



LATIN RESOURCES LIMITED

LATIN RESOURCES LIMITED
ACN: 131 405 144

Unit 3, 32 Harrogate Street, West
Leederville, Western Australia 6008
P 08 6117 4798
E info@latinresources.com.au

LRS

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

SRN/HIN:

06 July 2020

Share Purchase Plan – Letter to Eligible Shareholders

Dear Shareholder

We write to you as the holder of Latin Resources Limited (ASX: LRS) (**Latin** or the **Company**) ordinary shares (**Shares**) with a registered address in Australia, New Zealand or the United Kingdom as at the record date of 24 June 2020 (**Record Date**).

As advised in the Company's ASX announcement dated 25 June 2020, Latin is undertaking a share purchase plan (**SPP**) to existing shareholders of the Company (**Shareholders**) on the Record Date at the lowest price per Share permitted by the ASX Listing Rules, being \$0.005 (i.e. 80% of the 5-day VWAP of traded Shares immediately prior to the 25 June announcement) (**SPP Share**), together with one (1) free attaching Listed Option for every one (1) Share issued under the SPP (**SPP Option**) (the **SPP Offer**).

The SPP Offer will allow Eligible Shareholders (as defined below) to subscribe for up to \$15,000 worth of SPP Shares together with the equivalent number of free attaching SPP Options (**Entitlement**).

A prospectus in relation to the SPP Offer was lodged by Latin with ASIC and ASX on 30 June 2020 (**Prospectus**). A copy of the Prospectus along with information with respect to applying for your application under the SPP Offer, including your personalised online Application Form, is accessible at: <https://latinresourcesoffer.thereachagency.com>. You can also download your personalised application form by logging into your shareholder account at www.investorcentre.com/au.

Unless otherwise defined, capitalised terms used in this letter have the meaning given in the Prospectus.

Purpose of the Share Purchase Plan

The SPP is available to all Latin shareholders (**Shareholders**) registered on the Record Date whose registered address is in Australia, or (subject to certain restrictions described in Section 3.13 of the Prospectus) New Zealand or the United Kingdom (**Eligible Shareholders**). The SPP is not being extended to any Shareholders with addresses outside these jurisdictions for the reasons set out in the Prospectus.

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Key features of the Share Purchase Plan

- The SPP Offer allows Eligible Shareholders to apply for a maximum of \$15,000 worth of Shares (representing up to 3,000,000 SPP Shares at an issue price of \$0.005 per SPP Share), together with one (1) SPP Option for every one (1) SPP Share subscribed for and issued. This is a 20% discount to the VWAP for Shares calculated over the last 5 days on which sales of the Shares were recorded before the date of announcement of the SPP.
- Eligible Shareholders are shareholders of the Company with a registered address as at the Record Date in Australia, or (subject to certain restrictions described in Section 3.13 of the Prospectus) New Zealand or the United Kingdom.
- Up to 125,458,592 SPP Shares are to be issued at an offer price of \$0.005 each to raise up to \$627,293 (before costs).
- Applications and payment of funds must be received by the Company on or before 14 July 2020 unless the Company extends the Closing Date of the SPP Offer.
- New SPP Shares issued under the SPP Offer will be fully paid and rank equally with all existing Shares on issue.

Key Dates for the SPP Offer

Indicative timetable	
Record Date	24 June 2020
Announcement of SPP Offer	25 June 2020
Lodgement of Prospectus with ASIC and ASX Opening Date of SPP Offer	30 June 2020
Closing Date for SPP Offer (5pm WST), unless extended by Latin	14 July 2020
Issue of SPP Shares pursuant to SPP Offer	15 July 2020
Annual General Meeting to seek approval for the SPP Options	31 July 2020
Issue of SPP Options (assuming shareholder approval granted)	3 August 2020
Trading commences for SPP Options	4 August 2020

Notes:

- (1) The dates in the above table may change. The Company reserves the right to vary any and all of the above dates without notice, subject to the Corporations Act, Listing Rules and other applicable laws. In particular, the Company reserves the right to extend the Closing Date without prior notice, which may have a consequential effect on the other dates. The Company also reserves the right not to proceed with any or all of the Offers at any time before the issue of SPP Shares and SPP Options to Applicants. If the SPP Offer is cancelled or withdrawn before settlement, all application monies provided under the SPP Offer will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act.

Proposed Use of Funds

Source of funds	\$
Funds raised under recent Placement (completed 26 June 2020)	\$215,200
Maximum funds to be raised under the Offers	\$627,293
TOTAL	\$842,493

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Allocation of funds	\$	%
Noombenberry Halloysite Project in Western Australia	\$250,000	29.67%
JV earn-in with Mining and Energy Group Pty Ltd in New South Wales	\$342,932	40.70%
Administration and Corporate Costs	\$50,000	5.93%
Working capital ²	\$152,912	18.15%
Costs of the Offers	\$46,649	5.55%
TOTAL	\$842,493	100%

Notes:

- (1) Working capital includes but is not limited to operating costs and may be applied to additional directors' fees or executive fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs.
- (2) The above table assumes the maximum amount offered under the Offer is raised. In the event that a lesser amount is raised, the Company intends to reduce the scope of its anticipated exploration programmes focusing on projects which in the Company's opinion have the greatest value in the short term.
- (3) Refer to Section 7.8 of the Prospectus for information regarding the expenses of the Offer.

Actions required by Eligible Shareholders

Eligible Shareholders may apply for the SPP Offer by completing the SPP Application Form accompanying this Prospectus in accordance with the instructions outlined on the SPP Application Form at the following link: <https://latinresourcesoffer.thereachagency.com>. Applications pursuant to the SPP Offer must only be made by those Eligible Shareholders invited to make an application under the SPP Offer. The Company reserves the right to close the SPP Offer early or extend the Offer.

Eligible Shareholders may do nothing. If you choose to do nothing, you will continue to hold the same number of Shares, however your interest in the Company will be diluted. Your Entitlement is not transferable, and you will therefore receive no value for your Entitlement.

As noted above, you may request a hard copy of the Prospectus (and corresponding Application Form) by contacting Computershare on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

Scale back

The Company does not intend to raise more than \$627,293 under the SPP Offer. If applications for more than \$627,293 are received, the Company intends to scale back applications equally on a pro-rata basis. Applications under the SPP Offer will be allocated at the discretion of the Company and the final allocation decision will be at the sole discretion of the Board.

If the Company scales-back an Application or purported application, the Company will promptly return to the Shareholder the relevant application monies, without interest, as set out in the Prospectus.

For payment by BPAY®, please follow the instructions on the SPP Application Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the SPP Application Form but are taken to have made the declarations on that SPP Application Form; and
- (b) if you do not pay an amount equal to one of the SPP Application Amount set out in the table in Section 3.6.1, you will be deemed to have applied for the SPP Application Amount that is the next lowest compared to your payment. In this event, the additional application monies will be refunded promptly, without interest, following the date of issue of the SPP Shares and SPP Options.

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Shortfall Offer

If there is a shortfall under the SPP Offer, the Directors have reserved the right to place the shortfall pursuant to the Shortfall Offer, taking into account compliance with the ASX Listing Rules and the Corporations Act. The Shortfall Offer is a separate offer made pursuant to the Prospectus and will remain open for up to three months following the Closing Date.

If you have any queries about the SPP Offer, please contact Computershare on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

Yours sincerely

Chris Gale
(Executive Director)

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