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**LATIN RESOURCES LIMITED**

ABN 81 131 405 144

**Half Yearly Report  
30 June 2019**

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## DIRECTORY

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### Directors

Mr David Vilensky  
(Non-Executive Chairman)

Mr Christopher Gale  
(Managing Director)

Mr Brent Jones  
(Non-Executive Director)

### Company Secretary

Ms Sarah Smith

### Principal & Registered Office

Unit 3, 32 Harrogate Street  
West Leederville, WA 6007  
Telephone: +61 8 6117 4798  
E-mail: [info@latinresources.com.au](mailto:info@latinresources.com.au)

### Peru Office

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Oficina 303  
San Isidro  
Lima, Peru  
Telephone: +51 1 207 0490

### Argentina Office

Maipú 1210 Piso 8 (C1006ACT) CABA,  
Buenos Aires, Argentina  
Telephone: +54 11 4872 8142

### Stock Exchange

Australian Securities Exchange (ASX: LRS)

### Website

[www.latinresources.com.au](http://www.latinresources.com.au)

### Share Registry

Computershare Investor Services Pty Limited  
Level 11  
172 St Georges Terrace  
Perth, WA 6000  
Telephone: +61 8 9323 2000

### Solicitors

Steinepreis Paganin  
Level 4  
The Read Buildings  
16 Milligan Street  
Perth, WA 6000

### Bankers

Australia and New Zealand Banking Group (ANZ)  
6/464 Hay Street  
Subiaco WA 6008

National Australia Bank (NAB)  
100 St Georges Terrace  
Perth, WA 6000

### Auditors

Stantons International  
Level 2  
1 Walker Avenue  
West Perth WA 6005

## DIRECTORS' REPORT

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The Directors present their report together with the financial statements of the Group consisting of Latin Resources Limited (**Latin** or **the Company**) and its subsidiaries (collectively **the Group**) for the half-year ended 30 June 2019.

### DIRECTORS

The names of company's directors in office during the half-year and until the date of this report are set out below.

- Mr. David Vilensky
- Mr. Christopher Gale
- Mr. Brent Jones

Directors were in office for this entire period unless otherwise stated.

### DIVIDENDS

No dividends were paid or declared during the half year or in the period to the date of this report.

### PRINCIPAL ACTIVITIES

The Group's principal activities during the course of the half year continued to be mineral exploration and evaluation.

### OPERATING RESULTS

The result for the consolidated entity for the six months ended 30 June 2019 was a loss of \$2,573,216 (2018: loss of \$2,748,025).

### REVIEW OF OPERATIONS

The Group has a portfolio of projects in Peru and Argentina which it is actively progressing in its own right or via joint venture arrangements. A summary of the highlights for the six months ended 30 June 2019 for the projects is set out below.

#### Lithium Projects

##### **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 including Geminis, Don Gregorio and Maria Del Huerto.

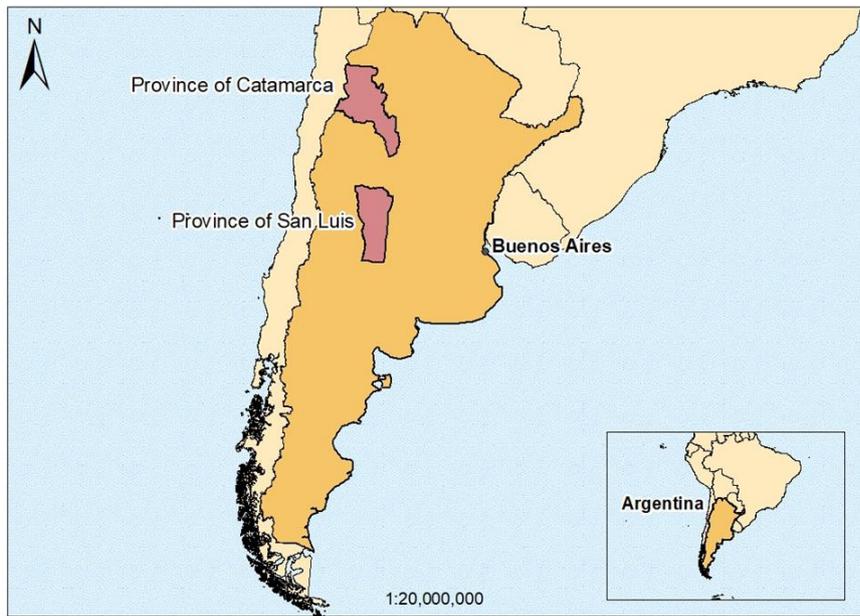


Figure 1 - Location Map of Latin Resources Operating Lithium Provinces in Argentina

*Permitting*

During previous periods, the Company's strenuous efforts to obtain necessary permits to commence exploration programmes have resulted in community agreements with the communities of 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 province entered provincial elections.

