



LATIN RESOURCES LIMITED
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Sandra Wutete
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RE: Latin Resources Limited – No shareholder approval for the issue of securities Listing Rule 10.11 Breach

Background

Latin Resources Limited (**LRS** or the **Company**) advises that due to an administrative oversight, some securities were inadvertently issued to Shape Wealth Pty Ltd (**Shape Wealth**) in connection with Placements completed between 2017 and 2019 (**Placements**) without shareholder approval in contravention of the ASX Listing Rules (**Breach Securities**). Shape Wealth is classed as a related party under the Corporations Act and ASX Listing Rules by virtue of being owned and managed by the son of the Executive Director of LRS.

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

The Company was notified of the breach by ASX on the 23rd September 2020 and has been working with the ASX to remedy the situation. The ASX has now advised the Company of the following Remedial Action necessary to remedy the breach:

Remedial Action

Any remaining Breach Securities held by Shape Wealth shall be disposed of on market and any profits donated to a registered charity. The Company advises that a number of options issued have expired and Shape Wealth does not hold any other Breach Securities.

On realisation of the issue and the breach, the LRS Board has begun implementing steps to ensure, insofar as possible, such issue does not arise again in the future – including replacing its current securities trading policy with a more robust policy consistent with ASX guidelines, which includes dealing with the underlying issues mentioned above.

In relation to the details of the breach, a letter from ASX to the Company dated 23 September 2020 (**ASX Letter**) confirmed that:

- a) LRS had not previously sought shareholder approval for the issue of the Breach Securities to Shape Wealth; and
- b) no exceptions under Listing Rule 10.12 applied to the issue of the Breach Securities to Shape Wealth.

The matter was brought to the Company's attention when LRS received the ASX Letter in relation to the issue of the following securities to Shape Wealth:

Date	Security	Circumstances of issue /disposal	Number	Balance
12-Oct-17	Listed Options	Part of Broker Option Allocation - October 2017 Placement	35,417,667	35,417,667
08-Nov-17	Listed Options	On market disposal	-7,000,000	28,417,667
20-Feb-18	Listed Options	Part of Broker Option Allocation - October 2017 Placement	84,500,000	112,917,667
09-Mar-18	Listed Options	On market disposal	-2,917,667	110,000,000
06-Sep-19	Listed Options	1:25 security consolidation	-105,600,000	4,400,000
06-Sep-19	Listed Options	Expiry of Options	-4,400,000	0
18-Dec-19	Ordinary Shares	Participation in October 2019 Placement	12,640,627	12,640,627
18-Dec-19	Listed Options	Free attaching Options to Placement Shares (October 2019)	6,320,314	6,320,314
20-Dec-19	Listed Options	Part of Broker Option Allocation - December 2019 Placement	14,000,000	20,320,314
13-Feb-20	Ordinary Shares	On market disposal	-12,640,627	0
21-Feb-20	Listed Options	On market disposal	-20,320,314	0

The Company notes that the Placements in question where Shape Wealth obtained the Breach Securities were facilitated by one of the Company's brokers. In addition, some Breach Securities were obtained by Shape Wealth through an allocation of broker options for capital raising services provided in connection with the various Placements.

At the time, LRS was not aware that Shape Wealth was considered a related party for the purposes of the Corporations Act and ASX Listing Rules. LRS was dealing with Shape Wealth on the basis that the Company 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. Resulting from LRS's investigations in response to the ASX Letter and having liaised with its legal advisers, LRS is now aware of the fact that the Breach Securities were issued to Shape Wealth (an entity associated with the son of the Executive Director) without regard to the necessary shareholder approvals required in connection with such issue. Specifically, LRS is now aware that Shape Wealth is considered a related party for the purposes of the Corporations Act and ASX Listing Rules.

For and on behalf of the Board

Sarah Smith
Company Secretary