



QUARTERLY ACTIVITIES REPORT for the period ending 30 June 2019

Highlights

OPERATIONS

San Luis & Catamarca - Argentina

- Permitting negotiations continue with San Luis government
- Latin ready to execute Exploration Plans in San Luis on issue of drilling permits
- Discussions with potential Joint Venture partners continuing

Minas Gerais - Brazil

- 100% owned tenure acquired
- Prospective lithium portfolio under construction
- Reconnaissance in the Jequitinhonha valley region of Minas Gerais continues

Ilo Copper Projects - Peru

- Transfer of concessions to Westminster Resources completed

Pachamanca/MT-03 Copper Project – Peru

- Permitting approval negotiations continue with government departments
-

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
-

CORPORATE

Financial

- Drawdown of A\$250,000 under the Convertible Security Funding Agreement
- Repayments of the Convertible Security Funding Agreement continuing

OPERATIONS

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 projects within the San Luis province and known as Geminis, Don Gregorio and Maria Del Huerto.

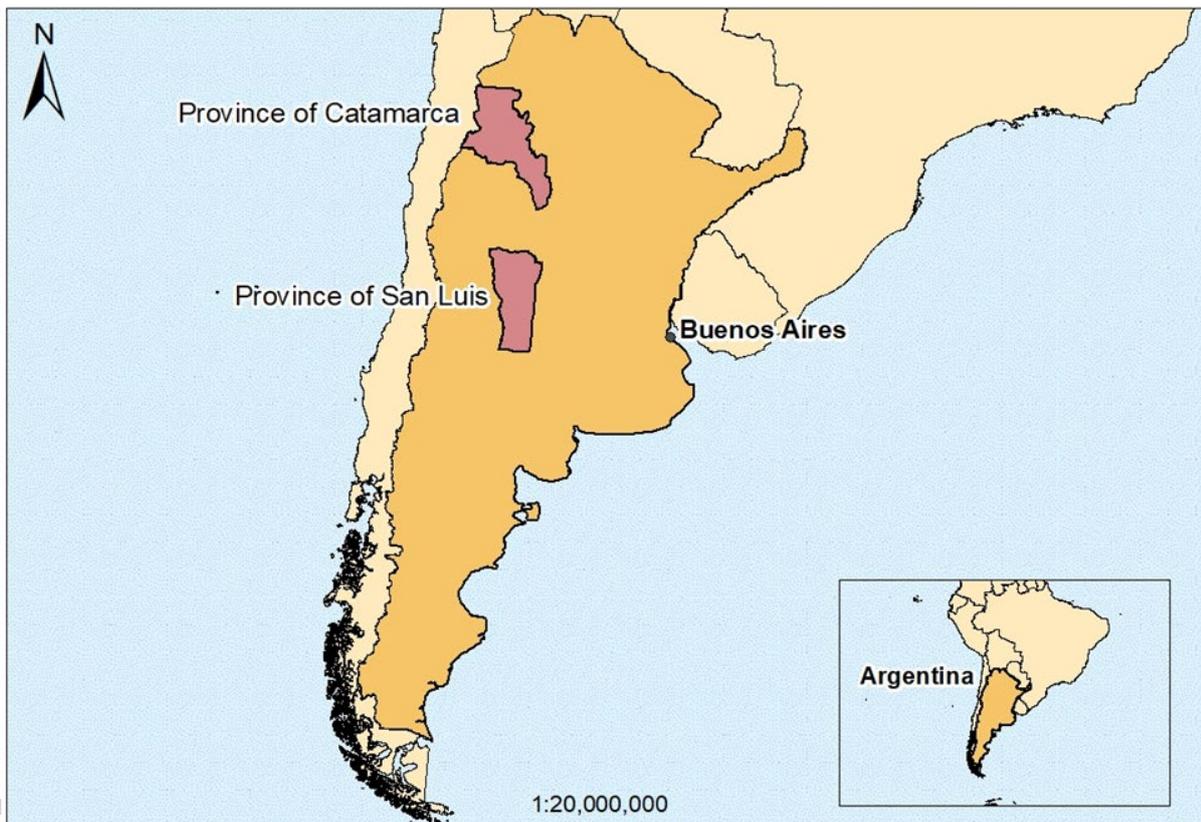


Figure 1 - Location Map of Latin Resources Operating Lithium Provinces in Argentina

