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Latin Resources Ltd (LRS)

Initiation: Hard rock lithium in Brazil

Recommendation
Buy (Initiation)

Price
\$0.105
Valuation
\$0.18
Risk
Speculative
GICS Sector
Materials
Expected Return

Capital growth	71%
Dividend yield	0%
Total expected return	71%

Company Data & Ratios

Enterprise value	\$175m
Market cap	\$209m
Issued capital	1,990m
Free float	86.2%
Avg. daily val. (52wk)	\$2.5m
12 month price range	\$0.03-\$0.23

Price Performance

	(1m)	(3m)	(12m)
Price (A\$)	0.11	0.07	0.04
Absolute (%)	-4.5	43.8	150.0
Rel market (%)	-5.9	43.3	158.7

Absolute Price


SOURCE: IRESS

Building a lithium base in Brazil's mining heartland

LRS is progressing the Salinas Lithium Project (100% LRS) located in one of Brazil's key mining states, Minas Gerais. An initial JORC Mineral Resource Estimate (MRE) is expected by the end of 2022, with ongoing drilling and metallurgical test work to further upgrade confidence levels, test mineralisation extensions and provide the required data for a Preliminary Economic Assessment (PEA) in the March 2023 quarter. Step out drilling has returned an additional lithium discovery within 500m of the company's current focus and geological mapping has identified exciting prospects further afield. At 30 June 2022, LRS had cash of \$34m to support ongoing works.

Aggressive path to adding scale & de-risk the project

We estimate that LRS will deliver an initial MRE of up to 15Mt in December 2022 with defining features being a relatively high grade (~1.3% Li₂O) and its delineation as a single deposit. While key parameters will evolve as the Salinas PEA is completed, we expect that the deposit could notionally support +200ktpa spodumene concentrate operation. A potential analogue of Salinas is Sigma Lithium's (TSX-V:SGMLV, not rated) project located around 100km to the southeast and designed to initially produce 270ktpa spodumene concentrate ramping up from early 2023.

Investment view: Speculative Buy, Valuation \$0.18/sh

We expect material value accretion as LRS moves from lithium prospector to announcing a MRE at Salinas and ultimately defining its path to development. Our LRS valuation is based on modelling a notional project development at Salinas, heavily risked for its early stage of assessment. We expect the company to aggressively pursue the required feasibility studies and environmental permitting to de-risk Salinas with further potential upside from step-out and regional exploration over the short term.

LRS is an asset development company with prospective operations and cash flows. Our Speculative risk rating recognises this higher level of risk and volatility of returns.

Earnings Forecast

Year ending 31 December	2023e	2024e	2025e	2026e
Sales (A\$m)	0	0	89	353
EBITDA (A\$m)	(23)	(23)	44	225
NPAT (reported) (A\$m)	(22)	(21)	23	144
NPAT (adjusted) (A\$m)	(22)	(21)	23	144
EPS (adjusted) (cps)	(1.3)	(0.8)	0.8	4.9
EPS growth (%)	na	na	na	521%
PER (x)	-8.0x	-12.6x	13.4x	2.2x
FCF Yield (%)	-10%	-76%	-15%	46%
EV/EBITDA (x)	-7.7x	-7.7x	4.0x	0.8x
Dividend (cps)	-	-	-	-
Yield (%)	0%	0%	0%	0%
Franking (%)	-	-	-	-
ROE (%)	-45%	-18%	15%	59%

SOURCE: BELL POTTER SECURITIES ESTIMATES

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Initiation: Hard rock lithium in Brazil

Investment view: Speculative Buy, Valuation \$0.18/sh

SALINAS (BRAZIL, 100% LRS) ADVANCING TO A SIGNIFICANT RESOURCE

- **A notional project development at Salinas is the primary basis for our risked LRS valuation of \$0.18/sh.** Salinas is currently pre-Resource and our valuation is heavily risked to take into account the project's early stage. However, we estimate LRS could deliver an initial Salinas JORC MRE of up to 15Mt by the end of 2022 on the current focused drill-out. This MRE could notionally support a +200ktpa spodumene concentrate operation generating unrisked annual EBITDA of US\$160m within 4 years on our long term SC6 price estimate of US\$1,300/t.
- **Initial Salinas Resource expected in December 2022:** Salinas is located in the state of Minas Gerais, Brazil. Inferred Resource definition diamond drilling at the Salinas project's Colina prospect has been completed with all assays received, for the delivery of LRS' initial JORC MRE in December 2022. The Colina mineralisation is open along both directions of strike and at depth. Rigs are currently in-fill drilling and stepping out along strike to improve confidence levels for subsequent MRE updates and upgrades.
- **PEA in the March 2023 quarter:** LRS has appointed SGS Geological Services to complete a PEA for a mine development at Salinas by the end of the March 2023 quarter. SGS has completed extensive work in Brazil, most notably NI 43-101 Technical Reports SGMLV's Grota do Cirilo project, also located in Minas Gerais and around 100km southeast of Salinas.
- **Colina West prospect and other nearby targets provide project upside:** Recent drill results have confirmed a significant discovery at the Colina West prospect, located 500m to the west of the Colina mineralisation. SADD033 assays returned an intersection of 18.7m at 1.32% Li₂O from 321m. Further drilling at Colina West is expected over the next two quarters to test the extent of this mineralised zone and its connectivity with Colina.
- **Case study - SMGLV's Grota do Cirilo project a potential analogue:** SMGLV commenced construction of Grota do Cirilo in mid-2021 and expect commercial production from early 2023. Phase 1 of this project is designed to mine and process 1.5Mtpa ore to produce 270ktpa spodumene concentrate grading 5.5% Li₂O at a DFS capital cost of around US\$140m. SMGLV's technical report estimated the project will generate annual EBITDA of \$551m at concentrate prices of US\$2,500/t and an NPV_(8%) of US\$2.6b. In 2018, the total Grota do Cirilo MRE was only around 13.5Mt at 1.47% Li₂O. The Phase 1 development is based on the Xuxa deposit with a Resource of 21.2Mt at 1.56% Li₂O and Reserve of 11.8Mt at 1.55% Li₂O, a Reserve life of around 8 years. SMGLV has subsequent stages of development planned with Phase 2 taking production to 530ktpa. Over the last three years, SMGLV's market capitalisation has increased from around US\$100m to US\$3.7b today, with a significantly expanded MRE.

Valuation methodology

Our LRS valuation is based on a heavily risked NPV assessment of a notional lithium producing project at Salinas. Key assumptions include:

- Bell Potter Securities spodumene price estimates: Long term US\$1,300/t (real);
- Project parameters (Bell Potter Securities assumptions):

1. A 15Mt ore inventory grading 1.3% Li₂O to support a 10 year project mining and milling at 1.5Mtpa (i.e. the initial MRE will be upgraded over time);
2. Capital costs of US\$180m and cash operating costs excluding royalties of around US\$400/t (FOB Brazil);
3. Annual steady state spodumene concentrate production of around 210ktpa at 5.5% Li₂O;
4. Annual steady state EBITDA of around US\$160m;
5. A discount rate of 8% and a risk discount of 65% to account for the project's pre-Resource and pre-scoping study stage.

