

---

**LATIN RESOURCES LIMITED**

**ACN 131 405 144**

**NOTICE OF ANNUAL GENERAL MEETING**

---

**TIME:** 10:00 am (WST)

**DATE:** 31 May 2017

**PLACE:** 32 Harrogate Street  
West Leederville  
Perth WA 6007

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 6381 0054.*

---

## CONTENTS PAGE

---

Business of the Meeting (setting out the proposed Resolutions)	3
Explanatory Statement (explaining the proposed Resolutions)	7
Glossary	24
Schedule 1 – Issues of Equity Securities since 31 May 2016	26
Schedule 2 & 3 – Terms and Conditions of Broker Fee Options & Advisory Fee Options	30
Proxy Form	34

---

## IMPORTANT INFORMATION

---

### TIME AND PLACE OF MEETING

---

Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:00am (WST) on 31 May 2017 at:

32 Harrogate Street, West Leederville WA 6007

### YOUR VOTE IS IMPORTANT

---

The business of the Meeting affects your shareholding and your vote is important.

### VOTING ELIGIBILITY

---

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm (WST) on 29 May 2017.

### VOTING IN PERSON

---

To vote in person, attend the Meeting at the time, date and place set out above.

### VOTING BY PROXY

---

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

#### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

#### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

---

## BUSINESS OF THE MEETING

---

### AGENDA

---

#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Annual financial report of the Company for the year ended 31 December 2016 together with the Declaration of the directors, the Director's report, the Remuneration Report and the Auditor's report.

---

#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the year ended 31 December 2016."*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

---

#### 3. RESOLUTION 2 – RE-ELECTION OF MR BRENT JONES AS DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of clause 13.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Brent Jones, a Director, retires by rotation, and being eligible, is re-elected as a Director."*

---

#### 4. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

#### 5. RESOLUTION 4 – APPROVAL OF NON-EXECUTIVE DIRECTOR DEFERRED RIGHTS PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled “Non-Executive Director Deferred Rights Plan” and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

---

## 6. RESOLUTION 5 – APPROVAL OF DIRECTOR AND EMPLOYEE SHARE PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)), approval is given for the Company to adopt an employee incentive scheme titled “Director and Employee Share Plan”, and for the issue of Shares under the Director and Employee Share Plan, on the terms and conditions as set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

---

## 7. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF SHARES TO BROKERS

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 2,000,000 Shares to Everblu Capital on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Everblu Capital who participated in the issue and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

**8. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE OF SHARES TO ASOF**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 18,000,000 Shares to The Australian Special Opportunity Fund LP (ASOF) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by ASOF who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

**9. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF SHARES TO CREDITORS**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 2,000,000 Shares to the Company’s creditor, Stocks Digital on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Stocks Digital who participated in the issue and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

**10. RESOLUTION 9 – RATIFICATION OF PRIOR ISSUE OF OPTIONS TO BROKERS**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 29,500,000 Options to brokers Everblu Capital Pty Ltd and Jett Capital Advisors LLC on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Everblu Capital and Jett Capital who participated in the issue and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

**DATED: 28 APRIL 2017**

**BY ORDER OF THE BOARD**

**SARAH SMITH  
COMPANY SECRETARY**

---

## EXPLANATORY STATEMENT

---

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

---

### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the Annual financial report of the Company for the year ended 31 December 2016 together with the Declaration of the directors, the Directors' report, the Remuneration Report and the Auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's Annual financial report is available on its website at [www.latinresources.com.au](http://www.latinresources.com.au).

---

### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of votes are cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

### 2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

---

### 3. RESOLUTION 2 – RE-ELECTION OF MR BRENT JONES AS DIRECTOR

ASX Listing Rule 14.4 provides that, other than a managing director, a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever is the longer.

Clause 13.2 of the Constitution provides that:

- (a) at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election;
- (b) the Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots;
- (c) a Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election; and
- (d) in determining the number of Directors to retire, no account is to be taken of:
  - (i) a Director who only holds office until the next annual general meeting pursuant to clause 13.4 of the Constitution; and/ or
  - (ii) a Managing Director,

each of whom are exempt from retirement by rotation. However, if more than one Managing Director has been appointed by the Directors, only one of them (nominated by the Directors) is entitled to be excluded from any determination of the number of Directors to retire and/or retirement by rotation.

The Company currently has 2 Directors that are subject to rotation (this excludes Managing Director, Mr Christopher Gale) and accordingly 1 must retire.

Mr Brent Jones, the Director longest in office since his last re-election, retires by rotation and seeks re-election.

