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## QUARTERLY ACTIVITIES REPORT for the period ending 30 September 2019

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### Highlights

#### OPERATIONS

##### *San Luis & Catamarca - Argentina*

- Discussions with potential Joint Venture partners continuing
- Activities suspended pending exploration and permitting approvals

##### *Minas Gerais - Brazil*

- Prospective lithium portfolio under construction
- Reconnaissance in the Jequitinhonha valley region of Minas Gerais continued
- Activities suspended

##### *Pachamanca/MT-03 Copper Project – Peru*

- Permitting approval negotiations continue with government departments

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#### TECHNOLOGY

##### *UnCuyo University - Mendoza*

- Negotiations continuing on agreement to develop commercial grade pilot plant to test the patented process on a larger scale and formalise license agreement

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#### CORPORATE

##### *Financial*

- Shareholders approve Share Consolidation on basis of 1 share for every 25 held at a General Meeting held 2 September 2019 along with all other resolutions put at the meeting.
- On 24 October 2019, and subsequent to quarter end, the Company announces acquisition of Electric Metals Pty Ltd and its Halloysite Project and Big Grey silver-lead projects.
- On 24 October 2019, and subsequent to quarter end, the Company announced a capital raising programme consisting of:
  - placement of \$1,000,000 with the issue of up to 166,666,667 shares at \$0.006 per share;
  - a convertible note issue of \$520,000; and
  - a rights issue on the basis of 1 share for every 1 share held with a rights issue price of \$0.006 cents per share.

## REVISED STRATEGY

On 4 October 2019 the Company announced a revised Corporate Strategy.

With a decline in the lithium sector globally, a trend the Company considers to be temporary, the Company will only continue with its lithium operations in Argentina and Brazil only via a sale or in conjunction with suitable joint venture partners able to fund the projects. The Company remains focused on seeking and attracting suitable joint venture partners through its highly prospective hard rock lithium projects in Argentina and remains confident of doing so within the near to medium term.

The Company will now be focused on 3 key areas of potential value:

1. To develop a new strategic direction with the new acquisition of the Electric Metals Halloysite and Paterson Range Silver/Lead project and the Company is excited with the potential for this opportunity to add value to the Company going forward.
2. The collaborative exploration agreement the Company has with First Quantum on our Ilo Sur properties in southern Peru. The Company believes it is now in the home straight with obtaining the necessary permitting to enable exploration drilling to commence on this exciting copper project. It is well known that First Quantum have expended significant time and resources to date in an extensive assessment of this project which has resulted in a target area recommended for follow up which includes drill targets already identified in what is expected will be a significant new copper project. The Company remains hopeful that this joint venture will deliver the upside it has long promised, and we look forward to good news on this project in the medium term.
3. To identify and secure a buyer for the Guadalupito mineral sands project. This process has been developing for some time and the company has interest from a potential buyer albeit early days. The company believes that there is value that can be obtained and therefore a cash sale transaction may be likely in the near term.

