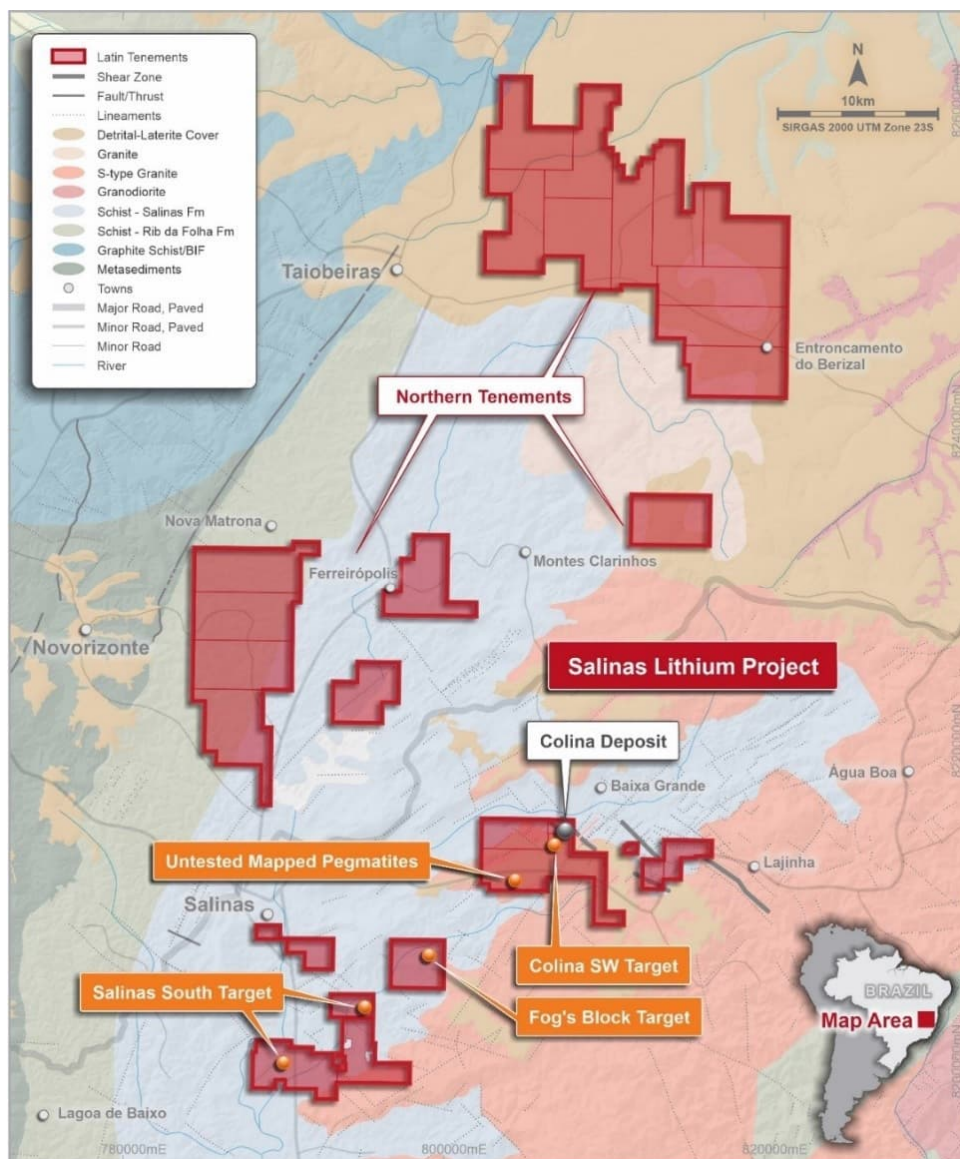


Figure 5: Regional Salinas Lithium Project plan, showing general location of the Colina SW Target, Fog's Block Target, and Salinas South Target in relation to the Colina Lithium Deposit

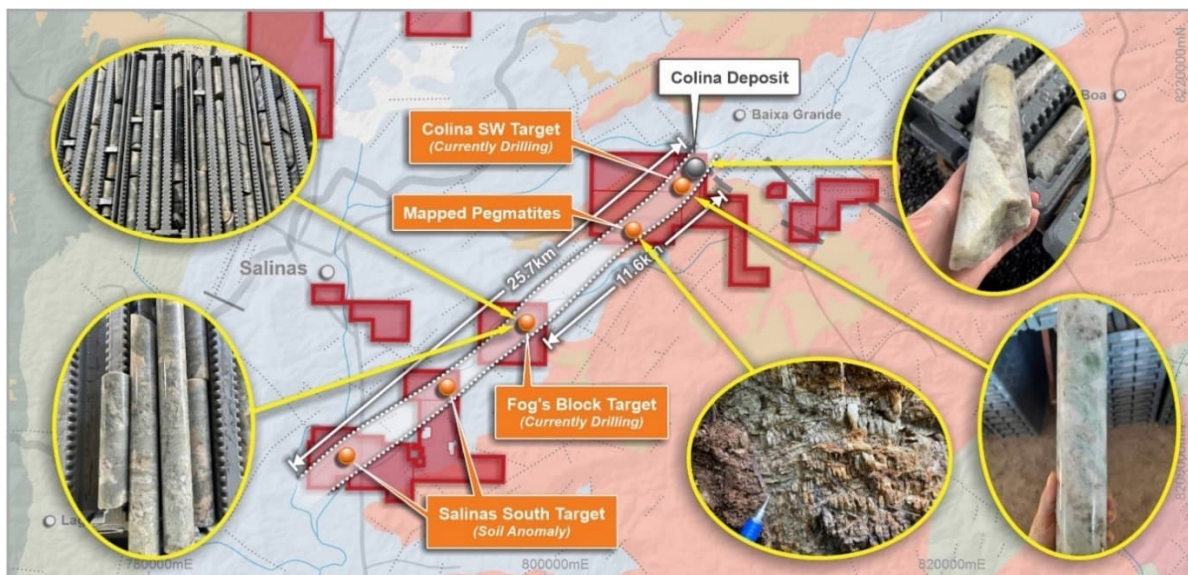


Figure 6: Colina Deposit plan, showing general location and examples of intersected drill core and outcrop samples of the Colina SW Target Fog's Block Target, and Salinas South Target and untested pegmatite outcrop in relation to the Colina Deposit

Subsequent to the reporting period, the Company received further assay results from Colina infill and initial results from Fog's Block drilling programs, improving the understanding Colina's MRE and confirmed prior visual spodumene mineralisation observed in drill core at Fog's Block.

Significant results from the Colina infill drilling program include

- SADD139: 9.94m @ 1.50% Li₂O from 328.91m
- SADD148: 10.46m @ 1.29% Li₂O from 160.04m
- SADD149: 18.12m @ 1.67% Li₂O from 244.88m
- SADD155: 11.74m @ 1.40% Li₂O from 76.26m
- SADD156: 10.13m @ 1.63% Li₂O from 49.62m

Through first pass reconnaissance drill testing of pegmatite outcrops, the Company has confirmed a new pegmatite discovery located approximately 6km to the SW of the Colina Deposit (Figure 7).

