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**LATIN RESOURCES LIMITED**

**ACN 131 405 144**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 11:00 am (WST)

**DATE:** 28 May 2018

**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 on (+61 8) 6181 9798.*

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## IMPORTANT INFORMATION

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### TIME AND PLACE OF MEETING

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Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at 11:00am (WST) on 28 May 2018 at:

32 Harrogate Street, West Leederville WA 6007

### YOUR VOTE IS IMPORTANT

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

### VOTING ELIGIBILITY

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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 11:00am (WST) on 26 May 2018.

### VOTING IN PERSON

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

### VOTING BY PROXY

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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.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Annual financial report of the Company for the year ended 31 December 2017 together with the Declaration of the directors, the Director's report, the Remuneration Report and the Auditor's report.

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#### 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 2017."*

**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.

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#### 3. RESOLUTION 2 – RE-ELECTION OF MR DAVID VILENSKY 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 David Vilensky, a Director, retires by rotation, and being eligible, is re-elected as a Director."*

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#### 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 in favour of 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.

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#### 5. RESOLUTION 4 – APPROVAL OF LOAN FUNDED SHARE PLAN

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

*“That:*

*(a) for the purposes of sections 259B and 260C of the Corporations Act 2001 (Cth) and for all other purposes, the terms of the Latin Resources Limited Loan Funded Share Plan be approved; and*

*(b) for the purposes of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, approval be given for the issue of securities under the Latin Resources Limited Loan Funded Share Plan,*

*in each case as described in the Explanatory Statement.”*

**Voting Exclusion:** In accordance with the Listing Rules, the Company will disregard any votes cast in favour of the resolution by or on behalf of a director of the Company (or any associates of such a person).

However, under the Listing Rules, the Company need not disregard a vote on the resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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.

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**6. RESOLUTION 5 – APPROVAL FOR ISSUE OF LOANS SHARES TO MR DAVID VILENSKY**

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

*“That, subject to the passing of Resolution 4, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 25,000,000 Loan Funded Shares to David Vilensky (and/or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** In accordance with the Listing Rules, the Company will disregard any votes cast in favour of the resolution by or on behalf of David Vilensky (or any of his associates).

However, under the Listing Rules, the Company need not disregard a vote on the resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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.

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**7. RESOLUTION 6 – APPROVAL FOR ISSUE OF LOAN SHARES TO MR BRENT JONES**

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

*“That, subject to the passing of Resolution 4, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 25,000,000 Loan Funded Shares to Brent Jones (and/or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** In accordance with the Listing Rules, the Company will disregard any votes cast in favour of the resolution by or on behalf of Brent Jones (or any of his associates).

However, under the Listing Rules, the Company need not disregard a vote on the resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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.

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**8. RESOLUTION 7 – APPROVAL FOR ISSUE OF LOAN SHARES TO MR CHRISTOPHER GALE**

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

*“That, subject to the passing of Resolution 4, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 50,000,000 Loan Funded Shares to Chris Gale (and/or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** In accordance with the Listing Rules, the Company will disregard any votes cast in favour of the resolution by or on behalf of Brent Jones (or any of his associates).

However, under the Listing Rules, the Company need not disregard a vote on the resolution if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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.

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**Voting Prohibition**

The Company will disregard votes cast on Resolutions 4 to 7 (in any capacity, whether as proxy or as Shareholders) by any of the following persons (**Excluded Persons**):

- (a) Key Management Personnel; and
- (b) Closely Related Parties of Key Management Personnel.

However, the Company need not disregard a vote if it is:

- (c) cast by an Excluded Person as proxy for a person who is entitled to vote, appointed in accordance with the directions of the proxy form; or
- (d) cast by the Chair 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.

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**DATED: 27 APRIL 2018**

**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.

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### 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 2017 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).

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### 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.

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### 3. RESOLUTION 2 – RE-ELECTION OF MR DAVID VILENSKY 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 David Vilensky, 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 David Vilensky, the Director longest in office since his last election, retires by rotation and seeks re-election.

