LATIN RESOURCES

ANNUAL REPORT 2022

FOR YEAR ENDING 31 DECEMBER 2022

CORPORATE DIRECTORY

DIRECTORS

David Vilensky
Non-Executive Chairman

Christopher Gale
Managing Director

Brent Jones
Non-Executive Director

Pablo Tarantini
Non-Executive Director

Peter Oliver
Non-Executive Director

COMPANY SECRETARY

Ms Sarah Smith

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Frankfurt Stock Exchange (FRA)
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CHAIRMAN'S LETTER

Dear Shareholders

The financial year ending 31 December 2022 has been a year of tremendous growth and achievements for Latin Resources Limited ("Company"). In a word it has been a year of transformation for the Company. In my last Chairman's letter dated 11 March 2022, I stated that the Board was focused on delivering on its strategic goals and providing our shareholders with long term growth. I predicted that the year ahead would demonstrate what the Company was capable of accomplishing.

Enhancing shareholder value and rewarding our shareholders has been a core focus of the Company. Success in the ground is inevitably the driver of an improved share price and market capitalisation. The significant achievements of the Company over the past 12 months have been evidence of this success.

When the Company's share price edged towards $0.20 in April 2022 the Company raised $35m @ $0.16 in a heavily oversubscribed placement on the back of early drilling success at its now world class 100% owned Salinas hard rock lithium project located in the emerging lithium province of Minas Gerais in Brazil. Significantly, the majority of the funds raised were from North American investors who have a greater understanding of South America than do their Australian counterparts.

Without doubt this capital raising was the largest and most successful the Company has ever undertaken and amounted to a vote of great confidence in the Company's projects and its management team. To put this into context, the Company has to date spent close to $12m of the funds raised on its drilling program at Salinas which has increased the market capitalisation of the Company by more than $200m. Put simply, an enormous amount of shareholder value has been generated from the funds raised.

A significant watershed moment was the announcement by the Company on 8 December 2022 of its maiden JORC indicated and inferred resource estimate of 13.3Mt grading 1.2% lithium oxide for the Colina deposit located within the Company's Salinas Lithium Project based on assay results for a total of 47 diamond drill holes for some 10,528 metres of drilling. This is a tremendous milestone coming only 10 months since the commencement of drilling in early 2022.

The Company is currently pursuing its accelerated eight rig 65,000 metre drilling program to significantly grow its resource largely at our Colina West discovery just 500 metres to the west of our Colina Deposit. The strategic objective of the Company is to grow the resource and provide resource updates throughout the 2023 calendar year as we work towards completing a definitive feasibility study by the end of 2023.

Recent drilling at the Company's Colina West prospect has confirmed the continuity of the thick-grade spodumene pegmatites intersected in multiple holes with further holes intersecting the newly identified pegmatite swarm. The drilling campaign recently commenced is well on track with over 3,000m of the planned 65,000m drilling program already completed confirming the high-grade mineralisation envelope at Colina West that will underpin the rapid move towards potential future development for the Company of this world class project.

> Enhancing shareholder value and rewarding our shareholders has been a core focus of the Company.

Importantly, the metallurgical test result work undertaken to date shows an 80.5% recovery of lithium concentrate from Heavy Liquid Separation testwork and excellent consistency across the width and depth of the known ore body. In other words, the metallurgy results are indicative of a high quality ore. As announced to the ASX on 24 August 2022, recoveries and grade remain high, demonstrating very course liberation of spodumene. The preliminary metallurgical results have highlighted the benefits of the course nature of the spodumene leaning to a courser crush size and high recovery rates.

The Company's lithium credentials have been demonstrated with the delivery of superior resource grades in exploration results, and the metallurgical testing results to date have been outstanding. Relevantly, the Company's flagship Salinas project is only 80 kms from our regional neighbour Canadian listed Sigma Lithium which is expected to be in production by April 2023, further enhancing the credentials of Minas Gerais as the most pro-mining, pro-investment and pro-business state in Brazil, Minas Gerais is unashamedly committed to establishing itself as a world class lithium jurisdiction and becoming a major player in the global lithium production chain.

With a market cap of around $250m, the Company is increasingly attracting more coverage from analysts and investment by larger institutional investors. Over the past several months detailed research reports on the Company have been published by the likes of Canaccord, Bell Potter and PAC Partners with all analysts concluding a current price target of between $0.18 and $0.25 per share indicating a consensus towards future upside for the Company.

Another significant achievement for the Company during the year in question was the recruitment to the Board of Peter Oliver as a Non-Executive Director in September 2022. For more than 15 years Peter was the CEO and then Director of Talison Lithium which owns and runs the Greenbushes project, now the world's largest hard rock lithium mine. During his career Peter has built an extensive skill set in mining operations and development in the lithium sector and is one of Australia's most experienced lithium executives who has brought tremendous experience and expertise to the Board of the Company.

The Company is well positioned to capitalise on the global consumption of lithium which has doubled over the past two years with suppliers unable to keep pace with the rising demand of global electrification.

Further adding to Brazil's credentials as an emerging lithium jurisdiction is that Brazil has one of the greenest electricity systems in the world made by 65% low cost hydropower and 11% wind. The obvious benefit to the Company is from low cost and renewable energy in addition to the proximity to emerging end markets such as North America.

The Company remains well funded to focus on achieving its objective of upgrading and expanding its lithium resource and securing its pathway to development and maximizing its large future upside in Brazil. We look forward to continuing exploration success in the year ahead.

In addition to its flagship Salinas Lithium Project in Brazil, the company also owns and continues to develop its Cloud Nine Halloysite-Kaolin Deposit north of Perth where halloysite from the project is being identified for the reduction in methane emissions from cattle in a collaborative research project with CRC CARE Pty Ltd which is being funded by the Company. On 29 November 2022 the Company announced an increase in its JORC-2012 halloysite-kaolin resource for Cloud Nine to 280 million tonnes, an upgrade of 33%. More details regarding this project as well as the Company's 50% joint venture interest in a hard rock lithium project in Catamarca province, Argentina are dealt with elsewhere in this Annual Report.

There is now substantial interest in the Company globally as we embark on the next transformational period of growing the size and scale of our lithium resource at our flagship Salinas Project in Brazil. Over the coming months there will be encouraging news to report on our projects and activities which we hope will continue the positive trajectory of the Company.

I am also pleased to report that over the past twelve months the Company has further advanced its ESG credentials and commitments to ESG principles. More details about this are contained elsewhere in this Annual Report.

The Company has been fortunate to be lead by an exceptional and expanding management team headed by our hard-working Managing Director Chris Gale who is doing a tremendous job leaving no stone unturned in his efforts to drive the strategic objectives of the Company and achieve measurable success in the shortest possible timeframes. The passion and commitment which Chris has for the Company at every level, which includes extensive travelling, and the strong leadership he has displayed deserve special mention and are to be commended.

Our General Manager of Geology Tony Greenaway is also doing a tremendous job supervising and managing our ever expanding Brazilian exploration team and ensuring that the drilling program designed to expedite the resource growth at the Colina and Colina West deposits remains on time and on budget.

Having just returned from a visit to Brazil which included a site visit to our Salinas Project, I could not have been more impressed with what I saw and the people I met. Chris and Tony have assembled a world class exploration team who are passionate, hardworking, extremely capable and importantly are happy and totally committed to the project. The Company is privileged to have such a team as well as excellent facilities in Salinas all of which augurs well for future success.

Importantly, the Company has the total support of the Salinas local community including its elected officials who have been warm and welcoming to the Company and its expanding workforce comprised almost exclusively of locals. The social licence of the Company to execute its Salinas Lithium Project is well and truly in place.

I would like to thank our shareholders for your continued support and belief in the Company to achieve the strategic goals it has set out. In particular I welcome the many thousands of new investors who have become shareholders of the Company over the past 12 months.

I also thank our management and exploration team, in particular Mauro Lopes, our staff and our external consultants and drilling contractors for their efforts during the past year where at last the Company has been able to put behind it and move on from the disruption and uncertainty caused by the COVID-19 pandemic.

I also take this opportunity to thank and note my sincere appreciation of the collective efforts and wisdom of my fellow Board members.

On 3 March 2023 the S&P Dow Jones announced changes in the S&P/ASX Indices that with effect from 20 March 2023, Latin Resources Ltd has been added to the ASX All Ordinaries Index. This index is considered the benchmark for Australian equity performance and puts the Company into the top 500 ASX listed companies for the first time. This is a milestone we can all be proud of.

I look forward to keeping you updated on our progress of what is shaping up to be another very exciting year ahead.

Yours sincerely

David Vilensky
Chairman

31 March 2023

REVIEW OF OPERATIONS

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

The Company is focused on its flagship Salinas Lithium Project in the pro-mining district of Minas Gerais Brazil, where the Company has defined a Maiden Mineral Resource Estimate of 13.3Mt @ 1.2% Li_2O at its Colina Deposit. Latin has appointed leading mining consultant SGS Geological Services to undertake feasibility and metallurgical studies at the Salinas Lithium Project.

Latin also holds the Catamarca Lithium Project in Argentina and through developing these assets, aims to become one of the key lithium players to feed the world's insatiable appetite for battery metals.

The Australian projects include the Cloud Nine Halloysite-Kaolin Deposit. Cloud Nine Halloysite is being tested by CRC CARE aimed at identifying and refining halloysite usage in emissions reduction, specifically for the reduction in methane emissions from cattle.

1. OPERATIONS

1.1 SALINAS LITHIUM PROJECT, BRAZIL

The Salinas Lithium Project is located in the highly prospective Jequitinhonha Valley district of Minas Gerais Provence of eastern Brazil. Minas Gerais hosts the eastern Brazilian lithium pegmatite province, home to TSX-V listed Sigma Lithium Corporation and lithium producer Companhia Brasileira de Lítio (CBL).

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

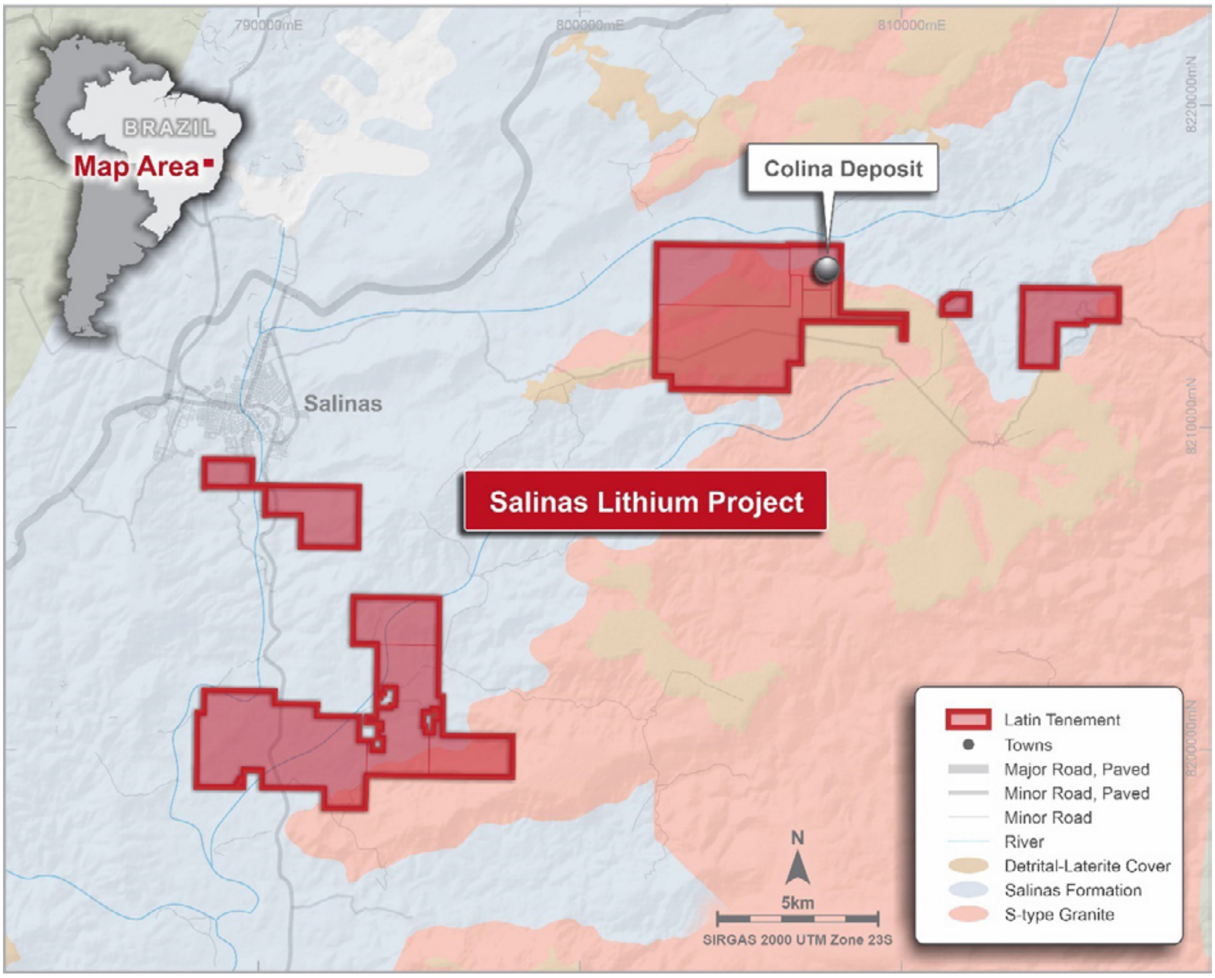

Figure 1: Salinas Lithium Project location and tenements

The Company was pleased to recommence exploration activities at the Salinas Lithium Project in 2022, having been restricted the year prior due to Covid-19 travel restrictions.

1.1.1 EXPLORATION DRILLING

Drilling commenced in February 2022 with an initial 14-hole, 2,000m diamond drilling program designed to test outcropping spodumene-bearing pegmatites where high-grade results including 2.71% Li_2O and 1.45% Li_2O were returned from the Company's previous mapping and geochemical sampling programs[1].

Early results from six completed diamond drill holes covering 500m of strike, showed all holes intersecting multiple spodumene bearing pegmatites. Logging confirmed that the individual pegmatites range in true thickness to a maximum of 21.1m[2], with a cumulative intersection of over 36m in hole SADD004[2].

Figure 2: Salinas Lithium Project – Latin Resources Senior Geologist with spodumene rich pegmatite core, and core logging on site

Initial assay results confirmed the presence of high-grade lithium in pegmatites, with a peak grade of 3.22% Li_2O showing potential for a new lithium discovery[3 4].

Major intersections included:

SADD004:	17.38m	@ 1.46% Li_2O from 119.80m
Including:	10.20m	@ 2.05% Li_2O from 120.95m
Including:	3.05m	@ 2.26% Li_2O from 120.95m
and:	2.00m	@ 3.07% Li_2O from 127.00m
SADD002:	8.13m	@ 2.00% Li_2O from 111.3m
Including:	1.0m	@ 3.22% Li_2O from 112.3m
and:	3.0m	@ 2.20% Li_2O from 115.3m

Figure 3: Brazil Exploration Manager, Pedro Fonseca, Hole 1 February 2022, Salinas Lithium Project

1 Refer to ASX Announcement 24 January 2022 & 8 February 2022
2 Refer to ASX Announcement 16 March 2022
3 Refer to ASX Announcement 30 March 2022
4 Refer to ASX Announcement 11 April 2022

Further drilling continued to show exceptional results[5], including the thickest intersection to date with 21.1m @ 1.20% Li_2O from 208.8m in hole SADD006. These results reaffirmed the Company's belief that the Salinas Lithium Project may represent a significant new lithium discovery.

Major intersections included:

SADD006:	21.1m	@ 1.20% Li_2O from 208.80m
Including:	14.00m	@ 1.69% Li_2O from 210.90m
Including:	3.00m	@ 2.28% Li_2O from 214.90m

SADD005:	4.25m	@ 1.32% Li_2O from 125.40m
Including:	1.05m	@ 2.65% Li_2O from 127.55m
and:	4.01m	@ 1.36% Li_2O from 159.10m
Including:	1.00m	@ 1.92% Li_2O from 161.10m

1.1.2 RESOURCE DEFINITION DRILLING

The resource definition drilling campaign comprised an estimated 100 holes for approximately 22,000 - 25,000m, and focused on the original one kilometre strike extent of the Colina Prospect, as well as new tenure acquired which expanded this to over two kilometres.

The resource definition drill program aimed to test the strike extent, to approximately 400m down dip, with 100m x 50m drill spacing. Data from this drilling will be used in the calculation of the maiden JORC Mineral Resource Estimate (MRE) for the Salinas Lithium Project.

Drilling results continued to show strong down dip continuity of both grade and thickness of logged pegmatites, with a peak grade of 4.22% lithium recorded[6].

Major intersections included:

SADD018:	9.16m	@ 1.68% Li_2O from 133.84m
Including:	6.00m	@ 2.16% Li_2O from 135.0m
Including:	1.00m	@ 3.52% Li_2O from 137.00m
	16.00m	@ 1.29% Li_2O from 189.00m
Including:	1.00m	@ 3.06% Li_2O from 190.00m
and:	1.00m	@ 4.22% Li_2O from 196.00m

SADD019:	11.96m	@ 1.64% Li_2O from 206.24m
Including:	8.20m	@ 1.82% Li_2O from 210.00m

SADD020:	2.35m	@ 3.57% Li_2O from 120.33m
	7.58m	@ 1.45% Li_2O from 143.77m
Including:	1.60m	@ 2.45% Li_2O from 144.40m

5 Refer to ASX Announcement 26 April 2022
6 Refer to ASX Announcement 27 July 2022

1.1.3 MAIDEN MINERAL RESOURCE ESTIMATE

The Company commissioned Toronto based independent resource consultants SGS Geological Services ("SGS"), to undertake the estimation of a JORC-2012 Mineral Resource Estimate ("MRE"), and a wider Exploration Target Range ("ETR") for the Company's Colina Lithium Deposit[7].

SGS, working closely with the Company's geological team confirmed the presence of a series of moderately east dipping pegmatite bodies, extending from near surface to a depth of over 350m. These pegmatites remain open along strike to the north and south, and at depth.

Based on assay results from a total of 47 diamond drill holes for some 10,528 m of drilling, SGS independently estimated the maiden Mineral Resource for the Colina Deposit in only 10 months since the commencement of drilling in early 2022. Of the 57 diamond drill holes completed at the cut-off date, 47 drill holes have assay results used for the MRE to produce a JORC Indicated and Inferred resource estimate of 13.3Mt @ 1.2% Li_2O (2.08Mt Indicated and 11.17Mt Inferred) (Table 1).

SGS has also estimated a JORC-2012 ETR of 13.5 – 22Mt with a grade range of 1.2 – 1.5% Li_2O for the Colina Deposit based on data from all the available 57 diamond drill holes. The current interpretation indicates that the modelled pegmatites potentially increase in both thickness and grade with depth, additional drilling is required to confirm these observations (Table 2).

*The potential quantity and grade of the lithium mineralisation at the wider Colina project is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resources and it is uncertain if further exploration will confirm the target ranges.

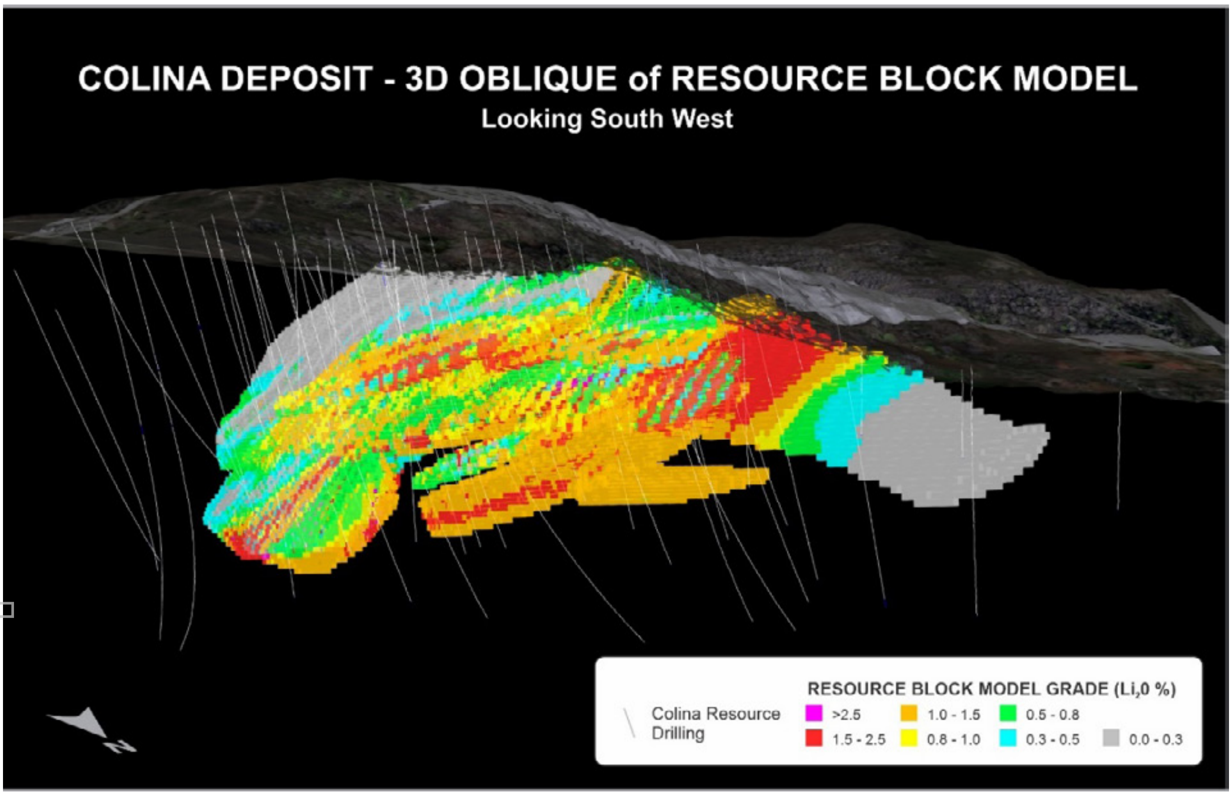

Figure 4: 3D image showing Colina Deposit block model

7 Refer to ASX Announcement 8 December 2022

1.1.4 POTENTIAL MINERAL RESOURCE GROWTH AREAS

Latin reported after the year end that a 65,000m diamond drilling program has commenced, which will focus on fast-tracking the growth of the Colina Deposit Indicated and Inferred Mineral Resource, and also progress Mineral Resource Definition for the Colina West Prospect.