### 3.2 Qualifications and other material directorships

Mr Brent Jones was appointed as Non-Executive Director on 2 October 2008. Mr Jones is an experienced financial services professional who has held operating roles at Woolworths, AFL, Civil Engineers – Ostojsic Group and the National Tax and Accountants' Association prior to his current position with the Company.

Over the past 14 years, Mr Jones has been the joint Managing Director of InterPrac Limited, an unlisted public company, which specialises in providing financial services products and distribution capabilities to the accounting industry.

Mr Jones has a degree in Information Technology, is a member of the National Tax and Accountants Association and is a Graduate of the Australian Institute of Company Directors (AICD).

### 3.3 Independence

The Board has considered Mr Jones' independence and considers that he is an independent Director.

### 3.4 Board Recommendation

The Board supports the re-election of Mr Brent Jones and recommends that Shareholders vote in favour of Resolution 2.

---

## 4. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY

### 4.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to allow it to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$20,785,137 based on the number of Shares on issue (being, 1,598,856,664) and closing price of Shares (being, \$0.013) on 10 April 2017.

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued must be in the same class as an existing class of Equity Securities quoted on ASX. The Company currently has one quoted class of Equity Securities on issue, being the Shares (ASX Code: LRS). The Company also

has the following unquoted securities on issue: 65,031,642 Incentive Rights, 1 Convertible Security and 45,531,143 unquoted Options.

If Shareholders approve Resolution 3, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed under ASX Listing Rule 7.1A.2.

Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

#### **4.2 Technical information required by ASX Listing Rule 7.1A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 3:

##### **(a) Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 4.3(a)(i), the date on which the Equity Securities are issued.

##### **(b) Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under ASX Listing Rule 7.1A ceases to be valid),

**(10% Placement Capacity Period).**

##### **(c) Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the

basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.065 50% decrease in Issue Price	\$0.013 Issue Price	\$0.026 100% increase in Issue Price
1,598,856,664 (Current Variable A)	Shares issued - 10% voting dilution	159,885,666 Shares	159,885,666 Shares	159,885,666 Shares
	Funds raised	\$1,039,257	\$2,078,514	\$4,157,027
2,398,284,996 (50% increase in Variable A)	Shares issued - 10% voting dilution	239,828,500 Shares	239,828,500 Shares	239,828,500 Shares
	Funds raised	\$1,558,885	\$3,117,770	\$6,235,541
3,197,713,328 (100% increase in Variable A)	Shares issued - 10% voting dilution	319,771,333 Shares	319,771,333 Shares	319,771,333 Shares
	Funds raised	\$2,078,514	\$4,157,027	\$8,314,055

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under ASX Listing Rule 7.1.

**The table above uses the following assumptions:**

1. This assumes there are 1,598,856,664 Shares on issue, being the number of Shares on issue as at the date of this Notice of Meeting.
2. The issue price set out above is the closing price of the Shares on the ASX on 10 April 2017.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's projects in South America, repayment of debt and for general working capital purposes; or
- (ii) as non-cash consideration for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's projects in South America, repayment of debt and for general working capital purposes but in which circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;

- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous Approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 31 May 2016 (**Previous Approval**).

The Company has issued 24,801,966 Shares pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 31 May 2016, the Company otherwise issued a total of 429,353,556 Shares, 184,045,456 Options and 60,693,609 Incentive Rights which represents approximately 57.63% of the diluted number of Equity Securities on issue in the Company on 31 May 2016, which was 1,169,503,108.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in the Schedule 1.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with ASX Listing Rule 7.1A.4; and
- (ii) the information required by ASX Listing Rule 3.10.5A for release to the market.

### 4.3 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 3.

---

## 5. RESOLUTION 4 – APPROVAL OF NON-EXECUTIVE DIRECTOR DEFERRED RIGHTS PLAN

### 5.1 General

Resolution 4 seeks Shareholders' approval for the adoption of the Non-Executive Director Deferred Rights Plan in accordance with ASX Listing Rule 7.2 (exception 9(b)).

Section 7.1 of the Explanatory Statement has a summary of ASX Listing Rule 7.1. ASX Listing Rule 7.2 (exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 4 is passed then the Company will be able to grant Deferred Rights to Non-Executive Directors under the plan over a period of 3 years without impacting the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

There have been a total of 12,998,403 Deferred Rights issued under the plan since its original approval on 27 May 2014.