Mr David Vilensky was appointed as a Non-Executive Director on 2 October 2008. Mr Vilensky is a practising corporate lawyer and the managing director of Perth law firm Bowen Buchbinder Vilensky. He has a particular focus on complex commercial transaction, mining and resources, corporate advisory and dispute resolution. He has more than 35 experience in the areas of corporate and business law and in commercial and corporate management. Mr Vilensky advises on directors duties and corporate governance, capital raisings, joint ventures, due diligence, acquisitions and corporate transactions generally and acts for a number of listed and private companies. Mr Vilensky is also a Non- Executive Director of Vonex Limited, a telecommunications company about to list on the ASX.

### **3.3 Independence**

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

### **3.4 Board Recommendation**

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

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## **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 define 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.

The Company is an Eligible Entity.

If Shareholders approve this Resolution, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in section 4.2 below).

The effect of Resolution 3 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

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 ASX Listing Rule 7.1A**

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

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.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a market capitalisation of \$28,846,028 at 10 April 2018 (calculated by multiplying the number of shares on issue of 2,622,366,170 by the Company's closing share price on 10 April 2018 of \$0.011).

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has 2 classes of quoted Equity Securities on issue, being the Shares (ASX Code: LRS), and Listed Options (LRSOB).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
  - (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
  - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
  - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and
  - (iv) less the number of Shares cancelled in the previous 12 months.
- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

### 4.3 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)	\$0.0055 50% decrease in Issue Price	\$0.0110 Issue Price	\$0.0220 100% increase in Issue Price
2,622,366,170 (Current Variable A)	Shares issued - 10% voting dilution	262,236,617 Shares	262,236,617 Shares	262,236,617 Shares
	Funds raised	\$1,442,301	\$2,884,603	\$5,769,206
3,933,549,255 (50% increase in Variable A)	Shares issued - 10% voting dilution	393,354,926 Shares	393,354,926 Shares	393,354,926 Shares
	Funds raised	\$2,163,452	\$4,326,904	\$8,653,808
5,244,732,340 (100% increase in Variable A)	Shares issued - 10% voting dilution	524,473,234 Shares	524,473,234 Shares	524,473,234 Shares
	Funds raised	\$2,884,603	\$5,769,206	\$11,538,411

\*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 2,622,366,170 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 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 2017 (**Previous Approval**).

The Company has issued 379,058,516 Shares pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 31 May 2017, the Company otherwise issued a total of 809,781,006 Shares, 741,071,442 Options and 21,352,308 Incentive & Deferred Rights which represents approximately 45.45% of the diluted number of Equity Securities on issue in the Company on 31 May 2017, which was 1,923,147,949.

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.

#### 4.4 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.

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## 5. RESOLUTION 4 – APPROVAL OF LOAN FUNDED SHARE PLAN

### 5.1 General

Subject to the approval of Shareholders, the Company will adopt an employee incentive scheme known as the Latin Resources Limited Loan Funded Share Plan, pursuant to which fully paid ordinary shares in the Company may be acquired by certain key personnel and Directors using financial assistance given by the Company.

The Plan constitutes an ‘employee share scheme’ for the purposes of the Corporations Act as it provides for the acquisition (subject to vesting conditions)

of shares in the Company. If an employee share scheme has been approved by Shareholders then any financial assistance that the Company might give to acquire its own shares (e.g. providing an interest-free loan) is exempted from the prohibition in section 260A of the Corporations Act. Section 260A requires financial assistance that might be considered to materially prejudice the interests of the Company or its Shareholders or the Company's ability to pay its creditors to be approved by Shareholders under section 260B and advance notice to be provided to ASIC. The provision of an interest-free loan to Participants may be considered financial assistance for the purposes of the Corporations Act. Accordingly, the Board considers it desirable and appropriate to seek Shareholder approval for the Plan for the purposes of section 260C(4).