ESG commitments & credentials

LRS is committed to reporting on the Environmental, Social, and Governance disclosures of the Stakeholder Capitalism Metrics (SCM) of the World Economic Forum. Socialsuite's ESG Go disclosure platform is used to track ESG related disclosures and sustainability.

Potential Salinas project parameters which should be supportive of ESG metrics include:

- **Potential high concentrate grade:** Preliminary Salinas metallurgical test work has indicated returned spodumene grades of 6.57% from simple Heavy Liquid Separation.
- **Dry stack tailings:** Nearby projects are employing dry stack tailings with materially lower operational risks and water consumption.
- **Renewable energy penetration:** Hydropower generation accounted for around 66% of Brazil's electricity supply in 2020 (eia.gov).
- **Logistics favourable to key markets:** The potential high grade concentrate and its relatively close shipping to emerging North American lithium conversion capacity is expected to have further carbon emissions benefits.

Timeline & value catalysts

ONGOING

- Drill results (observations and assays) from infill drilling at Colina and initial step out drilling at Colina West.
- Metallurgical test results from Colina and Colina West ore samples.
- Environmental permitting news flow.

DECEMBER 2022 QUARTER

- Initial JORC MRE for Colina (BP est. up to 15Mt at 1.3% Li₂O).

MARCH 2023 QUARTER

- Initial JORC MRE for Colina West.
- NI 43-101 Preliminary Economic Assessment on a potential mine and processing plant development at Colina.
- News flow relating to the progression of a Definitive Feasibility Study, potentially including mining parameters, estimated throughput rates, metallurgical test work and end product specifications.

Capital structure & available funds

At 30 June 2022, LRS had cash of \$33.5m and no debt.

Table 1 - Capital structure

Share price	\$0.105/sh
Shares on issue	1,990m
Market capitalisation	\$209m
Net debt/(cash)	-\$34m
Enterprise value	\$175m
Performance rights & options	364m
Shares on issue (diluted)	2,354m
Cash from options	\$3m
Market capitalisation (diluted)	\$247m
Net debt (diluted)	-\$37m
Enterprise value (diluted)	\$210m

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Capital requirements

- Exploration and Resource drilling: We estimate ongoing drilling (4 rigs operational) of \$4-5m per quarter;
- Project studies: We estimate that completion of the PEA in the March 2023 quarter and then progression to a definitive feasibility study by the end of 2023 will require around \$5m in funding; and
- Corporate overheads: Over the last two years, LRS has spent on average \$500k per quarter on staff, administrative and corporate costs.

SOURCES OF FUNDS

We factor in a \$30m equity capital raise (at a 10% discount to the current share price) over the next 12 months to fund ongoing exploration, project studies and corporate overheads.

On our assumptions, LRS will require additional capital for a project development at Salinas. However, we don't expect major capital spending on this project until 2024.

Company background

LRS listed on the ASX in 2010 to support the progression of gold and iron rich mineral sands projects in Peru. In 2013, LRS acquired the Borborema Iron Ore Project in northwest Brazil, marking its first investment in this country.

In 2016, LRS shifted its focus to lithium and announced claim application for over 70,000Ha in seven exploration tenements in the Catamarca province in Argentina, prospective for lithium pegmatites and 24,769Ha in San Luis Argentina. By mid-2018, the company had access to approximately 294,000 hectares of pegmatite bearing ground prospective for lithium within the Catamarca, San Luis and Salta regions of Argentina.

In 2019, LRS assembled a portfolio of prospective lithium tenements in Brazil and began detailed field reconnaissance across the Montes Clarinhos, Salinas, Seletas, Rubelita and Coronel Muerta areas. The company executed five tenement applications around the town of Salinas in Minas Gerais.

In 2019, LRS also entered a conditional Binding Terms Sheet to acquire Electric Metals Pty Ltd, 100% owner of the Noomberry Halloysite Project near Merredin (Western Australia) and the Big Grey Silver-Lead Project in the Paterson region (Western Australia). The acquisition consideration comprised of the issue of 25m shares in LRS and 6.25m

\$0.012/sh options expiring 31 December 2022. Noomberry became LRS's core focus over much of 2020 and early 2021 with a maiden JORC Inferred Mineral Resource Estimate of 207Mt for the Cloud Nine deposit announced in May 2021. LRS also entered a binding research agreement with research organisation CRC CARE to develop emissions reduction technologies utilising halloysite from the Cloud Nine deposit. The research will focus on feed supplements for cattle and other materials for absorbing methane.

In August 2021, LRS completed field work and mapping at the Salinas Lithium Project and identified outcropping pegmatites containing spodumene over a 4km² area. Assays announced in October 2021 showed sample grades of 2.71% Li₂O and 1.45% Li₂O. Diamond drilling at Salinas commenced in February 2022 and confirmed thick high grade spodumene bearing pegmatite intersections. Drilling focused on Resource definition from mid-2022 with a 22,000-25,000m campaign planned over the original one kilometre strike extent of the Colina Prospect to approximately 400m down dip.

ASX-listed pure-play lithium companies

Table 2 - ASX-listed lithium companies

Company name	EV (A\$m)	Total LCE Resource (Mt)	Total LCE Reserve (Mt)	EV /Resource (A\$/t)	EV /Reserve (A\$/t)	Expected annual LCE production* (kt)	EV to production (A\$'000/t)
Diversified							
Mineral Resources (MIN)	14,884	4.7	2.5			100	
IGO (IGO)	12,571	3.5	2.2			58	
Lithium focussed							
Pilbara Minerals (PLS)	14,637	8.2	4.7	1,793	3,115	98	150
Allkem (AKE)	8,838	19.9	3.1	444	2,874	120	74
Liontown Resources (LTR)	3,874	5.6	2.3	686	1,710	63	61
Core Lithium (CXO)	2,562	0.6	0.3	4,176	7,516	29	88
Sayona Mining (SYA)	1,965	2.7	0.4	740	5,470	24	80
Lake Resources (LKE)	1,285	3.3	0.0	389	na	19	67
Ioneer (INR)	1,007	0.6	0.3	1,611	3,472	10	104
Argosy Minerals (AGY)	744	0.2	0.0	3,372	na	11	69
Vulcan Energy Resources (VUL)	718	14.0	1.1	51	641	35	20
Leo Lithium (LLL)	657	1.7	0.9	376	751	34	19
Galan Lithium (GLN)	403	3.0	0.0	137	na	34	12
Global Lithium Resources (GL1)	386	0.5	0.0	716	na	0	na
Piedmont Lithium (PLL)	383	2.7	0.5	140	774	35	11
Lithium Power International (LPI)	228	1.5	0.4	154	600	10	22
Latin Resources (LRS)	175	0.0	0.0	na	na	0	na
Green Technology Metals (GT1)	169	0.2	0.0	678	na	na	na
Red Dirt Metals (RDT)	163	0.0	0.0	na	na	0	na
Essential Metals (ESS)	136	0.3	0.0	403	na	0	na
Lepidico (LPD)	130	0.1	0.1	985	1,685	4	30
Jindalee Resources (JRL)	128	10.1	0.0	13	na	na	na
Infinity Lithium Corporation (INF)	75	1.3	0.0	60	na	0	na
European Metals Holdings (EMH)	71	7.4	0.0	10	na	0	na
Greenwing Resources (GW1)	44	0.0	0.0	na	na	0	na
Winsome Resources (WR1)	41	0.0	0.0	na	na	0	na
Mean				937	2,601		58
Median				423	1,710		64