Any future issues of Deferred Rights under the plan to a person referred to in ASX Listing Rule 10.14 will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time. For this reason, the Company is also seeking approval under Resolutions 10 to 13 for the issue of Deferred Rights to the Non-Executive Directors of the Company pursuant to the Non-Executive Director Deferred Rights Plan.

The purpose of the Non-Executive Director Deferred Rights Plan is to:

- (a) control the cash cost of Directors' fees by providing part of Non-Executive Director remuneration in the form of Deferred Rights;
- (b) compensate Non-Executive Directors for the risks associated with being a director of a small capitalisation company;
- (c) assist Non-Executive Directors to accumulate a holding of Shares in the Company;
- (d) align the interests of Non-Executive Directors with those of Shareholders; and
- (e) help retain Non-Executive Directors, thereby stabilising the composition of the Board.

The Company's current Incentive Rights Plan the subject of Resolution 5 (approved on 27 May 2014) only permits full-time and permanent part-time employees to participate in the plan. Accordingly, Shareholder approval for the Non-Executive Director Deferred Rights Plan is being sought so that Non-Executive Directors may be issued Deferred Rights on similar terms to employees under the Incentive Rights Plan.

## 5.2 Terms and conditions of the Non-Executive Director Deferred Rights Plan

A summary of the terms and conditions of the Non-Executive Director Deferred Rights Plan is set out below:

### (a) Participants in the Plan

Participants in the plan may be Non-Executive Directors of the Company (**Participants**).

### (b) Limitations of Offers

The Company must take reasonable steps to ensure that the number of Shares issued upon vesting and exercise of any Deferred Rights offered under the Non-Executive Director Deferred Rights Plan, when aggregated with:

- (i) the number of Shares which would be issued if each outstanding offer of Deferred Rights, Shares, Options or rights to acquire Shares under an employee incentive scheme is accepted or exercised; and
- (ii) the number of Shares issued during the previous 5 years pursuant an employee incentive scheme extended only to employees or Directors,

must not exceed 5% of the total number of Shares on issue at the time of an offer. In calculating this number, the Company will disregard any issues of Shares, Options or rights to acquire Shares made to persons outside Australia, made under a disclosure document or product disclosure statement, or made under one of the disclosure exceptions set out in Section 708 or 1012D of the Corporations Act.

### (c) Measurement Period

The measurement period for determining whether service vesting conditions are satisfied will be three financial years commencing on 1 January of the year of grant and finishing on 31 December three years later, unless otherwise determined by the Board (**Measurement Period**).

### (d) Deferred Rights

Vesting of Deferred Rights will be based on completion of a certain period of service with the Company.

Where a tranche of Deferred Rights vest, the total value of the vesting Deferred Rights (**Total Value**) will be paid in cash (\$1,000 per tranche that vests) and the remaining balance in Shares based on the VWAP of the Shares over the 10 trading days immediately prior to end of the Measurement Period (**Vesting Share Price**).

The Total Value is determined by multiplying the relevant number of vested Deferred Rights by the relevant Vesting Share Price.

If Deferred Rights have not vested and there is no opportunity for those Deferred Rights to vest at a later date then they lapse. Typically, this will be at the end of the Measurement Period for Deferred Rights, if they fail to vest.

There are no performance related vesting conditions as Guideline 8 in the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" indicates that Non-Executive Directors should not participate in incentive schemes designed for executives. Executive incentive schemes generally involve performance vesting conditions, as is the case under the Company's current Incentive Rights Plan. Also, ASX Listing Rule 10.17.2 prescribes that Non-Executive Director remuneration should be a fixed sum.

(e) **Withdrawal of Offers**

The Board may withdraw an offer of Deferred Rights at any time including after it has been accepted provided that the Company has not already granted the Deferred Rights.

(f) **Restriction on Transfer**

A Deferred Right may not be transferred or otherwise dealt with and lapses immediately on a purported transfer or dealing unless the Board approves the transfer or the dealing, or the transfer is effected by operation of law on death or legal incapacity of the participant's legal personal representative.

(g) **Shares**

All Shares issued upon vesting and exercise of the Deferred Rights may not be sold or otherwise disposed of until first advised by the Company, which the Company will do immediately upon Shares being capable of being sold without breaching the insider trading provisions of the Corporations Act or the Company's share trading policy. All Shares issued will otherwise rank equally in all respects with the other fully paid ordinary shares on issue.

(h) **Bonus Issue and Pro-Rata Issues**

In the event of a bonus issue of Shares, the number of Deferred Rights held by a participant shall increase by the number of bonus Shares that the participant would have received if the Deferred Rights were Shares.

