



LATIN RESOURCES
LIMITED

LATIN RESOURCES LIMITED
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19 July 2019

Attention: Dale Allen

Principal Adviser, Listings Compliance (Perth)
ASX Perth

By email: ListingsCompliancePerth@asx.com.au

Dear Sir

Latin Resources Limited ("LRS"): Queries regarding Accounts

We refer to your letter dated 15 July 2019 addressed the Company Secretary of LRS.

We respond as follows to each of the questions in your letter dated 15 July 2019.

1. Is LRS able to confirm that in the Directors' Opinion the Full Year Accounts:

- (a) comply with the relevant Accounting Standards; and**
- (b) give a true and fair view of LRS's financial performance and position?**

LRS confirms that in the Directors' Opinion, the Full Year Accounts (as this term is defined in your letter under reply) complies with the relevant Accounting Standards and does give a true and fair view of LRS's financial performance and position.

2. Please explain the basis for and the factors considered by the Directors to satisfy themselves that the \$2,235,341 Convertible Security Funding balance as at 31 December 2018 is a complete and accurate representation of the amount owing by the Company as at 31 December 2018 pursuant to the funding arrangements described at Note 16 of the accounts?

Under the Convertible Security Funding facility described at Note 16 of the Full Year Accounts, LRS receives a monthly Repayment Notice from the lender which sets out the repayment amount, the repayment price, details of calculation of the repayment price and the number of Investor's Shares to be issued to the lender. These Repayment Notices allow the Directors and management to satisfy themselves that the Convertible Security Funding balance as at 31 December 2018 is a complete and accurate representation of the amount owing by LRS as at that date.

3. What steps has LRS taken since the release of the Full Year Accounts to obtain an unqualified opinion with regards to its future financial statements?

None by reason that the Board of LRS regularly receives and reviews management accounts and has regular engagement with its CFO and where necessary the external accountants of LRS who are also the auditors of LRS.

4. What steps does LRS intend to take to obtain an unqualified audit opinion with regards to its future financial statements?

None for the same reasons outlined in the answer to question 3 above.

5. Does LRS consider that its level of operations is sufficient to warrant continued quotation of its securities on ASX as required under listing rule 12.1? In answering this question, please explain the basis for this conclusion. In answering this question, please comment on the nature of the LRS's current business activities.

LRS does consider that its level of operations is sufficient to warrant continued quotation of its securities on ASX as required under listing rule 12.1. The basis for this conclusion is the current business activities of LRS which include, subject to the issue of permits, exploration on the Company's lithium tenements in Argentina (in San Luis and Catamarca provinces), by the relevant authorities, and a collaborative earn-in exploration agreement with First Quantum in relation to the Company's Ilo Sur copper properties in Southern Peru.

As noted in the Company's Full Year Accounts, the Company's operational progress has been hampered by ongoing delays in obtaining drilling permits for the Company's highly prospective hard rock lithium projects in San Luis, Argentina. There continues to be positive discussions based around the signed co-operation agreement between the Company and the San Luis province. The Company considers that its current level of operations and efforts to advance the prospects of the Company is not reflected in the share price.

6. Does LRS consider that the financial condition of LRS is sufficient to warrant continued listing on ASX as required under Listing Rule 12.2? In answering this question, please also explain the basis for this conclusion.

Yes. The basis for this conclusion is a combination of the answers to question 5 above and the Convertible Security Funding described at Note 16 of the Full Year Accounts. The Convertible Security Funding provides the Company with a loan facility of up to \$6 million, of which \$2,850,000 has been drawn down as at 19 July 2019.

7. If the answer to questions 5 or 6 is "No", please explain what steps LRS has taken, or proposes to take, to warrant continued listing on ASX under the requirements of Listing Rules 12.1 and 12.2.

Not applicable.

8. ***In relation to the Full Year Accounts, did the Board receive the CFO and CEO declaration, as described in section 4.2 of LRS's Corporate Governance Disclosure, that in the opinion of the CFO and CEO, the financial records of LRS have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of LRS and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively?***

Yes.

9. ***If the answer to Question 8 is 'no', why did the Board not receive the CEO and CFO declaration as described in section 4.2 of LRS's Corporate Governance Disclosure?***

Not applicable

10. ***What enquiries did the Board make of management to satisfy itself that the financial records of LRS have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of LRS?***

The Board meets with its CFO at least once a month and there is included in the Board Pack for each monthly Board Meeting of the Company detailed financial records including but not limited to group operating results, group cash flow forecasts, bank balances and details of amounts payable (creditors) and when payable. In addition the Managing Director of LRS meets at least weekly with the CFO to discuss and review the financial records and performance of the Company. These processes are more than adequate to enable the Board to satisfy itself that the financial records of LRS have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of LRS.

11. ***Commenting specifically on the qualified opinion, does the board consider that LRS has a sound system of risk management and internal control which is operating effectively?***

Having regard to the answers to questions 3, 4, 8 and 10 above the answer is an unqualified Yes.

12. ***Please confirm that LRS is complying with the Listing Rules and, in particular, Listing Rule 3.1.***

Confirmed.

13. ***Please confirm that LRS's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of LRS with delegated authority from the board to respond to ASX on disclosure matters.***

Confirmed.

Please contact me directly should further detail or clarification be required.

Yours faithfully

A handwritten signature in black ink, appearing to read 'David Vilensky', with a stylized, wavy underline.