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

LRS project portfolio

Key project: Salinas lithium (Brazil, LRS 100%)

Tenement holding of over 6,341Ha in the state of Minas Gerais, Brazil. A 22,000-25,000m drill program is nearing completion to enable the release of LRS's initial JORC Mineral Resource Estimate at Colina by the end of 2022. Lithium mineralisation is open along strike and at depth, with additional targets identified immediately to the west of the Colina Prospect. LRS aim to complete a Colina project Preliminary Economic Assessment in the March 2023 quarter and subsequently fast-track a definitive feasibility study. Salinas is the key topic of this research report.

Other projects

CLOUD NINE HALLOYSITE-KAOLIN (WESTERN AUSTRALIA, LRS 100%)

LRS announced a 207Mt initial JORC Mineral Resource Estimate for Cloud Nine in May 2021. The estimate comprised two separate domains: 123Mt of bright white kaolin-bearing material; and 84Mt of kaolin/halloysite-bearing material.

In mid-October 2022, LRS announced that trial mining had produced 50t bulk sample to enable larger scale metallurgical testing and provide samples to potential offtake customers. LRS are now working on a scope of works and mine permitting for a direct shipping ore development. LRS has also submitted a selection of samples for detailed rare earth element analysis.

CRC CARE emissions reduction research project

LRS has a research agreement with CRC CARE to investigate the potential for the use of halloysite to be utilised in the reduction of methane emissions in the agricultural sector. The research is focussed on feed supplements and spreadable material which can potentially reduce greenhouse gas emissions in the cattle farming and feedlot industries. This project aims to utilise product from the Cloud Nine project.

CATAMARCA LITHIUM PROJECT (ARGENTINA, LRS 50%)

Early stage exploration with a tenement position covering an area of 70,000Ha. The Catamarca Project exhibits numerous spodumene bearing pegmatite swarms which have previously hosted small scale lithium production. In June 2020, LRS signed a joint venture agreement with Argentinian investment group Integra Capital S.A. whereby Integra would spend up to US\$1m on exploration across the Catamarca concessions to earn a 50% interest in the project. Integra was also granted an option to take a 10% equity stake in LRS and ultimately exercised this option at \$0.005/sh for an investment of \$0.5m.

MT-03 COPPER PROJECT (PERU, LRS 100%)

Held within LRS's 100% owned subsidiary Peruvian Latin Resources SAC (PLR). MT-03 is an early stage exploration project with geophysical signatures consistent with large copper porphyry targets. The project is under extensive alluvial cover. LRS expect to commence initial drilling at MT-03 in 2023.

Valuation methodology

Risked & diluted sum of the parts valuation:

Table 3 - Risked and diluted sum of the parts valuation

	100% basis	%	Equity basis	% Risk	Equity basis
	Unrisked	LRS equity	Unrisked	discount	Risked
Salinas (project)	770	100%	770	65%	269
Salinas (Resource upside)					135
Cloud Nine Halloysite-Kaolin					20
Other projects					30
Total projects					454
Corporate overheads					-31
Enterprise value					423
Net debt (diluted)					-37
Equity value					460
Diluted shares on issue m					2,354
Equity value \$/sh					0.20
Assumed near-term equity raise					
Value \$m	30				
Current share price \$/sh	0.11				
Raise discount %	10%				
Raise price A\$/sh	0.09				
New shares m	317				
After assumed near-term equity raise					
Net debt					-67
Equity value					490
Diluted shares on issue m (after assumed raise)					2,671
Equity value \$/sh					0.18

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Salinas Project: Key parameters & assumptions

Key modelling parameters for a notional project at Salinas are outlined in the following table. Our basic premise is that ultimately a 15Mt ore inventory will be defined to feed a circa 1.5Mtpa processing plant.

OTHER FISCAL PARAMETERS:

- **Tax:** The Brazilian corporate income tax rate is typically around 34% (25% income tax plus 9% social contribution). A Brazilian governmental agency (Sudene) tasked with stimulating economic development has granted tax incentives over nearby mining projects which include a 75% reduction in income tax for 10 years after the project achieves at least 20% of its proposed production capacity. The application of a similar incentive to Salinas would reduce the incurred tax rate to 15.25%.
- **Government royalties:** Lithium production in Brazil is subject to a 2.0% Compensação Financeira pela Exploração de Recursos Minerais (CFEM) royalty payable on the gross income from sales.
- **Private royalties:** There are no material private royalty agreements associated with a potential development at Salinas.

Table 4 - Salinas project modelled assumptions

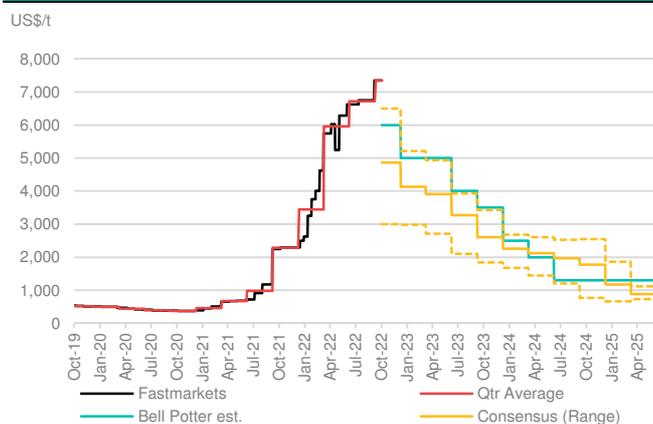
Ore inventory	15.0Mt
Grade % Li ₂ O	1.30%
Mine life	10 years
Annual ore mined / plant throughput	1.5Mtpa
Recovery	60%
Concentrate grade % Li ₂ O	5.5%
Average production ktpa SC6	213ktpa
Average production ktpa LCE	32ktpa
Capex	US\$180m
Cash operating cost (excl. Royalties)	US\$390/t
Long term SC6 price CIF	US\$1,300/t
Average price received FOB	US\$1,162/t
Steady state EBITDA	US\$159m
Steady state free cash flow	US\$125m
NPV (unrisked, 8.0% discount rate)	A\$722m

SOURCE: BELL POTTER SECURITIES ESTIMATES

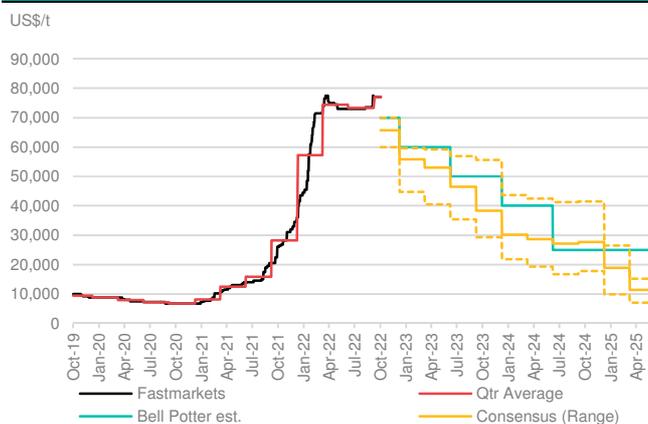
Cloud Nine Halloysite-Kaolin Deposit

Our valuation estimate is informed by peer Australian halloysite-kaolin projects and listed entities with a high risk discount to account for the project's early pre-scoping study stage.