Subject to any requirements of the Corporations Act and the ASX Listing Rules, in the case of a pro-rata issue of Shares, there will be no adjustment to the Deferred Rights. However, the Board may consider issuing Options of a number up to the number of Shares to which the Participant would have been entitled under the pro-rata issue, had the Deferred Rights been Shares. The exercise price of such Options will be equal to the amount payable by Shareholders to acquire a Share pursuant to that pro-rata issue.

(i) **Capital Reconstructions**

Subject to any requirements of the Corporations Act and the ASX Listing Rules, in the case of other capital reconstructions the Board may make such adjustments to the Deferred Rights as it considers appropriate with a view to ensuring that holders of Incentive Rights are neither advantaged nor disadvantaged.

(j) **Termination of Employment**

Upon the termination of employment, the Deferred Rights will be treated as follows:

- (i) **(Dismissal with cause)**: in the event that the participant is dismissed with cause, all Deferred Rights are forfeited;
- (ii) **(Resignation other than retirement)**: if the participant resigns, all Deferred Rights are forfeited (unless otherwise determined by the Board);
- (iii) **(Death, Disablement or Retirement)**: Upon death, total permanent disablement or permanent retirement, all unvested Deferred Rights will lapse unless otherwise determined by the Board. In exercising this discretion the Board shall have regard to the remuneration period to which the grant of Deferred Rights relates and the portion of such period that remains.

Deferred Rights not forfeited cannot vest if the former Non-Executive Director has engaged in any communication, conduct or activities that have or may injure the reputation or business interests or operations of the Company.

If the Share price at the date of testing is more than the Share price at the date of termination then all unvested Deferred Rights will vest. In the event that Deferred Rights forfeit because the Share Price at the testing date is less than the Share price at the date of termination, then the Board may determine to pay a cash bonus (not to exceed the value that would otherwise have been received if the Deferred Rights vested).

(k) **Change in Control Including Takeover**

In the event of a change in control of the Company, including a takeover, unvested Deferred Rights will vest.

(l) **Distribution of Capital to Shareholders**

In the event that the Board decides to declare a special dividend or undertake a return of capital to Shareholders, the Board may determine that some or all of the unvested Deferred Rights shall vest or lapse.

A full copy of plan is available for inspection at the Company's registered office until the date of the Annual General Meeting.

---

**6. RESOLUTION 5 – ADOPTION OF THE DIRECTOR AND EMPLOYEE SHARE PLAN**

**6.1 Background**

Resolution 5 seeks Shareholder approval for the adoption of the employee incentive scheme titled "Director and Employee Share Plan" in accordance with Listing Rule 7.2 (Exception 9(b)).

Listing Rule 7.1 provides that a company must not, without prior approval of shareholders, issue securities if the securities will in themselves or when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement

of that 12 month period, unless such an issue of securities falls within one of the exceptions set out in Listing Rule 7.2.

Exception 9(b) of Listing Rule 7.2 provides that equity securities may be issued under an employee incentive scheme that has been approved by shareholders for that purpose within the last three years.

The Company is seeking Shareholder approval to adopt the Director and Employee Share Plan under Exception 9(b) of Listing Rule 7.2 to allow the Company to issue Shares under the plan without limiting the ability of the Company to issue securities under Listing Rule 7.1.

The purpose of the Director and Employee Share Plan is to give employees and executive officers of the Company an opportunity to subscribe for Shares in lieu of salary or Directors' fees, allowing the Company to retain cash reserves.

There have been 21,681,713 shares previously issued under the Director and Employee Share Plan since it was *originally approved* on 27 May 2014.

Any future issues of Shares under the plan to a person referred to under ASX Listing Rule 10.14 will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

## 6.2 Terms and conditions of Director and Employee Share Plan

A summary of the terms and conditions of the Director and Employee Share Plan is set out below:

### (a) Participants in the Plan

The Board may offer Shares to full or part time employees and Directors of the Company, including Non-Executive Directors (**Eligible Participant**).

Eligible Participants do not possess any right to participate in the Plan, as participation is solely determined by the Board.

### (b) Limitations of Offers

If the Company makes an offer of Shares where:

- (i) the total number of Shares the subject of that offer, exceeds the limit set out in ASIC Class Order 03/184 (or any amendment to or replacement); or
- (ii) the Offer does not otherwise comply with the terms and conditions set out in ASIC Class Order 03/184 (or any amendment to or replacement of that Class Order),

the Company must comply with Chapter 6D of the Corporations Act at the time of that offer.