Permitting

During previous quarters, the Company's strenuous efforts to obtain necessary permits to commence exploration programmes have resulted in community agreements with the San Francisco and Rio Gomez in the province of San Luis. A further agreement was signed (Announcement: ASX: LRS 24 Jan 2019) with the San Luis province with the objective of enhancing the co-operative relationship being developed between the Company and the San Luis province.

With the preliminary agreement signed, the Company entered discussions with the San Luis government with the objective of signing a more detailed Memorandum of Understanding (MOU) on behalf of the Company

setting out the criteria to develop a lithium industry in the San Luis province. During mid-February 2019 the Chairman and Managing Director of the company met with senior officials in the Mines Department of the province of San Luis to discuss the progress of the company's projects in the province.

Progress was halted during May and June 2019 as the here continues to be positive discussions based around the signed co-operation agreement between Latin and the San Luis province. Further updates will be provided as the discussions continue.

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%)

Following completion of mineral reviews of historical data on mineral sands project in Peru and being encouraged by the presence of Vanadium, the Company continued the due diligence of its database for a sampling programme on the zones of likely high-grade Vanadium

The company will continue to keep the market updated as sampling results come to hand.

Minas Gerais Lithium Project, Brazil

(LRS – 100%)

The company is pleased to advise that is has continued to invest significant time and geological resources investigating the lithium potential of Jequitinhonha valley region of Minas Gerais which hosts the Eastern Brazilian pegmatite province, home to Sigma Lithium and Companhia Brasileira de Lítio (CBL)

The Jequitinhonha valley is a highly underexplored region that currently contains 100% of the official lithium reserves of Brazil.

Latin Resources geologists remain in the city of Salvador close to the project hub. The team continues to complete reconnaissance exploration trips to the region to identify potential opportunities for the company.

Sigma Lithium are the most active explorers in the region and are currently drilling out a world-class lithium resource base and reported at 45.7Mt @1.38% Li₂O. Sigma is focused on 10 high-grade hard-rock lithium pegmatites, nine of which were past-producing lithium mines, yet have reported over 200 pegmatites within their tenure.

