
LATIN RESOURCES LIMITED

ACN 131 405 144

NOTICE OF GENERAL MEETING

TIME: 2.00pm (WST)

DATE: 3 October 2014

PLACE: Celtic Club, 48 Ord St West Perth WA 6005

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 9485 0601

CONTENTS

Business of the Meeting (setting out the proposed Resolutions)	4
Explanatory Statement (explaining the proposed Resolutions)	6
Glossary	12
Proxy Form	

IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 2.00pm on 3 October 2014 at:

Celtic Club, 48 Ord St West Perth WA 6005

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 1 October 2014.

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, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder 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 are 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; or
 - 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. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES TO EMPLOYEES

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 4,550,242 Shares to employees of Latin Resources Limited and Peruvian Latin Resources on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person 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.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES TO CREDITOR

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 373,639 Shares to VDG DEL PERU S.A.C. for partial settlement of monies owing on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person 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.

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SPP SHORTFALL SHARES

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 46,737,560 Shares at an issue price of \$0.038 per Share to sophisticated and professional investors on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person 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.

4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES TO EM ROSALES CASTILLO

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 5,600,000 Shares at an issue price of \$0.038 per Share to EM Rosales Castillo on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person 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.

5. RESOLUTION 5 – ISSUE OF SHARES

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 7.1 and for all other purposes, approval is given for the Company to issue up to 50,000,000 Shares 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 proposed issue 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 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.

DATED: 3 September 2014

By order of the Board

Mr Anthony Begovich
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.

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES TO EMPLOYEES

1.1 General

The Company has issued a total of 4,550,242 Shares to employees of the Company and its wholly owned subsidiary, Peruvian Latin Resources S.A (**Peruvian Latin Resources**), who are not related parties of the Company, as follows:

- (a) on 12 December 2013, the Company issued 1,750,000 Shares for nil consideration as a reward to certain employees of the Company and Peruvian Latin Resources for service to the Company;
- (b) on 31 January 2014, the Company issued:
 - (i) 123,138 Shares for nil cash consideration as a reward to a certain employee of the Company for services to the Company; and
 - (ii) 1,724,145 Shares for nil cash consideration (at a deemed issue price of \$0.065 per Share) to compensate certain employees of the Company and Peruvian Latin Resources for a 20% reduction in their cash remuneration; and
- (c) on 23 April 2014 the Company issued:
 - (i) 86,039 Shares for nil cash consideration as a reward to a certain employee of the Company for services to the Company. The Appendix 3B issued on 23 April 2014 in relation to this issue of Shares incorrectly stated that the Shares were issued at an issue price of \$0.045 per Share. They were in fact issued at a deemed issue price of \$0.045 per Share; and
 - (ii) 866,920 Shares for nil cash consideration (at a deemed issue price of \$0.045 per Share) to compensate employees of the Company and Peruvian Latin Resources for a 20% reduction in their cash remuneration.

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

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.

1.2 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 Ratification:

- (a) 4,550,242 Shares were issued;
- (b) the Shares were issued for nil cash consideration;
- (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 employees of the Company and its' subsidiary Peruvian Latin Resources, none of whom are related parties of the Company; and
- (e) there were no funds raised from the issues of Shares as the Shares were issued as a reward for service by certain employees and in consideration for a reduction in cash remuneration payable to certain employees.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES TO CREDITOR

2.1 General

On 12 December 2013, the Company issued 373,639 Shares at a deemed issue price of \$0.07 per Share in partial settlement of an amount owed to VDG DEL PERU S.A.C. (**VDG**), a creditor of Peruvian Latin Resources.

Resolution 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 1.1 above.

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.

2.2 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 Ratification:

- (a) 373,639 Shares were issued;
- (b) the deemed issue price was \$0.07 per Share with the Shares being issued in satisfaction of amounts owing to VDG by Peruvian Latin Resources;
- (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 VDG, which is not a related party of the Company; and
- (e) no funds were raised from this issue as the Shares issued were used to partially satisfy monies owed by Peruvian Latin Resources.

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SPP SHORTFALL SHARES

3.1 General

As announced on 16 July 2014, the Company's Share Purchase Plan (**SPP**) Shortfall (announced on 24 June 2014) received overwhelming support from investors, resulting in the Shortfall being oversubscribed.

Since the Shortfall was announced, the Company has issued Shares under the Shortfall in two (2) tranches. The first tranche, of 30,660,089 Shares, was issued on 22 July 2014 under the Company's 15% placement capacity under ASX Listing Rule 7.1 (**Tranche 1**). The second tranche, of 16,077,471 Shares, was issued on 12 August 2014 under the Company's additional 10% placement capacity under ASX Listing Rule 7.1A (**Tranche 2**).

Resolution 3 seeks Shareholder approval, under ASX Listing Rule 7.4, to ratify the issue of 46,737,560 Shares, (being the total of the Shares issued under Tranche 1 and Tranche 2) at an issue price of \$0.038 per Share that raised in total \$1,776,027 (before costs) (**Ratification**).