Colina West was reported as a new discovery during the year after regional mapping undertaken by the Company highlighted a third outcropping pegmatite system further to the west, and the potential convergence of the Colina and Colina West pegmatite systems[8]. Assay results confirmed multiple high-grade lithium bearing pegmatites at the Colina West Prospect located 500m to the west of the main Colina Prospect.

Results include:

SADD033:	1.78m	@ 1.33% Li_2O (120.53 - 122.31m)
	1.67m	@ 1.36% Li_2O (275.38 - 277.05m)
	18.71m	@ 1.32% Li_2O (321.15 - 339.86m)
including:	4.00m	@ 1.94% Li_2O (322.00 - 326.00m)
and:	4.00m	@ 1.58% Li_2O (334.00 - 338.00m)

Subsequent to the year, assay results from drilling completed in late 2022 at Colina West confirmed that this prospect represents an exceptional resource growth opportunity[9].

Latin reported over 67 meters (cumulative) of mineralised lithium pegmatites intersected in one hole, SADD055 located approximately 200m along strike to the south of the Colina West discovery hole, intersections include:

SADD055:	13.73m	@ 1.38% Li_2O from 200.19m
and:	16.08m	@ 1.07% Li_2O from 306.69m
and:	10.85m	@ 1.96% Li_2O from 322.15m
and:	11.16m	@ 1.61% Li_2O from 360.17m
and:	16.00m	@ 1.61% Li_2O from 393.60m

Other significant intersections include:

SADD053: 14.00m @ 1.35% Li_2O from 289.58m

SADD057: 20.17m @ 1.66% Li_2O from 136.99m

SADD059: 14.70m @ 1.27% Li_2O from 109.90m

SADD060: 15.96m @ 1.56% Li_2O from 350.09m

The Company was pleased to report that the high-grade mineralisation envelope confirmed at Colina West from further drilling results within this zone[10].

Major results included:

SADD061:	20.70m	@ 1.51% Li_2O from 159.00m
SADD062:	10.00m	@ 1.13% Li_2O from 149.51m
SADD063:	4.03m	@ 1.60% Li_2O from 125.12m
and:	6.79m	@ 1.52% Li_2O from 267.37m
SADD070:	5.03m	@ 1.64% Li_2O from 192.97m
and:	5.52m	@ 1.50% Li_2O from 292.03m
and:	16.43m	@ 1.69% Li_2O from 323.57m
and:	18.89m	@ 1.56% Li_2O from 356.91m

8 Refer to ASX Announcement 16 August 2022
9 Refer to ASX Announcement 24 January 2023
10 Refer to ASX Announcement 16 February 2023

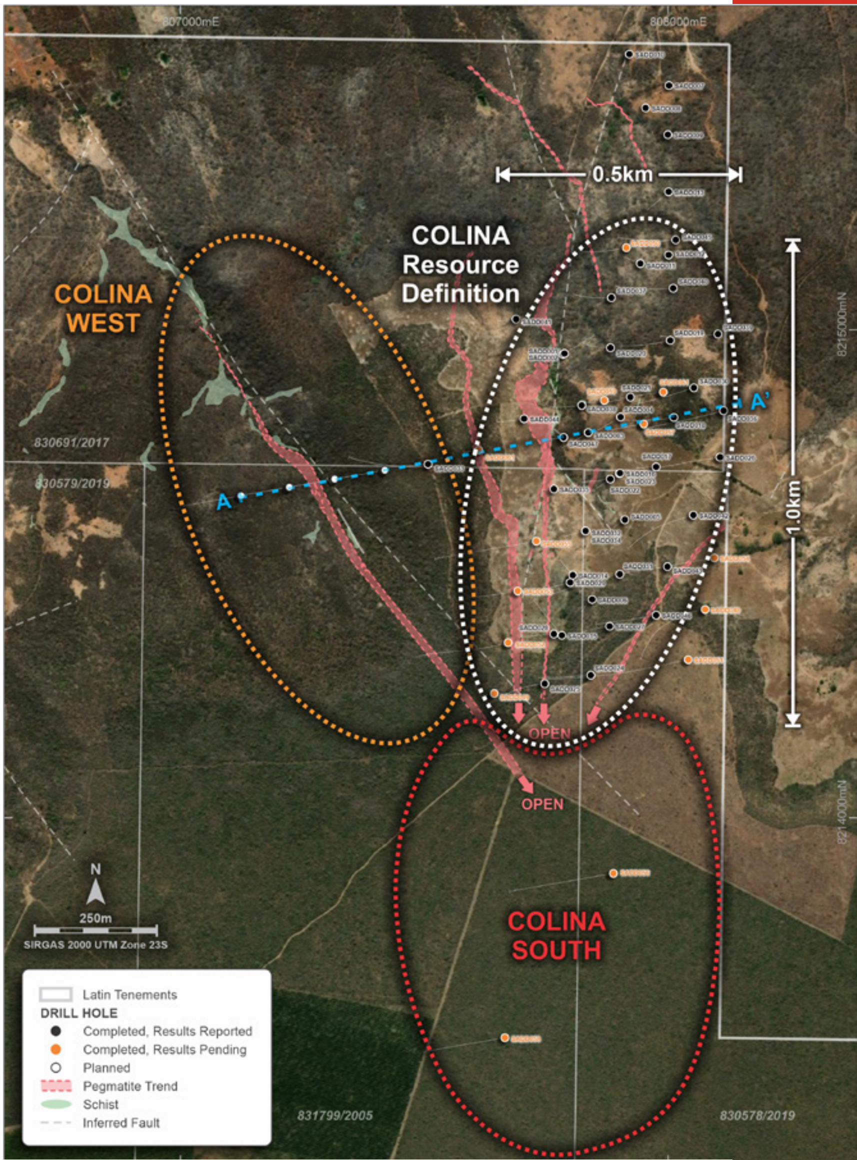

Figure 5: Colina Deposit potential mineral resource growth areas

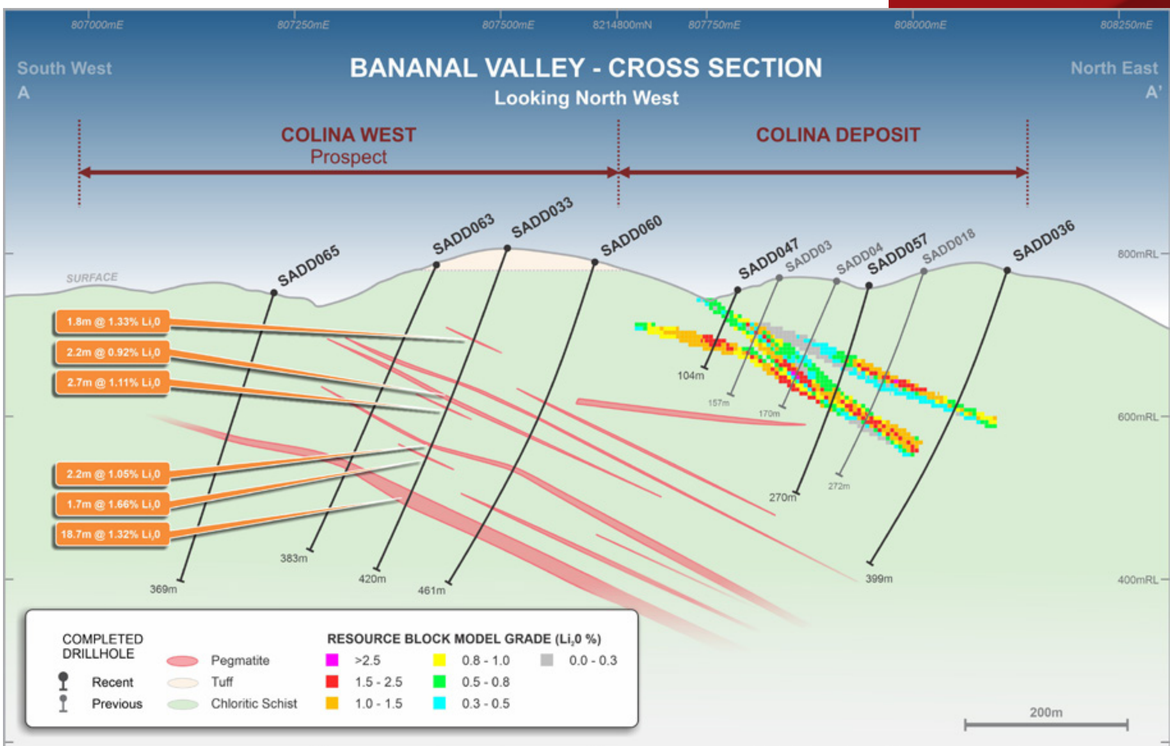

Figure 6: Colina Deposit cross section

1.1.5 FEASIBILITY STUDIES AND METALLURGY

Latin Resources appointed leading mining consultant SGS Geological Services (SGS) to carry out Metallurgical test work, JORC Mineral Resource Estimation and a Preliminary Economic Assessment (PEA) on the Colina Prospect, an important milestone in the future development of the Salinas Lithium Project in Brazil[11].

The PEA commenced during the year to run in parallel with the resource definition drilling campaign, where the MRE which will feed into the broader PEA studies. The Company expects to be positioned to fast track the project from PEA directly to Definitive Feasibility Study (DFS), targeting the DFS for late 2023.

Latin Resources also plans to commission SGS to build a pilot plant to produce a representative sample of lithium concentrate product as ongoing testwork demonstrated exceptional metallurgy of the Salinas Lithium Project.

Latin commissioned SGS GEOSOL laboratories, Belo Horizonte Brazil to undertake a program of Heavy Liquid Separation ("HLS") test work on 10 samples representing the total strike length of the current resource drilling program[12]. A total of 367kg of representative sample was collected and each of the samples included interstitial waste between ore zones to simulate expected mining dilution.

One of the main objectives of this program was to investigate potential variability in metallurgical performance across the deposit, and at varying depths. Half of the samples were targeted in the top 50-100m of the ore body with the other half of the samples taken from the bottom 100-150 of the deposit. Results were independently reviewed and interpreted by Met Assist Pty Ltd, whose key personnel have significant experience in lithium processing, metallurgy, and process plant design.

Results of the test work has shown that simple HLS test work was able to recover an average of 80.5% of the Li_2O into a concentrate grading a very high average of 6.30% Li_2O.

Key observations of the test work are outlined below:

Very coarse spodumene liberation: The Company conducted test work at a coarse top size of 12.5mm based on results of initial sighter testing reported in August 2022. HLS results for the coarse fraction demonstrated extremely high-grades in excess of 7% Li_2O.

Given pure spodumene has a theoretical grade of 8.03% Li_2O, this suggests that full liberation of spodumene is achieved even at these coarse grind sizes. It also indicates that spodumene is by far the dominant lithium ore type, and the deposit is not challenged by lower grade variants such as Lepidolite or Petalite which can negatively impact final concentrate grades.

Consistency in metallurgical performance: A key objective of this round of test work was to investigate variability within the deposit. A total of 10 samples were composited and represented approximately 20m of total intersection for each sample. The samples were selected over approximately 500m of know mineralisation. Five samples were taken from areas within the top 50-100m of the deposit and the other five samples were taken from depths of 100-150m within the deposit. Results broadly demonstrated very close correlation between the two groups of samples.

Fines Generation: Size distributions indicate that the amount of Fines generated in a 12mm crush is very low with an average of 12.25% of the material reporting to the <0.5mm fraction. This is an important aspect when considering a future Dense Media Separation (DMS) plant as the <0.5mm fraction is not suitable for DMS feed. Higher proportions of fines result in less of the Li_2O being presented to the DMS circuit which has a direct bearing on the overall expected Li_2O recovery for the project.

The results for the program on the Salinas samples suggest the -0.5mm fraction contains only 10% of the Li_2O and therefore potentially up to 90% of the contained Li_2O in the deposit would be processed through a future DMS plant.

Iron Content: The Colina composite samples demonstrated very low iron content in the raw feed sample. Cumulative recoveries of the results for each SG cut point enabled the calculation of expected iron grades for a concentrate of 6% Li_2O.

In the conversion of lithium concentrates into lithium chemicals any iron must be removed and so a lithium concentrate with iron content well below 1% would be attractive to any potential offtake partner.

11 Refer to ASX Announcement 9 August 2022
12 Refer to ASX Announcement 5 December 2022

1.1.6 EXPANDED TENURE AT SALINAS LITHIUM PROJECT

The Company expanded the Salinas Lithium Project over the year, with additional tenure increasing the lithium ground position to over 6,230 hectares[13] by the end of May 2022. A further 1.2 kilometres of the southern strike extension at the Colina Prospect[14] was secured in July 2022, doubling the strike length from 1km to over 2km.

Subsequent to the year, Latin submitted 17 new applications covering over 29,940 hectares with the Brazilian National Mining Agency (ANM) over what the Company believes to be areas that contain favourable basement lithologies to host lithium bearing pegmatites, similar to those found at Colina[15]. The new tenements represent an expansion of approximately 367% over the Company's previous holdings, to a total of over 38,000 hectares now under Latin's control.

The Company also secured the rights to additional mining rights directly adjacent to the South of Colina, where drilling by the Company has confirmed the extension of the Colina host lithologies and pegmatitic intrusive bodies (assay results pending), by signing a new option agreement.

Latin's regional exploration team will be undertaking initial reconnaissance mapping and geochemical sampling over the new project tenements as a part of its exploration strategy in the now expanded Salinas district.

13 Refer to ASX Announcements 6 April 2022, 11 May 2022, 17 May 2022
14 Refer to ASX Announcement 13 July 2022
15 Refer to ASX Announcement 8 February 2023

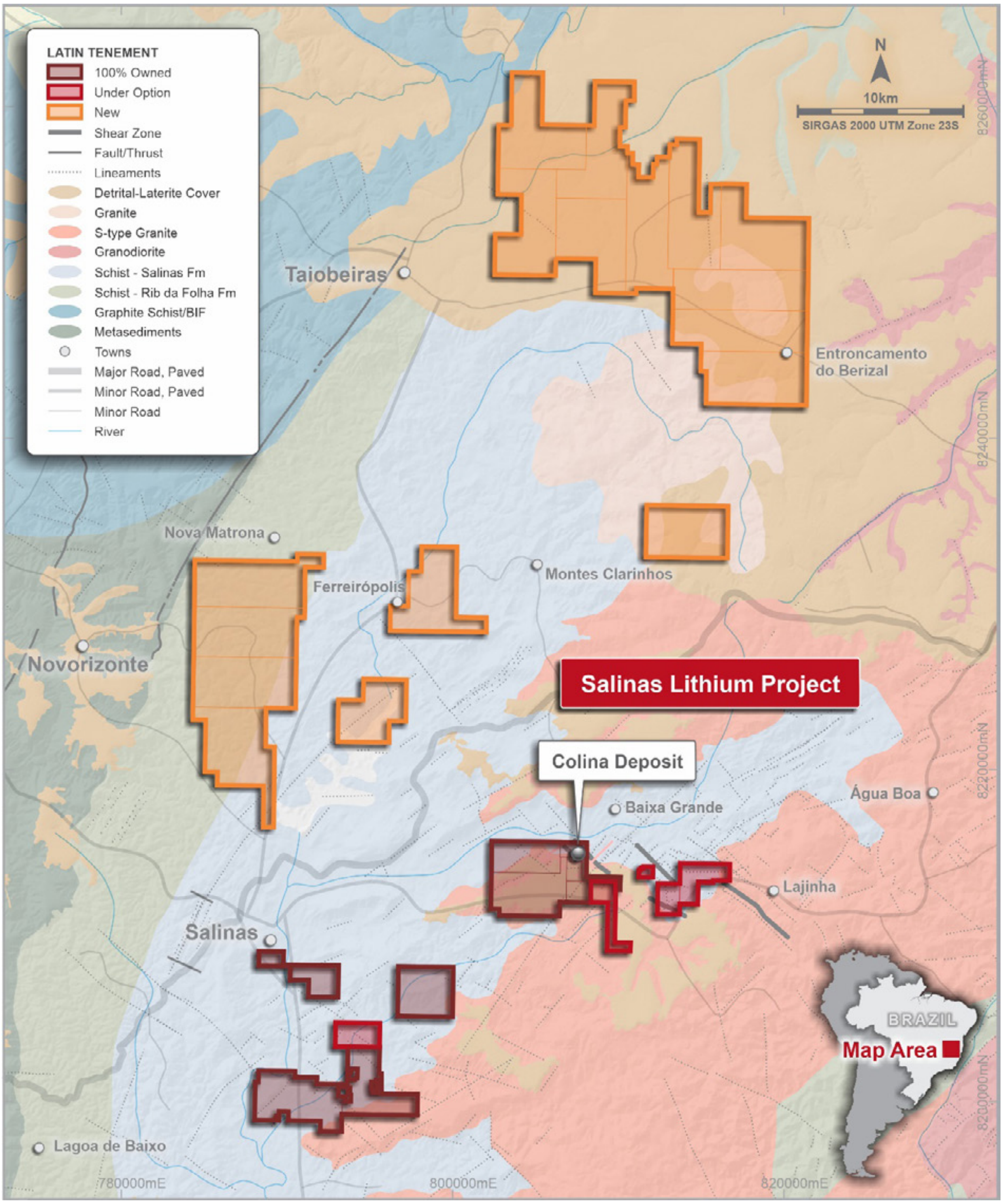

Figure 7: Salinas Lithium Project tenure, showing new tenement application to the north of the Company's 100% owned Colina Lithium Deposit, existing LRS tenure, and tenements currently under LRS option agreements

1.1.7 ONGOING WORKS AT COLINA

The Company's board has approved an aggressive exploration budget for the wider Salinas Lithium Project. This includes the addition of four diamond drilling rigs, taking the total rigs on site to eight, operating on a double shift basis, with an estimated 65,000m planned to be drilling in the 2023.

Drilling in the new year will target:

- Infilling drilling on the main Colina Deposit pegmatites;
- The newly discovered "Colina West" pegmatite swarm;
- The southwestern extension of Colina's high-grade pegmatite lenses; and
- The regional Salinas South Project area.

The Company will continue to review and update the Colina resource model as more drilling information becomes available. The next major update and re-estimation for the Colina and Colina West areas is expected to be undertaken in 2023.

1.2 CLOUD NINE HALLOYSITE-KAOLIN DEPOSIT – MERREDIN, WESTERN AUSTRALIA

The Company's 100%-owned Cloud Nine Halloysite-Kaolin Deposit ("Cloud Nine") is located east-southeast of Merredin, Western Australia. The Company controls a commanding regional tenement package (Noombenberry Project), covering over 560 km^2 (Figure 7) of what the Company believes is the most prospective ground in the region to identify repetitions of the high-grade Cloud Nine Deposit.