### (c) Issue of Shares

Shares issued under the plan will rank equally in all respects with the then issued class of fully paid ordinary shares of the Company.

The Company will issue Shares under the plan on a quarterly basis, being 31 March, 30 June, 30 September and 31 December each year.

The issue of Shares under the plan will be deemed to satisfy the relevant fees or salary owing by the Company to the Eligible Participant.

Shares issued to an Eligible Participant under the plan will have no restrictions on their transfer.

(d) **Deemed issue price of Shares**

The Shares issued pursuant to the plan will be issued for nil cash consideration as they will be issued in satisfaction of fees and salary owing by the Company to the Eligible Participant. The Shares will be deemed to have an issue price as determined by the Board at the time of issue of the Shares but such deemed issue price will be no less than the VWAP of Shares sold on ASX during the 90 days prior to the expiration of the relevant Quarter.

(e) **Shareholder Approval**

All Shares issued pursuant to the plan that are offered to a Director (or an associate of a Director) will be subject to prior Shareholder approval under the Listing Rules and the Corporations Act (if required).

(f) **Amendments**

Subject to the Listing Rules, the Board may at any time by resolution amend all or any of the provisions of the plan, or the terms or conditions of any Shares issued under the plan, provided that as soon as reasonably practicable after making any amendment, the Board gives notice in writing of that amendment to any Eligible Participant affected by the amendment.

(g) **Non-residents of Australia**

The Board may adopt additional rules of the plan applicable in any jurisdiction outside Australia under which rights offered under the plan may be subject to additional or modified terms, having regard to any securities, exchange control or taxation laws or regulations or similar factors which may apply to the Eligible Participant or to the Company in relation to the rights. Any additional rule must conform to the basic principles of the plan.

### **6.3 Shareholder Approval under Resolution 8**

If Resolution 5 is passed, the Company will have the ability to issue Shares to Eligible Participants under the Director and Employee Share Plan over a period of 3 years without impacting on the Company's 15% placement capacity under ASX Listing Rule 7.1.

The main terms of the Director and Employee Share Plan are summarised above and a full copy of plan is available for inspection at the Company's registered office until the date of the Annual General Meeting.

The Directors recommend that Shareholders vote in favour of Resolution 5, as the Director and Employee Share Plan gives the Company the flexibility to retain its cash reserves during the current uncertain economic and financial environment. The Director and Employee Share Plan will also give Eligible Participants (being full or part time employees of the Company or Directors) the opportunity to

share in any success of the Company, which will likely encourage them in carrying out their respective roles for the Company.

---

## 7. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF SHARES TO BROKERS

### 7.1 General

On 3 November 2016, the Company issued 2,000,000 Shares to Broker Everblu Capital Pty Ltd in consideration for capital raising services provided in connection with the Company's placement announced on 15 August 2016.

Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those 2,000,000 Shares.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### 7.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Resolution 6:

- (a) 2,000,000 Shares were issued;
- (b) the deemed issue price was \$0.012 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to brokers for capital raising services provided, none of which were related parties of the Company; and
- (e) no funds were raised from this issue as the Shares were issued in consideration for capital raising services provided by brokers to the Company.

---

## 8. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE OF SHARES TO ASOF

### 8.1 General

On 13 November 2014, the Company announced that it had entered into a funding agreement of up to \$3.125 million (**Funding Agreement**) with The Australian Special Opportunity Fund LP (**ASOF**), an institutional investor managed by New York based The Lind Partners Australia LLC (together, **Lind Partners**).

The Funding Agreement comprises two unsecured convertible notes, with each Convertible Note being repayable by monthly repayments over an 18-month period from the date of draw down subject to the requirements of the Funding Agreement. Each repayment can be made, at the Company's option, either through cash or the issue of Shares or a combination of both. If the Company elects to repay via the issue of Shares, the deemed issue price of the Shares will be equal to 92.5% of the five day volume weighted average price (**VWAP**), to be chosen by Lind Partners, during the 20 days prior to each issue of Shares.

In accordance with the terms of the Funding Agreement, the Company issued 18,000,000 Shares at a deemed issue price of \$0.01 per Share on 9 November 2016 in satisfaction of its obligations under the Funding Agreement.

The Shares were issued under the Company's 15% placement capacity under ASX Listing Rule 7.1.

Resolution 7 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those 18,000,000 Shares.

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 8.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

## **8.2 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Resolution 7:

- (a) 18,000,000 Shares were issued;
- (b) the deemed issue price was \$0.01 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to ASOF, who is not a related party of the Company; and
- (e) no funds were raised from this issue as the Shares were issued in satisfaction of the Company's obligations under the Funding Agreement. The funds received by the Company pursuant to the Funding Agreement were used primarily to fund the Company's strategy of developing its Ilo Copper projects and the Guadalupito Andalusite project.