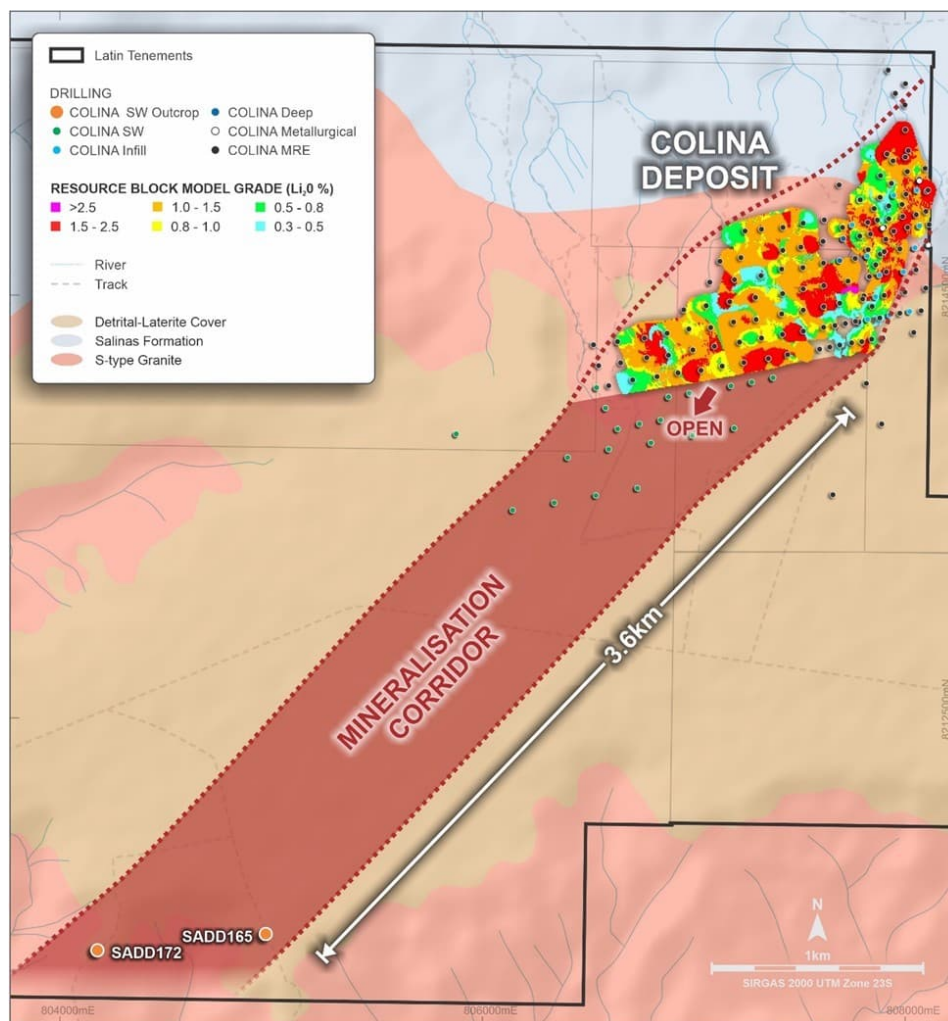


Figure 7: Location of the Colina Southwest Outcrop (new discovery) in relation to the Colina Deposit; identified through drill holes SADD165 and SADD172.

1.5. Expansion of Project Tenure

The Company also significantly expanded the Salinas Lithium Project tenure, by securing a large package of new tenements in the highly prospective region around the Colina Lithium Deposit.

Through 17 new applications with the Brazilian National Mining Agency (ANM), the Company expanded its mineral exploration title holdings over an area of more than 29,940 hectares in the highly prospective Bananal Valley District in Minas Gerais, Brazil (Figure 8), which are 'green fields' exploration areas.

These newly secured tenements represent an expansion of approximately 367% over the company's previous holdings, resulting in a total of over 38,000 hectares now under Latin's control.

The Company also secured the right to acquire the Tenement 831799/2005, located directly adjacent to the south and contiguous with the Colina Deposit MRE (Figure 9), via the execution of a new Option Agreement.

Under the terms of the new Option Agreement, the Company may now secure a 100% interest in three additional areas labelled "First Part", "Second Part" and "Third Part". Additional reconnaissance and assessment exploration works will be undertaken over the "Second Part" and "Third Part" areas to determine the prospectivity for additional lithium pegmatite mineralisation.

Succeeding the execution of the Option Agreement, the Company has paid an initial USD\$200,000 to acquire the "First Part", which extends the Company's 100% owned tenement area to cover over 2.7 kilometres along strike to the south of the Colina Deposit.

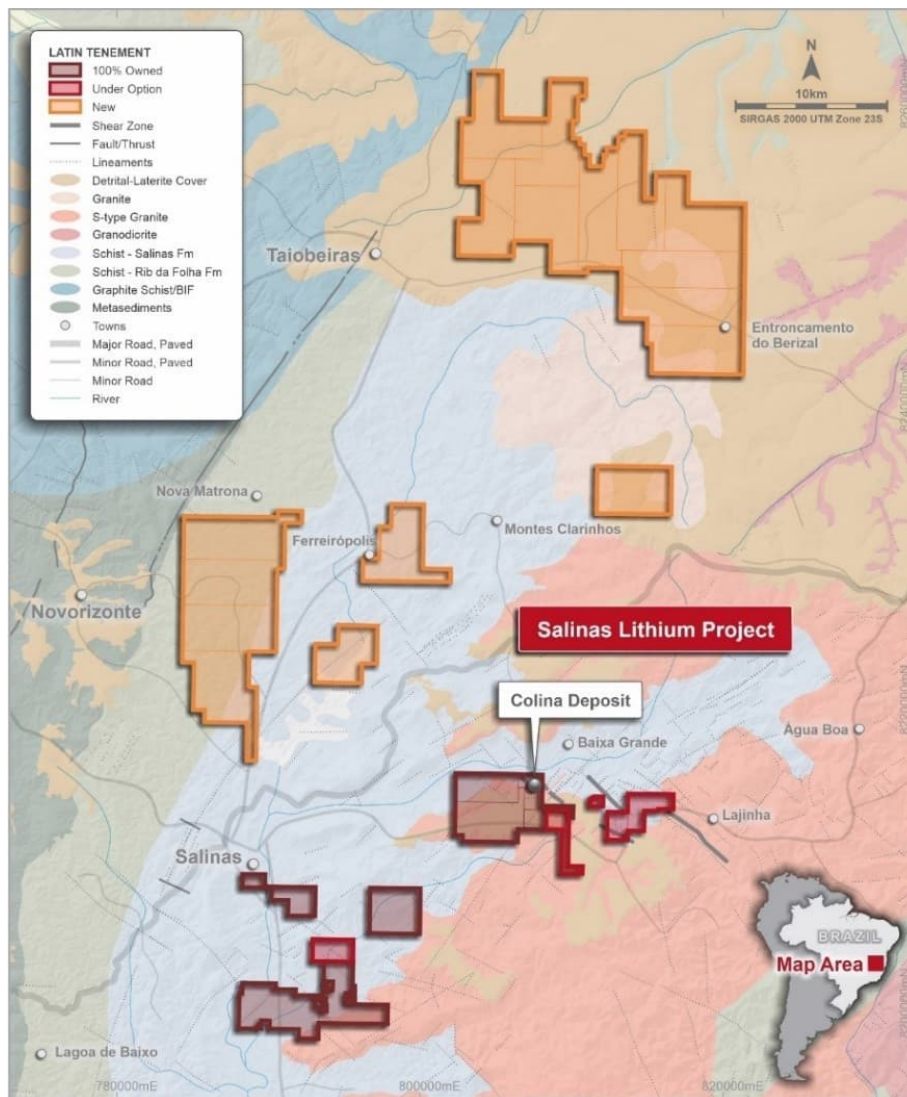


Figure 8: Salinas Lithium Project tenure, showing new tenement application to the north of the Company's 100% owned Colina Lithium Deposit, existing LRS tenure, and tenements currently under LRS option agreements.

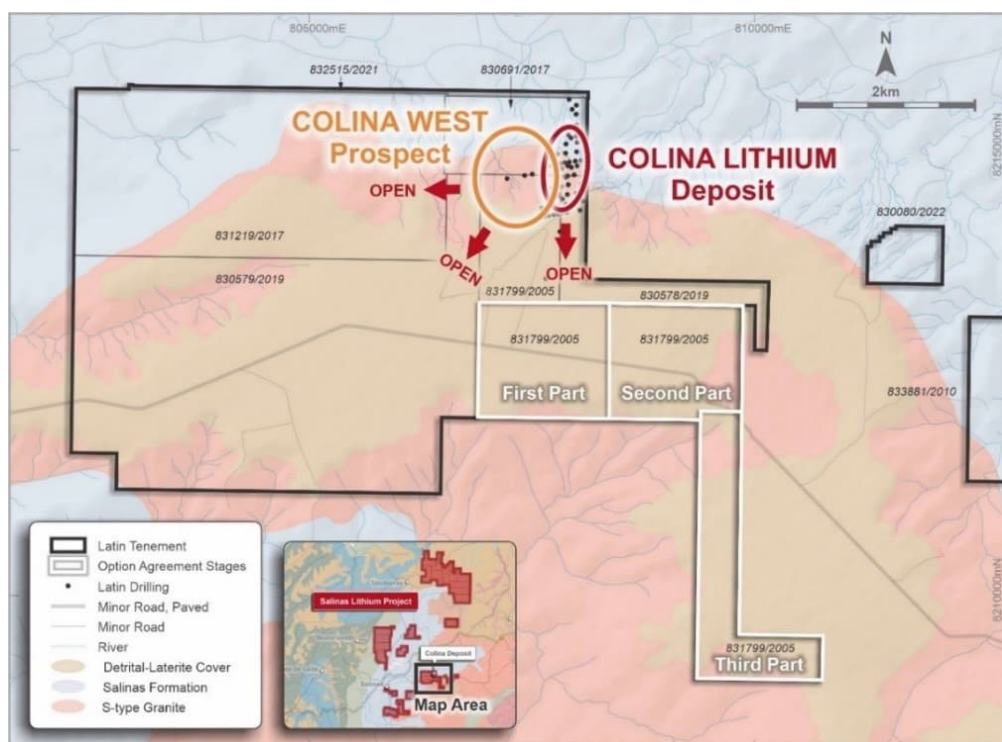


Figure 9: Regional tenement map showing Latin tenements and new application, along with interpreted prospectivity trends, regional structures, and mapped pegmatite locations.