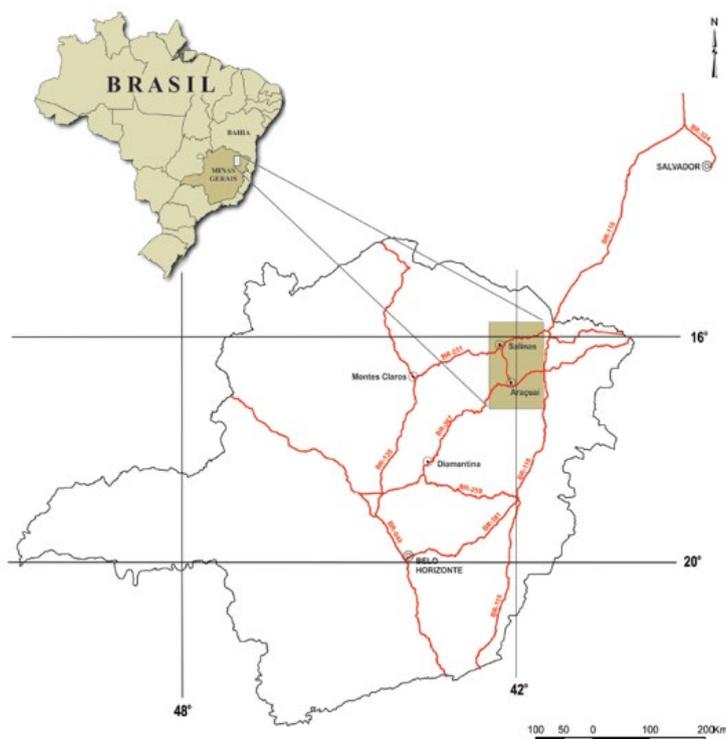


Figure 2 – Location Map – Minas Gerais State, Brazil. Highlighted Work Area

Whilst not far away, CBL is actively mining spodumene pegmatites, producing a spodumene concentrate which is then transferred to a chemical plant in Divisa Alegre, Minas Gerais, where it is transformed into industrial grade lithium hydroxide. Latin Resources is particularly excited by the opportunities this may present in the future for battery grade lithium hydroxide production.

The state of Minas Gerais is well served by infrastructure, roads, hydroelectric power, water and the port of Vitoria in the neighbouring Espirito Santo State. The state is particularly efficient in its issuing of drilling permits and environmental approvals.

Exploration field trips have continued throughout the quarter. Specifically, detailed field reconnaissance was carried out in the areas of Montes Clarinhos, Salinas, Seletas, Rubelita and Coronel Muerta. Of interest was a site visit to an active feldspar mine located south of Coronel Muerta. A large pegmatite is being excavated at and below surface primarily for feldspar but with stockpiles of tourmaline and now spodumene. The pegmatite is approximately 1.5km long with the majority undercover, it is sub-vertical and with a NE trend. Excavations are approximately 700m along strike and down 5 levels (~<50m) underground with the 5th level showing large fresh spodumene (+kunzite) mineralisation in the core of the pegmatite (see figures 4 and 5). Although this mine does not appear economic for a standalone spodumene operation, opportunities to evaluate and potentially assist traditional miners are common.

The Company is pleased to report that as a direct result of its active fieldwork it has executed five quality tenement applications around the town of Salinas in Minas Gerais. The exploration team effectively identified the areas as being close to economic spodumene bearing pegmatites in a region that has received very little modern exploration. The exploration team will now advance with exploration programs on the acquired

tenure. Preliminary exploration will include a 150-point soil sampling program on 100m line spacing over the most prospective target. Any pegmatites encountered will receive rock chip analysis. The team will also complete a drone survey for detailed georeferenced aerial imagery over the same target.

Additionally, the company will be continuing its due diligence of the province, specifically the evaluation of the region of Monte Clarinhos, 30 minutes north of the town of Salinas.

The company's resources will continue to be directed at Brazil where Latin Resources believe they can effectively execute exploration programs and deliver positive news and results to its shareholders in a timely manner.