Bell Potter Securities lithium commodity price outlook

Figure 1 - Spodumene concentrate (SC6) QUARTERLY

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 2 - Lithium carbonate (battery grade) QUARTERLY

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Table 5 - Changes to lithium price outlook

	Jun-20(a)	Dec-20(a)	Jun-21(a)	Dec-21(a)	Jun-22(a)	Dec-22(e)	Jun-23(e)	Dec-23(e)	Jun-24(e)	Dec-24(e)	Long Term
SC6	474	387	570	1,633	4,706	6,000	5,000	3,750	2,250	1,300	1,300
Li carbonate	8,317	6,964	10,319	21,992	65,841	70,000	60,000	50,000	40,000	25,000	25,000
Li hydroxide	10,065	9,184	11,835	22,607	66,210	73,000	63,000	52,500	45,000	29,000	29,000

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Valuation scenarios: Leverage to price & project risk discount

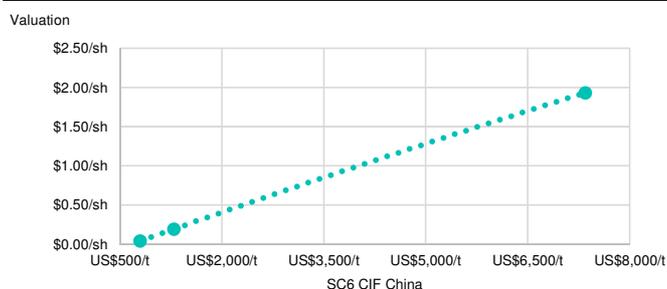
VALUATION LEVERAGE TO LITHIUM COMMODITY PRICES

Table 6 - Valuation sensitivity

	Scenario 1 Low	Scenario 2 Bell Potter	Scenario 3 "Spot"
SC6 reference price CIF	US\$800/t	US\$1,300/t	US\$7,350/t
Salinas	64	404	4,513
Other	-1	19	-1
EV (risked)	63	423	4,511
Diluted net debt/(cash) - diluted	-37	-37	-37
Equity value (diluted)	\$100m	\$460m	\$4,548m
Diluted shares on issue m	2,354m		
Equity value (diluted) \$/sh	\$0.04/sh	\$0.20/sh	\$1.93/sh

SOURCE: BELL POTTER SECURITIES ESTIMATES

Figure 3 - Valuation sensitivity



SOURCE: BELL POTTER SECURITIES ESTIMATES

VALUATION LEVERAGE TO PROJECT RISK DISCOUNT

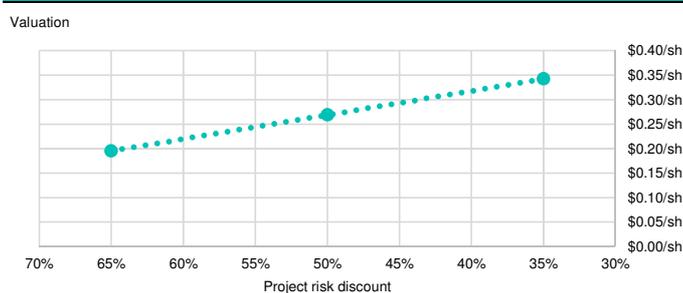
A discounted cash flow model of a notional project development at Salinas is the core component of our LRS valuation. We have applied a large risk discount to this DCF to take into account the project's very early stage. The following scenarios outline the value uplift should this risk discount be unwound.

Table 7 - Valuation sensitivity

	Scenario 1 Base case	Scenario 2 PEA complete	Scenario 3 BFS complete
Risk discount	65%	50%	35%
Salinas + Resource upside	404	577	750
Other	19	19	19
EV (risked)	423	596	769
Diluted net debt/(cash) - diluted	-37	-37	-37
Equity value (diluted)	\$460m	\$633m	\$806m
Diluted shares on issue m	2,354m		
Equity value (diluted) \$/sh	\$0.20/sh	\$0.27/sh	\$0.34/sh

SOURCE: BELL POTTER SECURITIES ESTIMATES

Figure 4 - Valuation sensitivity



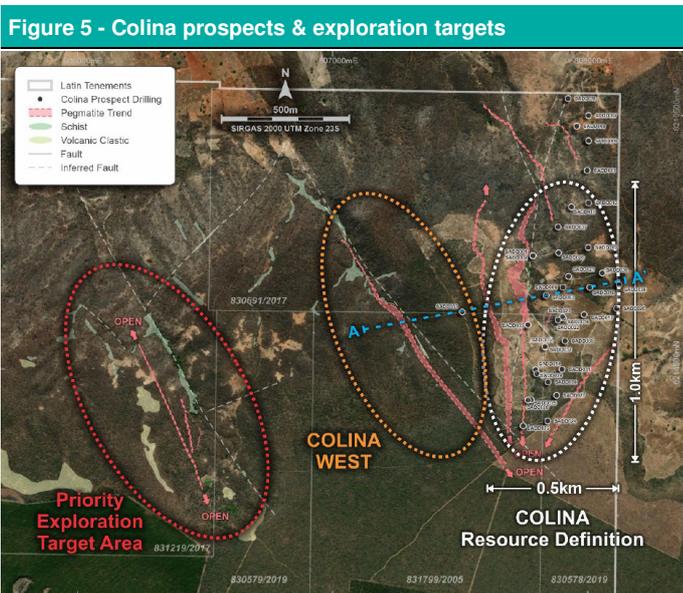
SOURCE: BELL POTTER SECURITIES ESTIMATES

Project: Salinas - advanced exploration

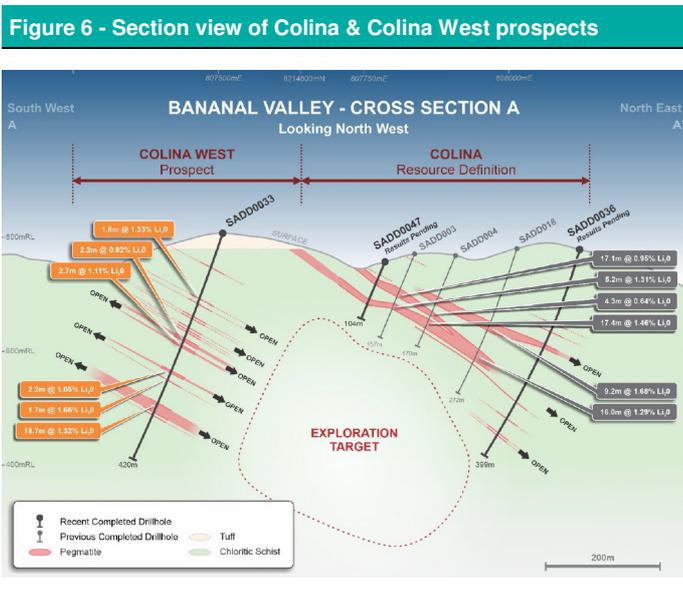
Rapid Resource drill-out underway; estimate due Dec-22

LRS is rapidly building the dataset required to release an initial JORC Mineral Resource Estimate at the Colina Prospect of its Salinas Lithium Project in Brazil; an estimate is due this December.