1.6. Memorandum of Understanding with Invest Minas

During the reporting period, Latin signed a non-binding MoU with the Minas Gerais Integrated Development Institute (INDI), referred to as Invest Minas. The document was signed by Latin's Managing Director Chris Gale and the Secretary of State for Economic Development, Fernando Passalio Avelar, on behalf of the Minas Gerais Government (*Figure 10*).

The purpose of the MoU is to provide mutual support between the parties, to better support the battery materials sector and supply chain investment in the region.

The Company will uphold the partnership through development support of a battery materials sector in Minas Gerais, as well as investment into local employment and leveraging its access to world class engineers and lithium supply chain specialists.

In return, Invest Minas will support and prioritise the development of Latin's lithium project through facilitating approvals, licencing and suppliers. Invest Minas will also assist the Company with securing additional land tenure, connecting suppliers, and promotion of the Company's activities.



Figure 10: MoU Signing Ceremony Perth, Western Australia

2. CLOUD NINE HALLOYSITE-KAOLIN DEPOSIT, WA

There were a number of samples sent to potential off-take partners during the period.

The company continues discussions with potential partners.

3. CATAMARCA LITHIUM PROJECT, ARGENTINA

Latin employed two full time staff to help accelerate the approvals and exploration process in Argentina, Diego Bauret employed as General Manager in country and Miguel Valente as a geologist.

Diego has previously worked for companies including Brancote Holdings, Patagonia Gold and Minsur and has extensive experience in all aspects of permitting and operations of mining and mineral exploration in hard rock environment throughout Argentina. Miguel is an experienced geologist with 30 years exploration experience in Argentina and South America.

4. MT-03 COPPER PROJECT, PERU

During the reporting period, Latin has completed four diamond drilling holes at the MT-03 Copper Project in Peru, for a total of 2,521.35m as outlined in the Table 2 and Figure 11 below.

Table 2: MT-03 drill collar location table

Hole ID	East (m)	North (m)	Elevation (m)	Azimuth (deg)	Dip (deg)	Depth (m)	Status
MT03-DP-001	307764	8030224	489	0 ⁰	-90 ⁰	610.00	Complete
MT03-DP-002	307764	8028799	453	0 ⁰	-90 ⁰	492.20	Complete
MT03-DP-003	308099	8030748	507	0 ⁰	-90 ⁰	669.35	Complete
MT03-DP-004	307766	8030836	502	0 ⁰	-90 ⁰	749.80	Complete
Total:						2,521.35	

Drilling intersected a sequence of volcano-sedimentary rocks comprising a series of fine-medium and coarse-grained quartz sand packages, siltstones and various polymictic gravels and conglomerates. These lithologies represent the more recent Neogene-Pliocene cover sequences overlying the basement volcanic sequences.

Basement lithologies intersected, mostly volcanic, include various altered (epidote/ chlorite) andesitic, rhyolitic and porphyritic Dacites. Logging has noted the presence of zones with trace disseminated sulphides and interstitial magnetite. Selected drill core samples have been collected and dispatched to the laboratory for analysis, with results still pending.

In April-May 2023, limited mapping and sampling was carried out in the SWA (South-Western Area of the licences) based on regional remote sensing responses.

In June/July of 2023, a further, more detailed, MVI was carried out taking advantage of advances in magnetic modelling software and the knowledge of cover rocks garnered from the 2022-3 drill campaign.

Further geophysics work will continue to identify more accurate drill targets.

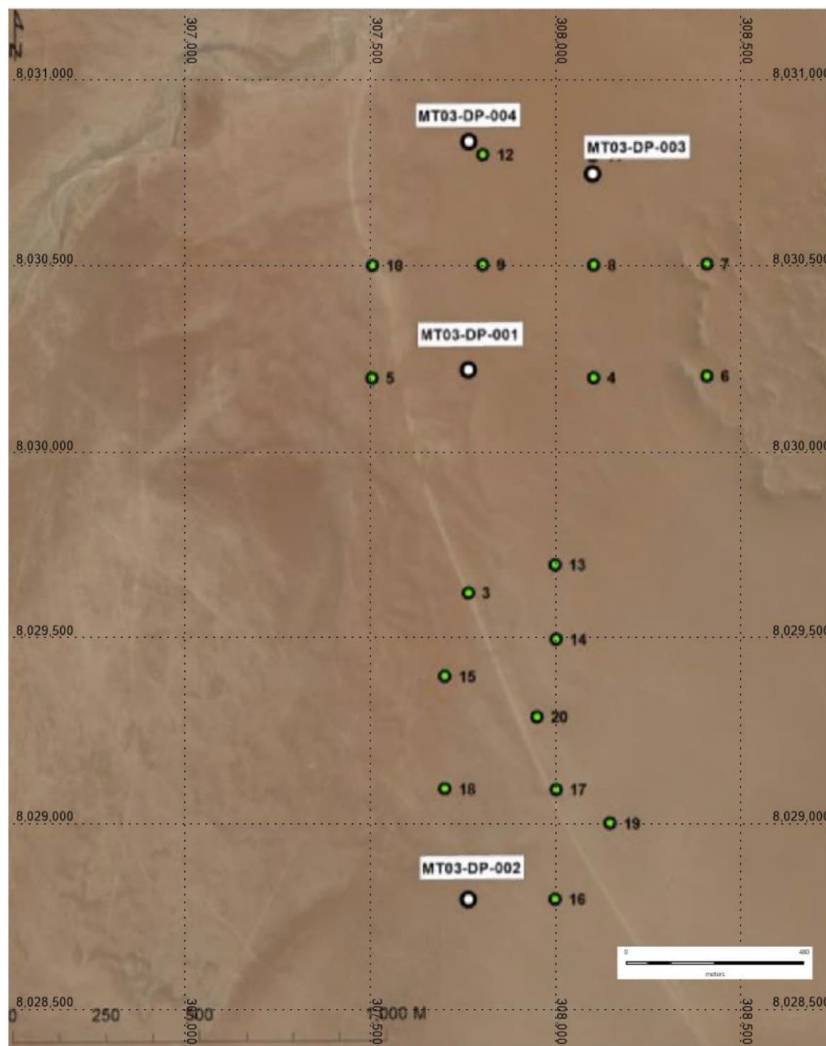


Figure 11: MT-03 drill collar location map, showing the four completed diamond drill holes, and additional permitted drill platforms (green)

5. CORPORATE

5.1. Financial Position

The Company raised A\$37.1 million through a two-tranche placement (“Placement”) priced at A\$0.105 per share during the second quarter of 2023. The Placement was for institutional, sophisticated and professional investors, including specialist North America battery metals funds, a well-regarded domestic institution and two major Brazilian funds. At 30 June 2023, the Company had A\$45.9 million cash at bank.

The Placement provided the Company with a significant capital injection, to aid in the expansion and acceleration of the exploration project at the Salinas Lithium Project. The Placement has also funded the Definitive Feasibility Study (“DFS”); the fast-tracking of environmental studies; securing the development licence approvals; and further exploration work on the Colina Deposit.

5.2. Options Exercise

On 13 January 2023, the Company received proceeds of A\$0.11 million from the final allotment of LRSOC listed options and issued 40,370,074 shares. The remaining listed options lapsed unexercised on 13 January 2023.

During the reporting period, the company received A\$0.93 million in cash from its unlisted option holders. At the end of the reporting period, 123,698,852 unlisted options at \$0.22 were unexercised. The \$0.22 options were issued as part of the 2022 placement with an expiry date of 27 April 2027.

5.3. Appointment of CFO and VP of Operations – Americas

During the reporting period, the Company announced the appointment of Mitchell Thomas as Chief Financial Officer (“CFO”). Mr. Thomas has gained professional experience across a 12-year career at Rio Tinto, working in Australia, Peru, USA and London head office. Prior to joining Latin, Mr. Thomas was CFO of ASX-listed battery material business, Blackstone Minerals Limited (ASX:BSX), assisting in progressing their Definitive Feasibility Studies (“DFS”) for one of the world’s largest nickel sulphide development projects.

The Company also announced that Tony Greenaway, the Company’s GM of Geology, was appointed as VP of Operations – Americas. Tony relocated to Canada, allowing the Company to ensure that timelines for mineral resource upgrades, test work, PEA and DFS are met with consultants that have been engaged in Canada for feasibility and design work.

