

LATIN RESOURCES LIMITED
ACN 131 405 144

PROSPECTUS

For an issue of up to 125,000,000 Placement Options (**Placement Offer**) to Eligible Applicants who participated in the Placement to raise up to \$1,000,000. No funds will be raised as a result of the Offer.

This Prospectus also includes an offer for 125,000,000 Broker Options (**Broker Offer**). Full terms of the Broker Options are set out in Section 6.1.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Options offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

David Vilensky (Non-Executive Chairman)
Christopher Gale (Managing Director)
Brent Jones (Non-Executive Director)

Company Secretary

Sarah Smith

Registered Office

Unit 3, 32 Harrogate Street
West Leederville WA 6007

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Website: www.latinresources.com.au

Share Registry*

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth WA 6000
Telephone: 1300 787 272

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Auditor*

Stantons International
Level 2, 1 Walker Avenue
West Perth WA 6005

Lead Manager

PAC Partners Pty Ltd
Level 10, 330 Collins Street
Melbourne VIC 3000

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

2. INDICATIVE TIMETABLE

General Meeting of Shareholders	4 October 2017
Lodgement of Prospectus with the ASIC	10 October 2017
Lodgement of Prospectus & Appendix 3B with ASX	10 October 2017
Opening Date of Prospectus	10 October 2017
Closing Date*	12 October 2017
Issue date and despatch of holding statements of Placement and Broker Options	12 October 2017
Expected Quotation of Placement & Broker Options	13 October 2017

* These dates are indicative only and may change without prior notice. As such the date the Options are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 10 October 2017 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Options may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that applicants read this Prospectus in its entirety and seek professional advice where necessary. The Options the subject of this Prospectus should be considered highly speculative.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to Eligible Applicants and professional advisers whom Eligible Applicants may consult.

3.1 Risk factors

Applicants should be aware that subscribing for Options in the Company involves a number of risks. The key risk factors of which applicants should be aware are set out in section 4 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Options in the future. Accordingly, an investment in the Company should be considered highly speculative. Applicants should consider consulting their professional advisers before deciding whether to apply for Options pursuant to this Prospectus.

3.2 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in section 4 of this Prospectus.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is for the issue of a total of up to 125,000,000 Placement Options (defined below) to Eligible Applicants who participated in the Placement. An Eligible Applicant is an investor who subscribed and was issued Shares in the Placement.

The Placement consisted of an issue of 250,000,000 Shares at an issue price of \$0.004 per Share to sophisticated and professional investors on 26 July 2017 under the Company's annual placement capacity under ASX Listing Rule 7.1 and additional placement capacity under ASX Listing Rule 7.1A.

The Placement raised \$1 million to be used towards work on the lithium targets identified in Argentina, maintain the Peruvian mineral properties in good standing and for working capital.

The terms of the Placement provided that one (1) free Option be issued for every two (2) Shares subscribed for under the Placement, totalling up to 125,000,000 Options (**Placement Options**). Each Placement Option is exercisable at \$0.01 per Share on or before two years from the date of issue. The issue of the Placement Options was approved by shareholders at General Meeting held 4 October 2017.

Based on the number of Eligible Applicants who participated in the Placement, a maximum of up to 125,000,000 Placement Options will be issued pursuant to this Offer. No funds will be raised as a result of the issue of the Placement Options. If all Placement Options are exercised, the Company will receive \$1,250,000. Exercise of the Placement Options is entirely at the discretion of the holder.

All of the Shares issued upon the future exercise of the Placement Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to section 6.2 for further information regarding the rights and liabilities attaching to the Shares.

Details of the purpose and effect of the Offer are set out in section 5.1 of this Prospectus.

4.2 The Broker Offer

Pursuant to the Mandate between PAC Partners and the Company (defined below), 125,000,000 Options (exercisable at \$0.01 per Share on or before two years from the date of issue) will be issued to brokers (including PAC Partners) (**Brokers**). All of the Broker Options offered under this Prospectus will be issued on the terms and conditions set out in section 6.1 of this Prospectus.

The issue of the Broker Options was approved at a General Meeting of Shareholders held 4 October 2017.

4.3 Application for Options

This Prospectus will be sent to Eligible Applicants and to Brokers only.