***Catamarca Lithium Project, Argentina (LRS - 100%)***

During the period the company completed rehabilitation works and the legal labour requirements to fulfil concession obligations and to ensure the Catamarca concessions remain in good standing.

Field work was suspended in the Catamarca concession as the Company continued to assess the potential of the region through desktop evaluation.

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

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

No field work was conducted during the period.

***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.

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**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 detailed review of the sampling database in preparation for a sampling programme on the zones of prospective high-grade Vanadium.

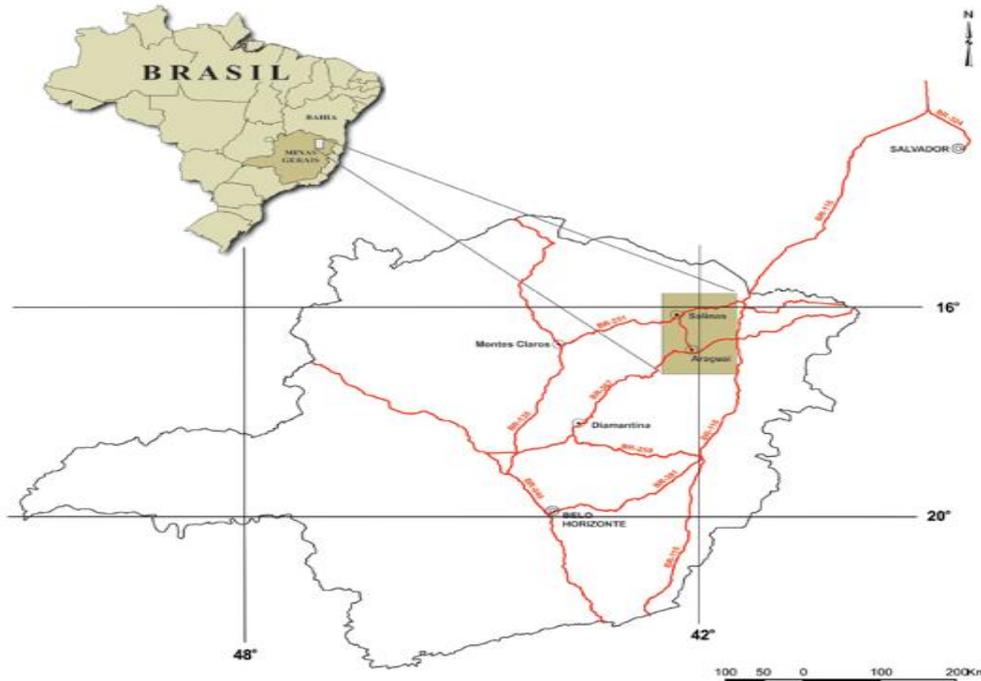
**Minas Gerais Lithium Project, Brazil (LRS – 100%)**

The company is pleased to advise that it 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% Li<sub>2</sub>O. Sigma is focused on 10 high-grade hard-rock lithium pegmatites, nine of which were past-producing lithium mines and have reported over 200 pegmatites within their tenure.



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

In proximity, CBL is actively mining spodumene pegmatites and 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.

## DIRECTORS' REPORT

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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 in an effective timeframe.