Approval of the Plan for the purposes of section 259B(2) of the Corporations Act will allow the Company to take security over its own shares under the Plan. The rules of the Plan provide the option for the Company to obtain security over its own shares and it is envisaged that vested Plan shares may be subject to restrictions on disposal. Approval of the Plan for the purposes of s259B(2) of the Corporations Act removes any doubt about the efficacy of such restrictions on the basis they may constitute a 'security' over the shares.

Under Listing Rule 7.1, a listed company must not issue or agree to issue equity securities exceeding 15% of its ordinary securities on issue in the previous 12 months unless it obtains the approval of its shareholders. An exception to Listing Rule 7.1 is that any issue under an employee incentive scheme within three years of the scheme being approved by members will not be counted when determining whether the 15% limit has been exceeded (Exception 9 in Listing Rule 7.2). In addition, to the extent that shares are issued under the Plan as an approved employee incentive scheme, those shares are added to the denominator on which the 15% placement limit prescribed by Listing Rule 7.1 is calculated. No shares have yet been issued under the Plan.

Accordingly, Resolution 4 seeks the approval of Shareholders for:

- (a) the establishment of the Plan for the purposes of sections 259B(2) and 260C(4) of the Corporations Act and for all other purposes; and
- (b) the issue of shares under the Plan for the purposes of Exception 9 of ASX Listing Rule 7.2 and for all other purposes.

Shareholders should note that any proposal to issue shares under this Plan to Directors or other related parties will be conditional upon the approval of Shareholders in general meeting.

The Plan is designed to support the achievement of the Company's business strategy by linking key personnel rewards to improvements in the financial performance of the Company and aligning the interests of those individuals with those of Shareholders. Participants benefit only to the extent that the share price of the Company (plus any dividends which may be paid to Shareholders) exceeds the market value at which the Loan Funded Shares were acquired.

A summary of the Plan is set out below.

### **Summary of Plan Terms and Conditions**

Key personnel and Directors selected by the Board at its discretion will be offered the opportunity to participate in the Plan. Loan Funded Shares offered under the Plan may be issued to the Participant or purchased on-market, at the discretion



of the Board. It is the Board's present intention that Loan Funded Shares will be issued to Participants.

A summary of the Plan is set out in Schedule 2.

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## **6. RESOLUTION 5 - 7 – APPROVAL FOR ISSUE OF LOAN FUNDED SHARES TO THE DIRECTORS**

### **6.1 General**

The Company is proposing to issue Shares to Directors in accordance with approval sought under Resolutions 5 to 7.

Mr Brent Jones has been a Non-executive Director for over 2.5 years, having been appointed to the Board on 14 September 2015. Mr Jones plays a key role in driving the Company's fundraising initiatives and facilitating introductions of professional and sophisticated investors. Brent has helped the Company develop its strategy and manage its risks.

Mr David Vilensky has been the Non-executive Chairman for over 9 years, having been appointed to the Board on 2 October 2008. Mr Vilensky has been instrumental in facilitating and assisting with numerous transactions over the years and his legal expertise has been extremely valuable to the Company during his tenure. As Chair, David has guided the board and the company through all of its challenges and led the business to where it is today, a company with multiple projects across various jurisdictions, numerous minerals and at various stages of development. David and the team have ensured that Company is well positioned to grow from the demand in battery minerals.

Mr Chris Gale has been the Managing Director for over 9 years, having been appointed to the Board on 2 June 2008. Mr Gale has been the key driver of the Company's strategic direction. Chris has worked tirelessly between Australia and South America discovering and permitting mineral exploration tenements for the benefit of shareholders. Chris has built a formidable team and led them to formalise partnerships with global resource companies to accomplish the Company's vision of developing world class assets.

The Board's current rates of remuneration are considered to be below market rates for a Company of the size and operations as Latin, and the Company has agreed to provide an additional equity component to their remuneration packages, being the Loan Funded Shares to motivate and reward them for their service to the Company.

It is intended that the Shares will vest in three equal tranches, the first third being upon Shareholder approval being obtained and the remaining Shares in equal amounts on the first and second anniversaries of the Grant Date respectively. The Shares will be subject to forfeiture on the same terms as set out in the Plan, and summarised in Schedule 2.