Application for Options can only be made by Eligible Applicants or Brokers and must be made using the Application Form accompanying this Prospectus.

Eligible Applicants and Brokers are not required to make any payment for the Options as the Placement Options are free attaching options issued to Eligible Applicants pursuant to the terms of the Placement and the Broker Options are being issued pursuant to the Mandate.

Completed Application Forms must be mailed or delivered to Computershare Investor Services Pty Ltd, Level 11, 172 St Georges Terrace, Perth WA 6000 by the Closing Date.

4.4 Minimum subscription

There is no minimum subscription.

4.5 Lead Manager Mandate

PAC Partners has been appointed to act as lead manager pursuant to a capital raising and capital market services mandate agreement (**Mandate**). Pursuant to the Mandate, PAC Partners has been paid a 6% (plus GST) capital raising fee on all monies raised under the Placement and will receive a monthly retainer of \$6,000 per month (plus GST) for 12 months. The Mandate also provides for the issue of 125,000,000 options (subject to shareholder approval) to Brokers on the same terms as the Placement Options depending on the total amounts allocated under the Placement.

4.6 ASX listing

Application for Official Quotation of the Options offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. The Options will remain unquoted until such time as the Company satisfies the quotation requirements. The Company anticipates that quotation will occur soon after issue. If ASX does not grant Official Quotation of the Options offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the issue of the Options will be void in accordance with section 723 of the Corporations Act.

The fact that ASX may grant Official Quotation to the Options is not to be taken in any way as an indication of the merits of the Company or the Options now offered.

4.7 Issue

Options issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Holding statements for Options issued under this Prospectus will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus as soon as practicable after their issue.

4.8 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Placement Options these Eligible Applicants would be

offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Placement Options will not be issued to Eligible Applicants with a registered address which is outside Australia or New Zealand.

New Zealand

The Options are not being offered to the public within New Zealand other than to existing Eligible Applicants with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (*Incidental Offers*) Act 2016.

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Nominees and custodians

Nominees and custodians may not submit an Applicant Form on behalf of any Eligible Applicant resident outside Australia and New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Application Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4.9 Enquiries

Any questions concerning the Offers should be directed to Sarah Smith, Company Secretary, on +61 8 6381 0054.

5. PURPOSE AND EFFECT OF THE OFFERS

5.1 Purpose of the Offers

The purpose of the Offers is to:

- (a) offer to Eligible Applicants who participated in the Placement one (1) Placement Option for every two (2) Shares subscribed for (**Placement Shares**) under the Placement. No funds will be raised through the issue of the Placement Options pursuant to this Prospectus as the Placement Options are free attaching to the Placement Shares. However, if all of the Placement Options are exercised, the Company will receive approximately \$1,250,000; and
- (b) offer of 125,000,000 Broker Options pursuant to the Mandate. No funds will be raised through the issue of the Broker Options pursuant to this Prospectus as the Broker Options are being issued as part of the fees owed under the Mandate.

5.2 Effect of the Offers

The principal effect of the Offers, assuming all Options offered under the Prospectus are issued, will be to increase the number of Options on issue from 34,062,500 Options as at the date of this Prospectus to 284,062,500 Options.

5.3 Effect on capital structure

The effect of the Offers on the capital structure of the Company, assuming all Options offered under the Prospectus are issued, is set out below.

Shares

	Number
Shares currently on issue	2,065,107,213
Shares offered pursuant to the Offer	Nil
Total Shares on issue after completion of the Offer¹	2,065,107,213

Note:

1. The Company announced on 10 October 2017 that it had agreed terms for a placement to sophisticated and professional investors to raise \$1.5 million (before costs) (**Additional Placement**). The Additional Placement will include the issue of 428,571,428 Shares (**Additional Placement Shares**) (out of its available placement capacity) at an issue price of A\$0.0035 per Share and each Share subscribed will entitle the subscriber, subject to shareholder approval, to one Option for every two (2) Shares subscribed for (exercisable at \$0.01 with a two-year term) (**Additional Placement Options**). The Additional Placement Shares will be issued shortly after the close of the Offer. The issue of the Additional Placement Options is subject to Shareholder approval. On completion of the Additional Placement the number of Shares on issue following completion of the Offer will increase to 2,493,678,641.