6. INVESTMENTS

6.1. Solis Minerals Ltd

At 30 June 2023, the Company held 13.13% shareholding in Solis Minerals and the investment was accounted at fair value through profit and loss under AASB 9 – Financial Instrument. Upon review, the Company has determined that the equity method of accounting is more appropriate given the Company was deemed to have significant influence over Solis Minerals in the financial year ended 31 December 2022. Significant influence has been assessed as the Company is the largest shareholder of Solis Minerals and has board representation.

Subsequent to 30 June 2023, the Company, acting as a cornerstone investor, invested A\$3 million into Solis Minerals Limited (“Solis”) at A\$0.55 per share as part of Solis’s oversubscribed A\$8 million capital raise during the reporting period. The Company’s interest increased by 4.66% to 17.79%.

7. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Latin is pleased to confirm its commitment to its Environmental, Social, and Governance (“ESG”) framework. The Company is committed to complying with applicable laws and regulations relating to health, safety, environment and community impacts by meeting and exceeding metrics within its Environmental, Social and Governance (“ESG”) framework including the 21-core metrics and disclosures created by the World Economic Forum (“WEF”).

The Company’s action plan has been formulated around the Company’s ESG purpose statement “Developing minerals to provide the planet with environmentally sustainable products”.

As we continue progress on our exploration programs and increased measuring/reporting of ESG metrics, Latin’s employees and contractors are conscious that all activities are to be completed to a high ESG level.

7.1. Curralinho Dam Visit – Sponsored event

On 22 March 2023, approximately 150 students of the elementary and secondary education of the State School Vicente José Ferreira (*Figure 12 & 13*), located in the district of Nova Fátima, performed a visit to Curralinho Dam, in celebration of World Water Day.

Belo Lithium contributed to this event by providing transportation and catering for all attendees. The Belo Lithium ESG team attended the visit, as well as the Municipal secretariat of agriculture and environment and the integrated sanitation company in the north and northeast of Minas Gerais (“COPANOR”).

Mr. Paulo César, Environmental Engineer of the Municipality of Salinas, spoke at the event and provided an update on the historical and technical characteristics of the dam, emphasising the importance of preserving water resources, especially in the Salinas region.

The ongoing partnership between Belo Lithium and the Vicente José Ferreira State School, aims not only at building an effective and healthy relationship between the local community and the Salinas

Lithium Project, but integration of the Company with the local culture, social well-being and the socio-environmental and economic development of the region.



Figure 12: Mr. Paulo César and Mr. Waldeir Pereira (Secretary of environment) presentation



Figure 13: Students visit the Curralinho Dam spillway

Competent Person's Statement

The information in this report that relates to geological data and exploration results is based on information compiled by Mr Anthony Greenaway, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Greenaway has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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 Greenaway consents to the inclusion in this report of the matters based on his information, and information presented to him, in the form and context in which it appears.

Subsequent Events

On 7 July 2023, the Company received A\$1.0 million from the Australian Tax Office (“ATO”), in recognition of research & development (“R&D”) investments.

Additionally, the Company’s rising share price has resulted in a further A\$9.3 million \$0.22 options exercised subsequent to 30 June 2023 provided funding of A\$2.1 million.

Subsequent to the 30 June 2023, the Company finalised a A\$3 million participation in Solis Minerals’ June 2023 placement increasing its shareholding to 17.79%.

At the date of this report, there are no other significant events that have occurred after the reporting date.


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 2023 that are not disclosed elsewhere in this report, the financial statements or the attached notes.

Auditor’s independence declaration

The auditor’s independence declaration under section 307C of the Corporations Act 2001 is set out on page 39 and forms part of the Directors’ report for the half-year ended 30 June 2023.

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 13th day of September 2023

Consolidated statement of profit or loss and other comprehensive income

For the six months ended 30 June 2023

	Note	6 months to 30 June 2023	6 months to 30 June 2022 (restated)
		\$	\$
Interest revenue	4(a)	609,844	28,584
Other income	4(b)	47,703	128,606
Depreciation and amortisation expense	5(d)	(90,466)	(27,308)
Employee benefits expense	5(c)	(6,979,698)	(1,895,855)
Finance costs	5(a)	(22,243)	(1,295,621)
Share of loss of an associate and joint venture	9	(271,025)	(281,450)
Impairment reversal	9	278,525	-
Impairment of exploration and evaluation costs	10	-	(266,312)
Other expenses	5(b)	(1,492,005)	(1,517,148)
Profit/(loss) before income tax		(7,919,365)	(5,126,504)
Income tax benefit		-	-
Profit/(loss) after income tax		(7,919,365)	(5,126,504)
Net profit/(loss) for the period		(7,919,365)	(5,126,504)
Other comprehensive income / (expense)			
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translating foreign operations	14	1,650,605	41,803
Total comprehensive profit/(loss) for the period attributable to owners of the Parent Company		(6,268,760)	(5,084,701)
Profit/(loss) attributable to:			
Owners of the Parent Company		(7,919,365)	(5,112,869)
Non-controlling interests		-	(13,635)
		(7,919,365)	(5,126,504)
Total comprehensive profit/(loss) attributable to:			
Owners of the Parent Company		(6,268,760)	(5,071,066)
Non-controlling interests		-	(13,635)
		(6,268,760)	(5,084,701)
Basic and diluted loss per share (cents)		(0.34)	(0.70)

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

For the six months ended 30 June 2023

	Note	30 June 2023	*31 December 2022 (restated)
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	6	45,872,782	25,909,429
Trade and other receivables	7	2,012,707	579,780
Other financial assets	8	193,296	116,742
<i>Total current assets</i>		<u>48,078,785</u>	<u>26,605,951</u>
Non-current assets			
Investments accounted for using the equity method	9	852,805	845,305
Rights of use asset	12a	288,211	299,323
Plant and equipment		545,635	465,423
Exploration and evaluation assets	10	41,289,924	23,828,213
<i>Total non-current assets</i>		<u>42,976,575</u>	<u>25,438,264</u>
<i>Total assets</i>		<u>91,055,360</u>	<u>52,044,215</u>
LIABILITIES			
Current liabilities			
Trade and other payables	11	8,174,499	5,027,810
Lease liabilities	12b	142,450	121,651
Provisions		173,638	76,739
<i>Total current liabilities</i>		<u>8,490,587</u>	<u>5,226,200</u>
Non-current liabilities			
Lease liabilities	12b	151,619	181,265
Provisions		11,277	-
<i>Total non-current liabilities</i>		<u>162,896</u>	<u>181,265</u>
<i>Total liabilities</i>		<u>8,653,483</u>	<u>5,407,465</u>
<i>Net assets</i>		<u>82,401,877</u>	<u>46,636,750</u>
EQUITY			
Contributed equity	13	141,160,970	103,163,413
Reserves	14	21,515,786	15,888,284
Accumulated losses		(80,274,879)	(72,414,947)
<i>Total equity</i>		<u>82,401,877</u>	<u>46,636,750</u>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the six months ended 30 June 2023

	Issued capital	Share-based payment reserve	Foreign currency translation reserve	Accumulated losses	Non-Controlling Interest	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2023	103,163,413	11,036,650	4,862,716	(69,195,750)	704,749	50,571,778
Restated adjustment	-	-	(11,082)	(3,219,197)	(704,749)	(3,935,028)
* Balance at 1 January 2023 (restated)	103,163,413	11,036,650	4,851,634	(72,414,947)	-	46,636,750
Loss for the period	-	-	-	(7,919,365)	-	(7,919,365)
Other comprehensive income/(loss)	-	-	1,650,605	59,433	-	1,710,038
Total comprehensive income/(loss) for the period	-	-	1,650,605	(7,859,932)	-	(6,209,327)
Issue of shares	38,515,851	-	-	-	-	38,515,851
Conversion of share rights	1,595,370	(1,595,370)	-	-	-	-
Share based payments	-	5,572,267	-	-	-	5,572,267
Cost of equity issues	(2,113,664)	-	-	-	-	(2,113,664)
Balance at 30 June 2023	141,160,970	15,013,547	6,502,239	(80,274,879)	-	82,401,877
Balance at 1 January 2022	59,835,942	9,786,771	5,369,764	(61,954,778)	236,194	13,273,893
Restatement adjustment	-	-	-	(3,420,177)	-	(3,420,177)
* Balance at 1 January 2022 (restated)	59,835,942	9,786,771	5,369,764	(65,374,955)	236,194	9,853,716
Loss for the period	-	-	-	(5,112,869)	(13,635)	(5,126,504)
Other comprehensive income/(loss)	-	-	41,803	-	-	41,803
Total comprehensive income/(loss) for the period	-	-	41,803	(5,112,869)	(13,635)	(5,084,701)
Issue of shares	39,949,979	-	-	-	-	39,949,979
Share based payments	-	2,535,121	-	-	-	2,535,121
Cost of equity issues	(1,848,133)	-	-	-	-	(1,848,133)
Issue of equity in subsidiary	-	-	-	-	237,484	237,484
*Balance at 30 June 2022 (restated)	97,937,788	12,321,892	5,411,567	(70,487,824)	460,043	45,643,466