---

## **9. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF SHARES TO CREDITORS**

### **9.1 General**

On 23 December 2016, the Company issued 2,000,000 Shares to creditor Stocks Digital in lieu of cash fees for services provided.

Resolution 8 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those 2,000,000 Shares.

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 8.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

## 9.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Resolution 8:

- (a) 2,000,000 Shares were issued;
- (b) the deemed issue price was \$0.011 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to Creditors, none of which were related parties of the Company; and
- (e) no funds were raised from this issue as the Shares were issued in consideration for marketing and investor relations services provided to the Company.

---

## 10. RESOLUTION 9 – RATIFICATION OF PRIOR ISSUE OF OPTIONS TO BROKERS

### 10.1 General

The Company entered into an engagement agreement with Jett Capital Advisors LLC (**Jett Capital**) on or about 9 August 2016 (**Engagement Agreement**) to assist the Company in structuring and negotiating any equity, debt, streaming, securitisation, financing, merger, acquisition or similar transactions (**Transaction**) in the United States of America and Canada for a period of 12 months (**Services**).

In consideration for the Services, the Company agreed to pay Jett Capital the following:

- (a) a success fee payable upon closing of a Transaction equal to 6% of the gross proceeds raised in any Transaction by Jett Capital;
- (b) a success fee payable upon closing of a Transaction equal to 3% of the Transaction Value (as defined in the Engagement Agreement) made by the bidder for any merger or acquisition consummated by Jett Capital;
- (c) subject to Shareholder approval, an upfront advisory fee of:
  - (i) 15,000,000 listed options exercisable at \$0.02 on or before 9 March 2017 (Tranche 1 Advisory Fee Options) being the same terms and conditions as the Company's existing listed LRSO Options; and
  - (ii) 14,000,000 unlisted options exercisable at \$0.04 on or before 20 December 2017 (Tranche 2 Advisory Fee Options),

(collectively referred to as the **Advisory Fee Options**).

In addition, on 3 November 2016, the Company issued 500,000 Options (**Broker Fee Options**) in consideration for the services provided by Everblu Capital.

Resolution 9 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Options.

The terms and conditions of the Advisory Fee Options and Broker Fee Options are detailed in Schedule 3.

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 8.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

## **10.2 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 9:

- (a) 500,000 Broker Fee Options were issued and a total of 29,000,000 Advisory Fee Options were issued;
- (b) the issue price of the Broker Fee Options and the Advisory Fee Options is nil;
- (c) the Broker Fee Options were issued to Everblu Capital and the Advisory Fee Options were issued to Jett Capital, both of who are not related parties of the Company;
- (d) the Broker Fee Options and the Advisory Fee Options will be issued on the terms and conditions set out in Schedule 3; and
- (e) no funds were raised from the issue as the Advisory Fee Options were issued for nil cash consideration for Services provided by Jett Capital under the Engagement Agreement and the Broker Fee Options were issued for nil cash consideration for services provided by Everblu Capital.

---

## GLOSSARY

---

\$ means Australian dollars.

**10% Placement Capacity** has the meaning given in section 4.1 of the Explanatory Statement.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (f) a spouse or child of the member;
- (g) a child of the member's spouse;
- (h) a dependent of the member or the member's spouse;
- (i) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (j) a company the member controls; or
- (k) a person prescribed by the Corporations Regulations 2001 (Cth).

**Company** means Latin Resources Limited (ACN 131 405 144).

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Group** means the Company and its subsidiaries.

**Incentive Rights Plan** means the Company's employee incentive plan approved by Shareholder on 30 November 2012.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Proxy Form** means the proxy form accompanying the Notice.

**Quarter** means a quarter of each calendar year, each quarter ending on 31 March, 30 June, 30 September and 31 December each year.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 31 December 2014.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Variable A** means "A" as set out in the calculation in 4.2 of the Explanatory Statement.