Options

	Number
Options currently on issue:	
Unquoted exercisable at \$0.008 on or before 30/11/2017	9,375,000
Unquoted exercisable at \$0.0461 on or before 1/12/2017	10,687,500
Unquoted exercisable at \$0.04 on or before 20/12/2017	14,000,000
Sub-Total	34,062,500

Placement Options offered pursuant to the Offer ¹ (To be quoted exercisable at \$0.01 on or before 2 years from date of issue)	125,000,000
Broker Options to be issued ² (To be quoted exercisable at \$0.01 on or before 2 years from date of issue)	125,000,000
Total Options on issue after completion of the Offer^{1,2&3}	284,062,500

Note:

1. Assumes that all Options under the Offer are issued.
2. Shareholders have approved the issue of the Broker Options at the General Meeting held 4 October 2017.
3. As referred to above, the Company announced its proposal to conduct the Additional Placement on 10 October 2017 and intends to issue 214,285,714 Additional Placement Options (exercisable at \$0.01 with a two-year term) pursuant to the Additional Placement subject to Shareholder approval.

5.4 Details of substantial holders

Based on publicly available information as at 4 October 2017, there were no persons which (together with their associates) who held a relevant interest in 5% or more of the Shares on issue.

6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

6.1 Options

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (c) the amount payable upon exercise of each Option will be \$0.01 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (AWST) on the date that is 2 years from the date of issue (**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 (c) 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) **Quoted**

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

(m) **Transferability**

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

6.2 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's

registered office during normal business hours.

(a) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either

pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

7. RISK FACTORS

7.1 Introduction

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company specific

(a) Going concern risk

The Company's half year to 30 June 2016 financial report includes a note to the financial statements on the financial condition of the Company and the existence of a material uncertainty about the Company's ability to continue as a going concern. The report notes that: *"For the six months ended 30 June 2017, the consolidated entity incurred a loss of \$1,405,965 (2016:\$4,242,527) and had net cash outflows used in operating and investing activities of \$2,448,779 (2016: \$822,969). Cash and cash equivalents at 30 June 2017 amount to \$85,420 (31 December 2016: \$1,338,668). These conditions indicate a material uncertainty that may cast significant doubt about the company and the consolidated entity's ability to continue as a going concern."*

Notwithstanding the 'going concern' paragraph included in the financial reports, the Directors also stated that they *"are satisfied there are reasonable grounds to believe that the group will be able to pay debts as and when they become due and payable, and therefore the going concern basis preparation is considered to be appropriate for these interim consolidated financial statements."* Subsequent to the balance date, the Company has completed a placement of 250,000,000 Shares to raise \$1,000,000 before issue costs.

(b) Political

The Company's projects are located in Peru which is on the western coast of South America. It shares its borders with Ecuador and Colombia to the north, Brazil and Bolivia to the east and Chile to the south.

In addition, the Company's projects are also located in Argentina which is on the south western coast of South America. It shares its borders with Chile to the west, Bolivia and Paraguay to the north, Brazil to the northeast, Uruguay and the South Atlantic Ocean to the east.

The Company's operations could be affected by changes in the economic or other policies of the Government of Peru and Argentina or other political, regulatory or economic authorities in Peru or Argentina. Both Peru and Argentina are presently stable democracies but the Company cannot guarantee access, surety of title and/or tenure of its Peruvian or Argentinean based assets.

(c) **Emerging Market**

Argentina and Peru are considered to be emerging market economies. Emerging markets are generally more vulnerable to market volatility as well as political and economic instability more so than developed markets. As such, investments in securities of issuers with all or substantially all of its interests in an emerging market are subject to certain risks which may affect economic and fiscal results. These risks include:

- (i) currency fluctuations and devaluations;
- (ii) inflation;
- (iii) exchange controls;
- (iv) high interest rates;
- (v) wage and price controls;
- (vi) economic and political instability;
- (vii) the imposition of trade barriers;
- (viii) expropriation and political violence or disturbance; and
- (ix) changes in economic, tax and other policies.

In addition, economic conditions in Argentina and Peru are, to some extent, influenced by economic and securities market conditions in other emerging market countries. Although economic conditions are different in each country, investors' reaction to developments in one country can have effects on the securities of issuers in other countries, including Argentina and Peru. There can be no assurance that the economic conditions in Argentina and Peru will not continue to be affected negatively by events elsewhere, especially in emerging markets.

