

13 October 2021

Company Update

Melbourne and Mexico City – 13 October 2021: LatAm Autos Limited (**LatAm Autos** or **Company**) provides the following general update in relation to several matters.

Dear Shareholder

Since delisting LatAm Autos last year, your Board has worked assiduously to make the Company profitable. The Covid-19 pandemic has not helped the Company's cause, though Mexico and Ecuador are gradually emerging from a difficult eighteen months. Both countries have a shortage of used cars, which is impacting LatAm Autos immediate growth.

Your Board has considered options to raise capital and has been told that the convertible notes (**Notes**) issued by the Company under the convertible note deed dated on or about 13 April 2017 as amended by supplemented deeds dated 13 June 2019 and 7 September 2021, in their present form are an impediment to additional investment. In the circumstances, the Note holders, Log Creek Pty Ltd (**Log Creek**) and Startive Ventures Inc (**Startive**), have agreed to the redemption of their Notes to facilitate the Company raising approximately \$1 million of share capital from Mr Louis Joseph (**Mr Joseph**). The key terms of these arrangements are as follows:

- (a) The Company and Mr Joseph have entered into a subscription agreement (**Subscription Agreement**) under which Mr Joseph has agreed to subscribe \$1,000,000.02 for 66,666,668 ordinary shares (**Shares**) in the Company at \$0.015 each. The subscription is conditional on a number of conditions being met or waived by 31 December 2021 or such later date as the Company and Mr Joseph may agree, including that:
 - (1) the Company and Note holders agree to the redemption of all outstanding Notes on the condition that the Note holders agree to subscribe the total redemption amount for Shares at \$0.015 each (**Convertible Note Redemption**); and
 - (2) as the acquisition of Shares by Log Creek in consequence of the Convertible Note Redemption would result in Log Creek's voting power in the Company increasing from approximately 23% to approximately 41% (assuming no change to the share capital structure of the Company at the date of this update other than the issue of Shares under the Subscription Agreement or due to the Convertible Note Redemption), the acquisition is approved by the shareholders of the Company in accordance with item 7 of the table in section 611 of the *Corporations Act 2001* (Cth) (**Shareholder Approval Condition**).
- (b) The Company has also entered into a note redemption agreement (**Note Redemption Agreement**) with Log Creek and Startive under which they have agreed to the Convertible Note Redemption subject to a number of conditions, including the Shareholder Approval Condition and completion of the subscription under the Subscription Agreement.

In the circumstances, LatAm Autos intends to convene a general meeting as soon as practicable to seek the shareholder approval to satisfy the Shareholder Approval Condition. In line with ASIC regulatory guide 74, the Company intends to commission an independent expert to provide an opinion as to whether or not the proposed acquisition of Shares by Log Creek under the Note Redemption Agreement is fair and reasonable.

The Company is seeking to provide an opportunity for retail investors to buy Shares in the Company from existing shareholders, so they can acquire more Shares on the same terms and are in no way disadvantaged by the above transaction.

Additionally, the Company has entered into a short-term loan facility agreement (**Loan Facility Agreement**) with Mr Joseph under which Mr Joseph has agreed to advance up to \$400,000 to the Company at an interest rate of 2% per annum repayable by 1 February 2022. It is intended that the principal and interest owing under the Loan Facility Agreement will be repaid out of the subscription application amount under the Subscription Agreement.

Over the next few weeks the Company's executives and Board members will be in touch with large investors in LatAm Autos to discuss any questions they might have about the transaction.

Board changes

There have been several changes to the directors of the Company. Tim Handley, a co-founder of LatAm Autos, has elected to resign given his other obligations. On behalf of the Board, we would like to thank Tim for his insight and commitment to the Company. Donald Cahill has also decided to leave the Company. Donald has brought deep knowledge of the Mexican and US online markets and has made a sizeable contribution to our Company.

Mr Joseph has been appointed as a Non-Executive Director. Mr Joseph has a strong background in professionally investing, operating and living in emerging markets. He also has detailed knowledge of and experience with Australian public company regulations. Our CFO, Gareth Bannan, has become a Director of LatAm Autos. Gareth is a co-founder of the Company and has an intricate knowledge of the operations of the Company and the jurisdictions in which it operates.

The Non-Executive Directors of the Company have agreed to forgo any remuneration for their positions to enable as much financial resources to be utilised by the operations of the Company as possible.

Financial results will be released in the near future, and you will be able to assess the progress that has been made.

Mike Fitzpatrick
Chairman

-Ends-

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About LatAm Autos

LatAm Autos is a leading online car transaction market place with operations in Mexico, Ecuador and Peru. LatAm Autos is capitalising on the shift of automotive classifieds advertising to online channels, whilst providing ancillary services to car buyers such as finance, insurance and car tracking technology through its Motorfy brand. For more information on LatAm Autos, please visit its website: www.latamautos.com.

Caution Regarding Forward-Looking Information

This document may contain certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "outlook", "upside", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance, are also forward looking statements, as are statements regarding LatAm Autos' plans and strategies and the development of the market. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of LatAm Autos, which may cause actual results to differ materially from those expressed or implied in such statements. LatAm Autos cannot give any assurance or guarantee that the assumptions upon which management based its forward-looking statements will prove to be correct or exhaustive beyond the date of its making, or that LatAm Autos' business and operations will not be affected by other factors not currently foreseeable by management or beyond its control. Such forward-looking statements only speak as at the date of this announcement and LatAm Autos assumes no obligation to update such information. The release, publication or distribution of this presentation in jurisdictions outside Australia may be restricted by law. Any failure to comply with such restrictions may constitute a violation of applicable securities la