## OPERATIONS

### *Electric Metals*

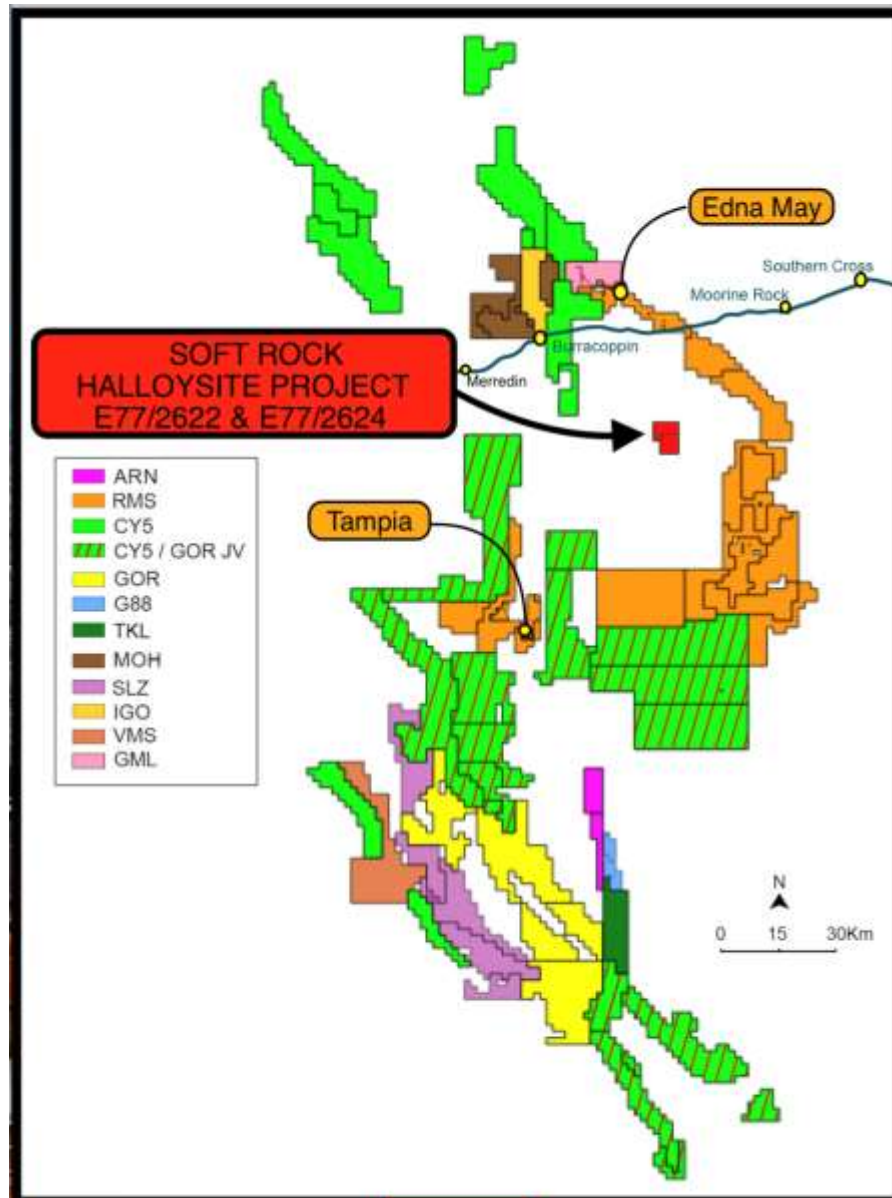
On 24 October 2019 the Company announced that it had entered into a Binding Terms Sheet with Electric Metals Pty Ltd, (**Electric Metals**) to acquire a 100% interest in both its Halloysite Project, located near Merredin, WA less than 300km from Port of Fremantle and its Big Grey Silver-Lead Project, located in WA's Paterson region.

The Soft Rock Halloysite Project is Electric Metals' flagship project comprising a 54 km<sup>2</sup> Soft Rock Halloysite project (E77/2622) that is spread across two contiguous tenements, (Figure 1). The project is located near Merredin, less than 300km from Perth, with port easily accessible via the Great Eastern Highway. All services required for a low-cost mining operation are in close proximity.

Scientists from the Geological Society of WA (GSWA) identified the deposit in 1999, however it remained undiscovered by commercial exploration companies until being located this year by Electric Metals project generation team.

From GSWA reports, sample GSWA 94490 contained nearly 50% tubular Halloysite, an exceptionally high grade and unique form of Halloysite. Further SEM studies indicated medium-grained kaolinite in sample GSWA 94489, with well-developed hexagonal stacked platelets.

The GSWA sampling at the project also returned ISO brightness results of 71% to 79% from raw samples, with higher results easily achievable by separating the kaolinite from other minerals such as quartz.



**Figure 1 – Location of Electric Metals Halloysite Project**

Halloysite presents a low mining risk, minimal disturbance, bulk commodity with attractive profit margins with strong investor interest in Halloysite as a globally scarce commodity with strong demand drivers.

The main markets for Halloysite are the high end ceramics and the petroleum industry as a catalyst for fluid catalytic cracking (FCC). New and emerging markets are developing for Halloysite as an input in producing high purity alumina (HPA), Halloysite nanotube technologies, and cancer therapeutics.