The proposed Share issues will occur in accordance with the Plan, however the Company will not rely on the disclosure relief available under ASIC Class Order 14/1000 such that the Company's capacity to issue securities within the 5% limit across its existing and proposed employee incentive schemes will not be impacted.

### **1. Chapter 2E and section 195 of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Shares constitutes giving a financial benefit and the proposed recipients are related parties of the Company by virtue of their positions as Directors.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of the Shares to these Directors.

## **2. Listing Rule 10.11**

Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies.

As the issue of the Shares involves the issue of securities to a related party of the Company, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

## **3. Technical Information required by the Corporations Act and Listing Rule 10.13**

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and Listing Rule 10.13, the following information is provided in relation to Resolutions 5 to 7:

- (a) The Shares will be issued to David Vilensky, Chris Gale and Brent Jones (and/or their nominees).
- (b) The maximum number of Shares to be issued is 100 million, as follows:
  - David Vilensky – 25,000,000;
  - Chris Gale – 50,000,000; and
  - Brent Jones – 25,000,000.
- (c) The issue of all of the Shares will occur no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (d) The Shares will be issued under the Company's proposed Loan Funded Share Plan described above. Subject to ASX granting a waiver of the application of Listing Rule 10.13.5, the issue price of the Shares to be acquired has been determined by the Board to be the higher of:
  - the closing price of Shares on ASX on the date of the Annual General Meeting, and
  - \$0.011

The issue price does not impact upon the number of Shares that will be issued.

The Company is seeking the abovementioned waiver and will advise Shareholders in due course of ASX's decision in that regard.

- (e) No funds will be raised from the issue of the Shares, as the Company will provide a loan to the proposed recipients for their acquisition. The terms of the loan granted to the recipients will be subject to the same terms and conditions as those that apply to eligible persons under the Plan, as outlined in Schedule 2.
- (f) The Company has determined a nil value for the Shares, on the basis that the Shares are to be acquired at or above market price (see paragraph (d) above).

The exact value of the loan to be made to the recipients for them to purchase the Shares will be an amount equal to the number of Shares to be issued in each case multiplied by the issue price of those Shares. As the loans are limited recourse in nature, the Company may lose some or all of the value of the loan in the event that the loans are not repaid and the Shares forfeited and sold or bought-back for less than their issue price. In addition, no interest is payable on the loans.

Based on an issue price of \$0.011 (which is the minimum issue price), the value of each loan and theoretical annual interest foregone is as follows:

	Shares	Loan Value (\$)	Interest (\$)¹
David Vilensky	25,000,000	275,000	20,613
Chris Gale	50,000,000	500,000	41,226
Brent Jones	25,000,000	275,000	20,613
<b>Total</b>	<b>100,000,000</b>	<b>\$1,100,000</b>	<b>\$82,452</b>

¹ Notional interest rate of 7.25% per annum compounded monthly, based on overdraft business rate published by Westpac Banking Corporation as at the date of the Notice.

The value of these loans and the interest foregone will increase if the issue price of the Shares is higher than \$0.011.

- (g) The relevant interests of the recipients in securities of the Company (excluding the loan funded Shares proposed to be issued under Resolutions 5 to 7) as at the date of the Notice is as follows:

	Shares	Deferred Rights¹,²	Incentive Rights¹,³	Options
David Vilensky	10,913,122	4,236,923	-	-
Chris Gale	9,345,028	-	57,877,796	-
Brent Jones	41,966,653	3,269,231	-	-

¹ Subject to vesting conditions.

² Issued under the Company's Deferred Rights Plan. Refer to Notice of Meeting released to ASX on 19 January 2018 for full details.

³ Issued under the Company's Incentive Rights Plan. Refer to Notice of Meeting released to ASX on 19 January 2018 for full details.