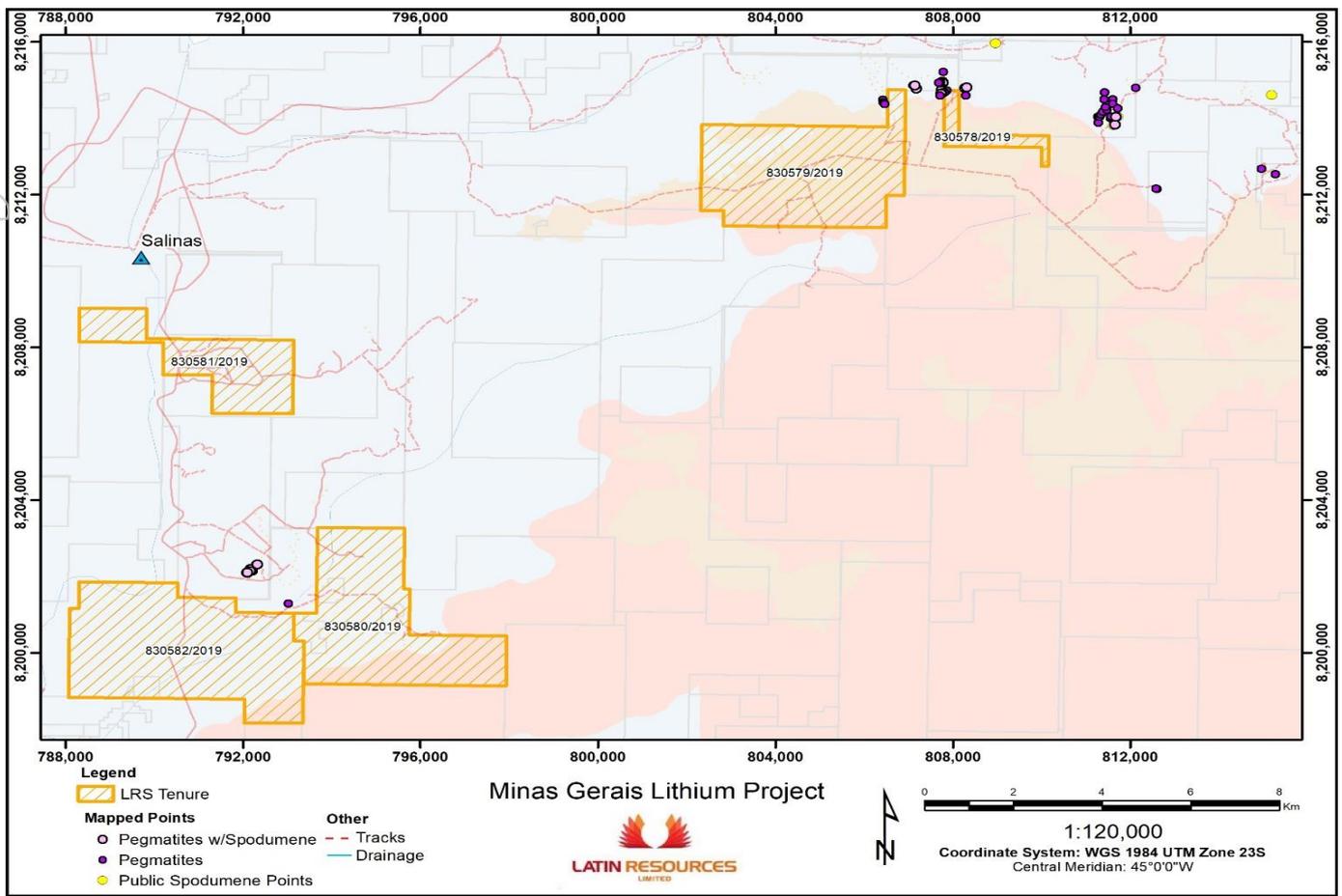


Figure 3 - Tenement Map – Minas Gerais Lithium Project

## 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”*,

## DIRECTORS' REPORT

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 a Facility Limit of \$6,000,000.

On 26 June 2019 the Company drew down \$250,000 under the Facility. Subsequent to period end, in securing a drawdown during June 2019 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 period with repayments totalling \$864,000 made through the issue of 503,558,323 fully paid ordinary shares excluding collateral shares.

At 30 June 2019 A\$1,924,551 remains repayable under the \$6,000,000 Facility Limit on drawdowns to date totalling \$2,850,000.

During February 2019 the Company completed a Share Purchase Plan raising \$523,100 through the issue of 261,550,000 ordinary shares at an issue price of \$0.002 per share.

At the Annual General Meeting, held on 31 May 2019, shareholders unanimously approved the all resolutions submitted to the meeting.

#### **Subsequent to the June 2019 Quarter**

On 2<sup>nd</sup> September 2019 at a General meeting of shareholders it was approved to ratify various issues of shares and to consolidate of the issued capital of the Company on the basis of 1 share for every 25 previously held.

The Company's issued capital, consisting of shares on issue together with outstanding options, post consolidation is set out in the table below.

<b>Capital Structure</b>	<b>Shares</b>	<b>Listed Options</b>	<b>Unlisted Options</b>
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>

### COMPETENT PERSON'S STATEMENT

The information in this report that relates to Geological Data and Exploration Results is based on information compiled by Mr Samuel Moyle, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Moyle 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 Moyle was engaged as the Exploration Manager of Latin Resources Limited and 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.

## DIRECTORS' REPORT

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### 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 2019 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 22 and forms part of the Directors' report for the half-year ended 30 June 2019.