**VWAP** means the volume weighted average price.

**WST** means Western Standard Time as observed in Perth, Western Australia.

## SCHEDULE 1- ISSUES OF EQUITY SECURITIES SINCE 31 MAY 2016

Issue Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
Issue – 02/06/2016 Appendix 3B – 01/06/2016	5,000,000	Shares <sup>2</sup>	Settlement of amounts owed to creditors.	No issue price (non-cash consideration)	Settlement of amounts owed to creditors. Current value <sup>5</sup> : \$40,000
Issue – 14/07/2015 Appendix 3B – 13/06/2015	1,704,545	Shares <sup>2</sup>	Settlement of amounts owed to creditors.	No issue price (non-cash consideration)	Settlement of amounts owed to creditors. Current value <sup>5</sup> : \$13,636
Issue – 02/06/2016 Appendix 3B – 01/06/2016	18,437,500	Shares <sup>2</sup>	Issued in accordance with Funding Agreement announced on 13 November 2014.	No issue price (non-cash consideration)	Settlement of obligations under Funding Agreement. Current value <sup>5</sup> : \$147,500
Issue – 02/06/2016 Appendix 3B – 01/06/2016	19,250,000	Shares <sup>2</sup>	Issued in part consideration of broker fees in relation to Placement announced on 29 April 2016.	No issue price (non-cash consideration)	Settlement of amounts owed to brokers. Current value <sup>5</sup> : \$154,000
Issue – 02/06/2016 Appendix 3B – 01/06/2016	1,055,708	Shares <sup>2</sup>	Shares issued to reward employees for services to the company.	No issue price (non-cash consideration)	Performance based remuneration for services provided to the Company. Current value <sup>5</sup> : \$8,446
Issue – 30/06/2016 Appendix 3B – 07/07/2016	6,375	Shares <sup>2</sup>	Issued upon conversion of Options.	\$0.02 per Share  No discount to market price	Amount raised = \$127.50 Amount spent = \$127.50 Use of funds Working Capital Amount remaining = Nil
Issue – 04/07/2016 Appendix 3B – 04/07/2016	8,194,444	Shares <sup>2</sup>	Issued in accordance with Funding Agreement announced on 13 November 2014.	No issue price (non-cash consideration)	Settlement of obligations under Funding Agreement. Current value <sup>5</sup> : \$65,556
Issue – 04/07/2016 Appendix 3B – 28/07/2016	1,155,507	Shares <sup>2</sup>	Issued as consideration for interest on loan in accordance with Loan Agreement dated 25 June 2015.	No issue price (non-cash consideration)	Satisfaction of accrued interest under Loan Agreement. Current value <sup>5</sup> : \$9,244
Issue – 28/07/2016 Appendix 3B – 28/07/2016	10,000,000	Shares <sup>2</sup>	Issued upon exercise of Options.	\$0.01 per Share  No discount to market price	Amount raised = \$100,000 Amount spent = \$100,000 The Company has used these funds to secure the lithium bearing pegmatite properties identified in Argentina and further exploration work as well as working capital. Amount remaining = Nil
Issue –	10,000,000	Shares <sup>2</sup>	Settlement of amounts	No issue price (non-cash)	Settlement of amounts

Issue Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
01/08/2016 Appendix 3B – 29/07/2016			owed to creditors.	consideration)	owed to creditors. Current value <sup>5</sup> : \$80,000
Issue – 19/08/2016 Appendix 3B – 19/08/2016	309,090,911	Shares <sup>2</sup>	Shares issued to professional and sophisticated investors to raise \$3.4m (Placement).	\$0.011 per Share	Consideration: \$3.4 million raised pursuant to the issue. The Company has used these funds to secure the lithium bearing pegmatite properties identified in Argentina and further exploration work as well as working capital.
Issue – 29/09/2016 Appendix 3B – 29/09/2016	2,000,000	Shares <sup>2</sup>	Settlement of amounts owed to creditors.	No issue price (non-cash consideration)	Settlement of amounts owed to creditors. Current value <sup>5</sup> : \$16,000
Issue – 03/11/2016 Appendix 3B – 04/11/2016	154,545,456	Quoted Options <sup>3</sup>	Issued to investors who participated in the \$3.4 million Placement announced on 15 August 2016 on the basis of 1 Option for every 2 Shares.	No issue price as they were free attaching options.	Consideration: Nil consideration as they were free attaching options. Current value <sup>5</sup> : \$Nil (these Options expired on 9 March 2017)
Issue – 03/11/2016 Appendix 3B – 04/11/2016	2,000,000	Shares <sup>2</sup>	Issued to brokers for capital raising services provided in connection with the Placement announced on 15 August 2016.	No issue price (non-cash consideration)	Settlement of amounts owed to brokers. Current value <sup>5</sup> : \$16,000
Issue – 03/11/2016 Appendix 3B – 04/11/2016	500,000	Quoted Options <sup>3</sup>	Issued to brokers for capital raising services provided in connection with the Placement announced on 15 August 2016.	No issue price (non-cash consideration)	Settlement of amounts owed to brokers. Current value <sup>5</sup> : \$Nil (these Options expired on 9 March 2017)
Issue – 03/11/2016 Appendix 3B – 04/11/2016	15,000,000	Quoted Options <sup>3</sup>	Issued in accordance with Engagement Agreement with Advisor and approved by Shareholders at General Meeting held 31 October 2016.	No issue price (non-cash consideration)	Consideration under Engagement Agreement. Current value <sup>5</sup> : \$Nil (the Options expired on 9 March 2017)
Issue – 03/11/2016 Appendix 3B – 04/11/2016	14,000,000	Unquoted Options <sup>4</sup>	Issued in accordance with Engagement Agreement with Advisor and approved by Shareholders at General Meeting held 31 October 2016.	No issue price (non-cash consideration)	Consideration under Engagement Agreement. Current value <sup>5</sup> : \$5,068
Issue – 03/11/2016 Appendix 3B – 04/11/2016	60,693,609	Incentive Rights	To provide incentives to Managing Director Mr Christopher Gale in accordance with the Incentive Rights Plan. The Incentive Rights Plan was most recently approved by Shareholders on 27 November 2015.	No issue price (non-cash consideration)	Performance based remuneration for services provided to the Company. Current value <sup>5</sup> : \$493,673