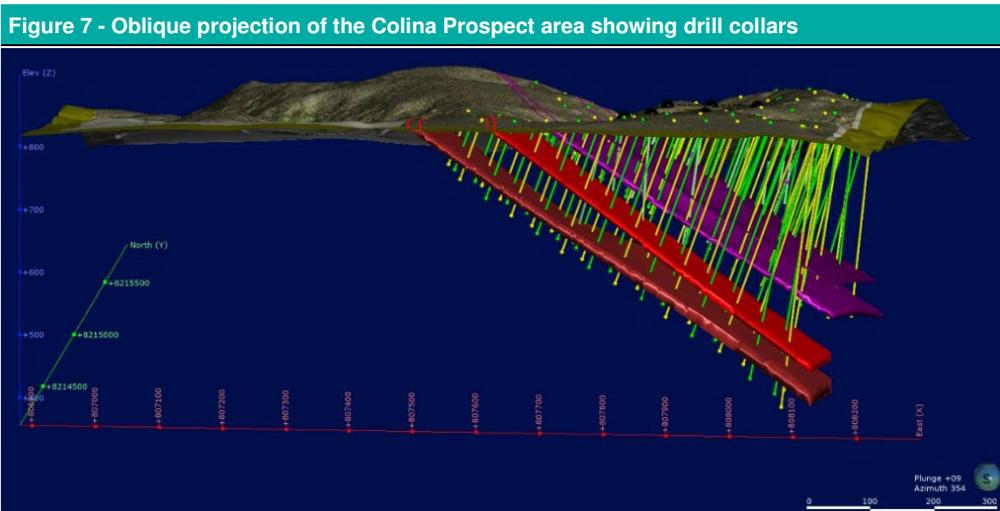
A 22,000-25,000m drill program is currently underway over the first one kilometre strike extent of the prospect to approximately 400m down dip; drill spacing is around 100m by 50m. As of early October 2022, LRS had commenced drilling or completed just over 50 drill holes for around 12,000 linear meters.



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES



SOURCE: LRS JUNE 2022 QUARTERLY REPORT

recovery of 78.72% of Li_2O and the production of an extremely high-grade concentrate (up to 6.57%) from simple Heavy Liquid Separation (HLS). The sample provided for testing graded only 1.25% Li_2O . The preliminary results highlighted the benefits of the coarse nature of the spodumene lending to a larger crush size (less processing energy required) and high recovery rates.

PRELIMINARY ECONOMIC ASSESSMENT DUE MARCH 2023

Resource and metallurgical testing data will inform a Preliminary Economic Assessment of a development at Colina which is expected to be completed in the March 2023 quarter. This study will suggest key project parameters including mine optimisation and pit design, a process flow sheet, production schedules and required equipment and utilities and infrastructure requirements.

SGS Geological Services have been appointed to lead the Colina Preliminary Assessment. SGS has extensive spodumene lithium expertise and have recently completed other similar lithium project studies in the region including the Sigma Lithium Grota do Cirilo Project definitive feasibility study.

LRS has also commenced required Environmental and Mine Permitting activities to support a development decision by late 2023 or early 2024.

Colina West Prospect: Lithium discovery confirmed

In early October 2022, LRS announced initial assay results from drilling at Colina West. High grade intersections from SADD033 included:

- 1.78m at 1.33% Li_2O from 120m;
- 1.67m at 1.36% Li_2O from 275m; and
- 18.71m at 1.32% Li_2O from 321m.

Colina West is located 500m west of the Colina prospect. This second zone of high-grade mineralisation is open in all directions. A further two drill rigs have been deployed to Colina West with the aim to rapidly assess the area, potentially add further Resources to the immediate area in support of a broader Colina Preliminary Economic Assessment.

LRS have also identified a priority exploration target around 1km west of the Colina West prospect.

Salinas South Tenement: Lithium identified over 4km area

Outcropping spodumene bearing pegmatites have been identified across a strike of over 4km at Salinas South. We expect that Salinas South will be the subject of initial diamond core drilling in 2023. Salinas South is located 25-30km southwest of the Salina tenements.

Other prospects in the Salinas area

- **Lajinha:** LRS has secured an exclusive and binding 24-month option to acquire a 100% interest Bananal Valley concession 831118/2008 covering 470Ha to the east of the Colina prospect.
- **Monte Alto:** LRS has an exclusive and binding 12-month option agreement to acquire a 100% interest in Bananal Valley concession 830080/2022.

Other strategic tenement positions

Cloud Nine Halloysite-Kaolin Deposit (Western Australia)

ACQUIRED IN OCTOBER 2019

LRS acquired a 100% interest in the Cloud Nine Halloysite-Kaolin deposit in Western Australia in October 2019 through the acquisition of Electric Metals Pty Ltd. Consideration for the scrip deal was the issue of 25m shares and 6.25m \$0.012/sh options with expiry 31 December 2022. A concurrent \$1.0m equity placement at \$0.006/sh was also announced and Convertible Notes issued to raise a maximum of \$520k. On the date prior to the acquisition announcement (23 October 2019), LRS share price was \$0.009/sh and market capitalisation around \$1.4m.

DRILL-OUT AND INITIAL JORC RESOURCE OF 207MT

In January 2020, the Company announced positive results from a first pass sampling program which confirmed the prospectivity of the project area with high-grade kaolinite and halloysite. In January 2021, LRS completed first pass and infill air-core drilling at the project with 197 shallow vertical drill holes for a total of 4,430m and covering a 4.5km by 4.0km area (18km²).

At the end of May 2021, LRS announced a 207Mt maiden JORC Inferred Mineral Resource Estimate at Cloud Nine. The estimate comprised two separate domains: 123Mt of bright white kaolin-bearing material; and 84Mt of kaolin/halloysite-bearing material. LRS also announced it had commenced technical studies to feed into a prefeasibility study for the project.