(d) **Community Issues**

Parts of Argentina and Peru are sensitive to community issues and the authorities in some regions are politically not pro-investment but rather sympathisers of populist claims of organised groups and with anti-mining attacks.

Risk factors to be considered include the nationwide protests and demonstrations over the past years.

(e) **Default**

The Company is currently a party to a loan agreement which includes the obligation to repay outstanding amounts owed by the Company on the relevant due dates.

Should the Company default on its obligation under this agreement the lender may demand immediate repayment and may trigger cross defaults in respect of the Company's other equity agreements.

Should a default occur and the Company is unable to raise sufficient funds or otherwise cure the defaults, the Company's lender may seek immediate repayment of the debts and this may result in the Company becoming insolvent.

7.3 **Industry specific**

(a) **Environmental**

The operations and proposed activities of the Company are subject to laws and regulations in Peru concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. However, complying with environmental laws may be difficult, costly and result in delays to any project activities.

(b) **Exploration**

No assurance can be given that exploration will be successful or that a commercial mining operation will eventuate.

The ultimate success and financial viability of the Company depends on the discovery and delineation of economically recoverable ore reserves, design and construction of efficient mining and processing facilities, and competent operational and managerial performance.

There is no assurance that exploration and development of the mineral interests held by the Company (which are all at an exploration stage), or any other projects that may be acquired by the Company in the future, will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited.

Development of a commercial mining operation is also dependent on the Company's ability to obtain necessary titles and governmental and other regulatory approvals.

(c) **Resource Estimates**

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further

information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(d) **Title**

Interests in concessions in Argentina and Peru are governed by the respective Country legislation and are evidenced by the granting of licences and leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments as well as other conditions requiring compliance. All of the Company's various work permits, mining licences, mining leases, mining area licences and exploration licences are due for renewal from time to time. The Company expects that it will, in due course, lodge renewal applications for them as required. The Company has no reason to believe any of these will not be renewed, however this cannot be guaranteed.

7.4 General Risks

(a) **General economic conditions**

Economic conditions, both domestic and global, may affect the performance of the Company. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. The Company's future possible revenues and Share price can be affected by these factors, all of which are beyond the control of the Company or its Directors.

(b) **Equity market conditions**

Securities listed on the stock market can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

General factors that may affect the market price of Shares include economic conditions in both Australia and internationally (particularly Australian, US and Chinese economic conditions), investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

(c) **Change in government policy and legislation**

Any material adverse changes in relevant government policies or legislation of Australia may affect the viability and profitability of the Company, and consequent returns to investors. The activities of the Company are subject to various federal, state and local laws governing prospecting, development, production, taxes, labour standards and occupational health and safety, and other matters.

7.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Placement Options offered under this Prospectus.

Therefore, the Options being issued pursuant to this Prospectus (or Shares to be issued upon exercise of the Options) carry no guarantee with respect to the payment of dividends, returns of capital or their respective market value.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Options pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Eligible Applicants should therefore have regard to the other publicly available information in relation to the Company.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
10/10/2017	Placement
06/10/2017	Trading Halt
05/10/2017	LRS signs agreement for lithium carbonate technology
04/10/2017	Results of Meeting
19/09/2017	Positive Rock Chip Analysis – Geminis Mine, Argentina
14/09/2017	Half Yearly Report & Accounts
06/09/2017	Latin to sell Ilo copper project to Canadian TSX listed company
05/09/2017	Notice of General Meeting
04/09/2017	Trading Halt
22/08/2017	FNN Interview with Managing Director
21/08/2017	LRS Company Update Presentation August 2017
21/08/2017	Proactive Investors – Interview with C Gale
18/08/2017	Cleansing Statement and Appendix 3B
11/08/2017	LR 5.3.3 Tenement Schedule – 30 June 2017
09/08/2017	Cleansing Statement and Appendix 3B
28/07/2017	Quarterly Activities Report and Appendix 5B
26/07/2017	Cleansing Statement, Appendix 3B & LR 3.10.5A Disclosure
20/07/2017	Latin to sell Copper assets
18/07/2017	Trading Halt
17/07/2017	Results of Meeting
20/06/2017	Notice of General Meeting
06/06/2017	Corporate Governance Statement
31/05/2017	Results of Meeting
17/05/2017	Company Presentation LADU Conference in Perth
16/05/2017	RB Milestone Group completes Research Report on LRS
10/05/2017	Cleansing Notice
10/05/2017	Appendix 3B
09/05/2017	Cleansing Notice
09/05/2017	Appendix 3B
05/05/2017	Response to ASX Query
04/05/2017	LRS Update Presentation May 2017
03/05/2017	Placement
01/05/2017	Notice of Annual General Meeting
01/05/2017	Trading Halt