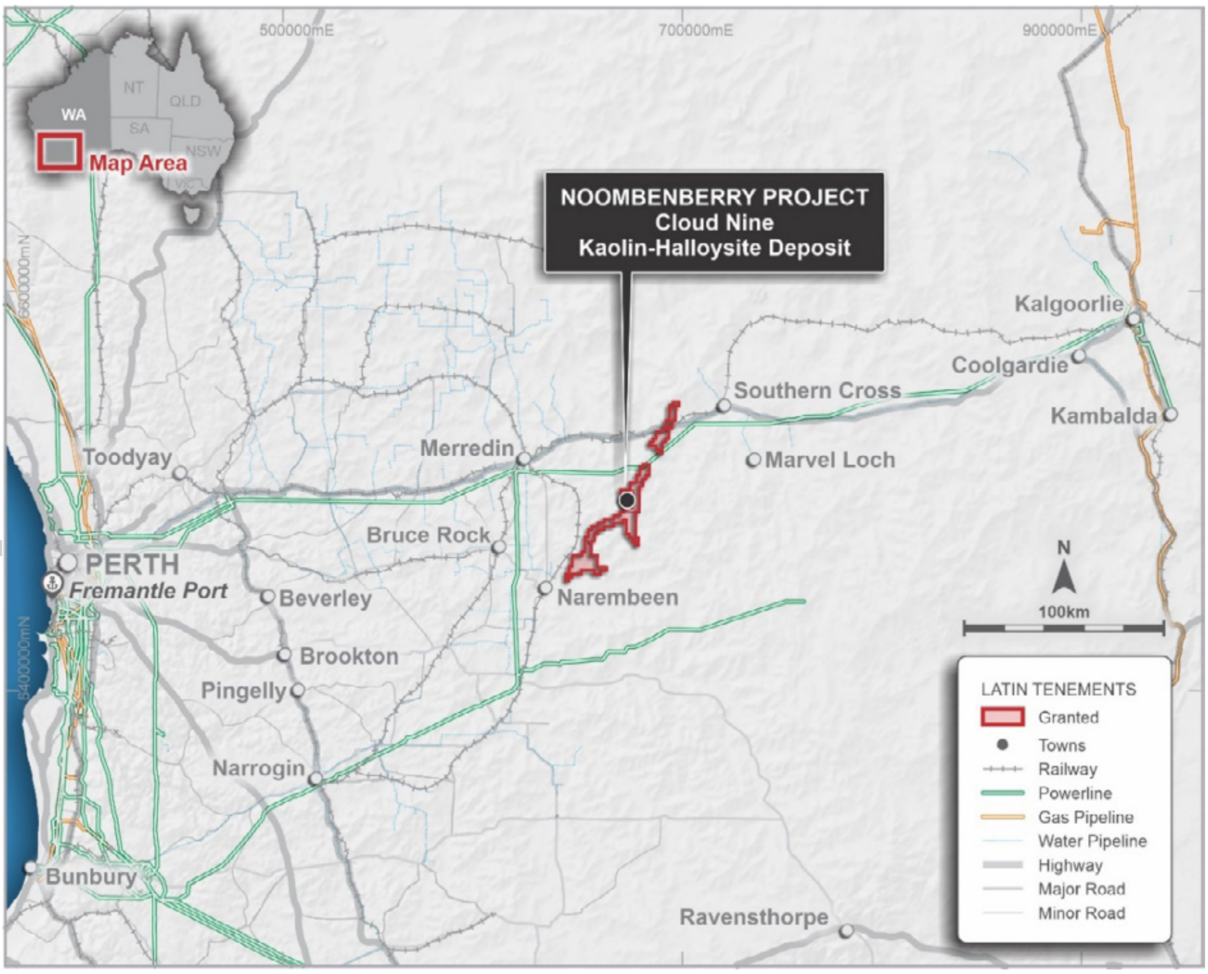

Figure 8: Noombenberry Project location

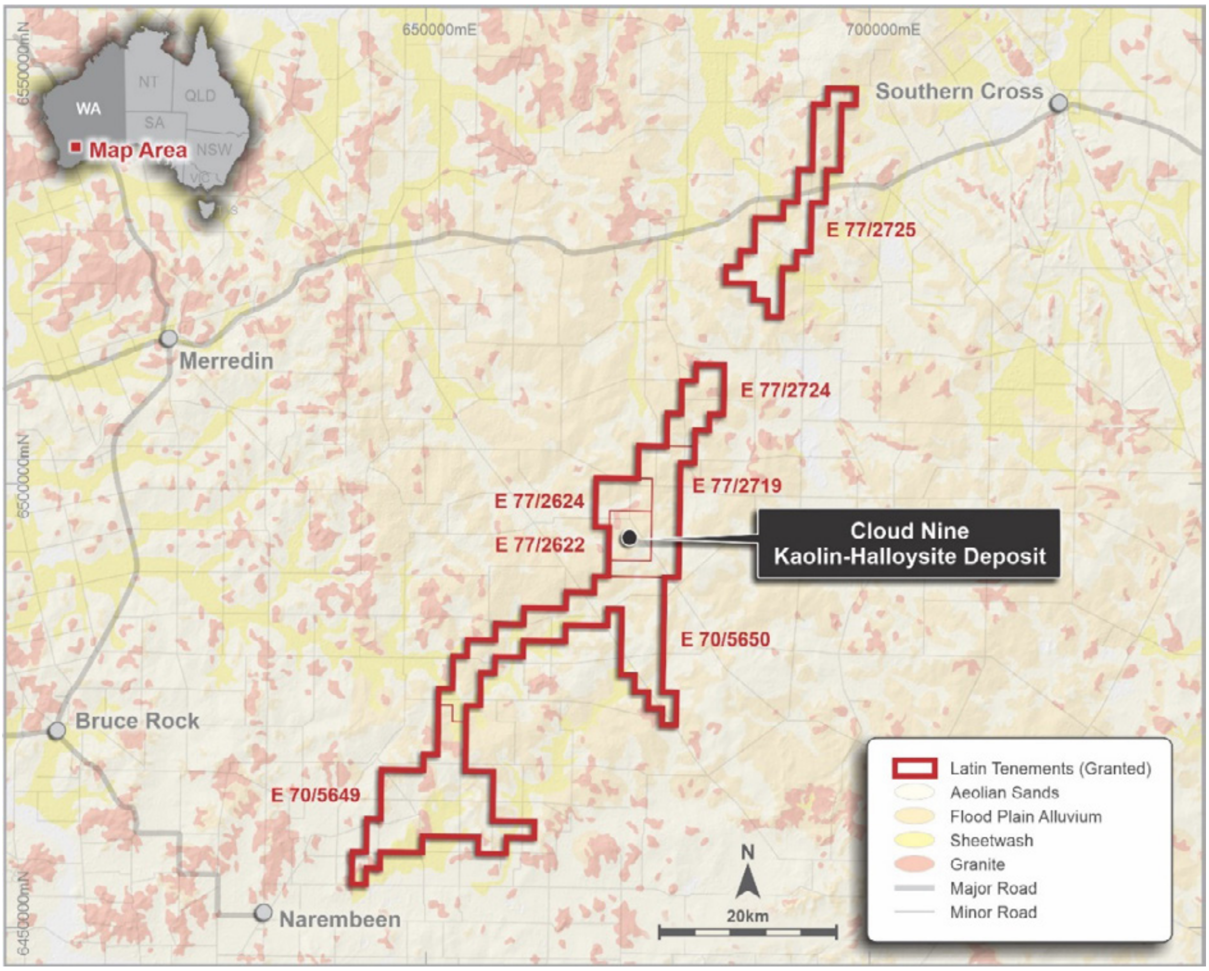

Figure 9: Cloud Nine Deposit within regional tenement package

During the year, the Company progressed metallurgical, mineral resource and other studies as part of its ongoing evaluation of the deposit, including preparation for a maiden core drilling campaign to collect metallurgical and geotechnical samples.

1.2.1 SONIC GEOTECHNICAL DRILLING

The Company completed a program of sonic geotechnical diamond drilling[16], aimed to provide sufficient representative core samples from within the footprint of the existing JORC MRE, for detailed density and geotechnical analysis. The density data is an integral part of the ongoing resource estimate work at Cloud Nine aimed at increasing the confidence levels in the current Inferred JORC Resource, while the geotechnical data is required for the mine design and scheduling work currently underway as a part of the Company's Pre-Feasibility Studies ("PFS") and other studies.

16 Refer to ASX Announcement 22 March 2022

1.2.2 MINERAL RESOURCE UPGRADE

During the year, the Company progressed a campaign of resource infill drilling, where significant thicknesses of exceptionally bright kaolinised granite were intersected, further highlighting the quality of the world class Cloud Nine Halloysite-Kaolin deposit[17].

Significant intersections include:

- NBAC459: 43m @ 85.4 ISO-B from 7m
- NBAC397: 38m @ 85.3 ISO-B from 12m
- NBAC413: 25m @ 85.2 ISO-B from 17m
- NBAC442: 21m @ 85.2 ISO-B from 6m

On completion of drilling, the Company reported a 33% increase in the global Mineral Resource Estimate (JORC 2012)[18] to 280Mt of kaolinised granite. This included 70Mt upgraded from Inferred to Indicated; and 201Mt of Inferred Mineral Resource comprised of 125Mt of bright white kaolinite-bearing material and 85Mt of halloysite-bearing material.

The Company previously reported a JORC (2012) Inferred Mineral Resource of 207Mt of kaolinised granite, including separate domains containing 123Mt of bright-white kaolinite and 84Mt of kaolin/halloysite-bearing material[19].

The updated Mineral Resource for the Cloud Nine Deposit includes an in situ Indicated Mineral Resource of 70Mt kaolinised granite at an average Brightness ("ISO-B") grade of 81. In addition to the Indicated Mineral Resource is an in situ Inferred Mineral Resource of 210Mt kaolinised granite at an average ISO-B grade of 79, for a total global in situ Indicated and Inferred Mineral Resource of 280Mt, an increase of ~33% from the May 2021 global estimate of 207Mt. The Inferred Mineral Resource includes an 85Mt high-grade (>3%) portion with an average halloysite grade of 4% (Table 3).

The Mineral Resource upgrade contains a total of 26.7Mt of bright white kaolinised granite, classified as Indicated, with an ISO-B grade of 81, reporting to the <45 µm size fraction. In addition, the global Mineral Resource contains 90 Mt kaolinised granite classified as Inferred, reporting to the <45 µm size fraction, with an average ISO-B of 79. This domain also includes 35Mt halloysite, averaging 10% halloysite, estimated using a 3% halloysite cut-off and reported to the <45 µm size fraction (Table 4). The deposit contains low Fe contamination averaging 0.8% Fe_2O_3 (Table 5).

All Mineral Resources are reported to the <45 µm fraction at a cut-off grade of 75 ISO-B in accordance with Clause 49 of the JORC Code (2012).

1.2.3 TRIAL MINING AND OFFTAKE

Latin reported the excavation of a test pit to advance mine pit design planning and discussions with offtake partners[20].

Kaolinite extracted from the test-pit will be used in bulk scale metallurgical testing, and importantly will be used to prepare bulk product samples which will be sent to two separate groups currently in discussion with the Company in respect to potential offtake agreements to allow them to undertake their own product qualification testing.

The Company has provided multiple small-scale samples from Cloud Nine to the two parties. Preliminary discussions with both groups have included options to supply short term Direct Shipping Ore ("DSO") products, as well as supplying value-added processed kaolinite and halloysite products in the longer term.

Excavation of the test pit has also provided the Company with valuable information to further refine preliminary assumptions, including mining and stockpile designs, mining method and equipment selection and preliminary geotechnical assumptions. Material samples will also assist with further testing and analysis to continue improving the understanding of the deposit including the overlying material.

Figure 10: Test-pit in progress

17 Refer to ASX Announcement 29 June 2022
18 Refer to ASX Announcement 29 November 2022
19 Refer to ASX Announcement 31 May 2021
20 Refer to ASX Announcement 13 October 2022

1.2.4 RARE EARTH ELEMENT (REE)

During the year, the company reported results from rare earth element (REE) analyses at the Cloud Nine Halloysite-Kaolin Deposit[21]. The results confirmed REE mineralisation with anomalous REE concentrations in 38% of the samples.

Analysis was conducted on a small random selection (one out of every 20) of existing <45 µm fraction samples collected from the recent infill drill program at Cloud Nine[22]. Results from 30 of 78 samples submitted for analysis returned anomalous total rare earth oxide (TREO) concentrations of >1000 ppm; five returned TREO concentrations >3500 ppm, with a maximum TREO value of 3617 ppm.

Importantly, a large proportion of the TREO encountered in analysis are the in-demand magnetic rare earth oxides (MREO), which are a critical component of high-performance magnets used for climate economy products such as electric vehicles and wind turbines. The key magnetic rare earth oxides are neodymium (Nd) and praseodymium (Pr) which form the majority of the MREO mix in the samples.

The Company believes these results are encouraging and warrant further analyses to identify the extent of the REE mineralisation encountered at Cloud Nine.

Latin has engaged RSC, an experienced geological consulting service company, to provide an independent review of the REE data.

1.2.5 CRC CARE HALLOYSITE R&D PROJECT

Latin is pleased to report progress on the research agreement with CRC CARE[23] which was announced in November 2021 and commenced in January 2022.

The three-year, $3.2m project is focused on modifying Latin Resources' halloysite/kaolinite minerals to develop innovative technologies that lead to commercial applications for the capture and reduction of methane using the clays from the Cloud Nine Halloysite-Kaolin Deposit.

In particular, the research is focused on reducing methane emissions in the cattle industry by modifying the Cloud Nine clays to achieve reduction through (1) a feed additive for cows to reduce the emissions produced and released from the stomach and (2) a carbon capture technology to be used in feedlots to contain and capture gases emitted from cows.

The first year of this project is coming to an end and significant advancements have been made towards these objectives. Laboratory testing has been underway with a synthesised cow's stomach using various modified clay formulas. The results show significant reduction of methane when used as a feedstock additive, these formulas have been submitted for a provisional patent.

Methane reduction in the cattle industry is becoming an issue on government agendas to support their reduced carbon emissions goals. Methane is the number one source of agricultural gases worldwide and a cow will belch about 100 kilograms of methane per annum. New Zealand, for example, has already introduced a new policy that will tax farmers for animal generated methane, therefore the market for developing methane-inhibiting feed additives and capture technologies is a significant prospect. The Company is pleased to progress this initiative and continue to affirm its commitment to its Environmental, Social and Governance (ESG) credentials.

1.3 ARGENTINIAN LITHIUM PROJECTS

Latin has a joint venture agreement on the Company's Catamarca lithium pegmatite projects with Argentinian investment group Integra Capital S.A. Integra has a diversified portfolio in more than 10 countries and is one of Argentina's largest lithium explorers, holding more than 400,000 hectares of lithium brines projects in Jujuy and Catamarca provinces.

In 2022, the Company completed on-ground reconnaissance field work to identify priority areas for ongoing exploration work, which included new areas of outcropping spodumene pegmatites in the Northwest Alto Project area[24]. Historical drill results intersected high-grade lithium bearing pegmatites including[25]:

- LCRC004: 3.0m @ 2.98% Li_2O from 90m
- LCRC002: 4.0m @ 2.3% Li_2O from 30m
- LCRC001: 6.0m @ 1.62% Li_2O from 18m

The 2023 field work program has the objective of defining new drill targets for the next drilling campaign. This will include detailed and systematic geological mapping and follow-up geochemical surface sampling to better understand the nature and scale of the high-grade lithium pegmatite system encountered in previous drilling completed by the Company in 2017.

21 Refer to ASX Announcement 3 November 2022
22 Refer to ASX Announcement 29 November 2022
23 Refer to ASX Announcement 30 January 2023
24 Refer to ASX Announcement 24 November 2022
25 Refer to ASX Announcement 13 April 2017 and 16 April 2017

As part of the ongoing progress at Catamarca, the Company met with the Catamarca Mines Department to discuss intentions of Latin and its joint venture partner, Integra Capital, for the Catamarca Lithium Project. The meeting was very well received and productive, as a result the Company will embark on a campaign of community engagement with information relating to the recommencement of planned exploration activities. The Company will also establish a network of liaison offices within the local communities to assist in the dissemination of the exploration information, and act as a conduit for feedback for the various community stakeholders.

This network will extend across both the Northwest Alto Project area as well as the Ancasti Project area to the south, where the Company is planning to undertake similar reconnaissance mapping and sampling work in due course.

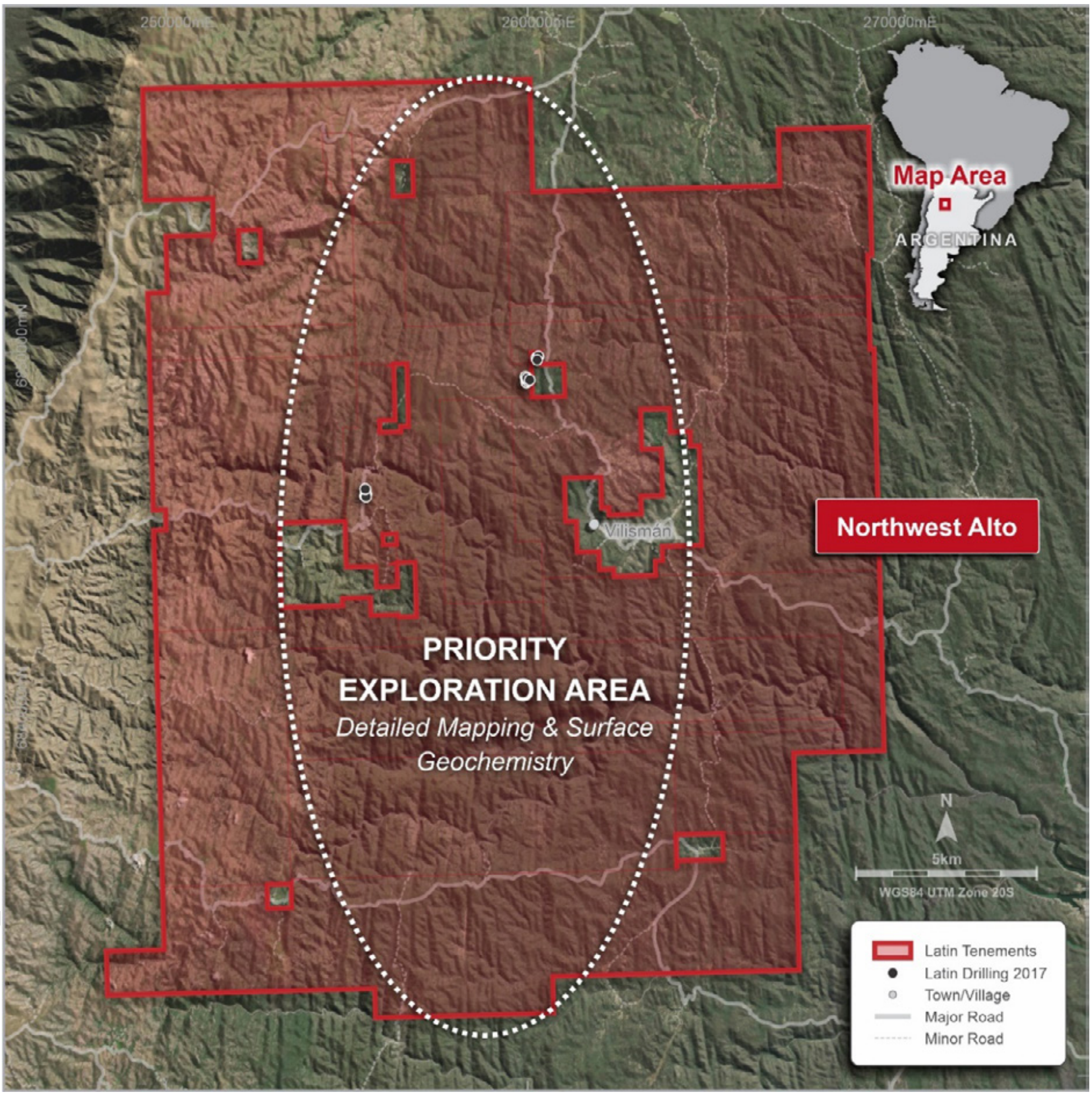

Figure 11: Northwest Alto Tenement area showing 2017 RC drilling collars, and the priority area for the Company's planned mapping and geochemical surface sampling campaign

1.4 MT-03 COPPER PROJECT – PERU

The MT-03 Copper Project is a large-scale target in an established copper mineralised district, MT-03 with first class infrastructure on the doorstep, located central to a major copper producing region, along trend from an existing porphyry deposit at Southern Copper's Tia Maria (639Mt @ 0.39% Cu & 0.19g/t Au)[26].

The Company commenced drilling on the MT-03 Copper Project, reporting that there will be two holes drilled initially in an overall 2000m diamond drilling program. The objective of the drilling is to test the target to ascertain the geology and to determine if the target has any indication of a copper porphyry style mineralisation setting.

The Company commenced drilling on the MT-03 Copper Project, reporting that there will be two holes drilled initially in an overall 2000m diamond drilling program.

Figure 12: Drill rig on the MT-03 Project southern Peru, November 2022

1.5 OTHER PROJECTS

The Company's portfolio of NSW projects comprises of five separate granted, 100% owned tenements covering a total of approximately 751 square kilometres in the central and southern Lachlan Fold Belt, which are highly prospective for copper-gold and Ni-Cu-PGE mineralisation.

Work completed by the Company and previous explorers has highlighted multiple priority target areas, several of which are at a drill ready status[27], including:

- The Peep O'Day Gold Prospect;
- The Mackey's Copper Prospect;
- The Gosper Mine Copper Prospect; and
- The Dairy Hill Copper (Porphyry) Prospect.

The Company has adopted a divestment strategy for these non-core projects[28], while it focuses its efforts on progressing two core projects: the high-grade hard-rock lithium Salinas Project in Brazil toward a maiden JORC Resource by the end of the year; and the high-purity Cloud Nine Halloysite-Kaolin Project in Merredin, WA.

The Company is currently in discussion with several third-party groups in relation to the potential divestment of the non-core NSW Lachlan Fold Projects.

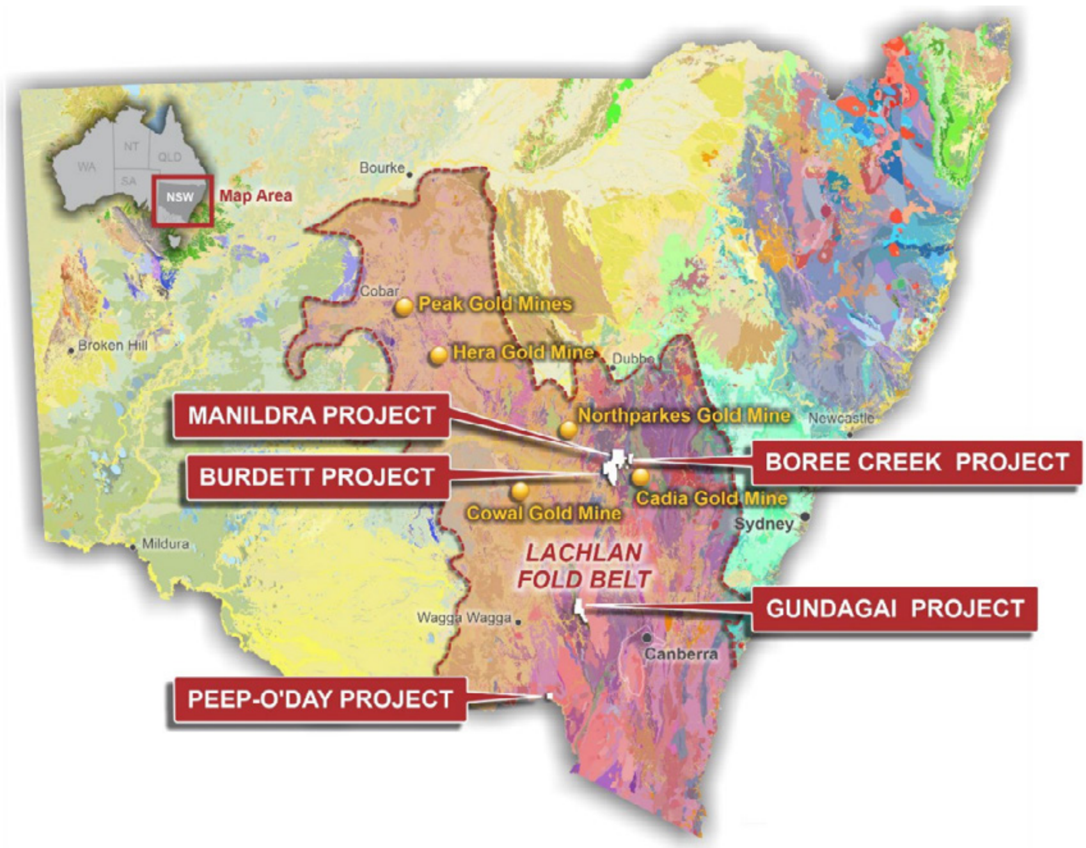

Figure 13: Latin Resources Limited – NSW Lachlan Fold Belt Project, tenement location map

27 Refer to ASX Announcements 5 November 2020, 17 June 2021 and 24 June 2021
28 Refer to ASX Announcement 8 July 2022

2. CORPORATE

2.1 FUND RAISING

In April 2022, Latin raised $35 million in a placement from institutional and sophisticated investors to subscribe for new ordinary shares at an issue price of $0.16.

Demand for the Placement was strong, supported by a cornerstone investment of $15 million by Electrification and Decarbonization AIE LP Fund ("E&D Fund"), a 100% owned subsidiary of Toronto based Waratah Capital Advisers ("Waratah"). The Placement was also supported by several institutional investors in Australia and Asia.

The Waratah Electrification and Decarbonization fund invests in equities of critical battery materials companies and related decarbonisation investment opportunities. Waratah is the sponsor and general partner of Lithium Royalty Corp, a leading North American royalty corporation focused on lithium assets, which holds royalties on projects operated by Sigma Lithium, Zijin Mining, Core Lithium, Allkem and Sayona Mining.

As a condition of the cornerstone investment of $15 million by Waratah in the Placement, the Company agreed to grant to Lithium Royalty Corp, a company associated with Waratah, a right of first refusal in respect of any royalty that the Company may sell to any party, limited to the Company's tenements in Brazil on which lithium or similar projects are extracted or recovered. This right of first refusal was confirmed in a Deed dated 14 July 2022.

Euroz Hartleys Limited and PAC Partners Securities Pty Ltd acted as Joint Lead Managers to the Placement, with Jett Capital Advisors being a Co-Manager to the Placement in North America.