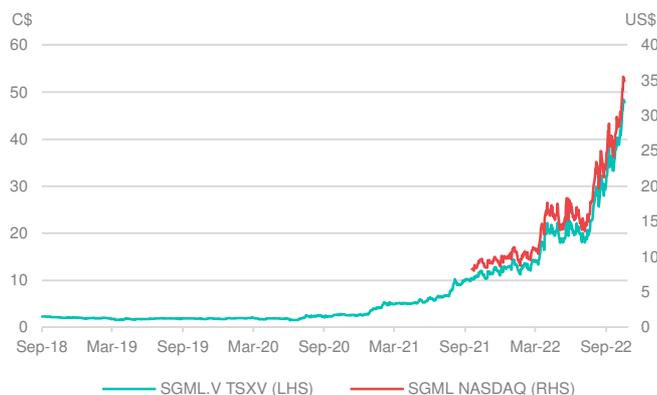
TRIAL MINING & BULK SAMPLING COMPLETE

More recently, LRS has undertaken infill drilling which has further highlighted the quality of the Halloysite-Kaolin deposit. Geotechnical drilling for bulk density determination has been completed for an updated JORC Resource.

In mid-October 2022, LRS announced that trial mining had produced 50t bulk sample to enable larger scale metallurgical testing and provide bulk samples to potential offtake customers. Two separate groups currently in offtake discussion will be sent samples for the purpose of product qualification testing.

LRS is now working on the feasibility, scope of works and mine permitting for a potential short development time direct shipping ore operation, while retaining the scope for onsite processing into value added kaolin and halloysite products. LRS has also submitted a selection of samples for detailed rare earth element analysis.

Appendix 1: Sigma Lithium case study

Figure 10 - Sigma Lithium share price performance


SOURCE: BLOOMBERG

Figure 11 - Sigma Lithium capital structure

Issued shares	101m
Share price US\$/sh	US\$36.77/sh
Cash US\$m	US\$96m
Debt \$m	US\$0.2m
Net debt / (cash) \$m	-US\$96m
Market capitalisation US\$m	US\$3,703m

SOURCE: BLOOMBERG

Major lithium development in Minas Gerais

Sigma Lithium's (TSX-V:SGMLV, not rated) Grota do Cirilo project, also located in Minas Gerais, is a case study relevant to a potential development at Salinas. This project, currently in development for commercial production to commence in early 2023, is located around 100km southeast of Salinas. Over the last four years, SGMLV has taken Grota do Cirilo from an initial Resource to a mine and processing plant development.

Phased development: Phase 1 - 270ktpa SC for 8 years

Grota do Cirilo is being developed in a phased approach:

- Phase 1 at 270ktpa (36.7ktpa LCE @ 5.5% Li₂O SC), currently in construction with commercial production expected from early 2023;
- Phase 2 adding 261ktpa (35.5ktpa LCE) from 2024 with a prefeasibility study completed in Q2 2022;
- Phase 3 potential further increased production from additional resources with a PEA to be completed in 2H 2022; and
- Phase 4 contingent on the addition of further Resources.

Key physical parameters of the Grota do Cirilo Phase 1 development published by SGMLV are outlined in the following tables.

Figure 12 - Grota do Cirilo Phase 1 physical parameters

Annual ROM ore processed Mtpa	1.5
Strip ratio t:t	16.4
ROM ore grade % Li ₂ O	1.55%
Lithium recovery rate to SC %	65%
Run-rate SC grade % Li ₂ O	5.50%
Run-rate SC ktpa	270
Operating life years	8

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 13 - Grota do Cirilo Phase 1 financial parameters

Total cash cost US\$/t SC FOB	339
Total cash cost US\$/t SC CIF Asia	458
AISC CIF Asia	459
Mining cost US\$/t material mined	2.06
Processing cost US\$/t ROM	10.20
Average LOM sales price US\$/t	2,499
After-tax NPV8 US\$m	2,643

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Sigma lithium timeline & value catalysts

Table 8 - Timeline of Sigma Lithium milestones

Date		Market cap C\$m	Market cap US\$m	Spodumene price (Fastmarkets 6%) US\$/t
Mar-18	Sigma announces initial MRE for the Xuxa deposit (conducted by SGS), outlining total measured and indicated resource estimate of 12.9Mt with an average grade of 1.56% Li ₂ O	-	-	910
May-18	The company lists on the TSX Venture Exchange in Canada	120	93	935
Oct-18	First shipment of sample lithium concentrate to potential offtake partners for validation.	147	113	800
Jan-19	Updated MRE for Grota Do Cirilo advances total measured and indicated resources to 45.7Mt, with an average grade of 1.38% Li ₂ O.	131	99	675
Apr-19	Sigma enter into a binding offtake agreement and funding partnership with Mitsui & Co Ltd. Mitsui to pre-pay US\$30m and agree to purchase 55ktpa battery grade lithium concentrate over 6 years, with options to extend for a further 5 years. Mitsui has right purchase additional 25ktpa.	112	84	675
Oct-19	Sigma announces PFS for Xuxa deposit, with an after-tax NPV8% of US\$249m, 9.2 year LOM, 1.5Mtpa throughput to produce 220ktpa 6% lithium oxide concentrate.	131	99	540
Jun-20	Sigma secures \$45m finance facility with Societe Generale, the funds to be used (along with Mitsui's pre-payment) for the construction and development of Grota di Cirilo.	108	79	425
Jun-21	Sigma announce PEA for an expansion of the Grota do Cirilo project, doubling their production to 440ktpa during phase 2 (66k LCE).	493	410	685
Sep-21	Sigma commence trading on the Nasdaq.	894	706	1,175
Oct-21	Sigma sign an offtake agreement with LG Energy Solution to purchase 60ktpa 6% battery grade lithium concentrate in 2023, increasing to 100ktpa in 2024-2027 (at market price).	955	760	2,250
Dec-21	Sigma begin construction of the dense media separation (DMS) production plant at the Grota Do Cirilo project.	964	755	2,300
May-22	Sigma files updated NI 43-101 Technical report for phase 1 and 2. Combined after-tax NPV8% of US\$5.1b.	2,191	1,713	6,025
Jun-22	Phase 3 MRE announced, bringing total combined measured and indicated resources to 73.6Mt at 1.43% Li ₂ O; or 2.6Mt LCE.	2,223	1,718	6,290
24-Oct-22		4,825	3,516	7350

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Appendix 2: Board & management

Table 9 - Board of Directors and executive team

Name	Position	Appointed to current position
Mr David Vilensky	Non-Executive Chairman	May-12
Mr Christopher Gale	Managing Director	Jul-10
Mr Brent Jones	Non-Executive Director	Sep-15
Mr Pablo Tarantini	Non-Executive Director	Nov-20
Mr Peter Oliver	Non-Executive Director	Oct-22
Yugi Gouw	Chief Financial Officer	Jan-20
Ms Sarah Smith	Company Secretary	May-16
Mr Anthony Greenaway	Exploration Manager	Aug-20

SOURCE: COMPANY ANNUAL REPORTS

Board of directors' biographies

David Vilensky (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 and technology company Vonex Ltd (ASX:VN8).