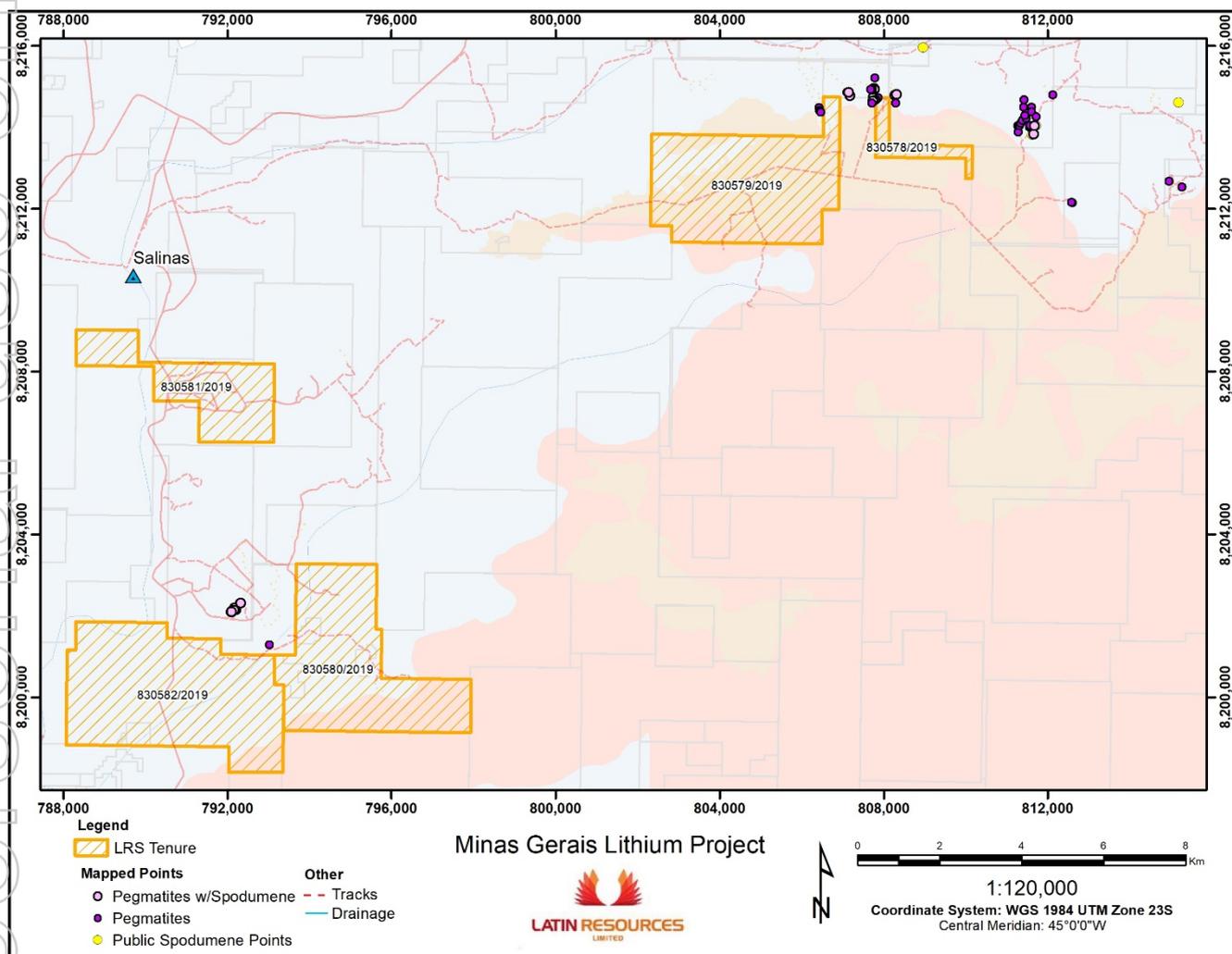


Figure 3 - Tenement Map – Minas Gerais Lithium Project



Figure 4 - Large spodumene crystals at Coronel Muerta Mine, Minas Gerais



Figure 5 - Spodumene and Kunzite at Coronel Muerta Mine, Minas Gerais.

Other Opportunities

The company is exploring further acquisition opportunities primarily in lithium and other battery metals within Argentina, Brazil, Peru and internationally.

Proposed Next Steps

Exploration Strategy

Efforts continue with the San Luis Provincial Government and Mines Department for the issue of exploration permits in the province. On issue and granting of the San Luis permits, all exploration focus will shift to the Geminis/Don Gregorio region and executing exploration plans that have been planned for some time.

Efforts continue with Peruvian Government departments to obtain drilling permits on the Pachamanca MT-03 Copper Project in Southern Peru.

Meanwhile, the company's exploration resources are focused on Minas Gerais where it believes it can effectively complete exploration programs in a timely manner and deliver quality results to shareholders.

The team will continue to build its tenement portfolio and carry out exploration programs to advance its attained tenure around the town of Salinas to locate spodumene mineralised pegmatites.