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 15<sup>th</sup> day of September 2019

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the six months ended 30 June 2019**

	Note	6 months to 30 June 2019	6 months to 30 June 2018
			\$
Revenue	4(a)	464	456
Other income	4(b)	80,577	160,488
Depreciation expense		(5,403)	(5,932)
Employee benefits expense	5(c)	(257,656)	(628,726)
Finance costs	5(a)	(1,010,303)	(451,378)
Equity share of associated company loss		(161,409)	-
Loss on fair value of financial asset through profit or loss		(443,456)	(214,500)
Impairment expense	8	-	(554,400)
Other expenses	5(b)	(776,030)	(1,054,033)
<b>Loss before income tax</b>		<b>(2,573,216)</b>	<b>(2,748,025)</b>
Income tax benefit		-	-
<b>Loss after income tax</b>		<b>(2,573,216)</b>	<b>(2,748,025)</b>
<b>Loss attributable to owners of the Group</b>		<b>(2,573,216)</b>	<b>(2,748,025)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translating foreign operations		177,865	109,561
<b>Total comprehensive loss for the period attributable to owners of the Group</b>		<b>(2,395,351)</b>	<b>(2,638,464)</b>
Basic and diluted loss per share (cents)		(0.10)	(0.10)

*The above Consolidated Statement of Profit or Loss and Other Comprehensive income should be read in conjunction with the accompanying notes.*

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2019

	Note	30 June 2019 \$	31 December 2018 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	31,232	204,764
Trade and other receivables	7(a)	813,407	751,708
Other financial assets		43,700	43,700
<b>Total current assets</b>		<b>888,339</b>	<b>1,000,172</b>
<b>Non-current assets</b>			
Trade and other receivables	7(b)	1,816,205	1,824,598
Property, plant & equipment		73,603	80,374
Other financial assets		631,571	1,051,214
Exploration & evaluation assets	8	9,385,877	8,866,009
<b>Total non-current assets</b>		<b>11,907,256</b>	<b>11,822,195</b>
<b>Total assets</b>		<b>12,795,595</b>	<b>12,822,367</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	1,559,684	1,100,194
Interest bearing loans and borrowings	10	1,924,551	2,235,341
Deferred consideration	11(a)	22,000	22,000
Provisions		70,494	65,234
<b>Total current liabilities</b>		<b>3,576,729</b>	<b>3,422,769</b>
<b>Non-current liabilities</b>			
Deferred consideration	11(b)	8,541,693	8,036,068
<b>Total non-current liabilities</b>		<b>8,541,693</b>	<b>8,036,068</b>
<b>Total liabilities</b>		<b>12,118,422</b>	<b>11,458,837</b>
<b>Net assets</b>		<b>677,173</b>	<b>1,363,530</b>
<b>EQUITY</b>			
Contributed equity	12	47,396,543	45,902,186
Reserves	13	10,237,347	9,844,845
Accumulated losses		(56,956,717)	(54,383,501)
<b>Total equity</b>		<b>677,173</b>	<b>1,363,530</b>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the half-year ended 30 June 2019**

	Issued capital \$	Share based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total \$
<b>Balance at 1 January 2019</b>	<b>45,902,186</b>	<b>4,617,161</b>	<b>5,227,684</b>	<b>(54,383,501)</b>	<b>1,363,530</b>
Loss for the period	-	-	-	(2,573,216)	(2,573,216)
Other comprehensive income/(loss)	-	-	177,865	-	177,865
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>177,865</b>	<b>(2,573,216)</b>	<b>(2,395,351)</b>
Issue of shares	1,540,937	-	-	-	1,540,937
Share based payments	-	214,637	-	-	214,637
Cost of equity issues	(46,580)	-	-	-	(46,580)
<b>Balance at 30 June 2019</b>	<b>47,396,543</b>	<b>4,831,798</b>	<b>5,405,549</b>	<b>(56,956,717)</b>	<b>677,173</b>
<b>Balance at 1 January 2018</b>	<b>46,437,382</b>	<b>2,822,133</b>	<b>4,735,348</b>	<b>(48,830,025)</b>	<b>5,164,838</b>
Loss for the period	-	-	-	(2,748,025)	(2,748,025)
Other comprehensive income	-	-	109,561	-	109,561
<b>Total comprehensive (loss) for the period</b>	<b>-</b>	<b>-</b>	<b>109,561</b>	<b>(2,748,025)</b>	<b>(2,638,464)</b>
Issue of shares	-	-	-	-	-
Share based payments	-	1,749,544	-	-	1,749,544
Cost of equity issues	(1,120,915)	-	-	-	(1,120,915)
<b>Balance at 30 June 2018</b>	<b>45,316,467</b>	<b>4,571,677</b>	<b>4,844,909</b>	<b>(51,578,050)</b>	<b>3,155,003</b>