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 2023

	Note	6 months to 30 June 2023	6 months to 30 June 2022 (restated)
		\$	\$
Cash flows from operating activities			
Other income – R&D tax incentive		-	90,532
Payments to suppliers and employees		(1,940,251)	(1,390,118)
Interest received		324,535	7,212
Other finance costs		(6,317)	(14,509)
Net cash flows (used in) operating activities		(1,622,033)	(1,306,883)
Cash flows from investing activities			
Payments for plant and equipment		(104,818)	(24,435)
Proceeds from disposal of plant and equipment		4,545	-
Payments for security deposits		(33,579)	(25,000)
Payments for exploration & evaluation costs		(14,314,388)	(3,733,253)
Net cash flows (used in) investing activities		(14,448,240)	(3,782,688)
Cash flows from financing activities			
Proceeds from the issue of equity		37,100,000	35,000,000
Proceeds from options exercised		1,041,616	4,701,892
Capital raising costs		(2,034,990)	(1,515,575)
Proceeds from borrowings		-	2,425,000
Repayment of borrowings		-	(2,425,000)
Finance costs associated with borrowings		-	(200,000)
Payment of lease liabilities		(73,000)	-
Net cash flows from financing activities		36,033,626	37,986,317
Net increase in cash and cash equivalents		19,963,353	32,896,746
Cash and cash equivalents at the beginning of the period		25,909,429	642,784
Effects of movement in foreign exchange		-	-
Cash and cash equivalents at the end of the period	6	45,872,782	33,539,530

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

Condensed notes to the financial statements

For the six months ended 30 June 2023

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 2023 were authorised in accordance with a resolution of the directors on 13 September 2023.

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 2023 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 2022.

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 2022.

The Group has reviewed all new and revised Accounting Standards and Interpretations that are relevant to its operations and applicable for the current reporting period.

New and revised Standards and amendments thereof and interpretations effective for the current year that are relevant to the Group include:

- AASB 2020-3 Amendments to AASs – Annual Improvements 2018-2020 and Other Amendments (AASB 1, 3, 9, 116, 137 & 171)
- AASB 2020-1 Amendments to AASs – Disclosure of Accounting Policies and Definition of Accounting Estimates (Amendments to AASB 7, 101, 134, 108)

The adoption of these standards do not have a material effect on the amount disclosed in the financial statements.

Australian Accounting Standards and Interpretation that have recently been issued or amended but are not yet effective have not been adopted by the Group for the reporting period ended 30 June 2023. Those which may be relevant to the Group are set out in the table below, but these are not expected to have any significant impact on the Group's financial statements as detailed below.

Standard/Interpretation	Application date of standard	Application date for Group
AASB 2020-1 Amendments to AASs- Classification of Liabilities as Current or Non-Current	1 January 2024	1 January 2024
AASB 2014-10 Amendments to AASs – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2025	1 January 2025

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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.

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.

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 June 2023 and 2022, respectively:

	Unallocated	Australia	Peru	Argentina	Brazil	Total
	\$	\$	\$	\$	\$	\$
Six months to 30 June 2023						
Revenue						
Interest revenue	609,844	-	-	-	-	609,844
Other income	46,383	-	1,320	-	-	47,703
Total segment revenue	656,227	-	1,320	-	-	657,547
Expenses						
Depreciation expense	(88,786)	-	(1,680)	-	-	(90,466)
Finance expense	(16,263)	-	(4,819)	(1,161)	-	(22,243)
Share-based payments	(5,572,267)	-	-	-	-	(5,572,267)
Share of loss of associates and joint venture	(271,025)	-	-	-	-	(271,025)
Impairment reversal	278,525	-	-	-	-	278,525
Other expenses	(2,816,877)	-	(75,464)	(7,095)	-	(2,899,436)
Total segment expenses	(8,486,693)	-	(81,963)	(8,256)	-	(8,576,912)
Segment loss	(7,830,466)	-	(80,643)	(8,256)	-	(7,919,365)
Six months to 30 June 2022						
Revenue						
Interest revenue	28,584	-	-	-	-	28,584
Other income	126,374	-	1,416	284	532	128,606
Total segment revenue	154,958	-	1,416	284	532	157,190
Expenses						
Depreciation expense	(24,350)	-	(2,168)	(375)	(415)	(27,308)
Finance expense	(207,294)	-	-	-	-	(207,294)
Exploration and evaluation expenses	(178,839)	-	(87,473)	-	-	(266,312)
Equity shares of Associates	(281,450)	-	-	-	-	(281,450)
Net foreign exchange gain/(loss)	8,877	-	(609)	-	-	8,268
Other expenses	(3,778,876)	-	(69,397)	(648,121)	(13,204)	(4,509,598)
Total segment expenses	(4,461,932)	-	(159,647)	(648,496)	(13,619)	(5,283,694)
Segment loss	(4,306,974)	-	(158,231)	(648,212)	(13,087)	(5,126,504)

3. SEGMENT INFORMATION (CONTINUED)

The following tables present assets and liabilities information for the Group's operating segments for the six months ended 30 June 2023 and 2022, respectively:

Six months to 30 June 2023	Unallocated \$	Australia \$	Peru \$	Argentina \$	Brazil \$	Total \$
As at 30 June 2023						
Segment assets	47,205,585	9,249,605	4,162,906	10,870	30,426,394	91,055,360
Segment liabilities	(1,939,516)	(76,846)	(142,459)	(31,498)	(6,463,164)	(8,653,483)
As at 30 June 2022						
Segment assets	32,613,852	6,935,380	2,655,188	3,940,394	5,204,276	51,349,090
Segment liabilities	(972,310)	(652,212)	(848,483)	(22,192)	(381,997)	(2,877,194)

4. REVENUE

	6 months to 30 June 2023 \$	6 months to 30 June 2022 (restated) \$
(a) Finance revenue		
Interest income	609,844	28,584
(b) Other revenue		
Sundry income	1,320	2,232
Administration fee	46,383	35,842
R&D tax incentive	-	90,532
	47,703	128,606

5. EXPENSES

	6 months to 30 June 2023 \$	6 months to 30 June 2022 (restated) \$
(a) Finance expenses		
Bank fees and expenses	(5,953)	(6,440)
Interest expense on right of use assets	(6,987)	(1,294)
Interest expense	-	(126,295)
Share based payment - Lind Partners ¹	-	(1,079,894)
Other finance charges	(9,303)	(81,698)
	(22,243)	(1,295,621)
(b) Other expenses		
Administration expenses	(933,016)	(286,060)
Corporate expenses	(548,780)	(836,921)
Share-based payment – corporate advisory services ²	-	(378,673)
Occupancy expenses	(10,209)	(15,494)
	(1,492,005)	(1,517,148)

¹ 35,000,000 unlisted options exercisable at \$0.05 on or before 31 March 2026 were issued on 8 March 2022 to Lind Asset Management XII LLC as part of the Option funding Agreement (refer to ASX Announcement – 28 February 2022).

² 25,000,000 unlisted options exercisable at \$0.03 on or before 12 February 2024 were issued to Euroz Hartleys on 12 February 2021 after receiving shareholder approval on 10 February 2021. The share-based payment was amortised over 18 months in accordance with the agreement, with amount in relation the remaining period classified as prepayment (Refer to Note 7 & 13).

5. EXPENSES (CONTINUED)

	6 months to 30 June 2023 \$	6 months to 30 June 2022 (restated) \$
(c) Employee benefits expense		
Employee benefits including salaries and wages	(663,401)	(176,542)
Directors' fees	(744,000)	(574,667)
Share-based payments to directors	(4,900,301)	(1,144,646)
Share-based payments to employees and project consultants	(671,996)	-
	<u>(6,979,698)</u>	<u>(1,895,855)</u>
(d) Depreciation and amortisation expense		
Furniture & equipment	(22,188)	(16,987)
Right of use assets	(68,278)	(10,321)
	<u>(90,466)</u>	<u>(27,308)</u>

6. CASH AND CASH EQUIVALENT

	30 June 2023 \$	*31 Dec 2022 (restated) \$
Cash in hand and cash at bank ¹	7,872,782	15,909,429
Term deposits ²	38,000,000	10,000,000
	<u>45,872,782</u>	<u>25,909,429</u>

¹ Cash at bank earns interest at floating rates based on daily bank deposit rates.