Issue Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
Issue – 09/11/2016 Appendix 3B – 09/11/2016	18,000,000	Shares <sup>2</sup>	Issued in accordance with Funding Agreement announced on 13 November 2014.	No issue price (non-cash consideration)	Settlement of obligations under Funding Agreement. Current value <sup>5</sup> : \$144,000
Issue – 23/12/2016 Appendix 3B – 28/12/2016	2,000,000	Shares <sup>2</sup>	Settlement of amounts owed to creditor, Stocks Digital.	No issue price (non-cash consideration)	Settlement of amounts owed to creditors. Current value <sup>5</sup> : \$16,000
Issue – 15/03/2016 Appendix 3B – 15/03/2016	14,054,768	Shares <sup>2</sup>	Issued upon conversion of Options.	\$0.02 per Share	Amount raised = \$281,095 Amount spent = \$79,095  Amount remaining = \$202,000
Issue – 16/03/2016 Appendix 3B – 17/03/2016	6,426,385	Shares <sup>2</sup>	Shares issued to Non-Executive Directors (Messrs David Vilensky and Brent Jones) on the vesting of Deferred Rights in accordance with the Deferred Rights Plan. The Deferred Rights Plan was approved by Shareholders on 27 May 2014.	No issue price (non-cash consideration)	Performance based remuneration for services provided to the Company. Current value <sup>5</sup> : \$51,411
Issue – 16/03/2016 Appendix 3B – 17/03/2016	977,413	Shares <sup>2</sup>	Shares issued to provide incentives to Managing Director Mr Christopher Gale in accordance with the Incentive Rights Plan. The Incentive Rights Plan was most recently approved by Shareholders on 27 November 2015.	No issue price (non-cash consideration)	Performance based remuneration for services provided to the Company. Current value <sup>5</sup> : \$7,819

**Notes:**

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: LRS (terms are set out in the Constitution).
3. Listed options exercisable at \$0.02 on or before expiry 9 March 2017.
4. Unlisted options exercisable at \$0.04 on or before 20 December 2017.
5. In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.008) or as the context requires on the ASX on 26 April 2017. In respect of unquoted Equity Securities the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).

6. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

---

## SCHEDULE 2 – TERMS AND CONDITIONS OF BROKER FEE OPTIONS

---

### Terms and condition of Listing Options (500,000 Broker Fee Options and 15,000,000 Advisory Fee Options)

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.02 (**Exercise Price**).

(c) **Expiry Date**

Each Option expired at 5:00 pm (WST) on 9 March 2017 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being

ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

(m) **Quotation**

The Company will apply for quotation of the Options on ASX.

---

## SCHEDULE 3 – TERMS AND CONDITIONS OF ADVISORY FEE OPTIONS

---

### Terms and conditions of unlisted Options (14,000,000 Advisory Fee Options)

(n) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(o) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.04 (**Exercise Price**).

(p) **Expiry Date**

Each Option expired at 5:00 pm (WST) on 20 December 2017 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(q) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(r) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(s) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(t) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (iv) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (v) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (vi) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being

ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(u) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(v) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(w) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(x) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(y) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

(z) **Quotation**

The Company will not apply for quotation of the Options on ASX.