*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 2019**

	Note	6 months to 30 June 2019	6 months to 30 June 2018
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		-	27,128
Payments to suppliers and employees		(357,578)	(1,062,772)
Interest received		464	456
Interest paid		(1,395)	(36,018)
<b>Net cash flows (used in) operating activities</b>		<b>(358,509)</b>	<b>(1,071,206)</b>
<b>Cash flows from investing activities</b>			
Proceeds on sale of investments		-	237,360
Deposit proceeds on sale of exploration & evaluation assets		-	189,873
Payments for plant and equipment		-	(18,298)
Payments for exploration & evaluation costs		(541,543)	(893,533)
<b>Net cash flows (used in) investing activities</b>		<b>(541,543)</b>	<b>(484,598)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of equity		523,100	-
Proceeds from borrowings		250,000	1,200,000
Capital raising costs		(46,580)	(13,772)
Loan to related party		-	-
Repayment of borrowings		-	(65,000)
<b>Net cash flows from financing activities</b>		<b>726,520</b>	<b>1,121,228</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(173,532)</b>	<b>(434,576)</b>
Cash and cash equivalents at the beginning of the period		204,764	995,492
Effects of movement in foreign exchange		-	(21,163)
<b>Cash and cash equivalents at the end of the period</b>	6	<b>31,232</b>	<b>539,753</b>

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

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
for the half-year ended 30 June 2019**

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**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 2019 were authorised in accordance with a resolution of the directors on 15 September 2019.

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 2019 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 2018.

**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 2018.

The Group has also reviewed all new Standards and Interpretations that are applicable on or after 1 January 2019 and determined that their application to the financial statements is not relevant or not material.

*Adoption of new and revised accounting standards*

The financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year end 31 December 2018, except for the below:

The Group has adopted AASB 16: Leases from 1 January 2019. Denoted below is the impact on the Group's financial report:

*Adoption of AASB 16: Leases*

The Group has adopted AASB 16: Leases effective 1 January 2019. The adoption of AASB 16 did not result in a material change to the recognition or measurement of lease as the Group is not party to any material leases.

*Accounting policy: Leases*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**  
**for the half-year ended 30 June 2019**

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**Going concern**

The interim consolidated financial statements have been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the six months ended 30 June 2019 the consolidated entity incurred a loss of \$2,573,216 (2018: \$2,748,025) and had net cash outflows used in operating and investing activities of \$900,052 (2018: \$1,555,804). Cash and cash equivalents at 30 June 2019 amount to \$31,232 (31 December 2018: \$204,764).

These conditions indicate a material uncertainty that may cast significant doubt about the company and the consolidated entity's ability to continue as a going concern.

The ability of the company and the consolidated entity to continue as going concerns are principally dependent upon obtaining new funding.

Based on the Company's ability to modify expenditure outlays if required and the Directors confidence and historical performance of ability to raise additional funds, the Directors consider there are reasonable grounds to believe the Group will be able to pay its debts as and when they become due and payable, and therefore the going concern basis preparation is considered to be appropriate for these interim consolidated financial statements.

In the event that the Company is not able to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts different to those stated in its financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the company and consolidated entity do not continue as going concerns.

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**  
**for the half-year ended 30 June 2019**

**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 and Argentina. 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.

<b>Six months to 30 June 2019</b>	<b>Australia</b>	<b>Peru</b>	<b>Argentina</b>	<b>Brazil</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>					
Interest revenue	464	-	-	-	464
Other income	-	80,577	-	-	80,577
<b>Total segment revenue</b>	<b>464</b>	<b>80,577</b>	<b>-</b>	<b>-</b>	<b>81,041</b>
<b>Expenses</b>					
Depreciation expense	-	(5,403)	-	-	(5,403)
Employee benefits expense	(91,405)	(75,939)	-	-	(167,344)
Interest expense	(317,606)	(557,216)	-	-	(874,822)
Share based payments	(32,912)	-	-	-	(32,912)
Borrowing costs	(132,357)	-	-	-	(132,357)
Equity share of associated company loss	(161,409)	-	-	-	(161,409)
Net foreign exchange (loss)	(2,869)	-	(367,828)	-	(370,697)
Other expenses	(833,623)	(63,456)	(12,234)	-	(909,313)
	<b>(1,572,181)</b>	<b>(702,014)</b>	<b>(380,062)</b>	<b>-</b>	<b>(2,654,257)</b>
<b>Segment loss</b>	<b>(1,571,717)</b>	<b>(621,437)</b>	<b>(380,062)</b>	<b>-</b>	<b>(2,573,216)</b>
Segment assets	991,300	7,367,781	4,407,113	29,401	12,795,595
Segment liabilities	(2,452,766)	(9,596,019)	(27,142)	(42,495)	(12,118,422)
<b>Additions to non-current assets</b>					
Plant & equipment	-	-	-	-	-
Exploration and evaluation assets	-	38,780	335,288	216,842	590,910
<b>Total</b>	<b>-</b>	<b>38,780</b>	<b>335,288</b>	<b>216,842</b>	<b>590,910</b>
<b>Six months to 30 June 2018</b>	<b>Australia</b>	<b>Peru</b>	<b>Argentina</b>	<b>Brazil</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>					
Interest revenue	456	-	-	-	456
Other income	133,360	27,128	-	-	160,488
<b>Total segment revenue</b>	<b>133,816</b>	<b>27,128</b>	<b>-</b>	<b>-</b>	<b>160,944</b>