² Cash funds invested in term deposits, which the Company may draw down with 31 days' notice without any significant penalties.

7. TRADE AND OTHER RECEIVABLES

	30 June 2023 \$	*31 Dec 2022 (restated) \$
Current		
Related party receivables	321,344	330,822
Other receivables	181,615	101,698
R&D receivables	1,014,898	-
Accrued interest revenue	302,592	17,283
GST receivable	92,230	96,450
Prepayments	100,028	33,527
	<u>2,012,707</u>	<u>579,780</u>

The Group applies a simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward-looking information.

8. OTHER FINANCIAL ASSETS

	30 June 2023 \$	*31 Dec 2022 (restated) \$
Security deposits	193,296	116,742

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

At 30 June 2023, the Company has the following investments which are accounted under AASB128 – *Investments in Associates and Joint Venture*,

Name of entity	Country of incorporation	% of ownership		Nature of relations	Measurement method	Carrying amount	
		30 June 2023	31 Dec 2022			30 June 2023 \$	31 Dec 2022 \$

Solis Minerals Limited (ASX: SLM) ³	Canada	13.13%	13.13%	Associate	Equity method	667,196	595,363
Litios del Norte S.A. ⁴	Argentina	50%	50%	Joint Venture	Equity method	185,609	249,942

³ The investment in Solis Minerals Limited, formerly known as Westminster Resources Limited, originated from the settlement of the sale of the Ilo copper project in Peru.

During the financial year 2022, the Company applied AASB 9 – Financial Instrument and accounted for its investment in Solis Minerals at fair value through profit and loss. Upon review, the Company has determined that the equity method of accounting is more appropriate given that the Company was deemed to have significant influence over Solis Minerals in the financial year ended 31 December 2022 given that the Company is the largest shareholder of Solis Minerals and has board representation.

⁴ The group entered a joint venture agreement on 26 October 2020 and the JV partner completed the earn-in contribution in the third quarter of 2022.

During the financial year 2022, the Company accounted for its investment in the Litios joint venture as a subsidiary. Upon review, the Company determined that joint venture accounting was more appropriate following Integra's final contribution in August 2022 to achieve 50% ownership. The Company and Integra Capital now share joint control over Litios through respective ownership interests (50:50) and equal board representation.

	Solis Minerals Limited \$	Litios del Norte S.A. \$	Total Investments \$
Movements in investments:			
Carrying amount – 1 January 2023	595,363	249,942	845,305
Share of results for the period ⁵	(206,692)	(64,333)	(271,025)
Impairment reversal ⁷	278,525	-	278,525
Carrying amount – 30 June 2023	667,196	185,609	852,805
Carrying amount – 1 January 2022	1,274,107	290,431	1,564,538
Impairment expenses ⁶	(278,525)	-	(278,525)
Share of results for the period ⁵	(400,219)	(40,489)	(440,708)
Carrying amount – 31 December 2022	595,363	249,942	845,305

⁵ Profit or loss for the period is the amount attributed to the Company.

⁶ Impairment written down relating to the excess carrying amount of the investment.

⁷ Impairment reversal, capped at historical impairments recognised.

10. EXPLORATION AND EVALUATION ASSETS

	30 June 2023	*31 Dec 2022 (restated)
	\$	\$
Opening balance	23,828,213	8,069,950
Additions	16,898,127	15,691,959
2022 R&D tax rebate in relation to the project	(1,014,898)	-
Acquisition of Peep O'Day gold prospects ⁽ⁱ⁾	-	18,000
Acquisition of tenements at the Salinas Lithium Project ⁽ⁱⁱ⁾	-	59,105
Other expenses (GST/VAT movement) ⁽ⁱⁱⁱ⁾	124,635	36,862
Foreign currency translation movement	1,453,847	(47,662)
Closing balance	<u>41,289,924</u>	<u>23,828,213</u>

⁽ⁱ⁾ Group exercised option agreement over the Peep O'Day gold prospect on 8 July 2022, the company issued the 6 million shares to the Vendor following the grant of the Peep O'Day tenement.

⁽ⁱⁱ⁾ The company issued 772,962 shares as part of considerations for exercise of option to acquire tenements at the Company's Salinas Lithium Project in Brazil.

⁽ⁱⁱⁱ⁾ The Goods and services tax/value added tax (GST/VAT) refers to a receivable by the company's subsidiary in Peru which can only be offset against GST/VAT attributable to future sales.

11. TRADE AND OTHER PAYABLES

	30 June 2023	*31 Dec 2022 (restated)
	\$	\$
Trade payables	6,898,072	4,198,958
Other payables	1,106,252	798,852
Accruals	170,175	30,000
	<u>8,174,499</u>	<u>5,027,810</u>

Trade payables are generally on 30 day terms from end of invoice month.

12. LEASE

	30 June 2023	*31 Dec 2022 (restated)
	\$	\$
(a) Right of use assets		
Opening balance	299,323	-
Additions	57,166	371,570
Accumulated depreciation	(68,278)	(72,247)
Closing balance	<u>288,211</u>	<u>299,323</u>
(b) Lease liability		
Opening balance	302,916	-
Additions	57,166	371,570
Capitalised interest expenses	6,987	8,346
Repayment of liability	(73,000)	(77,000)
Closing balance	<u>294,069</u>	<u>302,916</u>
Current	142,450	121,651
Non-current	151,619	181,265

Additions to the right-of-use assets during the period were \$57,166 (2022: \$371,570). The addition related to a warehouse contract which has been recognised as a right-of-use asset.

The Company recognised the lease as a right of use asset and a corresponding liability at the date which the leased premise is available for use by the Company. The right of use asset reflects the lease liability and is depreciated over the term of the lease. The lease liability was measured at the present value basis, discounting using borrowing rate from RBA as of 31 January 2023 of 6.42%. The incremental borrowing rate used for the year was 6.42% (2022: 4.18%).

13. CONTRIBUTED EQUITY

	30 June 2022	*31 Dec 2022 (restated)
	\$	\$
(a) Issued capital		
Ordinary shares	141,019,370	103,021,813
Treasury shares (4,000,000 shares)	141,600	141,600
	141,160,970	103,163,413
(b) Movement in ordinary shares	Number	\$
Balance at 1 January 2022	1,422,776,263	59,694,342
Placement	218,750,000	35,000,000
Listed options conversion	397,119,704	4,765,436
Unlisted options conversion	72,166,667	3,201,667
Shares issued in lieu of fees to consultant	8,000,000	240,000
Vesting and conversion of share rights	22,728,531	1,914,981
Share-based payments for acquisitions of project tenements	6,772,962	77,105
Less: Costs of issue	-	(1,871,718)
Balance at 31 December 2022	2,148,314,127	103,021,813
Balance at 1 January 2023	2,148,314,127	103,021,813
Placement	353,333,334	37,100,000
Listed options conversion	40,370,074	484,441
Unlisted options conversion	22,756,410	931,410
Vesting and conversion of share rights	12,970,717	1,595,370
Less: Costs of issue	-	(2,113,664)
Balance at 30 June 2023	2,577,744,662	141,019,370

At the Annual General Meeting held 28 May 2018, shareholders approved the adoption of the Latin Resources Limited Loan Funded Share Plan and also approved the issue of 100,000,000 loan funded shares to directors. The loan funded shares were issued at 1.1 cents per share. The loans are interest free and with limited recourse to the participant and are unquoted shares until the loan has been paid. The Plan requires the loan to be repaid before the participant can sell their shares. The loan funded shares were consolidated (1:25 share consolidation) at 31 December 2019.

Loan funded shares with market-based vesting conditions are also valued at the 10-day VWAP share price prior to the grant date however a 20% discount is applied to the valuation to take into account the likelihood of meeting any market based vesting conditions.

There were no movement to treasury shares during the financial year 2022 and 2023.

14. RESERVES

	30 June 2023 \$	* 31 Dec 2022 (restated) \$
(a) Foreign currency translation reserve		
Balance at beginning of period	4,851,634	5,369,764
Foreign currency translations	1,650,605	(518,130)
Closing at end of period	<u>6,502,239</u>	<u>4,851,634</u>
(b) Share-based payments reserve		
Balance at beginning of period	11,036,650	9,786,771
Share based payment – Lind Partners ¹	-	1,079,894
Granted as share rights to directors, employees and consultants ^{2 3 4}	5,572,267	1,774,385
Vested and conversion of share rights	(1,595,370)	(1,914,981)
Capital raising costs – issue of broker options ⁵	-	310,581
Closing at the end of period	<u>15,013,547</u>	<u>11,036,650</u>
Total reserves	<u>21,515,786</u>	<u>15,888,284</u>

¹ 2022: 35,000,000 unlisted options exercisable at \$0.05 on or before 31 March 2026 were issued on 8 March 2022 to Lind Asset Management XII LLC as part of the Option funding Agreement (refer to ASX Announcement – 28 February 2022).

