

28 February 2022

\$2.5 MILLION OPTION FUNDING AGREEMENT TO ADVANCE LITHIUM PROJECTS IN BRAZIL

HIGHLIGHTS

- **\$2.5 million option funding agreement signed utilising “in the money” LRSOC options.**
- **If all LRSOC options are exercised, they would generate up to \$5.1 million in option exercise proceeds for the Company.**
- **Latin will repay the funding progressively with proceeds from LRSOC options as they are exercised, or earlier, at Latin’s election.**
- **Funds will be used to accelerate activity on Latin’s lithium projects in Brazil, and for general corporate and working capital purposes.**

Latin Resources Limited (ASX: LRS) (“Latin” or “the Company”) is pleased to announce that it has executed an Option Funding Agreement (“OFA”) to receive funding of \$2,500,000 (face value \$2,750,000) from Lind Asset Management XII, LLC, an entity managed by New York based The Lind Partners, LLC (together “Lind”).

The funding provides a source of capital to enable the Company to fund its program of project development and exploration of its exciting portfolio of lithium projects in Brazil, whilst avoiding a dilutive equity capital raising.

Managing Director Chris Gale commented:

“This innovative funding facility provided by our funding partner, Lind, provides the Company necessary working capital to continue to drill the newly discovered spodumene pegmatites in our Brazilian portfolio without the need for an equity placement, reducing dilution for existing shareholders. We expected we can add a lot of value, very quickly in Brazil with these funds.”

“The Company has good reason to expect over \$5m cash will be received from the exercise of its LRSOC options, and this funding, backed by the option money, now fast tracks our drilling program. This funding provides a cost-effective source of capital for the Company.”

Phillip Valliere, Managing Director at The Lind Partners, stated *“Lind is extremely pleased to be investing in Latin Resources for a third time. They have an exciting portfolio of lithium projects targeting the battery metals sector, which we hope will deliver growth and shareholder value for all LRS shareholders.”*

Details of the Funding

The OFA will be advanced to the Company, and Latin must use any funds received from exercise of options (exercisable @ \$0.012 – exercise date 31 December 2022) to repay amounts owed, allowing OFA to be paid back progressively over the next 10 months (December 31, 2022).

The Company has 428,962,607 LRSOC \$0.012 options and anticipates that a significant number will be exercised prior to their expiry on 31 December 2022. If so, this will generate approximately \$5.1m of cash for the Company enabling the Company to comfortably repay the Lind facility, and fund further activities.

The initial investment will provide funding, including for further drilling at the Company's Salinas Lithium Project in Brazil where the Company recently announced that its current drilling program has discovered several spodumene pegmatites (see ASX announcement dated 16 February 2022). The Company intends to build on the current 2,000 metre drilling program to 5,000 metres, with the intention of progressing the project toward the estimation of a JORC Mineral Resource on the Salinas Lithium Project.

In addition, the Company will commence defining drill targets on its other lithium tenements within both the Salinas and Bananal Valley areas of Brazil. Once these drill targets are defined, permits will be applied for with drilling to commence thereafter.

The key terms of the Option Funding Agreement are set out below:

- Immediate \$2,500,000 in cash paid to Latin Resources ("**Amount Outstanding**").
- 14-month term with a Face Value of \$2,750,000.
- When the Company receives any proceeds from the exercise of any of the LRSOC Options, except for proceeds received from options exercised by the Company's largest Shareholder and any director of the Company, the Company must immediately pay the LRSOC Proceeds to the Investor in immediately available funds in reduction of the Amount Outstanding.
- If the Company has not paid the Investor at least AU\$500,000 in LRSOC Proceeds prior to the date which is 180 days after closing, the Company must pay the Investor the amount by which the aggregate LRSOC Proceeds paid by the Company to the Investor prior to that date are less than AU\$500,000.
- While there is any Amount Outstanding, if the Company receives aggregate proceeds from the issue of any equity interests in the Company it must pay 20% of the aggregate proceeds to the Investor in immediately available funds in reduction of the Amount Outstanding.
- On the Closing Date, the Company must grant and deliver to the Investor or its nominee 35,000,000 unlisted options with an exercise price \$0.05 and expiry date of March 2026.
- At the Closing, the Company must pay a Commitment Fee of 3% of the funding amount (\$75,000) to the Investor, which will be deducted from the loan proceeds.
- The Company may elect to pay back any outstanding amounts early without penalty.

This Announcement has been authorised for release to ASX by the Board of Latin Resources.

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About Latin Resources

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

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.

In Latin America the Company focus is on its two Lithium projects, one in the state of Minas Gerais, Brazil and the other, the Catamarca Lithium Project in Argentina in which lithium is highly sought after as critical mineral for electric vehicles and battery storage.

About The Lind Partners

The Lind Partners manages institutional funds that are leaders in providing growth capital to small- and mid-cap companies publicly traded in the US, Canada, Australia and the UK. Lind's funds make direct investments ranging from US\$1 to US\$30 million, invest in syndicated equity offerings and selectively buy on market. Having completed more than 100 direct investments totaling over US\$1 Billion in transaction value, Lind's funds have been flexible and supportive capital partners to investee companies since 2011.

Forward-Looking Statement

This ASX announcement may include forward-looking statements. These forward-looking statements are not historical facts but rather are based on Latin Resources Ltd.'s current expectations, estimates and assumptions about the industry in which Latin Resources Ltd operates, and beliefs and assumptions regarding Latin Resources Ltd.'s future performance. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "potential" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are only predictions and are not guaranteed, and they are subject to known and unknown risks, uncertainties and assumptions, some of which are outside the control of Latin Resources Ltd. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecast. Actual values, results or events may be materially different to those expressed or implied in this ASX announcement. Given these uncertainties, recipients are cautioned not to place reliance on forward looking statements. Any forward-looking statements in this announcement speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law and the ASX Listing Rules, Latin Resources Ltd does not undertake any obligation to update or revise any information or any of the forward-looking statements in this announcement or any changes in events, conditions or circumstances on which any such forward looking statement is based.

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.

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