TECHNOLOGY

UnCuyo University, Mendoza, Argentina

The UnCuyo University has successfully completed the final stage of test work on the spodumene to lithium carbonate process pilot plant in Mendoza, Argentina with Latin Resources receiving an advanced technical report on the process and the outcome. (See [ASX announcement dated 27 November 2018](#)).

The successful conclusions of the report highlight the establishment of optimal dissolution conditions to obtain lithium carbonate extraction and based on these results, it concluded that the process was successful and the scientists at UnCuyo University believe that the technology can host a viable large-scale industrial plant.

The formal communication of the lithium carbonate technological test results meet the compliance objective and under the license option agreement, ...*"the parties agreed that after the first results have been obtained and considered successful according to the consideration of the parties, the University will grant Latin Resources the first option to finance the second stage"*,

Latin Resources 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.

CORPORATE

Convertible Security Funding Agreement

The Funding facility was entered during June 2018 with an initial drawdown of A\$2.0M and a further drawdown of \$600,000 during December 2018.

On 26 June 2019 the Company drew down \$250,000 under the Facility. In securing the drawdown the Company issued 200 million unlisted options exercisable at A\$0.0013 per share and maturing 3 July 2023. In addition, 100 million fully paid Ordinary Shares were issued as collateral security during the period.

Monthly Repayments continued during the June 2019 Quarter with April, May and June repayments totalling \$468,000 made by the issue of a total 406,025,642 fully paid ordinary shares.

At 30 June 2019 A\$ 2,196,000 remains repayable under the \$6,000,000 Facility.

Subsequent to the June 2019 Quarter

On 26 July 2019 the Company issued a Notice of Meeting of Shareholders to be held on 2 September 2019 consider the ratification of issues of shares and the consolidation of the issued capital of the Company.

The Company currently has a large number of Shares on issue, currently 3,892,466,595 fully paid Ordinary Shares. The Consolidation will result in a more appropriate and effective capital structure for the Company and a Share price more appealing to a wider range of investors.

The effect which the Consolidation will have on the Company's capital structure is set out in the table below.

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
Completion of all Resolutions	155,698,664	34,042,858	14,666,667

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 July 2019

ASX: LRS

Shares Issued:

- Listed 3,792.5 M

- Unlisted 100.0 M

Options Issued:

- Listed 851.1 M

- Unlisted 166.7M

- Unlisted 200.0M

Rights Issued: Nil

Enquires

Chris Gale

Managing Director

Latin Resources Limited

+61 8 6117 4798

For personal use only

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")

June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(238)	(480)
(b) development	-	-
(c) production	-	-
(d) staff costs	(72)	(154)
(e) administration and corporate costs	(112)	(263)
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	-	-
1.9 Net cash from / (used in) operating activities	(421)	(896)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-

For personal use only

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)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
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	(19)	(46)
3.5 Proceeds from borrowings	250	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)	-	-
3.10 Net cash from / (used in) financing activities	231	727

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period	(190)	(169)
4.1	Cash and cash equivalents at beginning of period	225	204
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(421)	(896)
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)	231	727
4.5	Effect of movement in exchange rates on cash held	(3)	(3)
4.6	Cash and cash equivalents at end of period	32	32

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	32	225
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	32	225

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	(35)
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	

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 June 2019 A\$ 2,196,000 remains repayable under the \$6,000,000 Facility.

Repayments made in the quarter totalled \$468,000 and were made by the issue of a total of 406.0 million fully paid ordinary shares.

The maturity date of the Facility is 26 June 2020.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	150
9.2 Development	-
9.3 Production	-
9.4 Staff costs	80
9.5 Administration and corporate costs	120
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	350

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	830578/2019 Salinas/MG 830579/2019 Salinas/MG 830581/2019 Salinas/MG 830582/2019 Salinas/MG 830580/2019 Salinas/MG))) Direct)	-	100% via Wholly owned Subsidiary - Mineracao Ferro Nordeste Ltda

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: 31 July 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.