2.2 OPTIONS EXERCISE

During the year, the Company further solidify its cash balance, receiving $4.8 million in cash from option holders exercising in-the-money LRSOC Options ($0.012 LRSOC, Expiry 31 Dec 2022) and $3.2 million from the exercise of 3c and 5c unlisted options.

2.3 APPOINTMENT OF NON-EXECUTIVE DIRECTOR

On 4 October 2022, the Company appointed Peter Oliver as Non-Executive Director. Mr Oliver is a highly accomplished C-suite leader, with nearly 20 years' experience in lithium leadership roles which includes, global M&A and financing as well as managing mining operations.

Most recent to this appointment, Mr Oliver has acted as an Advisor to Tianqi Lithium and prior to that was Chief Executive Officer / Managing Director of Talison Lithium which owns and operates the worlds largest lithium mine – Greenbushes in Western Australia.

Mr Oliver has a background in Chemistry and has spent many years working in the Western Australian Mining industry. In 2003 Mr Oliver joined Talison Lithium (then Sons of Gwalia). In his time at Talison, he had several roles including General Manager of Wodgina and Greenbushes, Chief Operating officer and Chief Executive Officer/Managing Director.

3. INVESTMENTS

3.1 SOLIS MINERALS LTD.

Solis Minerals is a Latin American-focused mining exploration company.

The company holds a 100% interest in the Borborema Lithium Project in NE Brazil, covering 24,800 ha, and holds a 100% interest in 34,400 ha of combined licences and applications of prospective IOCG (iron oxide copper/gold) and porphyry copper projects in southwestern Peru within the country's prolific coastal copper belt — a source of nearly half of Peru's copper production.

Latin currently holds a 13% shareholding in Solis (consisting of shares and CDIs), which is valued at $595,000 as at 31 December 2022 and is represented on the Board by Latin's Managing Director, Chris Gale. Further information on Solis Minerals can be found at solisminerals.com.

4. ENVIRONMENTAL SOCIAL GOVERNANCE (ESG) REVIEW

Latin Resources 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).

Latin Resources is a minerals explorer, committed to developing its lithium spodumene project in Brazil, as well as progressing early-stage exploration at its Catamarca Project in Argentina. Lithium is a key mineral used in electric vehicles and battery storage to decarbonise the world by directly contributing to technology driven GHG emission reduction targets.

Latin has invested significant time and geological resources investigating the lithium potential of the Bananal Valley region of Minas Gerais, which hosts the eastern Brazilian pegmatite province.

Regional success story Sigma Lithium is the most active explorer in the region, currently in development of a world-class lithium mineral resource base with a "Greentech" processing plant and strong ESG credentials.

With the announcement of the maiden JORC Mineral Resource Estimate for the Colina Deposit of 13.3Mt @ 1.2% Li_2O and moving into feasibility studies for the project, the Company is excited by the opportunities this may present in the future for battery grade lithium hydroxide production using renewable energy, recycled water and dry-stack tailings.

In addition to this, Latin is transitioning into a developer at its Cloud Nine Halloysite-Kaolin Deposit, 300km east of Perth in Western Australia. The Cloud Nine deposit has an upgraded Mineral Resource Estimate of 280 million tonnes (Mt) of kaolinised granite with 125Mt of bright white kaolinite and 85Mt of halloysite bearing material. Kaolinite is a plate-like clay with a wide range of uses including paper and ceramics.

In contrast, halloysite has a unique property and occurs as halloysite nanotubes (HNT) and maintains several key environmentally friendly properties, can be utilised to assist with the management of Greenhouse Gases (GHG) and can be mined with extremely low environmental impact.

As part of our evolving emissions project, Latin has secured an agreement with CRC CARE Pty Ltd to develop innovative methane reduction technologies to exploit the clay mineral halloysite from the Company's Cloud Nine Halloysite-Kaolin Deposit near Merredin, WA.

The development of these projects will provide Latin with the platform to reduce carbon emissions and are key to Latin's ESG Purpose Statement of "developing minerals to provide the planet with environmentally sustainable products".

4.1 COMMUNITY ENGAGEMENT ACTIVITIES

During the year, a range of community engagement activities were undertaken to inform, consult and involve participants across the community.

This included the opening of an information office in Salinas town to provide information to the local community to learn about the Salinas Lithium Project.


The Latin team visited the Salinas Nursery to talk about potential future partnerships for donations of tree seedlings, and educational events with the neighbouring communities of the Salinas Lithium Project.

The Company hosted a lecture about Mining & Environment to students, teachers and educational supervisors at the local public school in Minas Gerais, Escola Estadual Vicente Jose Ferreira.


In addition, Latin Resources Limited invested US$100,000 to assist with a flood fund to build a new levy wall. Now under construction, the purpose of the levy wall project is to create a significant barrier to protect the town of Salinas in Brazil against future river overflows.

Latin Resources Exploration Manager Brazil, Pedro Fonseca, and Engineer, Leandro Nunes, visited in September to review the works. Also present at this visit to support the new wall was the president of the municipal council and the municipal engineer.

Latin has recently opened an information office in Salinas town, available for the community to answer any queries on the Salinas Lithium Project and the Company's ESG initiatives.

ESG PERFORMANCE

Latin Resources makes ESG disclosures in the form of a set of universal, comparable stakeholder capitalism metrics focused on people, planet, prosperity and principles of governance that organisations can report on regardless of industry or region.

We use this universal ESG framework to align our mainstream reporting on performance against ESG indicators. By integrating ESG metrics into our governance, business strategy, and performance management process, we diligently consider all pertinent risks and opportunities in running our business. We continue to look for opportunities for further transparency on the topics which are material to our business.

Latin has made significant progress over 2022 across all areas of our sustainability performance as outlined in the dashboard below. This table represents our reporting against the 21 core metrics over the year. These metrics are reviewed quarterly and updated periodically.

Latin Resources
LATIN RESOURCES
ASX:LRS

Progress Dashboard

Progress
P In progress
C Completed
N Not applicable

Code	Description	Disclosure	Last Updated	Status	Progress (A1-A5)
GOVERNANCE					58% COMPLETED
GOVERNING PURPOSE					
GO-01-C1	Setting purpose	Full	20 Jan 2023	REPORTED	C C C C C
QUALITY OF GOVERNING BODY					
GO-02-C1	Governance body composition	Full	31 Dec 2022	VERIFIED	C C C C C
STAKEHOLDER ENGAGEMENT					
GO-03-C1	Material issues impacting stakeholders	Full	20 Jan 2023	DRAFT	P P P P P
ETHICAL BEHAVIOUR					
GO-04-C1	Anti-corruption practices	Full	31 Dec 2022	DRAFT	C P C
GO-04-C2	Mechanisms to protect ethical behaviour	Full	31 Dec 2022	VERIFIED	C C
RISK AND OPPORTUNITY OVERSIGHT					
GO-05-C1	Integrating risk and opportunity into business process	Full	31 Dec 2022	VERIFIED	C C C C P
PLANET					57% COMPLETED
CLIMATE CHANGE					
PL-01-C1	GHG emissions	Full	31 Dec 2022	VERIFIED	P P P
PL-01-C2	TCFD implementation	Full	31 Dec 2022	DRAFT	P P P
NATURE LOSS					
PL-02-C1	Land use and key biodiversity areas	Explanation	31 Dec 2022	VERIFIED	N N N N N
FRESHWATER AVAILABILITY					
PL-03-C1	Water consumption	Explanation	31 Dec 2022	VERIFIED	C N N N N
PEOPLE					29% COMPLETED
DIGNITY AND EQUALITY					
PE-01-C1	Diversity and inclusion	Full	31 Dec 2022	DRAFT	P P P P C
PE-01-C2	Pay equality	Full	31 Dec 2022	DRAFT	P P P C
PE-01-C3	Wage level	Full	31 Dec 2022	DRAFT	P P
PE-01-C4	Child, forced or compulsory labour	Full	31 Dec 2022	VERIFIED	C
HEALTH AND WELL-BEING					
PE-02-C1	Health and safety	Full	20 Jan 2023	REPORTED	C P
SKILLS FOR THE FUTURE					
PE-03-C1	Training provided	Full	20 Jan 2023	REPORTED	C C
PROSPERITY					61% COMPLETED
EMPLOYMENT AND WEALTH GENERATION					
PR-01-C1	Rate of employment	Full	31 Dec 2022	DRAFT	P P
PR-01-C2	Economic contribution	Full	31 Dec 2022	VERIFIED	C C
PR-01-C3	Financial investment contribution	Full	31 Dec 2022	VERIFIED	C C
INNOVATION OF BETTER PRODUCTS AND SERVICES					
PR-02-C1	Total R&D expenses	Full	31 Dec 2022	VERIFIED	C
COMMUNITY AND SOCIAL VITALITY					
PR-03-C1	Total tax paid	Full	31 Dec 2022	VERIFIED	C

ESG Report Data Disclaimer
Latin Resources | ESG Dashboard (Baseline) | Published on 30 Mar 2023

SOCIALSUITE

5. MINERAL RESOURCES AND RESERVES

5.1 COLINA LITHIUM DEPOSIT

Table 1: Maiden Mineral Resource Estimate for the Colina Lithium Deposit (reported above a 0.5% Li_2O cut-off) effective 25 November 2022

Deposit	Resource Category	Grade Cut-off	Tonnes (Mt)	Grade (Li_2O %)	Li_2O (Kt)	Contained LCE(Kt)
Colina	Indicated	0.50	2.08	1.21	25.1	60
	Inferred	0.50	11.17	1.21	135.2	334
Total			**13.25**	**1.21**	**160.3**	**396**

The ETR estimated by SGS is presented in *Table 2* below[29]:

Table 2: Summary of exploration target ranges at various grade cut-off grades

Exploration Zone	Lower Range (Mt)	Upper Range (Mt)	Grade Range (Li_2O %)
Colina Deposit	13.5	22	1.2 – 1.5

5.2 CLOUD NINE

Table 3: Cloud Nine in situ Mineral Resource estimate summary. Reported at a >75 ISO-B cut-off

Classification	Mineral	Mass Mt	Brightness ISO-B	<45 μm %
Inferred	Kaolinite	125	79	44
	Halloysite	85	80	44
	Total	**210**	**79**	**44**
Indicated	Kaolin	70	81	39.8
Indicated + Inferred		**280**	**80**	**43.1**

Notes:

1. The Mineral Resource is classified in accordance with the JORC Code (2012)
2. The effective date of the Mineral Resource is 31 October 2022
3. The Mineral Resource is contained within exploration licence E77/2622
4. Estimates are rounded to reflect the level of confidence in these Mineral Resources at the time of reporting
5. The Mineral Resource is reported at a >75 Brightness cut-off

29 The potential quantity and grade of the lithium mineralisation at the wider Colina project is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resources and it is uncertain if further exploration will confirm the target ranges

Table 4: Cloud Nine Mineral Resource estimate summary classified in the Indicated and Inferred categories. Reported at a >75 ISO-B cut-off for the <45 µm fraction

Classification	Mineral	Mass Mt	Brightness ISO-B	Kaolinite %	Halloysite %	Kaolinite kt	Halloysite kt
Inferred	Kaolinite	55	79	81	0.3	44,000	150
	Halloysite	35	80	77	10	29,000	3,600
	Total	**90**	**79**	**79**	**4**	**73,000**	**3,800**
Indicated	Kaolin	26.7	81	77.9	-	21,000	-
Indicated + Inferred		**116**	**80**	**79**	**4**	**94,000**	**3,800**

Notes:

1. The Mineral Resource is classified in accordance with the JORC Code (2012).
2. The effective date of the Mineral Resource is 31 October 2022
3. The Mineral Resource is contained within exploration licence E77/2622.
4. Estimates are rounded to reflect the level of confidence in these Mineral Resources at the time of reporting.
5. In accordance with Clause 49 of the JORC Code (2012), for minerals that are defined by a specification, the Mineral Resource is reported for the <45 µm size fraction.
6. The Mineral Resource is reported at a >75 Brightness cut-off.
7. The Inferred Halloysite Mineral Resource is reported at a >3% halloysite cut-off.

Table 5: Cloud Nine in-situ Mineral Resource estimate summary for Al_2O_3, Fe_2O_3, SiO_2, TiO_2, and LOI. Reported at a >75 brightness cut-off for the <45 µm fraction

Classification	Mineral	Al_2O_3 %	Fe_2O_3 %	SiO_2 %	TiO_2 %	LOI %
Inferred	Kaolinite	35	0.8	49	0.7	12
	Halloysite	35	0.8	49	0.6	12
	Average	**35**	**0.8**	**49**	**0.7**	**12**
Indicated	Kaolinite	35.5	0.70	49.2	0.47	12.1
Average		**35**	**0.8**	**49**	**0.6**	**12**

Competent Person 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 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.

Competent Person Statement – Salinas Lithium Project

The information in this report that relates to Geological Data and Exploration Results for the Salinas Lithium Project is based on information compiled by Mr Anthony Greenaway, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Greenaway 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.

The information in this report that relates the Mineral Resource Estimate and exploration targets for the Salinas Lithium Project are based on the information compiled by Mr Marc-Antoine Laporte M.Sc., P.Geo, who is an employee of SGS Canada Ltd and a member of the L'Ordre des Géologues du Québec. He is a Senior Geologist for the SGS Geological Services Group and as more than 15 years of experience in industrial mineral, base and precious metals exploration as well as Mineral Resource evaluation and reporting. Mr Laporte 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 quality as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Competent Person Statement – Cloud Nine Project

The information in this report that relates to Exploration Results at the Cloud Nine Project in Western Australia is based on information compiled by Mr Ross Cameron, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy. Mr Cameron is a full-time employee of Latin Resources Ltd. The full nature of the relationship between Mr Cameron and Latin Resources Ltd., including any issue that could be perceived as a conflict of interest has been disclosed. Mr Cameron 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 Cameron consents to the inclusion in this release of the matters based on his information, and information presented to him, in the form and context in which it appears.

The information in this report that relates to Mineral Resources at the Cloud Nine Project in Western Australia is based on information compiled under the supervision of Mr Louis Fourie. Mr Fourie is a licenced Professional Geoscientist registered with APEGS (Association of Professional Engineers and Geoscientists of Saskatchewan) in the Province of Saskatchewan, a 'Recognised Professional Organisation' (RPO) included in a list that is posted on the ASX website from time to time. Mr Fourie is owner and Principal of Terra Modelling Services. The full nature of the relationship between Mr Fourie and Latin Resources Ltd., including an issue that could be perceived as a conflict of interest has been disclosed. Mr Fourie has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity of resource estimation to qualify as a Competent Person as defined in the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Fourie consents to the inclusion in the release of the matters based on their information in the form and context in which it appears.

Directors' 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 (together the Group) for the year ended 31 December 2022.

DIRECTORS

The names and details of the Company's directors in office during the financial period and until the date of this report are set out below. The directors were in office for this entire period unless otherwise stated.

DAVID VILENSKY (Independent Non-Executive Chairman)

David Vilensky is a practising corporate lawyer and an experienced listed company director. He is the Managing Director of Perth law firm Bowen Buchbinder Vilensky and has more than 35 years' experience in the areas of corporate and business law and in commercial and corporate management. Mr Vilensky practises in the areas of corporate and commercial law, corporate advisory, mergers and acquisitions, mining and resources and complex dispute resolution.

Mr Vilensky acts for a number of listed and public companies and advises on directors' duties, due diligence, capital raisings, compliance with ASX Listing rules, corporate governance and corporate transactions generally.

Mr Vilensky is also a non-executive director of ASX listed telecommunications company, Vonex Ltd (ASX:VN8) and Oar Resources Limited (ASX: OAR).

Mr Vilensky holds a BA LLB degree from the University of Cape Town and is a Member of the Law Society of Western Australia.

CHRISTOPHER GALE (Managing Director)

Christopher (Chris) Gale is the Managing Director of Latin Resources. Mr Gale has extensive experience in senior management roles in both the public and private sectors, especially in commercial and financial roles. He has also held various board and executive roles at several mining and technology companies during his career.

Mr Gale is also a non-executive Chairman of Solis Minerals Limited (ASX:SLM TSXV: SLMN) (appointed July 2018) and Oar Resources Limited (ASX: OAR). Chris is the former Chairman of the Council on Australian Latin American Relations (COALAR) established by the Australian Government Department of Foreign Affairs and Trade (DFAT) from 2012 to 2018.

He is a founding director of Allegra Capital, a boutique corporate advisory firm based in Perth and is a member of the Australian Institute of Company Directors (AICD).

BRENT JONES (Non-Executive Director)

Mr Jones is an experienced financial services professional who has held numerous directorships and managerial positions. Currently Mr Jones acts as Managing Director of Professional Services at Sequoia Financial Group (ASX:SEQ). A national supplier of diversified professional services to the Accounting and Advice industry.

As a professional and personal investor Mr Jones has been exposed to numerous M&As, IPOs, capital raisings, early seed funding and development funding activities.

Mr Jones has a degree in Information Technology from Monash University, is a member of the National Tax and Accountants Association and is a Graduate of the Australian Institute of Company Directors (AICD).

Other directorships of Australian listed companies held by Mr Jones in the last three years are: Nil

PABLO TARANTINI (Non-Executive Director)

Mr Tarantini is experienced professional in the mining industry. He has served as Executive Director of the Argentinian Bureau of Investment and International Trade, coordinating investment initiatives, and contributing with his vast experience in several industries and countries. In that role, Mr Tarantini worked together with mining companies settled in the country and supported the promotion of the mining activity in Argentina, along with the Argentinian Secretary of Mining.

He has served as President and Executive Director of SAPISA and Minera Don Nicolás, an Argentinian private fund and one of its investments in the mining sector, respectively. Minera Don Nicolas is the first mining project based on Argentinian capital. He has also served as M&A Director at General Electric and Advent International Corporation for Latin America, and as Manager at A.T. Kearney. In all these roles, he carried out businesses and projects at the regional level.

Mr Tarantini is a Public Accountant and holds a Bachelor's Degree in Business Administration from Universidad Católica Argentina (UCA) and a Master in Business Administration from Harvard Business School.

Other directorships of Australian listed companies held by Mr Tarantini in the last three years are: Nil

PETER OLIVER (Non-Executive Director)

Mr Oliver is a highly accomplished C-suite leader, with nearly 20 years' experience in lithium leadership roles which includes global M&A and financing as well as managing mining operations. Mr Oliver has a background in Chemistry and has spent many years working in the Western Australian Mining Industry. Mr Oliver joined Talison Lithium (then Sons of Gwalia) in 2003. In his time at Talison, he had several roles including General Manager of Wodgina and Greenbushes, Chief Operating Officer and Chief Executive Officer/ Managing Director. As Chief Executive Officer he led the IPO process that successfully led to Talison Lithium being listed on the Toronto Stock Exchange in 2010. Mr Oliver acted as an advisor to Tianqi Lithium between 2013 until March 2022. This included advising on the acquisition of 24% of SQM for in excess of $4 Billion USD, significant further expansions of Talison Lithium's Greenbushes lithium concentrate production capacity and the building of Tianqi Lithium's Kwinana Lithium Hydroxide plant.

Mr Oliver has extensive skill set in the lithium sector as well as his experience in leading strong corporate teams, managing a public company, and acting in an advisory capacity in corporate structures, and global M&A and financing.

Other directorships of Australian listed companies held by Mr Oliver in the last three years are: Nil

DIRECTORS' SHARES AND SHARE RIGHTS

As at the date of this report, the interests of the Directors in the shares and options of Latin are as follows:

Director	Ordinary shares Number	Share rights Number	Loan funded shares Number	Share options Number
David Vilensky	18,375,015	-	1,000,000	-
Brent Jones	46,492,327	-	1,000,000	-
Chris Gale	29,400,768	7,500,000	2,000,000	-
Pablo Tarantini	836,648	-	-	-
Peter Oliver	-	12,000,000	-	-

COMPANY SECRETARY

Sarah Smith

Ms Smith holds a Bachelor of Business and is a Chartered Accountant with significant experience in the administration of ASX listed companies, as well as capital raisings and IPOs, due diligence reviews and ASIC compliance.

PRINCIPAL ACTIVITIES

The principal activities during the year of entities within the consolidated entity were the exploration and evaluation of mining projects in Australia, Peru, Argentina and Brazil.

FINANCIAL REVIEW

Results

The consolidated loss after tax of the Group for the year ended 31 December 2022 was $7,265,201 (2021: loss of $4,366,344).

The result comprises of finance expenses of $1.3 million (2021: $0.7 million), employee benefits expense of $3.4 million (2021: $1.4 million) and other income and expense items $2.1 million (2021: $2.4 million).

Assets

Total assets increased by $41 million during the year to $56 million. The movement primarily comprised of an increase in cash of $25.6 million, an increase in exploration expenditure of $15.8 million, an increase in furniture, equipment and right of use asset of $0.6 million, which were offset with the decrease in investments of $1.0 million.

During the year, the Company secured an additional 1.2 kilometres of tenure covering the interpreted southern strike extension of the Company's 100% owned high-grade Colina Lithium Prospect as announced on 13 July 2022. The Company issued a total of 772,962 shares to Vendors as part of the considerations of the tenure acquisitions.

During the year, the Company announced the exercise of its option to secure 100% ownership over the Peep O'Day gold prospect. Under the terms and conditions of the Tenement Sale Agreement, the Company will issue 6,000,000 shares to the vendor. The Company issued the 6,000,000 shares to the Vendor following the grant of the Peep O'Day tenement on 15 July 2022.

Liabilities

Total liabilities increased by $3.7 million to $5.4 million during the year. The increase was due to an increase in trade and other payables.

The Company established an Option Funding Agreement of $2,500,000 with Lind Asset Management XII, LLC during February 2022 with a 14-month term and face value of $2,750,000. The Company has fully repaid the facility during the reporting period.

Equity

Total equity increased by $36.6 million during the year to $49.9 million. The increase reflects the current period loss of $7.2 million for the year together with an increase in share capital of $41.8 million.

In April 2022, Latin raised $35 million in a placement anchored by Canadian cornerstone investor, Electrification and Decarbonization AIE LP Fund (Waratah Capital Advisors).

During the year, the Company further solidify its cash balance, receiving $4.8 million in cash from option holders exercising in-the-money LRSOC Options ($0.012 LRSOC, Expiry 31 Dec 2022) and $3.2 million from the exercise of 3c and 5c unlisted options. The Company concludes the reporting period in a strong financial position with $6.0 million trade payable liability, $26.2 million in cash at bank and $0.6 million in investments as of 31 December 2022.

Shareholder returns

The Company's share price increased during the period. The increased market capitalisation is due to significant progress made with regard to the Company's strategic direction concerning mineral exploration in South America, in addition to share and placement issues to support funding.