A summary of ASX Listing Rule 7.1 is set out in section 1.1 above.

ASX Listing Rule 7.1A provides that an eligible entity may seek shareholder approval at its annual general meeting to allow it to issue equity securities up to 10% of its issued capital. The Company obtained this approval at its annual general meeting held on 27 May 2014.

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

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 and the additional 10% annual placement capacity set out in ASX Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

3.2 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 Ratification:

- (a) a total of 46,737,560 Shares were issued (being 30,660,089 Shares in Tranche 1 and 16,077,471 Shares in Tranche 2);
- (b) the issue price was \$0.038 per Share;
- (c) the Shares issued are 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 sophisticated and professional investors, who are not related parties of the Company, as part of the Shortfall to the Company's Share Purchase Plan; and
- (e) the Company intends to use the funds raised from the issue of the Shares towards commencement of drilling at the Ilo Este project, continued testwork on the Guadalupito project and general working capital.

4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES TO EM ROSALES CASTILLO

4.1 General

Resolution 4 seeks Shareholder ratification, pursuant to ASX Listing Rule 7.4, for the issue, on 19 August 2014, of 5,600,000 Shares, at an issue price of \$0.038 per Share, to EM Rosales Castillo (**Castillo**) in part satisfaction of the Company's obligation, pursuant to an agreement announced 28 March 2014, to pay EM Rosales Castillo US\$50,000 per month for six (6) months commencing 1 May 2014 for the acquisition by the Company of 20 mining concessions totalling 14,068 hectares at the Guadalupito project (**Ratification**).

The Shares were issued under the Company's additional 10% placement capacity under ASX Listing Rule 7.1A.

A summary of ASX Listing Rule 7.4 is set out in section 1.1 and a summary of ASX Listing Rule 7.1A is set out in section 3.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future under the Company's additional 10% annual placement capacity set out in ASX Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

4.2 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 Ratification 4:

- (a) 5,600,000 Shares were issued;
- (b) the issue price was \$0.038 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 EM Rosales Castillo, who is not a related party of the Company; and
- (e) no funds were raised from this issue as the Shares were issued in part satisfaction of cash consideration payable to Castillo.

5. RESOLUTION 5 – ISSUE OF SHARES

5.1 General

Resolution 5 seeks Shareholder approval, under ASX Listing Rule 7.1, for the Company to issue up to 50,000,000 Shares.

A summary of ASX Listing Rules 7.1 is set out in section 1.1 above.

The effect of Resolution 5 will be to allow the Company to issue the Shares pursuant Resolution 5 during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

5.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of Shares under Resolution 5:

- (a) the maximum number of Shares to be issued is 50,000,000 Shares;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur progressively;
- (c) the issue price will be not less than 80% of the volume weight average market price for Shares (**VWAP**) calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a disclosure document, over the last 5 days on which sales in the securities were recorded before the date the disclosure document is signed;
- (d) the Directors will determine to whom the Shares will be issued but these persons will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the issue of Shares:
 - (i) for general working capital, including any development expenses associated with its exploration projects;
 - (ii) as consideration for, or to develop, any acquisitions of new resources, assets and investments that the Company may undertake (although none are currently planned) including expenses associated with such an acquisition; and
 - (iii) for costs associated with a possible AIM listing on the London Stock Exchange, noting that the Company is currently considering such a listing but has not determined whether to pursue one at the date of this Notice.

5.3 Dilution

The 5 day VWAP for Shares on 31 August 2014 was \$0.0420. The lowest issue price (ie maximum discount) of not less than 80% of this price would be \$0.0336 per Share.

Set out below is a worked example of the number of Shares that may be issued under Resolution 5 based on an assumed issue price of \$0.040, \$0.050 and \$0.060 and assuming no Options are exercised or other Shares issued.

Assumed issue price	Maximum number of Shares which the Company could issue (rounded up to the nearest whole number)	Current Shares on issue as at the date of this Notice ¹	Increase in the number of Shares on issue assuming the Company issued the maximum amount ²	Dilution effect on existing Shareholders
0.040	50,000,000	303,774,784	353,774,784	14.13%
0.050	40,000,000	303,774,784	343,774,784	11.64%
0.060	33,333,333	303,774,784	337,108,117	9.89%

Notes

1. Taken from last Appendix 3B dated 20 August 2014
2. Rounded to the nearest whole number

The Company notes that the above workings are an example only and the actual issue price may differ. This will result in the maximum number of Shares to be issued and the dilution percentage to also differ.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & 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.

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.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

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

Peruvian Latin Resources means Peruvian Latin Resources S.A., a wholly owned subsidiary of the Company.

Proxy Form means the proxy form accompanying the Notice.

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 registered holder of a Share.

Shortfall means the shortfall under the Company's Share Purchase Plan as announced on 24 June 2014.

SPP means the Company's Share Purchase Plan offer announced on 21 May 2014.

US\$ means American dollars.

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