² The terms and conditions of the share rights has been disclosed in the Notice of Meeting for the shareholder meeting held on 10 February 2021 and the issue was approved by shareholders at the meeting.

³ The terms and conditions of the share rights has been disclosed in the Notice of Meeting for the shareholder meeting held on 30 May 2022 and the issue was approved by shareholders at the meeting.

⁴ The terms and conditions of the share rights has been disclosed in the Notice of Meeting for the shareholder meeting held on 30 May 2023 and the issue was approved by shareholders at the meeting.

⁵ The Company has issued 3,580,262 LRSAY options to the Lead Managers and Co-Manager in connection with the Placement. (Refer to ASX Announcement – 14 April 2022). The share-based payment was fully expensed as part of share issue costs during the period.

Movement in the balance of options as share-based transactions:

	Number of options	Weighted average exercise price
Outstanding balance at beginning of period	198,239,058	\$0.1014
Listed options exercised	(40,370,074)	\$0.012
Listed options lapsed unexercised	(11,413,722)	-
Unlisted options exercised	(12,500,000)	\$0.03
Unlisted options exercised	(10,000,000)	\$0.05
Unlisted options exercised	(256,410)	\$0.22
Outstanding balance at 30 June 2023	<u>123,698,852</u>	<u>\$0.22</u>

No options were granted as share-based payments during the period.

The outstanding balance of Options as at 30 June 2023 is represented by:

- 123,698,852 unlisted options exercisable at \$0.22 per option expiring 27 April 2027.

Movement in the balance of share rights as share-based transaction:

	Number of share rights
Outstanding balance at beginning of period	43,509,551
Granted of share rights ⁴	73,000,000
Vested and conversion of share rights ^{a, 1, 2, 3}	(13,259,551)
Outstanding balance at 30 June 2023	<u>103,250,000</u>

^a Share rights conversion was based on market value which resulted different number of ordinary shares being issued.

Details of the employees and consultants share rights in existence during the period are as follows:

Grant date	Fair value per share rights	Measurement date of share rights	Vesting conditions Market/Non-market
23 December 2022	\$0.1850	31 December 2022 ³	non-market
23 December 2022	\$0.1850	31 December 2023 ³	non-market
23 December 2022	\$0.1850	23 December 2027 ³	non-market

The vesting of the employee and consultants share rights is conditional on non-market performance conditions. These performance conditions are key objectives specific to each employee and consultant. There were 10,750,000 share rights outstanding as at 30 June 2023.

Details of the directors share rights in existence during the period are as follows:

Grant date	Fair value per share rights	Measurement date of share rights	Vesting conditions Market/Non-market
10 February 2021	\$0.0550	31 December 2020 ¹	non-market
10 February 2021	\$0.0550	31 December 2021 ¹	non-market
10 February 2021	\$0.0550	31 December 2022 ¹	non-market
10 February 2021	\$0.0550	31 December 2020 ¹	market
10 February 2021	\$0.0531	31 December 2021 ¹	market
10 February 2021	\$0.0517	31 December 2022 ¹	market
19 December 2022	\$0.1100	29 September 2023 ²	non-market
19 December 2022	\$0.1100	29 September 2024 ²	non-market
19 December 2022	\$0.0938	23 December 2027 ²	market
19 December 2022	\$0.0873	23 December 2027 ²	market
19 December 2022	\$0.0849	23 December 2027 ²	market
19 December 2022	\$0.0816	23 December 2027 ²	market
30 May 2023	\$0.1850	3 May 2028 ⁴	non-market
30 May 2023	\$0.1685	3 May 2028 ⁴	market

Director share rights in existence during the period ended 30 June 2023 (and prior comparative year) were approved for granting at Annual General Meeting held on 10 February 2021, 30 May 2022, 31 May 2023 and General Meeting held on 19 December 2022. The terms and conditions of the share rights has been disclosed in the Notice of Meeting of the respective dates.

¹ At the Annual General Meeting held on 10 February 2021, shareholder approved the granting of a total 36,698,507 share rights to Directors. The \$0.055 per non-market share rights were valued based on share price at grant date. The market-based share rights were value based on Hoadley's Hybrid ESO model using the following assumptions:

- \$0.055 share price at grant date,
- 0-1.89 year measurement period,
- 0.09% risk-free interest rate,
- 195.50%-205.20% volatility.

The remaining share rights 11,009,552 were vested and converted to shares on 13 January 2023. Nil share rights remain outstanding at 30 June 2023.

² At the General Meeting on 19 December 2022, shareholder approved the granting of 19,500,000 share rights to Directors. The \$0.1100 per non-market share rights were valued based on share price at grant date. The market-based share rights were value based on Hoadley's Hybrid ESO model using the following assumptions:

- \$0.1100 share price at grant date,
- 5 years measurement period,
- 3.25% risk-free interest rate,
- 100% volatility.

There were 19,500,000 share rights outstanding as at 30 June 2023.

³ The company approved the granting of 16,500,000 share rights to employees. The \$0.185 per non-market share rights were valued based on the share price at issue date. There were 10,750,000 share rights to employees outstanding at 30 June 2023.

⁴ At the Annual General Meeting on 30 May 2023, shareholder approved the granting of 73,000,000 share rights to Directors. The \$0.1685 per non-market share rights were valued based on share price at grant date. The market-based share rights were value based on Hoadley's Hybrid ESO model using the following assumptions:

- \$0.185 share price at grant date,
- 5 years measurement period,
- 3.41% risk-free interest rate,
- 100% volatility.

The share rights were issued to the directors on 3 July 2023.

15. CONTINGENT LIABILITIES

The Company has entered acquisition of mining rights contracts with several parties since FY2022. Under the terms and conditions in the contracts as below,

- The acquisition price comprises a fixed deposit and 24 month instalments to secure the exclusive rights to the mining rights; The mining rights commitment has included in Note 16 Commitments.
- The Company will sign Net Smelter Royalties Agreement subsequent the exercise of option to acquire the full mining rights; the amount of Net Smelter Returns Royalties shall not exceed 3% net receipts.
- These contracts will be terminated and the mining rights for the area will be relinquished in the event where the Company declines the purchase option.

16. COMMITMENTS

	30 June 2023 \$	31 December 2022 \$
<i>Exploration Commitments:</i>		
Not later than one year	874,333	757,667
Later than one year but not later than five years	2,258,333	2,939,333
Later than five years	-	-
	3,132,666	3,697,000
<i>Expenditure Commitments:</i>		
Not later than one year ⁽ⁱ⁾	864,635	1,051,232
Later than one year but not later than five years ⁽ⁱ⁾	719,690	1,053,480
Later than five years	-	-
	1,584,325	2,104,712

⁽ⁱ⁾Commitment for mining rights (refer Note 15 Contingent liabilities) has been included in expenditure commitments.

17. ADJUSTMENTS TO THE COMPARATIVE PERIOD

During the reporting period, the Company reviewed the accounting treatments applied in relation to its investments in Solis Minerals and Litos. Based on this assessment this resulted in the accounting treatment being revised and Comparatives have been restated accordingly.

1 Restatements associated with the Company's Litos joint venture in Argentina

In the consolidated financial statements for the year ended 31 December 2022, the Company accounted for its investment in Litos as a subsidiary. The Company identified that the investment in Litos should have been accounted for as a joint venture given that from August 2022 the Company had joint control over Litos following Integra's final contribution to achieve 50 per cent ownership in Litos. The Company and Integra Capital have joint control over Litos through their respective ownership interests (50:50) and equal board representation.

Joint control is defined as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Under joint venture accounting, the investment in Litos is accounted for using equity accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investor's share of the investee's net assets. The investor each period recognises its share of both the investee's profit or loss and other comprehensive income.

The impact on the Company's consolidated financial statements resulted in the de-recognition of the assets, liabilities and equity of Litos at the date the Company lost control of Litos and the recognition of an investment in joint venture of \$249,942. The impact on the 31 December 2022 consolidated statement of financial position from the change in accounting treatment is a decrease in net assets of \$511,163. The net impact on the Company's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 is \$193,586. The full effect of the restatement on 31 December 2022 balances are disclosed in the table below.

2 Restatements associated with the Company's investment in Solis Minerals

In the 2022 financial statements, the Company accounted for its investment in Solis Minerals at fair value through profit and loss. The Company has determined that its investment should have been accounted as an investment in associate as the Company was deemed to have significant influence over Solis Minerals in the financial year ended 31 December 2022. Significant influence has been assessed as the Company is the largest shareholder of Solis Minerals and has board representation.