The recipients' remuneration and emoluments for the previous financial year and anticipated aggregate for the current financial year are set out below:

Director	Financial Year	Short Term Benefits		Long Term Benefits	Post-Employment	Share Based Payments	Total	Remuneration consisting of options/shares	Remuneration based on performance
		Cash Salary and Fees	Payables	Annual & Long Service Leave	Super-annuation	Options/ Shares			
		\$	\$	\$	\$	\$	\$	%	%
David Vilensky	2017	79,800	-	-	-	-	79,800	-	19%
	2018	64,800	-	-	-	50,261	115,061	44%	-
Chris Gale	2017	315,000	-	12,500	-	164,557	492,057	33%	22%
	2018	300,000	-	-	-	50,261	350,261	14%	-
Brent Jones	2017	65,000	-	-	-	-	65,000	-	-
	2018	50,000	-	-	-	35,962	85,962	42%	-

- (h) If all of the Shares under Resolutions 5 to 7 are issued, this will increase the number of Shares on issue from 2,622,366,170 to 2,722,366,170 (assuming that no Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by a total of approximately 3.67% in respect of the 100,000,000 Shares that would be issued to the recipients under Resolutions 5 to 7.
- (i) The trading history of the Company's shares on ASX in the 12 months prior to the date of this Notice is set out below:

	Price	Date
<b>Highest</b>	\$0.017	3, 10, 15 January 2018
<b>Lowest</b>	\$0.003	19 - 27 October 2017 26 September – 5 October 2018
<b>Last</b>	\$0.011	10 April 2018

- (j) The issue of Loan Funded Shares to an Executive Director and the two Non-Executive Directors is within the guidelines for director remuneration set out in Recommendation 8.2 of the Corporate Governance Principles and Recommendations (3rd Edition) as published by the ASX Corporate Governance Council. The Board considers that the vesting conditions do not lead to "short-termism" on the part of the recipients or the taking of undue risks, and that:
- (i) the issue of Loan Funded Shares will assist in aligning the recipients' interests with those of Shareholders;
  - (ii) the issue of Loan Funded Shares is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the recipients; and
  - (iii) it is not expected that there are any significant opportunity costs to the Company foregone by the Company in issuing of Loan Funded Shares upon the terms proposed.

- (k) The primary purpose of the issue of the Shares is to align Mr Gale's, Mr Vilensky's & Mr Jones' interest with that of Shareholders and to provide a remuneration package that will both motivate and reward their performance in their respective roles with the Company.
- (l) Due to the nature of mineral explorers with multiple projects, often Directors are excluded from benefitting from opportunities to purchase shares in a business which they work for because of the many blackout periods and the responsibilities to the market. Unlike larger businesses, directors on junior listed businesses are involved deeply in the risks of the business and the decision making and as such should have an opportunity to share in its growth.
- (m) All of the Directors have a material personal interest in the Resolutions and, accordingly, make no recommendation in respect of the Resolutions.
- (n) The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Shareholders to pass the Resolutions.

Approval pursuant to Listing Rule 7.1 is not required for the issue of the Shares under Resolutions 5 to 7 as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of the Shares under Resolutions 5 to 7 will not be included in the use of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

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## GLOSSARY

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**\$** 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** or **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:

- (b) a spouse or child of the member;
- (c) a child of the member's spouse;
- (d) a dependent of the member or the member's spouse;
- (e) 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;
- (f) a company the member controls; or
- (g) 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.

**Grant Date** means a date determined by the Board.

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

**Incentive Rights Plan** means the Company's employee incentive plan approved by Shareholder on 27 November 2015.

**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.

**Loan** means loan from the Company to a Participant provided pursuant to the Plan.

**Loan Funded Share** means a Share that is subject to a Loan and/or to any conditions issued under the Plan.

**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.

**Participants** means key personnel and Directors.

**Plan** means the Loan Funded Share Plan proposed to be adopted by the Company, details of which are set out in the Notice and Explanatory Statement.