Christopher Gale (Managing Director)

Christopher (Chris) Gale is the founder (2008) and Executive 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 Ltd. (ASX:SLM TSXV: SLMN) (appointed July 2018) and Executive Chairman of Oar Resources Limited (ASX: OAR). Chris is the former Chairman of the Council on Australian Latin American Relations (COALAR) from 2012 to 2018, which was established by the Australian Government Department of Foreign Affairs and Trade (DFAT) in 2001. 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 the Head of Professional Services at Sequoia Financial Group (ASX:SEQ). A national supplier of diversified professional services to the Accounting and Advice industry. Prior to joining Sequoia, Mr Jones was a founder of InterPrac Ltd, a nationally recognised participant to the advice industry. InterPrac was sold to Sequoia in 2017 and is remains to be a leading Australian Financial Services License. As a professional and personal investor Mr Jones has been involved in 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).

Pablo Tarantini (Non-Executive Director)

Mr Tarantini has accumulated a broad professional experience in the mining industry. For two years, 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). He has a Master in Business Administration from Harvard Business School.

Peter Oliver (Non-Executive Director)

For the last 15 years Mr Oliver has been CEO/MD of Talison Lithium and then a corporate adviser to Tianqi Lithium. In this role he assisted Tianqi both in its M&A activity and in recruiting key personnel to establish Tianqi's growing presence outside of China. With a background in Chemistry Mr Oliver's early career was in operational mining roles, with a focus on process improvements and structural optimisation. This included roles as General Manager of Talison's Greenbushes and Wodgina mines and as COO of Talison. Through his career Mr Oliver has built an extensive skill set in mining operations, developing and leading strong corporate teams, managing a public company, and acting as an adviser in corporate structures and global M&A and financing.

SOURCE: LRS WEBSITE

Appendix 3: Capital structure & register

Capital structure

Table 10 - Capital structure

Share price	\$0.105/sh
Shares on issue	1,990m
Market capitalisation	\$209m
Net debt/(cash)	-\$34m
Enterprise value	\$175m
Performance rights & options	364m
Shares on issue (diluted)	2,354m
Cash from options	\$3m
Market capitalisation (diluted)	\$247m
Net debt (diluted)	-\$37m
Enterprise value (diluted)	\$210m

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Substantial shareholders

Table 11 - Significant shareholders

	Shares	%
Jose Luis Manzano (Integra Capital)	200m	10.2%
Waratah Capital Advisors Ltd (AIE LP Fund)	98m	5.0%
Brent Jones (Non-Executive Director)	32m	1.6%
Christopher Gale (Managing Director)	24m	1.2%
David Vilensky (Non-Executive Chairman)	19m	0.9%
Other	1,598m	81.1%
Total	1,971m	100.0%

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Note: Jose Luis Manzano (Integra Capital) became a 10% shareholder in LRS in October 2020 on forming of a joint venture relating to LRS's Catamarca lithium pegmatite projects in Argentina (now 50% LRS).

Company summary

Company description

LRS listed on the ASX in 2010 and is now focussed on lithium exploration and project development across its tenements in the state of Minas Gerais, Brazil. The Colina Prospect at the company's Salinas project is most advanced, hosting intersections of high grade spodumene bearing pegmatites; a Resource drill-out is ongoing and an initial JORC Mineral Resource Estimate expected by the end of 2022. An additional discovery at Colina West and other exploration targets across the tenement portfolio have the potential to expand upon this initial Resource position.

LRS has also engaged consultants to complete a Preliminary Economic Assessment of a mine and processing plant at Salinas. Pending the results of the PEA, further feasibility studies are expected to be fast-tracked for a near-term development decision.

Other assets in the LRS portfolio include: Cloud Nine Halloysite-Kaolin (Western Australia, LRS 100%); Catamarca Lithium Project (Argentina, LRS 50%); MT-03 Copper Project (Peru, LRS 100%).

Investment view: Speculative Buy, Valuation \$0.18/sh

We expect material value accretion as LRS moves from lithium prospector to announcing a MRE at Salinas and ultimately defining its path to development. Our LRS valuation is based on modelling a notional project development at Salinas, heavily risked for its early stage of assessment. We expect the company to aggressively pursue the required feasibility studies and environmental permitting to de-risk Salinas with further potential upside from step-out and regional exploration over the short term.

LRS is an asset development company with prospective operations and cash flows. Our Speculative risk rating recognises this higher level of risk and volatility of returns.

Valuation methodology

Our valuation is based on:

- Salinas: A risked, discounted cash flow analysis of a notional lithium project development;
- Cloud Nine: High level value assessment based on peer projects and listed entities; and
- Other assets: High level estimate.

Investment risks

Risks include, but are not limited to:

- **Commodity price and exchange rate fluctuations.** The future earnings and valuations of exploration, development and operating resources companies are subject to fluctuations in underlying commodity prices and foreign currency exchange rates.
- **Infrastructure access.** Commodity producers are reliant upon access to transport and energy infrastructure. Access to infrastructure is often subject to contractual agreements, permits, and capacity allocations. Agreements are typically long-term in nature (+10 years). Infrastructure can be subject to outages as a result of weather events or the actions of third party providers.
- **Operating and capital cost fluctuations.** Markets for exploration, project development and processing inputs can fluctuate widely and cause significant differences between planned and actual operating and capital costs. Key operating costs are linked to energy, reagents and labour markets.
- **Resource growth and project life extensions.** Future earnings forecasts and valuations may rely upon Resource and Reserve growth to extend mine lives.
- **Sovereign risks.** Mining companies' assets are subject to the sovereign risks associated with the countries within which they operate.
- **Regulatory changes risks.** Changes to the regulation of infrastructure and taxation (among other things) can impact the earnings and valuation of mining companies.
- **Environmental risks.** Resources companies are exposed to risks associated with environmental degradation as a result of their exploration and development processes.
- **Operating and development risks.** Resources companies' assets are subject to risks associated with their operation and development. Risks for each company can be heightened depending on method of operation (e.g. underground versus open pit mining) or whether it is a single operation company. Development assets can be subject to approvals timelines or weather events, causing delays to commissioning and commercial production.
- **Occupational health and safety risks.** Resources companies are particularly exposed to OH&S risks given the physical nature and human resource intensity of operating assets.
- **Funding and capital management risks.** Funding and capital management risks can include access to debt and equity finance, maintaining covenants on debt finance, managing dividend payments, and managing debt repayments.
- **Merger/acquisition risks.** Risks associated with value transferred during merger and acquisition activity.
- **COVID-19/pandemic risks:** Resources companies' rely on freedom of movement of workforces, functioning transport routes, reliable logistics services including road, rail, aviation and ports in order to maintain operations and get their products to market. They also rely on liquid, functioning markets to sell their products. Measures being put in place to combat the COVID-19 pandemic are posing risks to these conditions.