#### *Consideration*

The consideration for the acquisition will comprise the issue of 25,000,000 fully paid ordinary shares in the Company (**Shares**) and 6,250,000 options to subscribe for Shares at an exercise price \$0.012 expiring 31 December 2022 (**Vendor Options**) (together, the **Consideration Securities**). Electric will also be eligible for 16.5M milestone shares and 4.125M milestone options on a successful Kaolin/Halloysite JORC resource of 3 million tonnes at 30% Ceramic Alumina (Al<sub>2</sub>O<sub>3</sub>) or greater.

The Company will seek shareholder approval for the acquisition of Electric Metals and the issue of the Consideration Securities under Listing Rule 11.1.2.

## ***Argentina***

The Company's total landholding in its Argentinean hard rock lithium concessions is approximately 173,738 hectares within the combined Catamarca and San Luis provinces.

The Company is also continuing its assessment of the acquisition of a further 44,177 Hectares in San Luis.

### ***San Luis Lithium Project, Argentina - (LRS - 100%)***

The Company has suspended further activities on its projects located within the San Luis province and known as Geminis, Don Gregorio and Maria Del Huerto.

## ***Catamarca Lithium Project, Argentina***

***(LRS - 100%)***

No update this quarter.

## ***Ilo Copper Project, Southern Peru***

***(LRS -Indirect via 41.02% owned Westminster Resources TSXV: WMR)***

No update this quarter.

### ***Pachamanca MT-03 Copper Project, Southern Peru***

***(LRS 100%– First Quantum Minerals earning 80% direct interest)***

The Company is progressing the government approvals for the permitting of MT-03 to allow First Quantum to commence their drill program for this project

### ***Guadalupito Mineral Sands Project, Peru***

***(LRS 100%)***

The Company continues to identify and secure a buyer for the Guadalupito mineral sands project. This process has been developing for some time and the company has interest from a potential buyer albeit early days. The Company believes that there is value that can be obtained and therefore a cash sale transaction may be likely in the near term.

### ***Minas Gerais Lithium Project, Brazil - (LRS – 100%)***

The Company has suspended further acquisition and exploration in the region.

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## **TECHNOLOGY**

### ***UnCuyo University, Mendoza, Argentina***

Following the successful completion of the final stage of test work on the spodumene to lithium carbonate process pilot plant in Mendoza, Argentina with UnCuyo University during November 2018.

The Company has continued negotiations to complete the option agreement and progress to a formal Licencing Agreement and to move into the next stage of developing a commercial grade pilot plant to test the patented process on a larger scale.

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## CORPORATE

### *Share Consolidation*

At a General Meeting of Shareholders held 2 September 2019, it was approved to consolidate the issued shares of the Company on the basis of 1 share for every 25 held.

The effect which the Consolidation resulted in the following capital structure of the Company.

Capital Structure	Shares	Listed Options	Unlisted Options
Pre-Consolidation Securities	3,892,466,595	851,071,442	366,666,667
Post 25:1 Consolidation (Resolution 9)	155,698,664	34,042,858	14,666,667
<b>Completion of all Resolutions</b>	<b>155,698,664</b>	<b>34,042,858</b>	<b>14,666,667</b>

All other resolutions put to the General Meeting were also passed unanimously.

### *Expiry of Listed Options*

A total of 34,042,858 listed options expired on 12 October 2019 unexercised.

### *Subsequent to Quarter end*

### *Acquisition of Electric Metals Pty Ltd*

On 24 October 2019 the Company announced it had entered into a Binding Terms Sheet with Electric Metals Pty Ltd, (Electric Metals) to acquire a 100% interest in both its Halloysite Project, located near Merredin, WA and its Big Grey Silver-Lead Project, located in WA's Paterson region.

### *Capital Raising*

On 24 October 2019 the Company announced a capital raising programme consisting of the following:

#### *Placement*

A share placement will be made to professional and sophisticated investors to raise capital for exploration, project development, working and other capital requirements including paying down debt with Lind Asset Management.

The Placement will be completed as follows:

- Placement to raise up to \$1,000,000 ("Placement") Via the issue of up to 166,666,667 shares at \$0.006 per share (**Placement Shares**);
- Placement Shares come with 1 for 1 free-attaching Options, on the same terms as the Vendor Options.