An investment in associate is accounted for using the equity method of accounting. The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investor's share of the investee's net assets. The investor each period recognises its share of both the investee's profit or loss and other comprehensive income.

Given that the fair value of the Company's investment in Solis Minerals at 31 December 2022 – determined by Solis Minerals' share price – was below the restated carrying value of the investment in associate, the net financial impact from the change in accounting treatment on the consolidated financial statements is nil. Changes to reporting classifications within the consolidated statement of profit or loss and other comprehensive income have been reflected. The full effect of the restatement on 31 December 2022 balances are disclosed in the table below.

17. ADJUSTMENTS TO THE COMPARATIVE PERIOD (CONTINUED)

3 Restatement of historical exploration and evaluation expenditure

The Company has undertaken a review of historical expenditure capitalised as part of exploration and evaluation assets and identified that \$3,423,865 did not meet the criteria under the Company's accounting policy to be capitalised. The Company has restated the opening accumulated losses and exploration and evaluation assets for the year ended 31 December 2022 to reflect that the expenditure should have been expensed in prior years. The impact on the consolidated statement of financial position as at 31 December 2022 is a decrease in net assets and an increase in accumulated losses of \$3,423,865. The full effect of the restatement on 31 December 2022 balances are disclosed in the table below.

RESTATEMENT OF COMPARATIVE FINANCIAL INFORMATION

Impact on consolidated statement of financial position

	31 Dec 2022 Previously disclosed \$	31 Dec 2022 Adjustments ³ \$	31 Dec 2022 Adjustments ² \$	31 Dec 2022 Adjustments ¹ \$	31 Dec 2022 Restated \$
Cash and cash equivalents	26,276,726	-	-	(367,297)	25,909,429
Trade and other receivables	629,453	-	-	(49,673)	579,780
Other financial assets	116,742	-	-	-	116,742
Total current assets	27,022,921	-	-	(416,970)	26,605,951
Investments using equity method	-	-	595,363	249,942	845,305
Investments using FVPTL method	595,363	-	(595,363)	-	-
Rights of use assets	299,323	-	-	-	299,323
Plant and equipment	465,989	-	-	(566)	465,423
Exploration and evaluation assets	27,595,780	(3,423,865)	-	(343,702)	23,828,213
Total non-current assets	28,956,455	(3,423,865)	-	(94,326)	25,438,264
Total assets	55,979,376	(3,423,865)	-	(511,296)	52,044,215
Trade and other payables	5,027,943	-	-	(133)	5,027,810
Lease liabilities	121,651	-	-	-	121,651
Provisions	76,739	-	-	-	76,739
Total current liabilities	5,226,333	-	-	(133)	5,226,200
Lease liabilities	181,265	-	-	-	181,265
Total liabilities	5,407,598	-	-	(133)	5,407,465
Net assets	50,571,778	-	-	(511,163)	46,636,750
Contributed equity	103,163,413	-	-	-	103,163,413
Reserves	15,899,366	(3,688)	-	(7,395)	15,888,283
Accumulated losses	(69,195,750)	(3,420,177)	-	200,981	(72,414,946)
Parents' interest	49,867,029	(3,423,865)	-	193,586	46,636,750
Non-controlling interests	704,749	-	-	(704,749)	-
Total equity	50,571,778	(3,423,865)	-	(511,163)	46,636,750

¹ Restatements associated with the Company's Litos joint venture in Argentina

² Restatements associated with the Company's investment in Solis Minerals

³ Restatement of historical exploration and evaluation expenditure

Impact on consolidated statement of profit or loss and other comprehensive income

	31 Dec 2022 Previously disclosed \$	31 Dec 2022 Adjustment ³ \$	31 Dec 2022 Adjustment ² \$	31 Dec 2022 Adjustments ¹ \$	31 Dec 2022 Restated \$
Interest revenue	345,961	-	-	-	345,961
Other income	196,678	-	-	(11,047)	185,631
Depreciation and amortisation expense	(106,819)	-	-	275	(106,544)
Employee benefits expense	(3,391,346)	-	-	-	(3,391,346)
Finance expense	(1,301,391)	-	-	6,991	(1,294,400)
Share of loss of an associate	-	-	(753,435)	-	(753,435)
Impairment of investments	-	-	(278,525)	-	(278,525)
Share of loss of a joint venture	-	-	-	(41,527)	(41,527)
Gain on deemed disposal	-	-	-	318,341	318,341
Fair value on investments using FVPTL	(1,031,960)	-	1,031,960	-	-
Profit on derecognition of payables	691,357	-	-	-	691,357
Impairment of exploration expenditure costs	(266,311)	-	-	-	(266,311)
Other expenses	(2,491,879)	-	-	(72,052)	(2,563,931)
Profit/(loss) before income tax	(7,355,710)	-	-	200,981	(7,154,729)
Income tax benefit	90,509	-	-	-	90,509
Profit/(loss) after income tax	(7,265,201)	-	-	200,981	(7,064,220)
Other comprehensive income/(loss)					
Exchange differences on translating foreign operations	(507,048)	-	-	(7,395)	(514,443)
Other comprehensive loss, net of income tax	(507,048)	-	-	(7,395)	(514,443)
Total comprehensive income/(loss) for the year attributed to members of Latin Resources Limited	(7,772,249)	-	-	193,586	(7,578,663)

¹ Restatements associated with the Company's Litios joint venture in Argentina

² Restatements associated with the Company's investment in Solis Minerals

³ Restatement of historical exploration and evaluation expenditure

RESTATEMENT OF 30 JUNE 2022 HALF YEAR PROFIT AND LOSS

The restatements had no impact on the reported 30 June 2022 profit and loss. The change in the investments in Solis Minerals Ltd resulted in reclassification in share of loss of associate and fair value of investments, with a net impact of nil.

18. RELATED PARTY TRANSACTIONS

The following related party transactions have occurred during the half year ended 30 June 2023.

The Company paid a total of \$61,660 for legal services to Bowen Buchbinder Vilensky Lawyers, an entity which is associated with Mr Vilensky. At 30 June 2023, there was an outstanding payable of \$43,175 to Bowen Buchbinder Vilensky Lawyers and the amount has been fully paid at the date of this report.

The Company invoiced \$100,673 for the shared administration services to Oar Resources Ltd, a listed entity which Mr Gale and Mr Vilensky are common directors. At 30 June 2023, there was a receivable of \$262,595 owed by Oar Resources Ltd. Subsequent to 30 June 2023, Oar Resources Ltd has repaid \$150,000 up to the date of this report.

The Company invoiced \$74,629 for the shared administration and technical services to Solis Minerals Ltd, a listed entity which Mr Gale is a common director. At 30 June 2023, a receivable of \$6,576 was owing from Solis Minerals that has been fully paid at the time of this report. During the reporting period, the Company provided a total amount BRL\$2,791,537 as a temporary financial facility to a subsidiary of Solis Minerals that was fully repaid at 30 June 2023.

19. EVENTS OCCURRING AFTER BALANCE DATE

On 7 July 2023, the Company received A\$1.0 million from the Australian Tax Office (“ATO”), in recognition of research & development (“R&D”) investments.

Additionally, the Company’s rising share price has resulted in a further A\$9.3 million \$0.22 options exercised subsequent to 30 June 2023 provided funding of \$2.1 million.

Subsequent to the 30 June 2023, the Company finalised a A\$3 million participation in Solis Minerals’ June 2023 placement increasing its shareholding to 17.79%.

At the date of this report, there are no other significant events that have occurred after the reporting date.

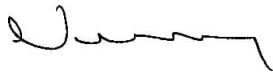
Director's Declaration

In accordance with a resolution of the directors of Latin Resources Limited, I state that:

In the opinion of the directors:

- a) The interim financial statements and notes of Latin Resources Limited for the half-year ended 30 June 2023 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 2023 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 13th day of September 2023



**Building a better
working world**

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Auditor's independence declaration to the directors of Latin Resources Limited

As lead auditor for the review of the half-year financial report of Latin Resources Limited for the half-year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Latin Resources Limited and the entities it controlled during the financial period.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive, stylized script.

Ernst & Young

A handwritten signature in black ink that appears to read 'Jared Jaworski' in a cursive script.

Jared Jaworski
Partner
13 September 2023



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Independent auditor's review report to the members of Latin Resources Limited

Conclusion

We have reviewed the accompanying half-year financial report of Latin Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, 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, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply 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 2023 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*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

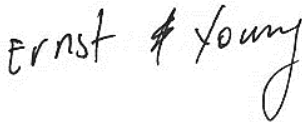
Directors' responsibilities for the condensed half-year financial report

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us 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 financial position as at 30 June 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.



Ernst & Young



Jared Jaworski
Partner
Perth
13 September 2023