David Vilensky
Chairman



15 July 2019

Reference: 04130

Ms Sarah Smith
Company Secretary
Latin Resources Limited

By email:

Dear Ms Smith

Latin Resources Limited ('LRS'): Queries regarding Accounts

ASX refers to:

- A. LRS's full year accounts for the full year ended 31 December 2018 lodged with ASX Market Announcements Platform and released on 1 April 2019 ('Full Year Accounts').
- B. ASX notes that the Independent Auditor's Report attached to the Full Year Accounts ('Auditor's Report') contains a qualified opinion together with the Basis for qualified opinion:

"Whilst we are not aware of any inaccuracy in relation to the \$2,235,341 Convertible Security Funding balance disclosed in the financial statements, we have not received an independent confirmation from the lender as at 31 December 2018. Accordingly, we were unable to satisfy ourselves on the completeness and accuracy of the balance outstanding as at 31 December 2018"

- C. LRS's Corporate Governance Statement for 2018 lodged on the ASX Market Announcements Platform on 1 April 2019 which provides confirmation that LRS complies with recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations which states:

"The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively."

- D. Listing Rule 12.1 which states:

12.1 The level of an entity's operations must, in ASX's opinion, be sufficient to warrant the continued quotation of the entity's securities and its continued listing.

- E. Listing Rule 12.2 which states:

12.2 An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

- F. Listing Rule 19.11A which states:

19.11A If a listing rule requires an entity to give ASX accounts, the following rules apply.

- (a) If the entity controls an entity within the meaning of section 50AA of the Corporations Act or is the holding company of an entity, required by any law,*

regulation, rule or accounting standard, or if ASX requires, the +accounts must be consolidated +accounts.

- (b) The +accounts must be prepared to Australian accounting standards. If the entity is a +foreign entity the +accounts may be prepared to other standards agreed by ASX.*
- (c) If the listing rule requires audited +accounts, the audit must be conducted in accordance with Australian auditing standards by a registered company auditor. If the entity is a +foreign entity, the audit may be conducted in accordance with other standards agreed by ASX and may be conducted by an overseas equivalent of a registered company auditor.*
- (d) If the listing rule requires +accounts to be reviewed, the review must be conducted in accordance with Australian auditing standards. If the entity is a +foreign entity, the review may be conducted in accordance with other standards agreed by ASX. Unless the listing rule says an independent accountant may conduct the review, it must be conducted by a registered company auditor (or, if the entity is a +foreign entity, an overseas equivalent of a registered company auditor).*
- (e) If there is a +directors' declaration that relates to the +accounts, the +directors' declaration must be given to ASX with the +accounts.*
- (f) If there is a +directors' report that relates to the period covered by the +accounts, the +directors' report must be given to ASX with the +accounts.*

Request for Information

In light of the information contained in the Full Year Accounts and the Auditor's Report, and the application of the Listing Rules stated above, please respond to each of the following questions:

1. Is LRS able to confirm that in the Directors' Opinion the Full Year Accounts:
 - (a) comply with the relevant Accounting Standards; and
 - (b) give a true and fair view of LRS's financial performance and position?
2. Please explain the basis for and the factors considered by the Directors to satisfy themselves that the \$2,235,341 Convertible Security Funding balance as at 31 December 2018 is a complete and accurate representation of the amount owing by the Company as at 31 December 2018 pursuant to the funding arrangements described at Note 16 of the accounts?
3. What steps has LRS taken since the release of the Full Year Accounts to obtain an unqualified opinion with regards to its future financial statements?
4. What steps does LRS intend to take to obtain an unqualified audit opinion with regards to its future financial statements?
5. Does LRS consider that its level of operations is sufficient to warrant continued quotation of its securities on ASX as required under listing rule 12.1? In answering this question, please explain the basis for this conclusion. In answering this question, please comment on the nature of the LRS's current business activities.
6. Does LRS consider that the financial condition of LRS is sufficient to warrant continued listing on ASX as required under Listing Rule 12.2? In answering this question, please also explain the basis for this conclusion.
7. If the answer to questions 5 or 6 is "No", please explain what steps LRS has taken, or proposes to take, to warrant continued listing on ASX under the requirements of Listing Rules 12.1 and 12.2.

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8. In relation to the Full Year Accounts, did the Board receive the CFO and CEO declaration, as described in section 4.2 of LRS's Corporate Governance Disclosure, that in the opinion of the CFO and CEO, the financial records of LRS have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of LRS and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively?
 9. If the answer to Question 8 is 'no', why did the Board not receive the CEO and CFO declaration as described in section 4.2 of LRS's Corporate Governance Disclosure?
 10. What enquiries did the Board make of management to satisfy itself that the financial records of LRS have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of LRS?
 11. Commenting specifically on the qualified opinion, does the board consider that LRS has a sound system of risk management and internal control which is operating effectively?
 12. Please confirm that LRS is complying with the Listing Rules and, in particular, Listing Rule 3.1.
 13. Please confirm that LRS's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of LRS with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

Please note that ASX reserves its right under Listing Rule 18.7A to release this letter and LRS's response to the market. Accordingly, LRS's response should address each question separately and be in a format suitable for release to the market.

Unless the information is required immediately under Listing Rule 3.1, a response is requested as soon as possible and, in any event by no later than **3:00 pm AWST Friday, 19 July 2019**.

Any response should be sent to me by return email at ListingsCompliancePerth@asx.com.au. It should not be sent to the ASX Market Announcements Office.

Enquiries

If you have any queries regarding any of the above, please contact me.

Yours sincerely

Dale Allen
Principal Adviser, Listings Compliance (Perth)