3.

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**  
**for the half-year ended 30 June 2019**

**3. SEGMENT INFORMATION continued**

<b>Six months to 30 June 2019</b>	<b>Australia</b>	<b>Peru</b>	<b>Argentina</b>	<b>Brazil</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Employee benefits expense	(43,210)	(114,273)	-	-	(157,483)
Share based payments	(355,842)	-	-	-	(355,842)
Interest expense	(4)	(447,497)	-	-	(447,501)
Net foreign exchange (loss)	(3,678)	(1,553)	(314,919)	-	(320,150)
Other expenses	(938,138)	(624,216)	(59,707)	-	(1,622,061)
	<b>(1,340,872)</b>	<b>(1,193,471)</b>	<b>(374,626)</b>	<b>-</b>	<b>(2,908,969)</b>
<b>Segment loss</b>	<b>(1,207,056)</b>	<b>(1,166,343)</b>	<b>(374,626)</b>	<b>-</b>	<b>(2,748,025)</b>
<b>As at 31 December 2018</b>					
<b>Segment assets</b>	<b>4,926,624</b>	<b>6,564,888</b>	<b>1,301,642</b>	<b>29,213</b>	<b>12,822,367</b>
<b>Segment liabilities</b>	<b>(2,510,223)</b>	<b>(8,847,856)</b>	<b>(58,534)</b>	<b>(42,224)</b>	<b>(11,458,837)</b>
<b>Additions to non-current assets</b>					
Plant & equipment	14,239	12,521	6,634	-	31,444
Exploration and evaluation assets	-	67,772	1,658,084	-	1,727,806
<b>Total</b>	<b>14,239</b>	<b>80,293</b>	<b>1,664,718</b>	<b>-</b>	<b>1,759,250</b>

	<b>6 months to</b>	<b>6 months to</b>
	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>
<b>4. REVENUES</b>		
<b>(a) Finance revenue</b>		
Interest income	<b>464</b>	<b>456</b>
<b>(b) Other revenue</b>		
Sundry income	80,577	27,128
Profit on sale of investments	-	133,360
	<b>80,577</b>	<b>160,488</b>

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**  
**for the half-year ended 30 June 2019**

	<b>6 months to 30 June 2018</b>	<b>6 months to 30 June 2018</b>
<b>5. EXPENSES</b>		
<b>(a) Finance expenses</b>		
Bank fees and expenses	3,124	3,877
Interest expense	317,606	1,194
Borrowing costs	132,357	-
Unwinding of the effective interest rate <sup>1</sup>	557,216	446,307
	<b>1,010,303</b>	<b>451,378</b>

<sup>1</sup> Unwinding of the effective interest rate refers to the balance of consideration payable for the concessions relating to the Guadalupito project (refer note 11).

	<b>30 June 2019</b>	<b>31 December 2018</b>
	<b>\$</b>	<b>\$</b>
<b>(b) Other expenses</b>		
Administration expenses	179,278	203,385
Corporate expenses	196,367	506,721
Net foreign exchange loss	370,697	320,150
Occupancy expenses	29,688	23,777
	<b>776,030</b>	<b>1,054,033</b>
<b>(c) Employee Benefits Expense</b>		
Salaries and Wages	117,344	157,483
Directors fees	107,400	115,401
Share based payments	32,912	355,842
	<b>257,656</b>	<b>628,726</b>

**6. CASH AND CASH EQUIVALENTS**

Cash in hand	43	309
Cash at bank	31,189	204,455
	<b>31,232</b>	<b>204,764</b>

**7. TRADE AND OTHER RECEIVABLES**

<b>Current</b>		
Trade receivables	384,621	281,424
Other receivables	225,485	167,155
Related party receivables	-	7,822
Collateral shares issued	144,500	229,722
Good and services tax	8,670	16,059
Prepayments	50,131	49,526
	<b>813,407</b>	<b>751,708</b>

The collateral shares have been valued at fair value.