Shareholder returns for the last 5 years is as follows:

	December 2022	December 2021	December 2020	December 2019	December 2018
Profit/(Loss) attributable to the Group ($)	(7,265,201)	(4,366,344)	2,323,304	(5,539,154)	(5,553,476)
Basic earning/(loss) per share (Cents)	(0.4)	(0.3)	0.4	(3.7)	(0.2)
Dividends ($)	Nil	Nil	Nil	Nil	Nil
Closing share price ($)	$0.098	$0.029	$0.033	$0.005	0.003

DIVIDENDS

No amounts have been paid or declared by way of a dividend since the end of the previous financial period and up until the date of this report. The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2022.

LIQUIDITY AND CAPITAL RESOURCES

The Group's principal source of liquidity as at 31 December 2022 is cash and cash equivalents of $26,276,726 (2021: $642,784).

Funding for 2023 is expected from a combination of capital raisings, and the conversion of options.

SHARES, SHARE RIGHTS AND OPTIONS

As at 31 December 2022 the Company had 2,144,314,127 fully paid shares on issue, 4,000,000 loan funded unquoted shares on issue, 198,239,058 share options on issue.

Shares

A total of 725,537,864 fully paid ordinary shares were issued during the year. A breakdown of the shares issued is shown at Note 18 of the financial statements.

Share rights

During the year 2,809,091 deferred share rights, 1,856,250 retention share rights and 41,625,000 incentive rights were issued to directors, employees and consultant and 5,893,271 deferred share rights and 17,050,373 incentive rights were converted in accordance with the share right plan approved by the shareholders.

Options

During the year 158,955,262 options were issued and 469,286,371 options were exercised during the period.

As at the date of this report there were 198,239,058 Shared Options on issue.

Option holders do not have the right, by virtue of the option, to vote or participate in any share issue of the Company or any related body corporate.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group other than those listed above.

RISK MANAGEMENT

The Board is responsible for identifying business risks and implementing actions to manage those risks and corporate systems to assure quality. The Board delegates these tasks to management who provide the Board with periodic reports identifying areas of potential risks and the safeguards in place to efficiently manage material business risks. Strategic and operational risks are reviewed at least annually as part of the forecasting and budgeting process.

The Executive Director and Chief Financial Officer have provided assurance in writing to the Board that they believe that the Group's material business risks are being managed effectively and that the Group's financial reporting, risk management and associated compliance and controls have been assessed and are operating effectively so far as they relate to the financial report.

SIGNIFICANT EVENTS AFTER BALANCE DATE

13 January 2023, the Company received proceeds of $110,205 from the final allotment of LRSOC listed options and issued 40,372,690 shares. The remaining 11,413,722 listed options lapsed unexercised on 13 January 2023.

On 13 January 2022, the Company issued 10,970,717 shares (issued on vesting of Deferred Rights and Incentive Rights), and 2,000,000 shares (issued on the vesting of performance incentive rights).

Other than above, there are no other significant events that have occurred after the reporting date.

IMPACT OF COVID-19

The Group has exploration projects in Latin America (Peru, Argentina and Brazil) where the region has been badly affected by COVID-19. Despite the situation, the Group has managed to undertake ground exploration in some areas during the period and made the assessment that there has been no significant impact on the performance or financial position of the Group as at 31 December 2022 due to COVID-19.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

In 2023, the Group intends to continue to progress its mineral projects in commodities that progress global efforts towards Net Zero emissions both in Australia and Latin America. The Group will also continue to look for other opportunities that will create value for its shareholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

The Company has adopted Socialsuite for the management and reporting of ESG metrics. Following the establishment of a baseline dashboard, the Company adhered to a developed action plan throughout 2022.

The Company's action plan was formulated around the Company's ESG purpose statement "Developing minerals to provide the planet with environmentally sustainable products".

As progress continues on exploration programs, in parallel with increased measuring/reporting of ESG metrics, the Company's employees and contractors remain committed to ensuring all activities are completed to a high ESG level.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the year insurance premiums were paid to insure the Directors and officers against certain liabilities arising out of their conduct while acting as a director or an officer of the Company. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed.

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held for the year ended 31 December 2022 and the number of meetings attended by each director is as follows:

Director	Board meetings held	Board meetings attended
David Vilensky	8	7
Chris Gale	8	8
Brent Jones	8	8
Pablo Tarantini	8	6
Peter Oliver	2	2

COMMITTEE MEMBERSHIP

During the year the Board did not set up separate committees. The Board carried out the duties that would ordinarily be carried out by the Nomination, Remuneration and Audit and Risk Management committees.

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance statement is located on the Company's website at www.latinresources.com.au.

DIVERSITY

Latin strives to be an equal opportunity employer and we will not discriminate against prospective employees based on gender or any other non-skill related characteristic. We pride ourselves on the diversity of our staff and encourage suitably qualified young people, women, people from cultural minorities and people with disabilities to apply for positions.

Whilst efforts will be made to identify suitably qualified female candidates and candidates from a diversity of backgrounds when seeking to fulfil positions, the Company does not believe it is meaningful, nor in the best interests of shareholders to set formal targets for the composition of employees based on gender or any other non-skill related characteristic nor detailed policies in this regard.

The Board has established a policy regarding diversity and details of the policy are available on the Company's website. Gender composition of the Group's workforce for the 2022 year is included in the Company's Corporate Governance Statement.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 79 and forms part of the Directors' report for the year ended 31 December 2022.

NON-AUDIT SERVICES

Non-audit services provided by the Group's auditor Hall Chadwick during the year ended 31 December 2022 is shown at Note 28 of the financial statements.

The directors are satisfied that the provision of non-audit services, during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporation Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 31 December 2022 outlines the remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly and indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term executive includes executive directors and other senior management of the Group.

DIRECTOR AND SENIOR MANAGEMENT

Non-Executive directors

David Vilensky	Non-Executive Chairman
Brent Jones	Non-Executive Director
Pablo Tarantini	Non-Executive Director
Peter Oliver	Non-Executive Director

Executive director

Chris Gale	Managing Director

Other Executives

Sarah Smith	Company Secretary
Yugi Gouw	Chief Financial Officer
Anthony Greenaway	General Manager of Geology

REMUNERATION GOVERNANCE

Remuneration Committee

The Board carries out the duties that would ordinarily be carried out by the Remuneration Committee under the Remuneration Committee Charter including the following processes to set the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Board approves the remuneration arrangements of the Executive Director and other executives and all awards made under incentive plans following recommendations from the Remuneration Committee.

The Board also sets the remuneration of non-executive directors, subject to the fee pool approved by shareholders.

The Board approves, having regard to the recommendations of the Executive Director, the level of incentives to other personnel and contractors.

The Board seeks external remuneration advice as and when required to ensure it is fully informed when making remuneration decisions. Remuneration advisors are engaged by and report directly to the Board. No consultants were used or paid by the Group during the year.

NON-EXECUTIVE DIRECTOR REMUNERATION ARRANGEMENTS

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Constitution and the ASX listing rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting of shareholders. The current limit is $350,000 which remains unchanged from when the company first listed on the ASX.

Non-executive directors are remunerated by way of fees based on remuneration of executive directors of comparable companies and scope and extent of the Company’s activities. Non-executive directors are also entitled to participate in the non-executive director Deferred Rights Plan which was re-approved by shareholders on 31 July 2020. Directors do not receive retirement benefits nor do they participate in any incentive programs.

During the year 2,809,091 deferred share rights were issued to directors and 5,893,271 deferred share rights were converted in accordance with the share right plan approved by the shareholders on 30 May 2022.

Non-Executive Director Deferred Rights Plan

The Non-Executive Director Deferred Rights Plan was re-approved by shareholders on 31 July 2020 for the purpose of retaining non-executive directors, controlling the cash cost of directors fees and aligning the interests of non-executive directors with shareholders and providing them with the opportunity to participate in the future growth of the Group.

Under the plan the Group may offer share rights to non-executive directors of the Company. Share rights issued under the Deferred rights plan comprise of retention rights being rights that vest and may be exercised into Restricted Shares, based on completion of a period of service.

The Board in their absolute discretion determine the number of share rights to be offered and the criteria that may apply. Offers made under the Deferred rights plan must set out the number of share rights, the vesting conditions and the measurement period.

The retention rights are issued for no consideration, however, the vesting of the benefits are conditional on achieving certain measurable performance measures. The performance measure for retention rights is the completion of service for the year. Vesting of the share rights is measured over a three-year interval after the commencement of the respective measurement period. At the end of the measurement period and subject to the performance measures, each share right will convert into one ordinary share in the Company. The Group is aware that the vesting of share rights is treated as income to executives and attracts tax in a similar manner to cash payments irrespective of the executive selling or retaining the resulting shares.

The maximum percentage of base remuneration that a non-executive director may receive in share rights is 100% which is pre-determined based on the advice of the remuneration consultant.

Where a non-executive director or employee ceases employment prior to their incentives vesting due to resignation or termination for cause, incentives will be forfeited. Where a non-executive director or employee ceases employment for any other reason, they may at the Board's discretion, retain a number of unvested share rights on a pro-rata basis to reflect their period of service during the measurement period. These unvested share rights only vest subject to meeting the relevant performance measures.

The Board will not seek any increase in the aggregate remuneration for the non-executive director pool at the AGM.

EXECUTIVE REMUNERATION ARRANGEMENTS

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group that is competitive by market standards and aligns their interests with those of shareholders.

Executive remuneration consists of fixed remuneration and variable remuneration comprising short term incentives and long-term incentives.

Fixed remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Board through a process that considers individual performance, Group performance and market conditions.

Variable remuneration

The Company established an Incentive Rights Plan (the Plan) that was re-approved by shareholders on 31 July 2020 and applies to full time and permanent part time employees and contractors.

The Plan provides the Company with a range of incentives to attract, retain and align the interest of shareholders and employees and contractors.

Short term incentives

Short term incentives (STI) may include cash and shares and are awarded to executives based on the achievement of KPIs. Given the current stage of the Company's evolution and the market conditions for mineral exploration and development companies, any entitlement to STI is determined at the discretion of the Board (Remuneration Committee).

Long term incentives

Long term incentives (LTI) are considered annually by the Remuneration Committee to align remuneration with the creation of shareholder value over the long term.

LTI's can include:

- Cash;
- Retention rights being rights that vest and may be exercised into Restricted Shares, based on completion of a period of service and comprise no more than third of the LTI value; and
- Performance rights, being rights that vest and may be exercised into Restricted Shares, based on achievement of specified performance objectives and comprise no more than two thirds of the LTI value.

The retention and performance rights are issued for no consideration, however, the vesting of the benefits are conditional on achieving specific measurable performance measures that are aligned with the Group's strategic objectives.

The following performance measures were used, in equal weighting:

- Completion of service for the year; and
- Shareholder returns (total shareholder return of 15% per annum or greater).

Vesting of the LTI is measured over a three-year interval after the commencement of the respective measurement period. At the end of the measurement period and subject to the performance measures, each share right will convert into one ordinary share in the Company. The Group is aware that the vesting of share rights is treated as income to executives and attracts tax in a similar manner to cash payments irrespective of the executive selling or retaining the resulting shares.

The maximum percentage of base remuneration that an executive may receive as a LTI is pre-determined based on the advice of the remuneration consultant. The maximum percentage of base remuneration that the Executive Director can receive is 60% and for other executives it is 45%.

Where a director or employee ceases employment prior to their incentives vesting due to resignation or termination for cause, incentives will be forfeited. Where a director or employee ceases employment for any other reason, they may at the Board's discretion, retain a number of unvested share rights on a pro-rata basis to reflect their period of service during the LTI grant performance period. These unvested share rights only vest subject to meeting the relevant LTI performance measures.

EMPLOYMENT AGREEMENTS AND CONTRACTS

The Group has entered into contracts and agreements with executives the details of which are provided below.

Non-Executive Directors

The Chairman and Non-Executive Directors are elected to the Board by shareholders on rotation. The pool of directors' remuneration, including cash payments for directors' fees and share-based incentive remuneration, is approved by shareholders in Annual Meeting.

In accordance with the total directors' fees approved by shareholders, the Board has agreed the following directors' fees to be paid:

- Chairman $102,000 per annum
- Non-Executive Directors $96,000 per annum

No committee fees are paid.

Managing Director

The Managing Director is currently employed under a renewed consultancy agreement for a three-year term ending on 30 September 2024. Mr Gale's remuneration is in accordance with the consultancy agreement, where Mr Gale is paid a base consultancy fee of $270,000 per annum which increases based on the following performance matrix:

- If the Company achieves a market capitalisation of $50M for three consecutive months, the consultancy fee will increase to $330,000 per annum;
- If the Company achieves a market capitalisation of $70M for three consecutive months, the consultancy fee will increase to $400,000 per annum;
- If the Company achieves a market capitalisation of $100M for three consecutive months, the consultancy fee will increase to $450,000 per annum;
- If the Company achieves a market capitalisation of $200M for three consecutive months, the consultancy fee will increase to $500,000 per annum;
- If the market capitalisation of the Company decreases for three consecutive months, the consultancy fee will similarly decrease to the level commensurate with the market capitalisation.

The Group may terminate the agreement with or without cause by giving one month and six months' notice respectively. The Executive Director may terminate the agreement with or without cause by giving 21 days and three months' notice respectively. If the agreement is terminated without cause or due to a change of control the Managing Director is entitled to a payment equivalent of up to two years fees, the value of any annual fringe benefits and any vested entitlement under a LTI plan.

The Group retains the right to terminate the agreement immediately by making a payment in lieu of notice for termination by either party without cause.

General Manager of Geology

The GM of Geology is employed under an employment agreement with no fixed term where either party may terminate the agreement with or without cause by giving one month notice.

Company Secretary

The Company Secretary is employed under a consultancy agreement which is ongoing. Either party may terminate the agreement by giving 60 days written notice. The monthly retainer fee for the Company Secretary is $4,500 per month excluding GST with additional fees charged for shareholder meetings and corporate actions.

Chief Financial Officer (CFO)

The CFO is employed under an employment agreement with no fixed term where either party may terminate the agreement with or without cause by giving one month and three months' notice respectively.

PROHIBITION ON TRADING

The remuneration policy prohibits directors and employees that are granted shares as a result of share rights from entering into arrangements that limit their exposure to losses that would result from share price decreases. The policy also requires directors, and employees to seek approval from the Company prior to that individual buying or selling any company securities. Directors and employees are not permitted to trade during a closed period. Procedures are in place where trading during a closed period is sought in exceptional circumstances.

Remuneration of key management personnel and executives for the year ended 31 December 2022

12 months to 31 Dec 2022	Short-term benefits			Post-employment	Other long-term benefits	Share-based payments			Total	Performance related	Equity compensation
	Salary & Fees	Bonus	Non-cash benefits	Super	Long service leave	Share rights	Shares	Loan funded shares			
	$	$	$	$	$	$	$	$	$	%	%
Directors											
D. Vilensky	86,500	-	-	-	-	171,706	-	-	258,206	66	-
C. Gale	409,500	300,000	-	-	-	805,135	-	-	1,514,635	73	-
B. Jones	76,833	-	-	-	-	133,489	-	-	210,322	63	-
P. Tarantini	76,833	-	-	-	-	98,011	-	-	174,844	56	-
P. Oliver[1]	24,000	-	-	-	-	9,229	-	-	33,229	28	-
Other KMP											
S. Smith	51,150	-	-	-	-	462	25,000	-	76,612	33	33
Y. Gouw	130,000	-	-	13,325	-	925	100,000	-	244,250	41	41
A. Greenaway	244,897	25,000	-	26,749	-	102,984	100,000	-	499,629	45	20
Total	**1,099,713**	**325,000**	**-**	**40,074**	**-**	**1,321,941**	**225,000**	**-**	**3,011,727**	**62**	**7**

[1] Mr Oliver was appointed on 4 October 2022 as a Non-Executive Director.

Remuneration of key management personnel and executives for the year ended 31 December 2021

12 months to 31 Dec 2021	Short-term benefits			Post-employment	Other long-term benefits	Share-based payments			Total	Performance related	Equity compensation
	Salary & Fees	Bonus	Non-cash benefits	Super	Long service leave	Share rights	Shares	Loan funded shares			
	$	$	$	$	$	$	$	$	$	%	%
Directors											
D. Vilensky	64,800	-	-	-	-	89,366	-	-	154,166	58	-
C. Gale	359,000	15,000	-	-	-	366,746	-	-	740,746	50	-
B. Jones	50,000	-	-	-	-	68,955	-	-	118,955	58	-
P. Tarantini	50,000	-	-	-	-	-	-	-	50,000	-	-
Other KMP											
S. Smith	51,800	-	-	-	-	-	-	-	51,800	-	-
Y. Gouw	117,500	-	-	11,487	-	-	-	-	128,987	-	-
A. Greenaway	144,714	-	-	13,850	-	-	49,000	-	207,564	24	24
Total	**837,814**	**15,000**	**-**	**25,337**	**-**	**525,067**	**49,000**	**-**	**1,452,218**	**40**	**3**

ADDITIONAL DISCLOSURES RELATING TO REMUNERATION

(a) Share holdings of key management personnel

31 Dec 2022	Balance at start of year	Granted as remuneration	On exercise of options/conversion of rights	Net change other	Balance at end of year
Directors					
D. Vilensky	14,848,259	-	2,795,569	-	17,643,828
C. Gale	15,844,182	-	13,450,630	(4,800,000)	24,494,812
B. Jones	23,979,817	-	22,978,935	(1,800,000)	45,158,752
P. Tarantini	-	-	836,648	-	836,648
Other KMP					
S. Smith	-	-	250,000	-	250,000
Y. Gouw	500,000	-	1,000,000	-	1,500,000
A. Greenaway	1,100,000	-	1,000,000	-	2,100,000
	56,272,258	**-**	**42,311,782**	**(6,600,000)**	**91,984,040**

31 Dec 2021	Balance at start of year	Granted as remuneration	On exercise of options/conversion of rights	Net change other	Balance at end of year
Directors					
D. Vilensky	9,131,579	-	10,550,013	(4,833,333)	14,848,259
C. Gale	8,857,778	-	19,065,193	(12,078,789)	15,844,182
B. Jones	22,055,438	-	1,757,712	166,667	23,979,817
Other KMP					
S. Smith	368,906	-	-	(368,906)	-
Y. Gouw	500,000	-	-	-	500,000
A. Greenaway	100,000	1,000,000	-	-	1,100,000
	41,013,701	**1,000,000**	**31,372,918**	**(17,114,361)**	**56,272,258**

Loan Funded Shares

31 Dec 2022	Balance at start of year	Granted as remuneration	On exercise of options	Net change other	Balance at end of year
D. Vilensky	1,000,000	-	-	-	1,000,000
C. Gale	2,000,000	-	-	-	2,000,000
B. Jones	1,000,000	-	-	-	1,000,000
	4,000,000	**-**	**-**	**-**	**4,000,000**

31 Dec 2021	Balance at start of year	Granted as remuneration	On exercise of options	Net change other	Balance at end of year
D. Vilensky	1,000,000	-	-	-	1,000,000
C. Gale	2,000,000	-	-	-	2,000,000
B. Jones	1,000,000	-	-	-	1,000,000
	4,000,000	**-**	**-**	**-**	**4,000,000**

There were no loans to key management personnel during the financial year 2022 and 2021.

In 2018, 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 cost of 1.1 cents per share which is funded by a loan from the Company (Pre 1:25 share consolidation). The loans are interest free and with limited recourse to the participant and are unquoted shares until the loan has been repaid. The Plan requires the loan to be repaid before the participant can sell their shares. The reduction in the loan funded shares is due to the 1:25 share consolidation done in 2019.

ADDITIONAL DISCLOSURES RELATING TO REMUNERATION

(b) Share right holdings of key management personnel

31 Dec 2022	Balance at start of year	Granted as remuneration [1,2]	Converted to Shares	Net change other	Balance at end of year
Directors					
D. Vilensky	3,481,791	1,104,545[1]	(2,845,441)	-	1,740,895
C. Gale	15,850,746	5,625,000[1]	(13,550,373)	-	7,925,373
B. Jones	2,686,567	852,273[1]	(2,195,557)	-	1,343,283
P. Tarantini	-	852,273[1]	(852,273)	-	-
P. Oliver	-	12,000,000[2]	-	-	12,000,000
Other KMP					
S. Smith	-	500,000[3]	(250,000)	-	250,000
Y. Gouw	-	1,500,000[3]	(1,000,000)	-	500,000
A. Greenaway	-	7,000,000[3]	(1,000,000)	-	6,000,000
	22,019,104	**29,434,091**	**(21,693,644)**	**-**	**29,759,551**

[1] At the Annual General Meeting held on 30 May 2022, shareholders approved 1,104,545 deferred rights to Mr Vilensky, 852,273 deferred rights to Mr Jones and 852,273 deferred rights to Mr Tarantini and 1,856,250 retention rights, together with 3,768,750 performance rights to Mr Gale. These rights were vested and converted into shares on 15 July 2022.

[2] At the General Meeting held on 19 December 2022, shareholders approved 12,000,000 incentive rights to Mr Oliver. Refer the details of the vesting conditions in additional disclosures relating to remuneration (c).

[3] At the General Meeting held on 19 December 2022, shareholders also approved the Securities Incentive Plan. Various tranches have since vested and converted into ordinary shares upon achievement of milestones.

31 Dec 2021	Balance at start of year	Granted as remuneration	Converted to Shares	Net change other	Balance at end of year
Directors					
D. Vilensky	-	5,802,985	(2,321,194)	-	3,481,791
C. Gale	-	26,417,910	(10,567,164)	-	15,850,746
B. Jones	-	4,477,612	(1,791,045)	-	2,686,567
Other KMP					
S. Smith	-	-	-	-	-
Y. Gouw	-	-	-	-	-
A. Greenaway	-	-	-	-	-
	-	**36,698,507**	**(14,679,403)**	**-**	**22,019,104**

At the Annual General Meeting held on 10 February 2021, shareholders approved 5,802,985 deferred rights to Mr Vilensky and 4,477,612 deferred rights to Mr Jones and 8,717,910 retention rights, together with 17,700,000 performance rights to Mr Gale.