The Placement will be made without a prospectus or other disclosure document as an exempt issue to sophisticated and professional investors only. It is noted that a Cleansing Prospectus will be issued for the purpose of Section 708(A)(11) of the Corporations Act to remove any trading restrictions on the sale of the shares issued by the Company.

#### *Convertible Notes*

Convertible notes will be issued to raise \$500,000 to \$1,000,000 ("Notes"). The Notes will convert to fully paid ordinary shares at a 20% discount to historical 5-day VWAP at a time of the Note holders' election. The Notes will pay a 12% pa coupon, with interest paid quarterly in cash or shares. The Notes include 80 attaching

options per \$1 of Notes. The Note Options will be issued on the same terms as the Vendor Options. *Rights Issue*

Latin will offer a rights issue on a 1 for 1 basis, the rights issue price will be 0.006 per share with 1 for 2 free-attaching Options, on the same terms as the Electric Metals vendor options.

In addition, the Company will offer the holders of the LRSOB Listed Option class that expired on 12 October 2019 the opportunity to subscribe for new options at an issue price of \$0.0015 per option ("**New Options**"). These options will have the same terms as the Vendor Options. The maximum number of New Options to be issued will be 34,042,873.

All capital raising initiatives subject to shareholder approval at a General Meeting to be held in early December 2019.

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### **About Latin Resources**

*Latin Resources Limited is an Australian-based mineral exploration company focused on creating shareholder wealth through the identification and definition of mineral resources in Latin America. The Company has secured over 173,000 hectares of exploration concessions in the lithium pegmatite districts of Catamarca and, San Luis Provinces, Argentina.*

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

*The Company has also acquired a portfolio of projects in Brazil and is continuing efforts to expand landholding and is actively exploring in the prospective Minas Gerais in Brazil.*

*Latin Resources recently divested its other Peruvian copper projects into Canadian listed company Westminster Resources (TSX-V; WMR) and on settlement will become Westminster's largest shareholder holding approx. 41.02%*

### **Corporate Summary**

**At October 2019**

**ASX: LRS**

#### **Shares Issued:**

**- Listed 151.7M**

**- Unlisted 4.0 M**

#### **Options Issued:**

**- Unlisted 34.0M**

**- Unlisted 14.7M**

**Rights Issued: Nil**

### **Enquires**

Chris Gale  
Managing Director  
Latin Resources Limited  
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## Appendix 5B

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

**Name of entity**

LATIN RESOURCES LIMITED

**ABN**

81 131 405 144

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

September 2019

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(8)	(488)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(15)	(169)
	(e) administration and corporate costs	(7)	(270)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(30)</b>	<b>(926)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-

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

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	523
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(46)
3.5	Proceeds from borrowings	-	250
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>727</b>



<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>	(30)	(199)
4.1 Cash and cash equivalents at beginning of period	32	204
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(30)	(926)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	727
4.5 Effect of movement in exchange rates on cash held	-	(3)
<b>4.6 Cash and cash equivalents at end of period</b>	<b>2</b>	<b>2</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	2	32
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2</b>	<b>32</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	-
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
6.1 - Includes wages and directors fees including superannuation. Amounts above are inclusive of GST and exclude the reimbursement of expenses.	

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities	6,000	2,850
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Loan facilities include the Convertible Security Funding Agreement established on 19 June 2018. At 30 September 2019, A\$ 2,196,000 remains repayable under the \$6,000,000 Facility. No repayments were made during the quarter.

The maturity date of the Facility is 26 June 2020.

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	80
9.2	Development	-
9.3	Production	-
9.4	Staff costs	25
9.5	Administration and corporate costs	240
9.6	Other (provide details if material)	-
9.7	<b>Total estimated cash outflows</b>	<b>345</b>

Subsequent to quarter end the Company has announced a capital raising programme including placement, rights issue and convertible note issue to raise approximately \$2 million.

Please refer to the activities report for further details.

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

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

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:                      Company secretary                      Date: 30 October 2019



Print name:                      Sarah Smith

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.