**Plan Rules** means the rules governing the Plan.

**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 2017.

**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 Section 4.2 of the Explanatory Statement.

**Vesting Conditions** means vesting conditions for Loan Fund Shares as determined by the Board.

**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 2017

Issue Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
Issue – 26/07/2017 Appendix 3B – 26/07/2017	250,000,000	Shares <sup>2</sup>	Shares issued to professional and sophisticated investors to raise \$1.0m (Placement).	\$0.004 per share	Consideration: \$1.0 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 – 09/08/2017 Appendix 3B – 09/08/2017	522,049	Shares <sup>2</sup>	Shares issued to reward former employee Mr Andrew Bristow 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> : \$5,742
Issue – 18/08/2017 Appendix 3B – 18/08/2017	2,000,000	Shares <sup>2</sup>	Issued to a Consultant of the Company, ARK Strategic Consulting LLP in lieu of cash fees for services provided	No issue price (non-cash consideration)	Issued to a Consultant of the Company in lieu of cash fees for services provided  Current value <sup>5</sup> : \$22,000
Issue – 12/10/2017 Appendix 3B – 12/10/2017	125,000,000	Quoted Options <sup>3</sup>	Issued to investors who participated in the \$1.0 million Placement announced on 26 July 2017 on the basis of 1 Option for every 2 Shares. Pursuant to Prospectus lodged 10 October 2017.	No issue price as they were free attaching options.	Consideration: Nil consideration as they were free attaching options.  Current value <sup>5</sup> : \$250,000
Issue – 12/10/2017 Appendix 3B – 12/10/2017	125,000,000	Quoted Options <sup>3</sup>	Issued to brokers, PAC Partners Pty Ltd and Sequoia Financial Group Ltd (or their nominees) for capital raising services provided in connection with the Placement announced on 26 July 2017. Pursuant to Prospectus lodged 10 October 2017.	No issue price (non-cash consideration)	Settlement of amounts owed to brokers.  Current value <sup>5</sup> : \$250,000
Issue – 17/10/2017 Appendix 3B – 17/10/2017	371,428,600	Shares <sup>2</sup>	Shares issued form Tranche 1 of placement to professional and sophisticated investors to raise \$1.5m (Placement) as announced to ASX on 10 October 2017.	\$0.0035 per share Share Price on Issue Date: \$0.004 Discount to market value: 12.5%	Consideration: \$1.30 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 – 17/10/2017 Appendix 3B – 17/10/2017	57,142,857	Shares <sup>2</sup>	Shares issued form Tranche 2 of placement to professional and sophisticated investors to raise \$1.5m (Placement) as	\$0.0035 per share Share Price on Issue Date: \$0.004	Consideration: \$200,000 million raised pursuant to the issue.  The Company has used these funds to secure the lithium bearing pegmatite properties

Issue Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
			announced to ASX on 10 October 2017.	Discount to market value: 12.5%	identified in Argentina and further exploration work as well as working capital.
Issue – 20/10/2017 Appendix 3B – 20/10/2017	1,687,500	Shares <sup>2</sup>	Settlement of amounts owed to creditor Resource Capital Research.	No issue price (non-cash consideration)	Settlement of amounts owed to creditors. Current value <sup>5</sup> : \$1,856
Issue – 20/10/2017 Appendix 3B – 20/10/2017	2,000,000	Shares <sup>2</sup>	Issued in accordance with revised sale agreement with Guadalupito vendors announced on 28 March 2014	No issue price (non-cash consideration)	Issued in accordance with revised sale agreement with Guadalupito vendors announced on 28 March 2014. Current value <sup>5</sup> : \$22,000
Issue – 28/11/2017 Appendix 3B – 28/11/2017	125,000,000	Shares <sup>2</sup>	Shares issued to professional and sophisticated investors to raise \$1.0m (Placement).	\$0.008 per share	Consideration: \$1.0 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 – 21/02/2018 Appendix 3B – 21/02/2018	214,285,728	Quoted Options <sup>3</sup>	Issued to investors who participated in the \$1.0 million Placement announced on 10 October 2017 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> : \$428,571
Issue – 21/02/2018 Appendix 3B – 21/02/2018	214,285,714	Quoted Options <sup>3</sup>	Issued to brokers, PAC Partners Pty Ltd, Hartleys Limited and Merchant Capital Pty Ltd (or their nominees) for capital raising services provided in connection with the Placement announced 10 October 2017.	No issue price (non-cash consideration)	Settlement of amounts owed to brokers. Current value <sup>5</sup> : \$428,571
Issue – 21/02/2018 Appendix 3B – 21/02/2018	62,500,000	Quoted Options <sup>3</sup>	Issued to brokers PAC Partner Pty Ltd (or their nominees) for capital raising services provided in connection with the Placement announced 28 November 2017.	No issue price (non-cash consideration)	Settlement of amounts owed to brokers. Current value <sup>5</sup> : \$125,000
Issue – 16/03/2018 Appendix 3B – 16/03/2018	13,846,154	Incentive Rights <sup>4</sup>	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> : \$102,046