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**  
**for the half-year ended 30 June 2019**

**7. TRADE AND OTHER RECEIVABLES continued**

**Non-current**

	30 June 2019	31 December 2018
	\$	\$
Good and services tax	<u>1,816,205</u>	<u>1,824,598</u>

Goods and services tax ('GST') receivable by the Company's subsidiary in Peru which can only be offset against GST/VAT attributable to future income.

**8. EXPLORATION AND EVALUATION ASSETS**

Opening balance	8,866,009	6,368,500
Additions	590,910	1,727,806
Transfer from assets held for sale	-	2,898,233
Disposals	-	(5,832,911)
Write-back of impairment in previous years on disposed assets	-	3,000,000
Foreign currency translation movement	(71,042)	704,381
	<u>9,385,877</u>	<u>8,866,009</u>

**9. TRADE AND OTHER PAYABLES**

Trade payables	1,258,701	986,697
Other payables	247,935	75,997
Accruals	53,048	37,500
	<u>1,559,684</u>	<u>1,100,194</u>

**10. INTEREST BEARING LOANS AND BORROWINGS**

**Current**

Convertible Security Funding - note (a)	<u>1,924,551</u>	<u>2,235,341</u>
	<u>1,924,551</u>	<u>2,235,341</u>

Note (a) - Convertible Security Funding

The convertible security provides a funding limit of \$6 million and repayable in either cash or shares at the election of the Company. The Facility is for a period of 24 months with a maturity date of 26 June 2020. Monthly repayments can be made in cash or the issue of fully paid ordinary shares at the election of the Company. At 30 June 2019, the amounts drawn under the facility totalled \$2,850,000.

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

During the period, the Company made a drawdown on the facility of \$250,000. Following the drawdown a the Company issued 100 million fully paid shares as collateral shares valued at \$100,000 and a further 200 million unlisted options exercisable at \$0.0013 per share and expiring 3 July 2023. The options were issued on 4 July 2019 and valued at \$132,357.

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

Monthly repayments in the period totalling \$864,000 were made by the issue of 503,558,323 fully paid ordinary shares.

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**  
**for the half-year ended 30 June 2019**

	30 June 2019	31 December 2018
	\$	\$
<b>11. DEFERRED CONSIDERATION</b>		
(a) Current	22,000	22,000
(b) Non-current	8,541,693	8,036,068

The deferred consideration balances reflect the current and non-current portions of the present value of the remaining US\$10.0 million (31 December 2018: US\$10.0 million) the Group is required to pay in cash and shares for the acquisition of the concessions relating to the Guadalupito project, as follows:

Share issues

- January 2019

4,000,000 fully paid shares

Cash Payments

- Within 6 months of feasibility study US\$250,000
- Within 18 months of feasibility study US\$750,000
- Within 30 months of feasibility study US\$1,000,000
- Within 42 months of feasibility study US\$2,000,000
- Within 54 months of feasibility study US\$6,000,000

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

**12. CONTRIBUTED EQUITY**

(a) Issued capital	30 June 2019	31 December 2018
	\$	\$
Issued shares	47,396,543	45,902,186
	Number	\$
<b>(b) Movement in issued shares</b>		
<i>Issued shares</i>		
<b>Balance at 1 July 2018</b>	<b>2,746,876,520</b>	<b>45,316,467</b>
<b>Shares issued</b>	141,794,119	585,719
<b>Costs of issue</b>	-	-
<b>Balance at 31 December 2018</b>	<b>2,888,670,639</b>	<b>45,902,186</b>
<b>Shares issued</b>		
Loan repayment shares	603,558,323	864,000
Collateral shares	100,000,000	100,000
Share purchase plan	261,550,000	523,100
Shares issued for services	26,980,000	53,837
Conversion of incentive rights	11,707,633	-
Transaction costs	-	(46,580)
<b>Balance at 30 June 2019</b>	<b>3,892,466,595</b>	<b>47,396,543</b>

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**  
**for the half-year ended 30 June 2019**

**13. RESERVES**

	30 June 2019	31 December 2018
	\$	\$
<b>Foreign currency translation reserve</b>		
Balance at beginning of period	5,227,684	4,735,348
Foreign currency translations	177,865	492,336
	<b>5,405,549</b>	<b>5,227,684</b>
<b>Share based payments reserve</b>		
Balance at beginning of period	4,617,161	2,822,133
Capital raising costs – issue of broker options	-	1,107,143
Loan establishment costs	-	138,201
Share based payments	214,637	549,684
	<b>4,831,798</b>	<b>4,617,161</b>
<b>Total reserves</b>	<b>10,237,347</b>	<b>9,844,845</b>