ADDITIONAL DISCLOSURES RELATING TO REMUNERATION

(c) Vesting profile of share rights granted to key management personnel

	Share rights Number	Grant date	Vested in year (%)	Net change other (%)	Measurement date of share rights
Directors					
D. Vilensky					
Deferred Rights Tranche 1	2,321,194	10/02/2021	100	-	31/12/2020[1]
Deferred Rights Tranche 2	1,740,895	10/02/2021	100	-	31/12/2021[2]
Deferred Rights Tranche 3	1,740,896	10/02/2021	100	-	31/12/2022[3]
Deferred Rights Tranche 4	1,104,545	30/05/2022	100	-	01/07/2022[4]
C. Gale					
Retention Rights Tranche 1	3,487,164	10/02/2021	100	-	31/12/2020[1]
Retention Rights Tranche 2	2,615,373	10/02/2021	100	-	31/12/2021[2]
Retention Rights Tranche 3	2,615,373	10/02/2021	100	-	31/12/2022[3]
Retention Rights Tranche 4	1,856,250	30/05/2022	100	-	01/07/2022[4]
Performance Rights Tranche 1	7,080,000	10/02/2021	100	-	31/12/2020[1]
Performance Rights Tranche 2	5,310,000	10/02/2021	100	-	31/12/2021[2]
Performance Rights Tranche 3	5,310,000	10/02/2021	100	-	31/12/2022[3]
Performance Rights Tranche 4	3,768,750	30/05/2022	100		01/07/2022[4]
B. Jones					
Deferred Rights Tranche 1	1,791,045	10/02/2021	100	-	31/12/2020[1]
Deferred Rights Tranche 2	1,343,284	10/02/2021	100	-	31/12/2021[2]
Deferred Rights Tranche 3	1,343,283	10/02/2021	100	-	31/12/2022[3]
Deferred Rights Tranche 4	852,273	30/05/2022	100	-	01/07/2022[4]
P. Tarantini					
Deferred Rights Tranche 4	852,273	30/05/2022	100	-	01/07/2022[4]
P. Oliver					
Performance Rights	12,000,000	23/12/2022	-	-	various[5]
Other KMP					
S. Smith	500,000	23/12/2022	50%	-	various[5]
Y. Gouw	1,500,000	23/12/2022	67%	-	various[5]
A. Greenaway	7,000,000	23/12/2022	29%	-	various[5]

[1]*Tranche 1 share rights were converted to shares on 2 March 2021.*

[2]*Tranche 2 share rights were converted to shares on 8 March 2022.*

[3]*Tranche 3 share rights were converted to shares on 13 January 2023.*

[4]*Tranche 4 share rights were converted to shares on 15 July 2022.*

[5]*Various employee and consultant share rights were converted to shares on 23 December 2022.*

ADDITIONAL DISCLOSURES RELATING TO REMUNERATION

(d) Option holdings of key management personnel

The number of options held by directors and other key management personnel both directly and indirectly are set out below.

31 Dec 2022	Balance at start of year	Granted as remuneration	Exercised	Net change other[1]	Balance at end of year	Vested exercisable	Vested not exercisable
Directors							
D. Vilensky	-	-	-	-	-	-	-
C. Gale	40,000	-	-	(40,000)	-	-	-
B. Jones	20,833,250	-	(20,833,250)	-	-	-	-
Other KMP							
S. Smith	-	-	-	-	-	-	-
Y. Gouw	-	-	-	-	-	-	-
A. Greenaway	-	-	-	-	-	-	-
	20,873,250	**-**	**(20,833,250)**	**(40,000)**	**-**	**-**	**-**

[1] Listed LRSOC options expire on 31 December 2022.

31 Dec 2021	Balance at start of year	Granted as remuneration	Exercised	Net change other	Balance at end of year	Vested exercisable	Vested not exercisable
Directors							
D. Vilensky	8,262,152	-	(8,262,152)	-	-	-	-
C. Gale	15,053,748	-	(5,013,748)	-	40,000	-	-
B. Jones	20,833,250	-	-	-	20,833,250	-	-
Other KMP							
S. Smith	-	-	-	-	-	-	-
Y. Gouw	-	-	-	-	-	-	-
A. Greenaway	-	-	-	-	-	-	-
	44,149,150	**-**	**(13,275,900)**	**-**	**20,873,250**	**-**	**-**

(e) Loans to key management personnel

There were no loans to key management personnel during 2022 and 2021 financial years.

(f) Other transactions with key management personnel

Refer Note 23 for details of other transactions with directors. There were no other transactions with other key management personnel during the current or prior year.

This Report is signed in accordance with a resolution of the Board of Directors.

David Vilensky
Chairman
Signed on 31 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the twelve months ended 31 December 2022

	Notes	31 Dec 2022 $	31 Dec 2021 $
Interest revenue		345,961	83
Other income and losses	5	196,678	99,038
Depreciation and amortisation expense	6(d)	(106,819)	(24,573)
Employee benefits expense	6(a)	(3,391,346)	(1,404,909)
Finance expenses	6(b)	(1,301,391)	(722,073)
Equity share of associated company loss	12(b)	-	(108,140)
Profit/(loss) on fair value of financial assets through profit or loss	12(b)	(1,031,960)	246,033
Profit/(loss) on derecognition of payables		691,357	-
Exploration and evaluation expenditure	14	(266,311)	-
Other expenses	6(c)	(2,491,879)	(2,451,803)
Loss continuing operations before tax		(7,355,710)	(4,366,344)
Income tax benefit	7	90,509	-
Loss for the year from continuing operations		(7,265,201)	(4,366,344)
Loss attributable to owners of the Parent Company		(7,265,201)	(4,366,344)
Net loss for the period		(7,265,201)	(4,366,344)
Other comprehensive income/(expense)			
Items that cannot be reclassified to profit or loss in subsequent periods:		-	-
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translating foreign operations	19(a)	(507,048)	(38,908)
Total comprehensive loss for the year attributable to owners of the Parent Company		(7,772,249)	(4,405,252)
Loss attributable to:			
Owners of the Parent Company		(7,240,972)	(4,355,427)
Non-Controlling Interests	21	(24,229)	(10,917)
		(7,265,201)	(4,366,344)
Total comprehensive loss attributable to:			
Owners of the Parent Company		(7,748,020)	(4,394,335)
Non-Controlling Interests	21	(24,229)	(10,917)
		(7,772,249)	(4,405,252)
Basic earning/(loss) per share (Cents)	8	(0.4)	(0.3)
Diluted earning/(loss) per share (Cents)	8	(0.4)	(0.2)

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 twelve months ended 31 December 2022

	Notes	31 Dec 2022 $	31 Dec 2021 $
ASSETS			
Current assets			
Cash and cash equivalents	9(a)	26,276,726	642,784
Trade and other receivables	10	629,453	765,713
Other assets	11	116,742	82,555
Total current assets		**27,022,921**	**1,491,052**
Non-current assets			
Investments	12(a)	595,363	1,627,323
Right of use asset	16(a)	299,323	-
Plant and equipment	13(a)	465,989	116,462
Exploration and evaluation assets	14	27,595,780	11,760,126
Total non-current assets		**28,956,455**	**13,503,911**
Total assets		**55,979,376**	**14,994,963**
LIABILITIES			
Current liabilities			
Trade and other payables	15	5,027,943	1,660,416
Office lease liabilities	16(b)	121,651	-
Provisions	17	76,739	60,654
Total current liabilities		**5,226,333**	**1,721,070**
Non-current liabilities			
Office lease liabilities	16(b)	181,265	-
Total non-current liabilities		**181,265**	**-**
Total liabilities		**5,407,598**	**1,721,070**
Net assets		**50,571,778**	**13,273,893**
EQUITY			
Contributed equity	18(a)	103,163,413	59,835,942
Reserves	19	15,899,366	15,156,535
Accumulated losses	20	(69,195,750)	(61,954,778)
Parent's Interest		49,867,029	13,037,699
Non-Controlling Interests	21	704,749	236,194
Total equity		**50,571,778**	**13,273,893**

The above consolidated statement of financial position should be read in conjunction with accompanying notes.

Consolidated Statement of Changes in Equity

For the twelve months ended 31 December 2022

	Contributed equity $	Share-based payment reserve $	Foreign currency translation reserve $	Accumulated losses $	Non-Controlling Interests $	Total $
Balance at 1 January 2021	56,467,554	6,753,489	5,408,672	(57,599,351)	-	11,030,364
Loss for the year	-	-	-	(4,355,427)	(10,917)	(4,366,344)
Other comprehensive loss	-	-	(38,908)	-	-	(38,908)
Total comprehensive loss	-	-	(38,908)	(4,355,427)	(10,917)	(4,405,252)
Issue of shares	2,302,439	-	-	-	-	2,302,439
Share-based payments	1,093,516	3,033,282	-	-	-	4,126,798
Issue of equity in subsidiary	-	-	-	-	247,111	247,111
Transaction costs	(27,567)	-	-	-	-	(27,567)
Balance at 31 December 2021	**59,835,942**	**9,786,771**	**5,369,764**	**(61,954,778)**	**236,194**	**13,273,893**
Balance at 1 January 2022	59,835,942	9,786,771	5,369,764	(61,954,778)	236,194	13,273,893
Loss for the year	-	-	-	(7,240,972)	(24,229)	(7,265,201)
Other comprehensive loss	-	-	(507,048)	-	-	(507,048)
Total comprehensive loss	-	-	(507,048)	(7,240,972)	(24,229)	(7,772,249)
Issue of shares	44,882,084	(1,914,981)	-	-	-	42,967,103
Share-based payments	317,105	3,164,860	-	-	-	3,481,965
Issue of equity in subsidiary	-	-	-	-	492,784	492,784
Transaction costs	(1,871,718)	-	-	-	-	(1,871,718)
Balance at 31 December 2022	**103,163,413**	**11,036,650**	**4,862,716**	**(69,195,750)**	**704,749**	**50,571,778**

The above consolidated statement of changes in equity should be read in conjunction with accompanying notes.

Consolidated Statement of Cash Flows

For the twelve months ended 31 December 2022

	Notes	31 Dec 2022 $	31 Dec 2021 $
Cash flows from operating activities			
Receipts from other income		90,509	40,077
Payments to suppliers and employees		(3,496,200)	(1,790,825)
Interest received		328,678	83
Interest and other charges paid		(11,565)	(10,614)
Net cash flows used in operating activities	9(b)	**(3,088,578)**	**(1,761,279)**
Cash Flows from investing activities			
Payments for plant and equipment	13(b)	(400,940)	(97,705)
Payments to acquire investments		-	(564,570)
Payments for exploration and evaluation assets		(12,855,649)	(3,046,001)
Proceeds from disposal of fixed assets		-	36
Payments for security deposits		(34,188)	(38,855)
Net cash flows used in investing activities		**(13,290,777)**	**(3,747,095)**
Cash flows from financing activities			
Proceeds from the issue of equity	18(b)	35,000,000	-
Proceeds from options exercised		8,332,339	2,298,357
Transaction costs of issuing shares		(1,545,826)	(27,567)
Proceeds from borrowings		2,425,000	-
Repayment of borrowings		(2,425,000)	(900,000)
Finance costs associated with borrowings		(200,000)	-
Payments of office lease liabilities		(66,000)	-
Proceeds from share issues in subsidiary to outside equity interest		641,187	247,111
Net cash from financing activities		**42,161,700**	**1,617,901**
Net decrease in cash and cash equivalents		25,782,346	(3,890,473)
Cash and cash equivalents at the beginning of the year		642,784	4,533,257
Effects of foreign exchange movements		(148,403)	-
Cash and cash equivalents at the end of the year	9(a)	**26,276,726**	**642,784**

The above consolidated statement of cash flows should be read on conjunction with accompanying notes.

Notes to the financial statements

1. CORPORATE INFORMATION

The consolidated financial statements of the Group, being Latin Resources Limited (**the Company** or **Parent**) and its subsidiaries (collectively, **the Group**), for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 31 March 2023.

Latin Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the directors' report. Information on the Group's structure and other related party relationships is provided in Note 23(c).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis except for certain financial instruments which are fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

(b) Compliance with IFRS

The financial report also complies with International Financial reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) Change in accounting policy and disclosures.

The accounting policies adopted are consistent with those of the previous financial year except as noted below.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Latin Resources Limited and its subsidiaries as at the end of each reporting period.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. Information regarding subsidiaries is disclosed in Note 23(c).

The financial statements of subsidiaries are prepared for the same reporting period as the Parent company, using consistent accounting policies or adjustments are made to the financial statements of subsidiaries to bring their accounting policies in to line with those used by other members of the Group.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profits and losses resulting from inter-group transactions, have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

(e) Comparative information

Certain comparative information in the financial report may have been reclassified to aid comparability with the current year.

(f) Going concern

The financial report has 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.

The Group incurred a loss for the period of $7,265,201 (2021: $4,366,344) and net operating cash outflow of $3,088,578 (2021: $1,761,279). As at 31 December 2022, the Group's cash and cash equivalents increased to 26,276,726 (2021: $642,784) and had a working capital surplus of $21,796,588 (2021: deficit of $230,018).

The directors have prepared a cash flow forecast, which indicates that the Consolidated Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this report. The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds by raising capital from equity markets and managing cash flow in line with available funds.

On 13 January 2023, the Company received proceeds of $110,205 from the final allotment of LRSOC listed options and issued 40,372,690 shares. The remaining 11,413,722 listed options lapsed unexercised on 13 January 2023. (Note 27: Events After The Reporting Period).

Based on the cash flow forecast and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Group's history of raising capital to date and the support from its shareholders, the directors are confident of the Group's ability to raise additional funds as and when they are required.

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

(g) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Operating segments have been identified based on the information provided to the chief operating decision makers being the Board.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

The Group determines and presents operating segments based on the information internally provided to the Board.

(h) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(i) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in a normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(j) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities related to the same taxable entity and the same taxation authority.

(k) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(l) Leases

At inception of a contract, the Group assess if the contract contains or is a lease. If there is a lease present, a right of use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. Leases in which a significant portion of the risks and rewards of ownership benefits are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Profit or Loss on a straight-line basis over the life of the lease.

Initially the lease liability is measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed lease payments less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase options, if the lessee is reasonably certain to exercise the options; or
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Right of use assets are depreciated over the lease term.

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(n) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(o) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the Statement of Financial Position.

(p) Financial assets

Shares held for trading have been classified as financial assets at fair value through profit or loss. Financial assets held for trading purposes are stated at fair value, with any resultant gain or loss recognised in profit or loss. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. Assets in this category are classified as current assets if they are expected to be realised within 12 months otherwise they are classified as non-current assets.

(q) Property, plant & equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Plant and equipment - over 3 to 5 years; and
- Motor vehicles - over 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the item is derecognised.

(r) Exploration and evaluation expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method. Exploration and evaluation expenditure is capitalised provided the rights to tenure of the area of interest is current and either:

- The exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- Exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

When technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised 'Mine properties in development'. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying value of the asset may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Refer Note 3 and 14 for details regarding the impairment charge for the reporting period.

(s) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(t) Deferred consideration

Deferred consideration arises when settlement of all or any part of the cost of an exploration and evaluation properties is deferred.

It is stated at fair value at the date of acquisition, which is determined by discounting the amount due to present value at that date.

Interest is imputed on the fair value of non-interest bearing deferred consideration at the discount rate and capitalised as part of exploration and evaluation properties.

At each balance sheet date deferred consideration comprises the remaining deferred consideration valued at acquisition plus interest imputed on such amounts from acquisition to the balance sheet date.

(u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of managements best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(v) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate method (EIR). Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

(w) Employee benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees’ services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave and other employment entitlements

The liability for long service leave and other employment entitlements is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(x) Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is Latin Resources Limited's functional and presentation currency.

Each entity in the Group determines its own functional currency based on the primary economic environment and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at a rate of exchange ruling at the reporting date.

All exchange differences in the consolidated financial statements are taken to the profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the profit or loss. On disposal of a foreign operation, the cumulative amount recognised in equity relating to that particular foreign operation is recognised in the profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Group companies

The functional currency of overseas subsidiaries within the Group is United States dollars and Brazilian Reals.

The functional currency of these subsidiaries has been translated into Australian dollars for presentation purposes. The assets and liabilities of this subsidiary are translated using the exchange rates prevailing at the reporting date; revenues and expenses are translated using average exchange rates for the period; and equity transactions eliminated on consolidation are translated at exchange rates prevailing at the dates of transactions.

The resulting difference from translation is recognised in a foreign currency translation reserve through other comprehensive income.

(y) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associates is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. The statement of profit or loss reflects the Group's share of the results of operations of the associate.

(z) Share-based payment transactions

Equity-settled share-based payments are measured at the fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Comprehensive Income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(aa) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(bb) Discontinued operation

Recognition and measurement

A discontinued operation is a component of the Group that has either been disposed of, or is held for sale, and;

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Profit or loss from discontinued operations, including prior year components of profit or loss, are presented in a single amount in the statement of profit or loss and other comprehensive income. This amount, which comprises the post-tax profit or loss of discontinued operations.

(cc) Application of new and revised accounting standards

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Group's accounting policies management makes judgements. In addition the carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events.

The key judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Determination of mineral resources and ore reserves

The Group reports its mineral resources and ore reserves in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2004 Edition (the JORC code) as a minimum standard. The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in reserves or resources being restated.

Impairment of exploration and evaluation assets

The Group accounts for exploration and evaluation assets in accordance with its policy (refer Note 2(r)).

An impairment exists when the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the statement of profit or loss and other comprehensive income.

The Group's projects are considered to not be at the stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

The future recoverability of Exploration and evaluation assets is dependent on a number of factors, including whether the Group decides to exploit the related concession itself or, if not, whether it can successfully recover the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised Exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

Deferred income tax benefit from carried forward tax losses

The future recoverability of the carried forward tax losses are dependent upon Group's ability to generate taxable profits in the future in the same tax jurisdiction in which the losses arise. This is also subject to determinations and assessments made by the taxation authorities.

The recognition of a deferred tax asset on carried forward tax losses (in excess of taxable temporary differences) is dependent on management's assessment of these two factors. The ultimate recoupment and the benefit of these tax losses could differ materially from management's assessment.

IGV/VAT recoverability

Included in the Expenditure and evaluation assets (Note 14) is an amount that relates to VAT paid by the group that will only be recovered by Peruvian subsidiary through making future sales. A portion of this amount relates to VAT expenditure on Guadalupito Project. The Directors have confirmed that the termination of the Guadalupito project does not impact the rights of the Group to benefit from the total VAT recoverable from future sales.

Tax impact on discontinued operation

The Group has consulted with tax consultant in regards to the gain and loss arising from the discontinued operation. With that understanding, the Group has determined that there is no taxation impact from the discontinued operation.

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuation using a Monte Carlo simulation model, using the assumptions detailed in Note 22 share-based payments.

4. OPERATING SEGMENT INFORMATION

The Group has identified its operating segments in accordance with its accounting policy as set out in Note 2(g) and based on the internal reports that are reviewed and used by the Board (chief operating decision maker) in assessing performance and in determining the allocation of resources. The Group's four operating segments are Australia, Brazil, Peru and Argentina.

The following is an analysis of the Group's revenues, results, assets, liabilities by reportable operating segment.

2022	**Australia**	**Peru**	**Argentina**	**Brazil**	**Total**
	$	**$**	**$**	**$**	**$**
Revenue					
Interest revenue	345,961	-	-	-	345,961
Other income	262,712	2,686	11,048	-	276,446
Total revenue	**608,673**	**2,686**	**11,048**	**-**	**622,407**
Result					
Depreciation & amortisation expense	(102,725)	(3,818)	(276)	-	(106,819)
Share-based payments	(3,232,951)	-	-	-	(3,232,951)
Finance cost	(221,372)	(125)	-	-	(221,497)
Net foreign exchange gain/(loss)	10,741	-	-	-	10,741
Exploration and evaluation expenses	(178,839)	(87,473)	-	-	(266,312)
Other expenses	(2,176,914)	(31,120)	(1,522,133)	-	(3,730,167)
Gain on derecognition of payables	-	691,357	-	-	691,357
Revaluation (loss) on investment	(1,031,960)	-	-	-	(1,031,960)
Total expenses	**(6,934,020)**	**568,821**	**(1,522,409)**	**-**	**(7,887,608)**
Segment profit/(loss)	**(6,325,347)**	**571,507**	**(1,511,361)**	**-**	**(7,265,201)**
Segment assets	**34,764,553**	**3,116,947**	**3,965,113**	**14,132,763**	**55,979,376**
Segment liabilities	**(1,409,778)**	**(244,760)**	**(10,580)**	**(3,742,480)**	**(5,407,598)**
Additions to non-current assets					
Plant & equipment	48,681	6,819	-	345,440	400,940
Rights of use asset	371,570	-	-	-	371,570
Exploration & evaluation assets	3,075,892	646,086	107,612	12,320,037	16,149,627
Total additions to non-current assets	**3,496,143**	**652,905**	**107,612**	**12,665,477**	**16,922,137**

2021	Australia $	Peru $	Argentina $	Brazil $	Total $
Revenue					
Interest revenue	83	-	-	-	83
Other income	81,427	10,441	-	-	91,868
Total revenue	**81,510**	**10,441**	**-**	**-**	**91,951**
Result					
Depreciation & amortisation expense	(18,148)	(6,425)	-	-	(24,573)
Finance cost	(655,009)	(425)	-	(459)	(655,893)
Net foreign exchange gain/(loss)	7,979	(808)	-	-	7,171
Other expenses	(2,857,300)	(73,078)	(989,959)	(2,556)	(3,922,893)
Share of Associate Company loss	(108,140)	-	-	-	(108,140)
Revaluation gain on investment	246,033				246,033
Total expenses	**(3,384,585)**	**(80,736)**	**(989,959)**	**(3,015)**	**(4,458,295)**
Segment loss	**(3,303,075)**	**(70,295)**	**(989,959)**	**(3,015)**	**(4,366,344)**
Segment assets	**8,096,357**	**2,500,549**	**3,680,019**	**718,037**	**14,994,963**
Segment liabilities	**(863,562)**	**(798,968)**	**(28,139)**	**(30,401)**	**(1,721,070)**
Additions to non-current assets					
Plant & equipment	97,814	-	1,347	-	99,161
Exploration & evaluation assets	2,898,223	227,910	68,352	121,732	3,316,217
Milestone consideration of exploration assets – Cloud Nine Project	985,875	-	-	-	985,875
Total additions to non-current assets	**3,981,912**	**227,910**	**69,699**	**121,732**	**4,401,253**

Segment loss represents the loss incurred by each segment without allocation of corporate overhead costs. This is the information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

5. OTHER INCOME AND LOSSES

	2022 $	2021 $
Sundry income	113,046	14,632
Administration fees	72,893	77,235
Other	10,739	7,171
	196,678	**99,038**

6. EXPENSES

(a) Employee benefits expense

Employee benefits and director fees	(1,616,960)	(830,842)
Employee and director share-based payments (refer note 22) [1]	(1,774,386)	(574,067)
	(3,391,346)	**(1,404,909)**

[1] Employee share-based payments of $1,774,386 (2021: $574,067), of which the full amount was expensed during the year.

