



OAKDALE RESOURCES LIMITED

OAKDALE RESOURCES LIMITED

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13 July 2020

Mr Alex Sutton
Advisor, Listing Compliance
ASX Compliance
20 Bridge Street
SYDNEY NSW 2000

Via Email: ListingsCompliancesydney@asx.com.au; alex.sutton@asx.com.au

Dear Mr Sutton

OAKDALE RESOURCES LIMITED (OAR): NO SHAREHOLDER APPROVAL FOR ISSUE OF SECURITIES LISTING RULE 10.11

Background

We refer to the letter received from ASX dated 10 July 2020 (**ASX Letter**) in relation to:

- (a) the issue of 30,000 convertible notes to Shape Wealth Pty Ltd (**Shape Wealth**) on 15 October 2019 (the **Notes**) as set out in the Appendix 3B lodged with the ASX Market Announcements Office on the same day; and
- (b) the issue of 3,703,704 ordinary shares in Oakdale Resources Limited (**OAR** or the **Company**) to Shape Wealth upon the conversion of the Notes on 29 November 2019 (the **Relevant Shares**), as set out in the Appendix 3B lodged with the ASX Market Announcements Office on the same day.

ASX Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, an entity must not issue or agree to issue equity securities to (inter alia) a related party without the approval of holders of ordinary securities.

The ASX Letter issued to the Company confirms that:

- (a) OAR had not previously sought shareholder approval for the placement of the Notes to Shape Wealth; and
- (b) no exceptions under Listing Rule 10.12 applied to the issue of the Relevant Shares on conversion of the Notes.

At the time, OAR was dealing with Shape Wealth on the basis that OAR had placement capacity and Shape Wealth was an arm's length investor that was permitted to be issued securities in accordance with the Listing Rules. Having reconsidered the matter with ASX and its

advisers, the Company acknowledges that the issue of the Relevant Shares was in breach of Listing Rule 10.11 as Shape Wealth is a related party of OAR and OAR did not obtain prior shareholder approval for the issue. Further, the Listing Rules do not provide for the ratification of securities issued in breach of the Listing Rules.

Having acknowledged the breach, OAR then sought ASX's guidance on the matter.

Remedial action

In light of the above, and as required by ASX, OAR:

- (a) shall immediately place a holding lock on the Relevant Shares and provide written confirmation to ASX from OAR's register that the holding lock is in place. The holding lock is to remain in place until OAR executes the disposal of the relevant securities according to the corrective action detailed in (b) below; and
- (b) all Relevant Shares issued in breach of Listing Rule 10.11 will need to be sold on-market within a 5 business day period by no later than 4:00pm (AEST) on 17 July 2020, with any profits donated to an entity registered with the Australian Charities and Not-For-Profits Commission as a charity. OAR will be required to provide ASX with sufficient evidence of the disposal and donation.

On realisation of the issue and breach, the OAR board has begun implementing steps to ensure, insofar as possible, such issue does not arise again in the future – including replacing its securities trading policy with a more appropriate and robust policy (in adherence with ASX guidance), which includes restrictions dealing with the underlying issues mentioned above. The current board inherited the previous trading policy from former management via the reverse takeover involving OAR in 2019.

Yours faithfully

Yugi Gouw

Company Secretary

Oakdale Resources Limited



10 July 2020

Mr Yugi Gouw
Company Secretary
Oakdale Resources Limited
Unit 3, 32 Harrogate Street
West Leederville, WA 6077

By email:

Dear Mr Gouw

Oakdale Resources Limited ('OAR'): No shareholder approval for issue of securities Listing Rule 10.11 -

Breach

ASX refers to the following:

- A. The issue of 30,000 convertible notes to Shape Wealth Pty Ltd on 15 October 2019 (the 'Breach Notes') as set out in the Appendix 3B lodged with the ASX Market Announcements Office on the same day.
- B. The issue of 3,703,704 shares to Shape Wealth Pty Ltd upon the conversion of the Breach Notes on 29 November 2019 (the 'Breach Shares'), as set out in the Appendix 3B lodged with the ASX Market Announcements Office on the same day.

Listing Rule 10.11 which states:

10.11 Unless one of the exceptions in rule 10.12 applies, an entity must not issue or agree to issue +equity securities to any of the following +persons without the approval of holders of +ordinary securities.

10.11.1 A +related party.

ASX notes that OAR had not previously sought shareholder approval for the placement of securities to Shape Wealth Pty Ltd.

ASX notes that no exceptions under Listing Rule 10.12 applied to the issue of the securities referred to above.

The issue of the Breach Shares was therefore in breach of Listing Rule 10.11 as Shape Wealth Pty Ltd is a related party of OAR and OAR did not obtain prior shareholder approval for the issue. Further, the Listing Rules do not provide for the ratification of securities issued in breach of the Listing Rules.

Action Required

In light of the above, ASX requires:

- 1. OAR to immediately place a holding lock on the Breach Shares, and provide written confirmation to ASX from OAR's register that the holding lock is in place. The holding lock is to remain in place until OAR executes the disposal of these securities according to the corrective action detailed below.
- 2. All shares issued in breach of Listing Rule 10.11 will need to be sold on-market within a 5 business day period by no later than 4:00pm (AEST) on 17 July 2020, with any profits donated to an entity registered with the Australian Charities and Not-for-profits Commission as a charity. ASX will require evidence of the disposal and donation.
- 3. OAR to make an announcement to the market in a form acceptable to ASX, advising of the breach of Listing Rule 10.11 and the remedial action taken.

When and where to send your response

Your response is required as soon as reasonably possible and, in any event, by no later than **4:00pm AEST Monday, 13 July 2020**.

Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office.

Compliance with the Listing Rules

ASX reminds OAR of its contract to comply with the Listing Rules. Please note that ASX is required to record details of breaches of the Listing Rules by listed entities as part of its reporting obligations.

In the circumstances, ASX considers it appropriate that OAR reviews its compliance arrangements to ensure it does not continue to breach the Listing Rules.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Kind regards



Alex Sutton
Compliance Adviser, Geology, Listings Compliance (Sydney)