28/04/2017	Quarterly Activities Report & Appendix 5B
26/04/2017	Final Assay Results Received for Ancasti Lithium Project
13/04/2017	Further Assay Results Received For Ancasti Lithium Project
05/04/2017	Change of Director's Interest Notice
04/04/2017	Presentation - Mines & Money Hong Kong
31/03/2017	Appendix 4G
31/03/2017	Annual Report to shareholders

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.latinresources.com.au.

8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.006	12 & 14 July, 23, 25, 29, 30 August, 1 to 6 September 2017
Lowest	\$0.003	28 July, 1, 2, 4, 8, 17 August, 20, 21, 26 September - 4 October 2017
Last	\$0.005	9 October 2017

8.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (a) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

Director	Shares	Options
David Vilensky	10,912,942	Nil
Christopher Gale ¹	9,345,028	Nil
Brent Jones	41,966,653	Nil

Notes:

1. Mr Gale also holds 57,031,642 Incentive Rights which are subject to vesting conditions.

Remuneration

The remuneration of each executive Director is determined in accordance with the Company's remuneration framework, which is approved by the Board. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount payable in aggregate to all non-executive directors has been set at an amount not to exceed \$350,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	Proposed 2018	Estimated 2017	2016 ²
David Vilensky	\$64,800	\$64,800	\$123,482
Christopher Gale ¹	\$382,279	\$382,279	\$527,860
Brent Jones	\$50,000	\$50,000	\$52,361

Notes:

1. Mr Gale's 2016 remuneration includes salary, fees, share-based payments and \$66,000 relating to arrears of consulting fees for the 2015 year which was paid in 2016.
2. All figures noted above for the 2016, 2017 and 2018 financial years include salary, fees and share-based payments.

8.5 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (a) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (b) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$12,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$55,226.50 (excluding GST and disbursements) for legal services provided to the Company.

PAC Partners has been paid a capital raising fee of approximately \$60,000 in respect of this Placement. During the 24 months preceding lodgement of this Prospectus with the ASIC, PAC Partners has been paid fees totalling \$399,074 by the Company.

8.6 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus, Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

PAC Partners has given its written consent to being named as Lead Manager to the Company in this Prospectus. PAC Partners has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.7 Expenses of the offer

The total expenses of the Offer are estimated to be approximately \$25,375 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,400
ASX fees	9,975
Legal fees	12,000
Miscellaneous	1,000
Total	<u><u>\$25,375</u></u>

The estimated expenses will be paid out of the Company's existing working capital.

8.8 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please phone the Company on +61 8 6181 9798 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.9 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Eligible Applicants who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to Eligible Applicants. Instead, Eligible Applicants will be provided with a statement (similar to a bank account statement) that sets out the number of Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.11 Privacy Act

If you complete an application for Options, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Options, the Company may not be able to accept or process your application.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Christopher Gale
Director
For and on behalf of
Latin Resources Limited

10. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Application Form means the application form accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

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

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESSE.

Board means the board of Directors unless the context indicates otherwise.

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.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

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

Constitution means the constitution of the Company as at the date of this Prospectus.

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

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Applicant means an applicant who participated in the Placement.

Offer means the non-renounceable issue the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share on the terms and conditions set out in section 6.1 of this Prospectus.

Optionholder means a holder of an Option.

Placement means the placement of 250,000,000 Shares to sophisticated and professional investors at an issue price of \$0.004 per Share together with one free Option for every two Shares subscribed for to raise up to \$1,000,000.

Prospectus means this prospectus.

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

Shareholder means a holder of a Share.

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