**14. COMMITMENTS AND CONTINGENCIES**

	30 June 2019	30 June 2018
	\$	\$
<b>Commitments</b>		
<i>(a) Operating commitments:</i>		
Not later than one year	172,008	223,900
Later than one year but not later than five years	-	-
Later than five years	-	-
	<b>172,008</b>	<b>223,900</b>
<i>(b) Mining concessions</i>		

The Group is required to pay a right of concession fee of US\$3 per hectare per annum. The estimated fee to be paid in 2020 is approximately US\$50,000.

**15. CONTINGENT LIABILITIES**

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

**16. EVENTS OCCURRING AFTER BALANCE DATE**

The following significant events and transactions have taken place subsequent to 30 June 2019:

- On 2 September 2019 shareholders in General Meeting approved all proposed resolutions including approval to consolidate the number of ordinary shares on issue on the basis of 1 for 25 shares held. Following approval the Company's post consolidation issued capital was adjusted to comprise :
  - 151,698,664 Fully paid ordinary shares
  - 34,042,858 Listed options exercisable at \$0.025 per share and expiring 12 October 2019.
  - 6,666,667 Unlisted options exercisable at \$0.1075 per share and expiring 18 December 2022.
  - 8,000,000 Unlisted options exercisable at \$0.0325 per share and expiring 3 July 2023.
  - 4,000,000 Unlisted loan funded shares.
- On 5 September 2019 the Company requested a trading halt over trading in its' listed securities pending a proposed joint venture announcement.

## DIRECTORS' DECLARATION

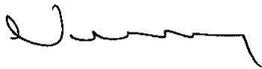
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In accordance with a resolution of the directors of Latin Resources Limited, I state that:

In the opinion of the directors:

- (a) The financial statements and notes of Latin Resources Limited for the half-year ended 30 June 2019 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 2019 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 15<sup>th</sup> day of September 2019

15 September 2019

Board of Directors  
Latin Resources Limited  
Unit 3, 32 Harrogate Street  
West Leederville, WA 6007

Dear Sirs

**RE: LATIN RESOURCES LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Latin Resources Limited.

As Audit Director for the review of the financial statements of Latin Resources Limited for the half year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**



**Samir Tirodkar**

**Director**

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

***Report on the Half-Year Financial Report***

We have reviewed the accompanying half-year financial report of Latin Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Latin Resources Limited (the consolidated entity). The consolidated entity comprises both Latin Resources Limited (the Company) and the entities it controlled during the half year.

***Directors' Responsibility for the Half-Year Financial Report***

The directors of Latin Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 consolidated entity's financial position as at 30 June 2019 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*. As the auditor of Latin Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

***Independence***

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Latin Resources Limited on 15 September 2019.

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*Conclusion*

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 Latin Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its 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.

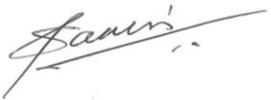
*Without qualification to the conclusion expressed above, attention is drawn to the following matters:*

As referred to in Note 2 to the financial statements, the financial statements have been prepared on a going concern basis. As at 30 June 2019, the entity had working capital deficiency of \$2,688,390 and had incurred a loss after income tax for the six months to 30 June 2019 of \$2,573,216. The ability of the consolidated entity to continue as a going concern is subject to the successful capital raisings, commencing profitable operations and/or the sale of assets. In the event that the Board is not successful in recapitalising the consolidated entity, commencing profitable operations and/or selling its assets, the consolidated entity may not be able to pay its debts as and when they fall due and may be required to realise its assets and discharge its liabilities at amounts different to those stated in the financial report.

The recoverability of the consolidated entity's carrying value of exploration and evaluation assets of \$9,385,877 is dependent on the successful commercial exploitation of the assets and/or sale of the exploration and evaluation assets. The recoverability of the non-current tax receivable of \$1,816,205, is dependent upon the consolidated entity commencing production/generating income and thus paying taxes in overseas subsidiaries and offsetting against the tax receivable which is recorded in the consolidated entities accounts.

In the event that the consolidated entity is not successful in the commercial exploitation and/or sale of the assets, or the consolidated entity is not successful in generating sufficient revenue, and thus utilising the non-current tax receivable, the realisable value of the consolidated entity's exploration and evaluation assets and non-current tax receivable may be significantly less than their current carrying values.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**

*Stantons International Audit and Consulting Pty Ltd*  


**Samir Tirodkar**  
**Director**

West Perth, Western Australia  
15 September 2019

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