Table 12 - Financial summary

Date	26/10/22					Bell Potter Securities									
Price	A\$/sh					Stuart Howe (showe@bellpotter.com.au, +61 3 9235 1856)									
Valuation	A\$/sh					James Williamson (jwilliamson@bellpotter.com.au, +61 3 9235 1692)									
PROFIT AND LOSS															
Year ending 31 December	Unit	2022e	2023e	2024e	2025e	2026e	FINANCIAL RATIOS								
Revenue	\$m	0	0	0	89	353	Year ending 31 December	Unit	2022e	2023e	2024e	2025e	2026e		
Expenses	\$m	(15)	(23)	(23)	(44)	(129)	VALUATION	Ac/sh	(0.9)	(1.3)	(0.8)	0.8	4.9		
EBITDA	\$m	(15)	(23)	(23)	44	225	EPS (adjusted)	%	na	na	na	na	521%		
Depreciation & amortisation	\$m	(0)	-	-	(6)	(27)	PER	x	(11.1)	(8.0)	(12.6)	13.4	2.2		
EBIT	\$m	(15)	(23)	(23)	38	197	DPS	Ac/sh	-	-	-	-	-		
Net interest expense	\$m	0	1	1	(3)	(6)	Franking	%	0%	0%	0%	0%	0%		
Profit before tax	\$m	(15)	(22)	(21)	35	192	Yield	%	0%	0%	0%	0%	0%		
Tax expense	\$m	-	-	-	(12)	(48)	FCF/share	Ac/sh	(0.8)	(1.0)	(8.0)	(1.6)	4.9		
NPAT (reported)	\$m	(15)	(22)	(21)	23	144	FCF yield	%	-8%	-10%	-76%	-15%	46%		
NPAT (adjusted)	\$m	(15)	(22)	(21)	23	144	EV/EBITDA	x	-11.6x	-7.7x	-7.7x	4.0x	0.8x		
CASH FLOW STATEMENT															
Year ending 31 December	Unit	2022e	2023e	2024e	2025e	2026e	LIQUIDITY & LEVERAGE								
OPERATING CASH FLOW							Net debt / (cash)	\$m	(25.7)	(37.3)	45.8	93.3	(51.1)		
Receipts from customers	\$m	0	0	0	80	318	Net debt / Equity	%	-66%	-81%	31%	55%	-16%		
Payments to suppliers and employees	\$m	(9)	(18)	(18)	(36)	(103)	Net debt / Net debt + Equity	%	-192%	-422%	24%	35%	-19%		
Tax paid	\$m	-	-	-	(12)	(48)	Net debt / EBITDA	x	1.7x	1.6x	-2.0x	2.1x	-0.2x		
Net interest	\$m	-	1	1	(3)	(6)	EBITDA / net int expense	x	0.0x	0.0x	0.0x	15.1x	40.1x		
Other	\$m	0	-	-	-	-	PROFITABILITY RATIOS								
Operating cash flow	\$m	(9)	(17)	(17)	30	162	EBITDA margin	%	0%	0%	0%	50%	64%		
INVESTING CASH FLOW							EBIT margin	%	0%	0%	0%	43%	56%		
Capex	\$m	(4)	-	(189)	(77)	(17)	Return on assets	%	-41%	-40%	-14%	8%	33%		
Other	\$m	(0)	-	-	-	-	Return on equity	%	-45%	-45%	-18%	15%	59%		
Investing cash flow	\$m	(4)	-	(189)	(77)	(17)	ASSUMPTIONS - Prices (nominal)								
FINANCING CASH FLOW							Year ending 31 December	Unit	2022e	2023e	2024e	2025e	2026e		
Debt proceeds/(repayments)	\$m	-	-	77	77	-	Spodumene concentrate (6% basis)	US\$/t	6,361	3,750	1,300	1,300	1,300		
Dividends paid	\$m	-	-	-	-	-	Lithium Carbonate (battery grade)	US\$/t	71,670	50,000	25,000	25,000	25,000		
Proceeds share issues (net, incl. options)	\$m	38	29	122	-	-	AUD:USD	US\$/A\$	0.66	0.67	0.70	0.70	0.70		
Other	\$m	0	-	-	-	-	Sales/production								
Financing cash flow	\$m	38	29	199	77	-	Year ending 31 December	Unit	2022e	2023e	2024e	2025e	2026e		
Change in cash	\$m	25	12	(6)	30	144	Salinas (100%)	kt SC6	-	-	-	58	213		
Free cash flow	\$m	(13)	(17)	(205)	(47)	144	Salinas (100%)	kt LCE	-	-	-	8	29		
BALANCE SHEET															
Year ending 31 December	Unit	2022e	2023e	2024e	2025e	2026e	VALUATION (Discount rate 8.0%)								
ASSETS							100% basis	%Equity basis	%Risk	Equity basis					
Cash	\$m	26	38	32	61	206	Unrisked	LRS equity	Unrisked	discount	Risked				
Receivables	\$m	1	1	1	10	45	Salinas (project)	770	100%	770	65%	269			
Inventories	\$m	-	-	-	-	-	Salinas (Resource upside)	-	-	-	-	135			
Capital assets	\$m	16	16	205	275	265	Other projects	-	-	-	-	30			
Other assets	\$m	1	1	1	1	1	Total projects	-	-	-	-	454			
Total assets	\$m	44	55	238	347	517	Corporate overheads	-	-	-	-	(31)			
LIABILITIES							Enterprise value	-	-	-	-	423			
Creditors	\$m	4	9	14	22	48	Net debt (diluted)	-	-	-	-	(37)			
Borrowings	\$m	-	-	77	154	154	Equity value	-	-	-	-	460			
Provisions	\$m	0	0	0	0	0	Diluted shares on issue m	-	-	-	-	2,354			
Other liabilities	\$m	0	0	0	0	0	Equity value \$/sh	-	-	-	-	0.20			
Total liabilities	\$m	5	9	91	177	203	Assumed near-term equity raise	-	-	-	-	-			
NET ASSETS	\$m	39	46	147	170	314	Value \$m	30	-	-	-	-			
Share capital	\$m	98	126	249	249	249	Current share price \$/sh	0.11	-	-	-	-			
Reserves	\$m	18	18	18	18	18	Raise discount %	10%	-	-	-	-			
Accumulated losses	\$m	(77)	(99)	(120)	(97)	47	Raise price A\$/sh	0.09	-	-	-	-			
Non-controlling interest	\$m	0	0	0	0	0	New shares m	317	-	-	-	-			
SHAREHOLDER EQUITY	\$m	39	46	147	170	314	After assumed near-term equity raise	-	-	-	-	-			
Weighted average shares	m	1,592	1,634	2,557	2,965	2,965	Net debt	-	-	-	-	(67)			
							Equity value	-	-	-	-	490			
							Diluted shares on issue m (after assumed raise)	-	-	-	-	2,671			
							Equity value \$/sh	-	-	-	-	0.18			

SOURCE: BELL POTTER SECURITIES ESTIMATES

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

Such investments may carry an exceptionally high level of capital risk and volatility of returns.

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The Price appearing in the Recommendation panel on page 1 of the Research Report is the Closing Price on the Date of the Research Report (appearing in the top right hand corner of page 1 of the Research Report), unless a before midday (am) time appears below the Date of the Research Report in which case the Price appearing in the Recommendation panel will be the Closing Price on the business day prior to the Date of the Research Report.

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