(b) Finance expenses

Bank fees and charges	(11,373)	(7,305)
Interest expense on right of use asset	(8,346)	-
Interest expense	(125,127)	(3,216)
Share-based payment – Lind Partners[2]	(1,079,894)	(652,621)
Other finance charges	(76,651)	(58,931)
	(1,301,391)	**(722,073)**

[2] 2022: 35,000,000 unlisted options exercisable at $0.05 on or before 31 March 2026 was 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).

2021: 20,000,000 unlisted options exercisable at $0.03 on or before 1 December 2022 was issued on 29 January 2021 to Lind Partners New York as part of the security funding settlement (Refer to ASX Announcement – 1 February 2021).

(c) Other expenses

Administration expenses	(492,417)	(267,592)
Corporate expenses	(1,602,466)	(835,121)
Occupancy expenses	(18,323)	(33,044)
Share-based payment – corporate advisory service[3]	(378,673)	(1,316,046)
	(2,491,879)	**(2,451,803)**

[3] 25,000,000 unlisted option 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 10 & 19).

(d) Depreciation and amortisation expense

Furniture and equipment	(34,572)	(24,573)
Right of use asset	(72,247)	-
	(106,819)	**(24,573)**

7. INCOME TAXES

	2022 $	2021 $
The components of income tax benefit comprise:		
Current income tax benefit	-	-
Deferred income tax benefit	-	-
Income tax benefit reported in the consolidated statement of profit or loss and other comprehensive income	-	-
Income tax expense recognised in equity	-	-
Accounting profit/(loss) before tax	(7,355,710)	(4,366,344)
At the statutory income tax rate of 25% (26% in 2021)	(1,838,927)	(1,135,249)
Other non-deductible expenditure for income tax purposes		-
R&D tax rebate claim	90,509	-
Unrecognised tax losses	1,838,927	1,135,249
Income tax benefit reported in the consolidated statement comprehensive income	90,509	-
Deferred tax assets		
Carried forward revenue losses - Australia	5,850,414	4,692,849
Carried forward revenue losses - PLR (Peru)	-	-
Carried forward revenue losses - MFN (Brazil)	179,797	186,988
Carried forward revenue losses - MD (Peru)	103,579	4,254
Carried forward revenue losses - RL (Argentina)	482,641	498,144
Carried forward revenue losses - LDN (Argentina)	(3,004)	(22,841)
Carried forward revenue losses - BL (Brazil)	(754)	(784)
Exploration and evaluation assets	4,851	3,860
Provisions and accruals	32,777	43,056
Other	475,460	117,452
Deferred Consideration Write Back	-	-
Gross deferred tax asset	7,125,761	5,522,978
Offset against deferred tax liability	-	-
Unrecognised tax losses	7,125,761	5,522,978
Deferred tax liabilities		
Exploration and evaluation assets	-	-
Plant and equipment	-	-
Carried forward revenue losses - Peru	-	-
Gross deferred tax liability	-	-
Offset against deferred tax asset	-	-
Net deferred tax liability	-	-

8. EARNINGS/(LOSS) PER SHARE

	2022 Cents	2021 Cents
Basic earnings/(loss) per share	(0.4)	(0.3)
Diluted earnings/(loss) per share	(0.4)	(0.2)
	$	**$**
Loss used in calculating basic and diluted earnings/(loss) per share	(7,265,201)	(4,366,344)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share[1]	1,818,608,908	1,391,886,450
Weighted average number of ordinary shares used in calculating diluted earnings/(loss) per share[1]	2,016,847,966	1,951,813,857

[1] The weighted average number of shares takes into account the weighted average effect of changes in share transactions during the year. At balance date there were 198,239,058 (2021:508,570,167) share options and 23,009,551 (2021: 14,546,071) share rights on issue which were considered dilutive only for the current period and therefore included from the weighted average number of ordinary shares used in calculating dilutive earnings per share.

9. CASH

	2022 $	2021 $
(a) Cash and short term deposits		
Cash in hand	59	306
Cash at bank	26,276,667	642,478
	26,276,726	**642,784**

(b) Reconciliation of net loss after income tax to net cash flows from operating activities:

	2022 $	2021 $
(Loss) for the year	(7,265,201)	(4,366,344)
Adjustments to reconcile loss after tax to net cash flows from operating activities:		
(Gain) on sale of investments	-	(137,893)
Loss on fair value of financial assets through profit and loss	1,031,960	-
Gain on derecognition of payables	(691,357)	-
Depreciation and amortisation expenses	106,819	24,573
Options issued to corporate advisor	1,458,564	1,694,719
Accrued interest payable (receivable)	(17,283)	652,621
Share-based payments	1,774,387	574,067
Impairment of exploration expense	266,311	-
Net foreign exchange loss/(gain)	-	1,099
***Working capital adjustments*:**		
(Increase)/decrease in trade and other receivables	(75,580)	(528,917)
Increase/(decrease) in trade and other payables	302,002	308,053
Increase/(decrease) in provisions for annual leave	20,800	16,743
Net cash flows used in operating activities	**(3,088,578)**	**(1,761,279)**

(c) Non-cash financing and investing activities

During the year, the Group issued 8,000,000 fully paid ordinary shares to settle expenses and liabilities amounting to $240,000. The Group issued total of 6,772,962 shares to vendors for the acquisitions of project tenements.

The Company established an Option Funding Agreement of $2,500,000 with Lind Asset Management XII, LLC during February 2022 with a 14-month term and face value of $2,750,000 The Company has fully repaid the facility during the reporting period.

10. TRADE AND OTHER RECEIVABLES

	2022 $	2021 $
Trade receivables	330,822	230,394
Other receivables	132,723	68,498
Related party receivables	-	14,735
Tax credits	115,097	54,116
Prepayments – other	50,811	19,297
Prepayments – corporate advisory services (Refer to Note 6c)	-	378,673
	629,453	**765,713**

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.

11. OTHER ASSETS

Security deposits and bonds	**116,742**	**82,555**

12. INVESTMENT

(a) Shares in listed entities

Associated Company Investment – at carrying value[1]	1,627,323	1,489,430
Equity share of associated company (loss) based on equity method	-	(108,140)
Profit/(loss) on investment measure at fair value	(1,031,960)	246,033
	595,363	**1,627,323**

(b) Movements in investment:

Balance at beginning of period	**1,627,323**	**924,860**
Additional investment	-	564,570
Equity share of operations (loss) of associate	-	(108,140)
Profit/(loss) on fair value of investment through Profit or Loss	(1,031,960)	246,033
Balance at end of period	**595,363**	**1,627,323**

[1] The investment in Solis Minerals Limited formerly known as Westminster Resources Limited originated from the settlement of the sale of the Peru Ilo copper project. At balance date the Company has a 13.14% (2021:13.14%) ownership interest. The valuation of the investment is currently measured at fair value through Profit or Loss.

13. PLANT AND EQUIPMENT

(a) Furniture and equipment

At cost	702,426	294,100
Less: Accumulated depreciation	(236,437)	(177,638)
	465,987	**116,462**

(b) Movements in furniture and equipment

Balance at beginning of period	**116,462**	**39,347**
Additions	400,940	99,161
Depreciation expense	(34,572)	(24,573)
Effects of exchange rate movements	(16,841)	2,527
Balance at end of period	**465,989**	**116,462**

14. EXPLORATION AND EVALUATION ASSETS

	2022 $	2021 $
Balance at beginning of period	**11,760,126**	**7,082,034**
Additions	16,035,661	3,254,912
Milestone consideration for the Cloud Nine Project[1]	-	985,875
Acquisition of Burdett Project[2]	-	376,000
Acquisition of Peep O'Day gold prospect[3]	18,000	-
Acquisition of tenements at the Salinas Lithium Project[4]	59,105	-
Impairment of exploration and evaluation costs	(266,311)	-
Other expenses (GST/VAT movement)[5]	36,861	100,164
Effects of exchange rate movements	(47,662)	(38,859)
Balance at end of period	**27,595,780**	**11,760,126**

[1] The Acquisition Agreement requires the Group to pay the Vendor 16.5 million fully paid ordinary shares and 4.125 million options exercisable at $0.012 on or before 31 December 2022 on a successful Kaolin/Halloysite JORC Inferred Resources of 3 million tonnes at 30% Ceramic Alumina or greater.

[2] Group acquired the Burdett Project in 2020, the acquisition was previously classified under Other Assets due to the tenement only being granted in 2021.

[3] Group exercised option agreement over the Peep O'Day gold prospect on 8 July 2022, the company issued the 6,000,000 shares to the Vendor following the grant of the Peep O'Day tenement.

[4] 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.

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

15. TRADE AND OTHER PAYABLES

	2022	2021
Trade payables	4,199,091	1,396,645
Other payables	798,852	173,516
Accruals	30,000	90,255
	5,027,943	**1,660,416**

Trade payables are generally 30 days term from end of month of supply.

16. LEASE

(a)) Right of use asset

	2022	2021
Balance at beginning of period	-	-
Additions	371,570	-
Accumulated depreciation	(72,247)	-
Balance at end of period	**299,323**	-

(b) (b) Lease liability

	2022	2021
Balance at beginning of period	-	-
Additions	371,570	-
Interest amortisation	(8,346)	-
Repayment of liability	(60,308)	-
Balance at end of period	**302,916**	-
Current	121,651	-
Non-current	181,265	-

During the period, the Company entered an office lease with a three-year term commencing 1 June 2022.

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 May 2022 of 4.18%.

Lease payments are allocated between principal and finance cost. The finance cost is charged to Consolidated Statement of Profit or Loss and Other Comprehensive income over the lease period.

17. PROVISIONS

	2022 $	2021 $
Employee benefits – Leave entitlements	**76,739**	**60,654**

18. CONTRIBUTED EQUITY

(a) Issued capital

Issued shares	**101,598,432**	**59,835,942**

(b) Movements in issued capital

	Number	$
Issued shares		
Balance 1 January 2022	**1,422,776,263**	**59,835,942**
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 Directors incentive rights	13,450,629	1,072,305
Vesting and conversion of Directors deferred rights	5,777,902	492,676
Vesting and conversion of Employee share rights	3,500,000	350,000
Share issued for acquisition of Peep O'Day tenement	6,000,000	18,000
Share issued for acquisition of tenements at Salinas Lithium Projects	772,962	59,105
Costs of issue	-	(1,871,718)
Balance 31 December 2022	**2,148,314,127**	**103,163,413**
Balance 1 January 2021	**1,194,910,311**	**56,467,554**
Options conversion	190,203,214	2,282,439
Shares issued in lieu of fees to consultant	4,450,000	200,000
Vesting and conversion of incentive rights	10,500,498	-
Vesting and conversion of deferred rights	4,045,573	-
Director participation in Placement	666,667	20,000
Shares issued to employees and contractors	1,500,000	68,516
Milestone consideration to the Vendor of Electric Metals	16,500,000	825,000
Costs of issue	-	(27,567)
Balance 31 December 2021	**1,422,776,263**	**59,835,942**

19. RESERVES

(a) Foreign currency translation reserve	2022 $	2021 $
Balance at beginning of year	**5,369,764**	**5,408,672**
Foreign currency translations	(507,048)	(38,908)
Balance at the end of the year	**4,862,716**	**5,369,764**

Nature and purpose of foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(b) Share-based payments reserve	2022 $	2021 $
Balance at the beginning of year	**9,786,771**	**6,753,489**
Capital raising costs – issue of broker options[1]	310,581	-
Share-based payment – Lind Partners[2]	1,079,894	652,621
Share-based payment – corporate advisory service[3]	-	1,694,719
Share-based payments – share rights to directors[4,5,6]	1,216,569	525,067
Share-based payments – share rights to employees and consultants[6]	557,816	-
Share rights vested and converted to shares[7]	(1,914,981)	-
Project acquisition /milestone consideration	-	160,875
Balance at the end of the year	**11,036,650**	**9,786,771**
Total reserves	**15,899,366**	**15,156,535**

[1] The Company has issued 3,580,262 unlisted 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.

[2] 2022: 35,000,000 unlisted Options exercisable at $0.05 on or before 31 March 2026 was 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). The share-based payment was fully expensed during the period.

2021: The unlisted options exercisable at $0.03 on or before 1 December 2022 was issued on 29 January 2021 to Lind Partners New York as part of the security funding settlement (Refer to ASX Announcement – 1 February 2021).

[3] The terms and conditions of the options 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.

[4] The terms and conditions of the options 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.

[5] At the Annual General Meeting held on 30 May 2022, shareholders approved 1,104,545 deferred rights to Mr Vilensky, 852,273 deferred rights to Mr Brent and 852,273 deferred rights to Mr Tarantini and 1,856,250 retention rights, together with 3,768,750 performance rights to Mr Gale. These rights were vested and converted into shares on 15 July 2022.

[6] At the General Meeting held on 19 December 2022, shareholders approved 12,000,000 incentive rights to Mr Oliver.

[7] At the General Meeting held on 19 December 2022, shareholders also approved the employee share rights plan. Various tranches have since vested and converted into ordinary shares upon achievement of milestones.

Nature and purpose of share-based payments reserve

The share-based payments reserve is used to recognise the value of equity benefits provided to directors, employees and other parties. Refer Note 22 for further details regarding share-based payments.

Option outstanding *(includes share-based payment options and non-share-based payment options)*

Quoted options	exercisable at $0.012 per share expiring 31 December 2022	51,783,796
Unquoted options	exercisable at $0.03 per share expiring 12 February 2024	12,500,000
	exercisable at $0.05 per share expiring 31 March 2026	10,000,000
	exercisable at $0.22 per share expiring 27 April 2027	109,375,000
	exercisable at $0.22 per share expiring 27 April 2027	3,580,262
	exercisable at $0.22 per share expiring 27 April 2027	11,000,000
		198,239,058

	Number of options	Weighted average exercise price
Balance at 1 January 2022	**508,570,167**	**$0.012**
Issued during the year – unquoted	109,375,000	$0.22
Issued during the year – unquoted	11,000,000	$0.22
Issued during the year – unquoted[2]	35,000,000	$0.05
Issued during the year – unquoted[1]	3,580,262	$0.22
Listed options exercised	(397,119,704)	$0.012
Unlisted options exercised	(72,166,667)	$0.041
Balance at 31 December 2022	**198,239,058**	**$0.1014**

20. ACCUMULATED LOSSES

	2022 $	2021 $
Balance at the beginning of the year	**(61,954,778)**	**(57,599,351)**
(Loss) after income tax	(7,240,972)	(4,355,427)
Balance at the end of the year	**(69,195,750)**	**(61,954,778)**

21. NON-CONTROLLING INTEREST

Balance at the beginning of the year	**236,194**	**-**
Issue of Equity in Subsidiary	492,784	247,111
Loss for the period	(24,229)	(10,917)
Effect of exchange rate movements	-	-
	704,749	**236,194**

22. SHARE-BASED PAYMENTS

Share-based payment transactions to employees and directors

Employee and consultant share benefits payments	557,816	49,000
Performance rights issued to Directors	533,767	232,490
Retention rights issued to Director	280,597	134,256
Deferred rights issued to Director	402,206	158,321
	1,774,386	**574,067**

Employees, consultants, and directors share-based payments benefits totalled $1,774,386 (2021: $574,067), of which the full amount was expensed during the year.

Details of the employees and consultants issued share rights during the reporting period are as follows:

Grant date	Fair value per share rights	Measurement date of share rights	Vesting conditions Market/Non-market
23 December 2022	$0.1000	31 December 2022[3]	non-market
23 December 2022	$0.1000	31 December 2023[3]	non-market
23 December 2022	$0.1000	23 December 2027[3]	non-market
23 December 2022	$0.1000	23 December 2027[3]	non-market
23 December 2022	$0.1000	23 December 2027[3]	non-market
23 December 2022	$0.1000	23 December 2027[3]	non-market

The vesting of the employee and consultants share rights is conditional on non-market based performance conditions. These performance conditions are key objectives specific to each employee and consultant.

Details of the Directors' issued share rights during the reporting 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
30 May 2022	$0.1150	1 July 2022[2]	non-market
30 May 2022	$0.1149	1 July 2022[2]	market
23 December 2022	$0.1150	29 September 2023[3]	non-market
23 December 2022	$0.1150	29 September 2024[3]	non-market
23 December 2022	$0.0694	23 December 2027[3]	market
23 December 2022	$0.0607	23 December 2027[3]	market
23 December 2022	$0.0572	23 December 2027[3]	market
23 December 2022	$0.0514	23 December 2027[3]	market

Director share rights in existence during the year ended 31 December 2022 (and prior comparative year) were approved for granting at Annual General Meeting held on 10 February 2021, 30 May 2022 and General Meeting held on 19 December 2022.

[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 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 $0.055 per non-market share rights were valued based on share price at grant date.

Nil share rights remain outstanding at the date of report.

[2] At the Annual General Meeting on 30 May 2022, shareholder approved the granting of 8,434,091 share rights to Directors. The market-based share rights were value based on Hoadley's Hybrid ESO model using the following assumptions:

- $0.1150 share price at grant date,
- 0-0.088 year measurement period,
- 0.52% risk-free interest rate,
- 109.40% volatility.

The $0.1150 per non-market share rights were valued based on share price at grant date.

There were 11,009,552 share rights outstanding as at 31 December 2022. Nil share rights remain outstanding at the date of report.

[3] At the General Meeting on 19 December 2022, shareholder approved the granting of 19,500,000 share rights to Directors. The market-based share rights were value based on Hoadley's Hybrid ESO model using the following assumptions:

- $0.1150 share price at grant date,
- 5 years measurement period,
- 3.52% risk-free interest rate,
- 81.50% volatility.

The $0.1150 per non-market share rights were valued based on share price at grant date.

There were 19,500,000 share rights outstanding as at 31 December 2022.

SHARE RIGHTS

Incentive rights plan

The Incentive rights plan was approved by shareholders on 30 November 2012 for the purpose of attracting, motivating and retaining key employees and providing them with the opportunity to participate in the future growth of the Group.

Under the plan the Group may offer share rights to eligible persons. Executive directors and full time and permanent part time employees are eligible persons for the purposes of the Incentive rights plan.

Share rights issued under the Incentive rights plan comprise of retention rights being rights that vest and may be exercised into Restricted Shares, based on completion of a period of service and performance rights, being rights that vest and may be exercised into Restricted Shares, based on achievement of specified performance objectives.

The Board, based on the recommendation of the Remuneration Committee, in their absolute discretion determine the number of share rights to be offered and any performance criteria that may apply. Offers made under the Incentive rights plan must set out the number of share rights, the vesting conditions and the measurement period.

The retention and performance rights are issued for no consideration, however, the vesting of the benefits are conditional on achieving specific measurable performance measures that are aligned with the Group’s strategic objectives.

Vesting of the share rights is measured over a three-year interval after the commencement of the respective measurement period. At the end of the measurement period and subject to the performance measures and each share right will convert into one ordinary share in the Company.

Where a director or employee ceases employment prior to their incentives vesting due to resignation or termination for cause, incentives will be forfeited. Where a director or employee ceases employment for any other reason, they may at the Board’s discretion, retain a number of unvested share rights on a pro-rata basis to reflect their period of service during the measurement period. These unvested shares only vest subject to meeting the relevant performance measures.

Deferred rights plan

The Deferred rights plan was approved by shareholders on 27 May 2014 for the purpose of retaining non-executive directors, controlling the cash cost of directors fees and aligning the interests of non-executive directors with shareholders and providing them with the opportunity to participate in the future growth of the Group.

Under the plan the Group may offer share rights to Non–executive directors of the Company. Share rights issued under the Deferred rights plan comprise of retention rights being rights that vest and may be exercised into Restricted Shares, based on completion of a period of service.

The Board based on the recommendation of the Remuneration Committee in their absolute discretion determine the number of share rights to be offered and the criteria that may apply. Offers made under the Deferred rights plan must set out the number of share rights, the vesting conditions and the measurement period.

The retention rights are issued for no consideration, however, the vesting of the benefits are conditional on achieving certain measurable performance measures.

Vesting of the share rights is measured over a three-year interval after the commencement of the respective measurement period. At the end of the measurement period and subject to the performance measures and the share rights will convert into one ordinary share in the Company.

Where a non-executive director ceases employment prior to their incentives vesting due to resignation or termination for cause, incentives will be forfeited. Where a non-executive director ceases employment for any other reason, they may at the Board’s discretion, retain a number of unvested share options on a pro-rata basis to reflect their period of service during the measurement period. These unvested shares only vest subject to meeting the relevant performance measures.

SHARES ISSUED AS SHARE-BASED PAYMENTS

Loan funded shares

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 initially 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. As at 31 December 2019, after the 1:25 share consolidation, the balance of the loan funded shares to directors is 4,000,000 at 27.5 cents per share.

OPTIONS

Valuation of Options to Brokers

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). The share-based payment was fully expensed during the period.[1]

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.[2]

Input variables	31 December 2022[1]	31 December 2022[2]
Grant date share/option price	$0.04	$0.11
Exercise price	$0.05	$0.22
Expected volatility	135%	135%
Risk-free interest rate	2.19%	3.04%
Option life	4.1 Years	5 Years
Grant date	8 March 2022	16 May 2022
Expiry date	31 March 2026	27 April 2027
Fair value at grant date	$0.03	$0.09

2021

4,125,000 listed LRSOC options were issued to Milestone securities for the acquisition of Electric Metals upon achievement of milestone in June 2021.[3]

20,000,000 unlisted options were issued to Lind pursuant to the Deed of Settlement and Release relating to the settlement of the outstanding debt in January 2021.[4]

25,000,000 unlisted options were issued to Euroz Hartleys Limited for the provision of corporate advisory services that support the Company's exploration activities in February 2021.[5]

Input variables	31 Dec 2021[3]	31 Dec 2021[4]	31 Dec 2021[5]
Grant date share/option price	$0.04	$0.05	$0.08
Exercise price	$0.01	$0.03	$0.03
Expected volatility	-%	135%	135%
Risk-free interest rate	-%	0.08%	0.10%
Option life	1.5 Years	1.8 Years	3 Years
Grant date	25-Jun-21	28-Jan-21	15-Feb-21
Expiry date	31-Dec-22	1-Dec-22	12-Feb-24
Fair value at grant date	$0.04	$0.03	$0.07

23. RELATED PARTY DISCLOSURES

Information regarding individual directors' and executives' compensation and equity instrument disclosures are disclosed in the Remuneration report.

	2022 $	2021 $
(a) Compensation of directors and other key management personnel		
Short term employee benefits	1,348,563	801,014
Post-employment benefits	40,074	25,337
Share-based payments	1,520,478	525,067
	2,909,115	**1,351,418**

(b) Transactions with related parties

Bowen Buchbinder Vilensky, a legal firm associated with Mr Vilensky, charged fees totalling $54,353 excluding GST for the year ended 31 December 2022 in relation to legal fees.

Oar Resource Limited, a listed company with Mr Gale and Mr Vilensky as Directors, was invoiced $174,606 excluding GST for the shared administration and technical services provided by Latin Resources' facilities and staff during the year ended 31 December 2022.

(c) Subsidiaries

The consolidated financial statements include the financial statements of Latin Resources Limited and its subsidiaries which are listed below.

Name of entity	Country of incorporation	Equity holding 2022 %	Equity holding 2021 %
Peruvian Latin Resources SAC	Peru	100	100
Minera Dylan SAC	Peru	100	100
Mineracao Ferro Nordeste Ltda	Brazil	100	100
Recursos Latinos S.A.	Argentina	100	100
Electric Metals Pty Ltd	Australia	100	100
Belo Lithium Mineracao Ltda	Brazil	100	100
Litios del Norte S.A.	Argentina	50	88

Peruvian Latin Resources Limited SAC (PLR) and Mineracao Ferro Nordeste Ltda (MFN) are effectively 100% owned by the Company through 99.9% of shares held directly and 0.1% of shares are held in trust on behalf of the Company. Minera Dylan SAC is 50% each owned by the Company and PLR.

The Company has advanced funds to Recursos Latinos S.A., PLR, Belo Lithium Mineracao Ltda and MFN which at the date of this report do not attract interest and are not subject to a repayment schedule.

Litios del Norte S.A. has been incorporated as a wholly owned subsidiary which held the Group's Catamarca lithium pegmatite projects with Argentinian investment group Integra Capital S.A. subscribing for additional shares as joint venture partner. At balance date the company has a 50% (2021: 88%) direct shareholding in the capital of Litios del Norte S.A.

(d) Ultimate parent company

Latin Resources Limited is the ultimate parent of the Group.

24. COMMITMENTS

	2022 $	2021 $
Exploration Commitments:		
Not later than one year	757,667	682,500
Later than one year but not later than five years	2,939,333	2,784,500
Later than five years	-	-
	3,697,000	**3,467,000**
Expenditure Commitments:		
Not later than one year	1,051,232	796,002
Later than one year but not later than five years	1,053,480	2,381,212
Later than five years	-	-
	2,104,712	**3,177,214**

25. CONTINGENCIES

The Group has no contingent assets or contingent liabilities.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group also has transactional currency exposures from operating costs and concession payments that are denominated in currencies other than the Australian dollar (AUD). The currencies in which these transactions are primarily denominated are the United States dollar (USD).

The Board attempts to mitigate the effect of its foreign currency exposure by acquiring USD in accordance with budgeted expenditures when the exchange rate is favourable. Where possible receipts of USD are maintained in a USD account as a natural hedge. The USD are converted to AUD at prevailing rates as AUD funds are required.

As at 31 December 2022, the Group had the following exposure to USD that is not designated in cash flow hedges:

	2022 $	2021 $
Financial assets		
Cash and cash equivalents	2,338,251	124,984
Trade and other receivables	2,085,889	1,931,965
	4,424,140	**2,056,949**
Financial liabilities		
Trade and other payables	(3,991,789)	(847,936)
Provisions	(20,365)	(8,086)
	(4,012,154)	**(856,022)**
Net exposure	**411,986**	**1,200,927**

The following sensitivity analysis is based on the judgements by management of reasonably possible movements in foreign exchange rates after consideration of the views of market commentators. The sensitivity is also based on foreign currency risk exposures to financial asset and liability balances as at 31 December 2022.

The following tables demonstrate the sensitivity to a reasonably possible change in the AUD/USD exchange rate with all other variables held constant.

The impact on the Group's pre-tax profit is due to changes in the fair value of monetary assets and liabilities. The impact on the Group's equity is due to changes in the fair value of the deferred consideration.

The Group's exposure for all other currencies is not material.

	Effect on loss before tax $	Effect on equity $
31 December 2022		
AUD/USD +10%	41,199	41,199
AUD/USD -10%	(41,199)	(41,199)
31 December 2021		
AUD/USD +10%	120,093	120,093
AUD/USD -10%	(120,093)	(120,093)

The movement in pre-tax profit is a result of changes to the fair value of monetary assets and liabilities denominated in USD.

(a) Interest rate risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The Group is exposed to interest rate risk on its cash and cash equivalent balances.

The Board constantly monitors its interest rate exposure and attempts to maximise interest income by using a mixture of fixed and variable interest rates, whilst ensuring sufficient funds are available for the Group's operating activities.

As at 31 December 2022 the Group had the following exposure to Australian variable interest rate risk.

	2022 $	2021 $
Financial assets		
Cash and cash equivalents	**25,095,071**	**517,494**

Movement of 50 basis points on the interest rate (considered a reasonably possible change) would not have a material impact on the consolidated loss or equity.

(b) Credit risk

Credit risk is the risk to the Group if a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Group's maximum exposure to credit risk at the reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Consolidated Statement of Financial Position.

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents (refer Note 9(a)) and trade and other receivables (refer Note 10) and investment in associates (refer Note 12).

The Group only trades with recognised creditworthy third parties. The Group only invests in high credit quality financial institutions with a credit rating of investment grade or better.

31 December 2022	**Less than 1 month $**	**1-3 months $**	**3-12 months $**	**1-5 years $**	**5+ years $**	**Total $**
Trade and other payables	5,027,943	-	-	-	-	5,027,943
Lease liabilities	9,945	29,731	81,975	181,265	-	302,916
Interest bearing liabilities	-	-	-	-	-	-
	5,037,888	**29,731**	**81,975**	**181,265**	**-**	**5,330,859**

31 December 2021	**Less than 1 month $**	**1-3 months $**	**3-12 months $**	**1-5 years $**	**5+ years $**	**Total $**
Trade and other payables	1,660,415	-	-	-	-	1,660,415
Interest bearing liabilities	-	-	-	-	-	-
Deferred consideration	-	-	-	-	-	-
	1,660,415	**-**	**-**	**-**	**-**	**1,660,415**

(c) Price risk

The Group is exposed to equity securities price risk. This arises from investments held and classified on the statement of financial position as at fair value through profit or loss. The Group is not exposed to commodity price risk.

The Group's equity investment is publicly traded on the Australian Securities Exchange (ASX).

A movement of 10% in the fair value of financial assets at fair value through profit and loss (considered a reasonably possible change) on the Group's post tax loss for the year and on equity would not have been material.

(d) Capital management

The Board is responsible for capital management of the Group. The Board's objective is to ensure the entity continues as a going concern as well as to maintain an optimal structure to reduce the cost of capital.

The Group is dependent from time to time on its ability to raise capital from the issue of new shares, obtain debt and its ability to realise value from its existing assets. This involves the use of cashflow forecasts to determine future capital management requirements.

Capital management is undertaken to ensure a secure, cost effective and flexible supply of funds is available to meet the Group's operating and capital expenditure requirements.

As at 31 December 2022 the Group is not subject to any external capital requirements.

(e) Net fair values

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and liabilities approximates their carrying value.

The net fair value of financial assets and financial liabilities is based upon market prices at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in arm's length transaction or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

Listed equity investment has been valued by reference to market price prevailing at balance date.

27. EVENTS AFTER THE REPORTING PERIOD

13 January 2023, the Company received proceeds of $110,205 from the final allotment of LRSOC listed options and issued 40,372,690 shares. The remaining 11,413,722 listed options lapsed unexercised on 13 January 2023.

On 13 January 2023, the Company issued 10,970,717 shares (issued on vesting of Deferred Rights and Incentive Rights), and 2,000,000 shares (issued on the vesting of performance incentive rights).

28. AUDITOR'S REMUNERATION

	2022 $	2021 $
Amounts received or due and receivable by the auditor for:		
An audit or review of the financial report of the consolidated group	33,500	45,400
Under provision for prior year audit	-	-
Amounts received or due and receivable by related practices of the auditor for:		
An audit or review of the financial report of the consolidated group	-	-
Other services in relation to the consolidated group	-	-
	33,500	45,400
Amounts received or due and receivable by non-related practices of the auditor for:		
An audit or review of the financial report of the consolidated group	**-**	**-**
	33,500	**45,400**

29. PARENT ENTITY INFORMATION

	2022 $	2021 $
(a) Financial position		
Assets		
Current assets	25,603,542	1,161,813
Non-current assets	27,323,846	12,954,883
Total assets	**52,927,388**	**14,116,696**
Liabilities		
Current liabilities	1,228,516	842,803
Non-current liabilities	181,265	-
Total liabilities	**1,409,781**	**842,803**
Net assets	**51,517,607**	**13,273,893**
Equity		
Contributed equity	103,163,413	59,715,942
Reserves	11,036,650	8,552,373
Accumulated losses	(62,682,456)	(54,994,422)
Total equity	**51,517,607**	**13,273,893**
(b) Financial performance		
(Loss)/Profit of the parent entity	(7,688,035)	(4,156,241)
Total comprehensive profit/(loss) of the parent entity	(7,688,035)	(4,156,241)

30. IMPACT OF COVID-19

The Group has exploration projects in Latin America (Peru, Argentina and Brazil) where the region had previously been badly affected by COVID-19. Despite the situation, the Group has managed to undertake ground exploration in some areas during the period and made the assessment that there has been no significant impact on the performance or financial position of the Group as at 31 December 2022 due to COVID-19.

Directors' Declaration

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

1. In the opinion of the directors:

    a) The financial statements and notes of Latin Resources Limited for the financial year ended 31 December 2022 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 31 December 2022 and of its performance for the year ended on that date; and

        ii) complying with Accounting Standards and the Corporations Regulations 2001;

    b) the financial statements and notes also comply with International Financial Reporting Standards, as stated in note 2(b); and

    c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors by the executive director and chief financial officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 31 December 2022.

On behalf of the Directors

David Vilensky
Chairman
Signed on 31 March 2023

Auditor's Independence Declaration

HALL CHADWICK

To the Board of Directors,

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As audit partner of Latin Resources Limited for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

Hall Chadwick

HALL CHADWICK AUDIT (WA) PTY LTD
ABN 42 163 529 682

MICHAEL HILLGROVE CA
Director

Dated this 31st day of March 2023
Perth, Western Australia

Independent Auditor's Report

HALL CHADWICK

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

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Latin Resources Limited ("the Company") and its subsidiaries (collectively "the Group"), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Latin Resources Limited is in accordance with the Corporations Act 2001, including:

i. Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the year ended on that date; and

ii. Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with 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 (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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hallchadwickwa.com.au

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HALL CHADWICK

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Carrying value of capitalised exploration and evaluation assets – Note 14

Why significant	How our audit addressed the Key Audit Matter
We identified the capitalised exploration and evaluation assets of $27,595,780 as at 31 December 2022 to be a key audit matter due to its significance and the level of judgement required by us in evaluating management's application of the requirements of AASB 6 Exploration for and Evaluation of Mineral Resources. AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset. In addition, the assessment of impairment of capitalised exploration and evaluation assets can be inherently difficult particularly in uncertain or depressed market conditions	Our work included, but was not limited to, the following procedures: • Assessing management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the Group holds an interest in, the budgeted and future exploration programs planned for the areas, made inquiries of management, reviewed the Group's ASX announcements and the Directors' minutes as to the Group's future plans for the areas. • For the area of interest, we assessed the Group's rights to tenure by corroborating to government registries/correspondences and evaluating agreements in place with other parties; and • We tested the additions to capitalised expenditure for the year by evaluating sample of recorded expenditure for consistency to underlying records, the requirements of the Group's accounting policy and requirements of AASB 6. • Evaluating the competence, capabilities and objectivity of management's experts in the evaluation of impairment triggers and considered the Director's assessment of potential indicators of impairment. • Assessing that disclosures relating to the capitalised exploration and evaluation assets are in accordance with Australian Accounting Standards

HALL CHADWICK

2. Share Based Payments – Note 22

Why significant	How our audit addressed the Key Audit Matter
As disclosed in note 22 in the financial statements, during the year ended 31 December 2022, the Company had share based payments to Employees and Directors of $1,774,387, Finance expenses $1,079,894 and Corporate advisory services $378,670 totaling $3,232,951. Share based payments are considered to be a key audit matter due to • the value of the transactions; • the complexities involved in recognition and measurement of these instruments; and • the judgement involved in determining the inputs used in the valuation. Management used the Monte Carlo simulation model and Black-Scholes option valuation model to determine the fair value of the rights and options granted respectively. This process involved significant estimation and judgement required to determine the fair value of the equity instruments granted	Our procedures included, amongst others: • Analysing contractual agreements to identify the key terms and conditions of share-based payments issued and relevant vesting conditions in accordance with AASB 2 Share Based Payments; • Evaluating management's Valuation Models and assessing the assumptions and inputs used; • Engaging an expert to review the valuation models used and reperform the calculations • Assessing the amount recognised during the year against the vesting conditions of the agreements and assessing the achievements of the relevant milestones; and ; • Assessing the adequacy of the disclosures included in the financial report.

Other Information

Other information is financial and non-financial information in the annual report of the Group which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report. The Other Information we obtained prior to the date of this Auditor's Report was the Director's report. The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

HALL CHADWICK

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities for the Financial Report

The Directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2(a), the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

HALL CHADWICK

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of Latin Resources for the year ended 31 December 2022, complies with section 300A of the Corporations Act 2001.

HALL CHADWICK

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HALL CHADWICK AUDIT (WA) PTY LTD
ABN 42 163 529 682

MICHAEL HILLGROVE CA
Director

Dated this 31st day of March 2023
Perth, Western Australia

ASX Additional Information

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below. The information was applicable as at 17 March 2023.

CLASS OF EQUITY SECURITIES AND VOTING RIGHTS

Shares

There were 2,201,654,918 ordinary fully paid shares on issue. All issued ordinary shares carry one vote per share.

There were also 4,000,000 unquoted ordinary loan funded shares on issue.

Share rights

There were 30,500,000 share rights on issue.

Option

The Company has the following classes of options on issue as at 17 March 2023 as detailed below. Options do not carry any rights to vote.

Code	Class	Terms	Number
	Unlisted	Exercisable at $0.03 each and expiring on 12 February 2024	12,500,000
	Unlisted	Exercisable at $0.05 each and expiring on 31 March 2026	10,000,000
	Unlisted	Exercisable at $0.22 each and expiring on 27 April 2027	123,955,262

Voting rights

In accordance with the Company's Constitution:

- on a show of hands every shareholder present in person or by proxy, attorney or representative of a shareholder has one vote and
- on a poll every shareholder present in person or by proxy, attorney or representative of a shareholder has in respect of fully paid shares, one vote for every share held. No class of option holder has a right to vote, however the shares issued upon exercise of options will rank parri passu with the then existing issued fully paid ordinary shares.

DISTRIBUTION OF EQUITY SECURITIES

The number of equity holders by size and holding, in each class are:

Range	Ordinary shares (listed)	Share rights (unlisted)	Loan funded shares (unquoted)	Options (listed)	Options (unlisted)
1 – 1,000	175	-	-	-	1
1,001 – 5,000	1,118	-	-	-	5
5,001 – 10,000	1,906	-	-	-	17
10,001 – 100,000	6,783	-	-	-	80
100,001 and over	2,381	8	3	-	38
Total	**12,363**	**8**	**3**	**-**	**141**

HOLDING LESS THAN A MARKETABLE PARCEL

	897	**-**	**-**	**-**	**-**

Restricted securities

The Company has no Restricted Securities on issue.

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders in the Company, as disclosed in substantial shareholding notices given to the company are:

Shareholder	*No. of Shares Held*	*% Held*
Jose Luis Manzano	180,400,000	8.19%

Twenty largest holders of quoted shares

Rank	Shareholder	No. of Shares Held	% Held
1.	JOSE LUIS MANZANO	180,400,000	8.19
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	118,339,231	5.38
3.	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	66,903,489	3.04
4.	UNRANDOM PTY LTD <UNRANDOM A/C>	43,131,598	1.96
5	CITICORP NOMINEES PTY LIMITED	39,741,517	1.81
6.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	36,432,811	1.65
7.	MR BRYCE MATTHEW WILSON	20,996,575	0.95
8.	BNP PARIBAS NOMS PTY LTD <DRP>	19,231,269	0.87
9.	COILENS CORPORATION PTY LTD	18,375,015	0.83
10.	MR WILLIAM SCOTT ALDERS	16,277,656	0.74
11.	CHRIS GALE + STEPHANIE GALE <THE GALE SUPER FUND A/C>	16,005,111	0.73
12.	MR PAUL NAGLE	12,200,000	0.55
13.	MR GARETH JOHN EDWARDS	12,000,000	0.55
14	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	11,936,302	0.54
15.	SUPERHERO SECURITIES LIMITED <CLIENT A/C>	10,796,695	0.49
16.	ALLEGRA CAPITAL PTY LTD	10,200,000	0.46
17.	MR HOANG HUY HUYNH	10,001,700	0.45
18.	JSML PTY LTD	10,000,000	0.45
19.	RAM SYSTEMS PTY LIMITED <REARDON FAMILY SUPER A/C>	9,000,000	0.41
20.	MR SHERMAN ALVO FRANCIS PICARDO	8,600,000	0.39
Total		**670,568,969**	**30.44**

Tenement Schedule

Tenement Licences	Project Name	Registered Holder	Interest held
Peru			
01-01865-11	Dockers 1	Minera Dylan SAC	100%
01-01866-11	Dockers 2	Minera Dylan SAC	100%
01-01867-11	Dockers 3	Minera Dylan SAC	100%
01-01868-11	Dockers 4	Minera Dylan SAC	100%
01-02068-10	Fremantle 7	Minera Dylan SAC	100%
01-02827-09	Latin Morrito 1	Minera Dylan SAC	100%
01-02828-09	Latin Morrito 2	Minera Dylan SAC	100%
01-02437-10	Vandals 1	Minera Dylan SAC	100%
01-02438-10	Vandals 2	Minera Dylan SAC	100%
ARGENTINA – Catamarca [1]			
43101	Latina 1	Litios del Norte SA	50%
43160	Latina 2	Litios del Norte SA	50%
43221	Latina 3	Litios del Norte SA	50%
43252	Latina 4	Litios del Norte SA	50%
43191	Latina 5	Litios del Norte SA	50%
43132	Latina 6	Litios del Norte SA	50%
13/18	Latina 7	Litios del Norte SA	50%
14/18	Latina 8	Litios del Norte SA	50%
43435	Latina 9	Litios del Norte SA	50%
43405	Latina 10	Litios del Norte SA	50%
43374	Latina 11	Litios del Norte SA	50%
43344	Latina 12	Litios del Norte SA	50%
43313	Latina 13	Litios del Norte SA	50%
43282	Latina 14	Litios del Norte SA	50%
163/18	Latina 15	Litios del Norte SA	50%
207/18	Latina 16	Litios del Norte SA	50%
208/18	Latina 17	Litios del Norte SA	50%
209/18	Latina 18	Litios del Norte SA	50%
210/18	Latina 19	Litios del Norte SA	50%
211/18	Latina 20	Litios del Norte SA	50%
212/18	Latina 21	Litios del Norte SA	50%
213/18	Latina 22	Litios del Norte SA	50%
ARGENTINA - San Luis			
65-C-2016	Portezuelo	Recursos Latinos SA	100%
64-C-2016	Estanzuela	Recursos Latinos SA	100%
63-C-2016	La Meta	Recursos Latinos SA	100%
66-C-2016	Tilisarao	Recursos Latinos SA	100%
76-C-2016	Bajo De Veliz	Recursos Latinos SA	100%
84-C-2016	De Geminis	Recursos Latinos SA	100%
85-C-2016	Maria Del Huerto	Recursos Latinos SA	100%
134-Q-1936	Maria Del Huerto	Recursos Latinos SA	100%
64-R-2017	Estanzuela Sur	Recursos Latinos SA	100%
65-R-2017	Los Membrillos	Recursos Latinos SA	100%
66-R-2017	Quines Sur	Recursos Latinos SA	100%
67-R-2017	Paso Grande Norte	Recursos Latinos SA	100%
68-R-2017	Solitario	Recursos Latinos SA	100%
69-R-2017	Trapiche Norte	Recursos Latinos SA	100%
70-R-2017	Estanzuela Norte	Recursos Latinos SA	100%
71-R-2017	Quines	Recursos Latinos SA	100%
72-R-2017	La Toma Norte	Recursos Latinos SA	100%
72-R-2017	Quines Este	Recursos Latinos SA	100%

1-R-2018	Paso Grande Sur	Recursos Latinos SA	100%
2-R-2018	Trapiche Sur	Recursos Latinos SA	100%
3-R-2018	La Toma Sur	Recursos Latinos SA	100%
BRAZIL			
830578/2019	Minas Gerais Lithium	Mineracao Ferro Nordeste Ltda	100%
830579/2019	Minas Gerais Lithium	Mineracao Ferro Nordeste Ltda	100%
830580/2019	Minas Gerais Lithium	Mineracao Ferro Nordeste Ltda	100%
830581/2019	Minas Gerais Lithium	Mineracao Ferro Nordeste Ltda	100%
830582/2019	Minas Gerais Lithium	Mineracao Ferro Nordeste Ltda	100%
832515/2021	Minas Gerais Lithium	Belo Lithium	100%
831219/2017	Bentes Mineração [2]	Bentes Mineração Exportação e Importação	0%
830691/2017	Carlos André	Belo Lithium	100%
831799/2015	Granitos Salinas [2]	Granitos Salinas Ltda	0%
830080/2022	Monte Alto [2]	Mineração Salinas Ltda.	0%
AUSTRALIA			
E77/2622	Noombenberry	Electric Metals Pty Ltd	100%
E77/2624	Noombenberry	Electric Metals Pty Ltd	100%
E77/2719	Mount Cramphorne	Electric Metals Pty Ltd	100%
E77/2725	Noombenberry	Electric Metals Pty Ltd	100%
E77/2724	Noombenberry	Electric Metals Pty Ltd	100%
E70/5650	Noombenberry	Electric Metals Pty Ltd	100%
E70/5649	Noombenberry	Electric Metals Pty Ltd	100%
E70/6013	Noombenberry	Electric Metals Pty Ltd	100%
E45/5246	Big Grey	Electric Metals Pty Ltd	100%
EL9148	Manildra	Latin Resources Limited	100%
EL9172	Burdett	Latin Resources Limited	100%
EL9412	Peep O'Day	Latin Resources Limited	100%
EL9273	Boree Creek	Latin Resources Limited	100%
EL9274	BC Gundagai	Latin Resources Limited	100%

[1]JV with Integra Capital SA
[2]Tenement Concession under Option Agreement

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