Issue Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
Issue – 16/03/2018 Appendix 3B – 16/03/2018	7,506,154	Deferred Rights <sup>5</sup>	To provide incentives to Non-Executive Directors, Mr David Vilensky and Mr Brent Jones in accordance with the Deferred Rights Plan. The Deferred Rights Plan was most recently approved by Shareholders on 31 May 2017.	No issue price (non-cash consideration)	Equity based remuneration for services provided to the Company. Current value <sup>5</sup> : \$82,567

**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 \$0.01 on or before expiry 12 October 2019.
4. Incentive Rights issued under the Company's Incentive Rights Plan approved by shareholders on 27 November 2015. Terms and conditions in Notice of Meeting lodged with ASX on 28 October 2015.
5. Deferred Rights issued under the Company's Deferred Rights Plan approved by shareholders on 31 May 2017. Terms and conditions in Notice of Meeting lodged with ASX on 1 May 2017.
6. In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.011 or Options (\$[insert]) as the context requires on the ASX on [insert]. 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). In respect of the Incentive Rights and Deferred Rights (Rights), the value is based on the closing price of the Shares (\$0.011) on the ASX on 10 April 2018, and takes into account management's estimate of the number of Rights that are likely to vest into Shares.
7. 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.

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## **SCHEDULE 2 – TERMS AND CONDITIONS OF LOAN FUNDED SHARE PLAN**

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### ***Loan Funded Shares***

Participants will acquire Loan Funded Shares at market value as at the Grant Date using a loan provided by the Company. The Loan will be interest-free and limited recourse in accordance with the loan terms and the Plan Rules.

The Plan Rules require the Loan to be repaid before a Participant can sell their Shares.

### ***Vesting Conditions of Loan Funded Shares***

The Board has the discretion to impose such vesting conditions in relation to the Loan Funded Shares as it deems appropriate. These may include conditions relating to continued employment or service, performance (of the Participant or the Company) and the occurrence of specific events.

### ***Restrictions on Disposal of Loan Funded Shares***

A Participant must not sell, transfer, encumber or otherwise deal with a Loan Funded Share unless otherwise permitted under the Plan or determined by the Board. The Loan Funded Shares will not be quoted on ASX and, at the discretion of the Company, will be the subject of a "holding lock", restricting the Participant's ability to trade the Shares.

### ***Forfeiture of Loan Funded Shares***

Forfeiture conditions apply at all times while each Participant holds Loan Funded Shares, such that the Participant will forfeit their interest in the Loan Funded Shares where the Participant is determined by the Board to:

- be a leaver (with some qualification as set out below);
- be in breach of any terms of the Loan; or
- fail to satisfy the Vesting Conditions.

### ***Leavers***

If a Participant ceases to be employed or engaged by the Company Group or, if a Director, ceases to be a Director, the Board will determine within which category of 'Leaver' (as defined below) that Participant falls, and will make a determination in respect of vesting and forfeiture of the Loan Funded Shares held by that Participant as set out below:

Type of Leaver	Defined as...	Unvested Loan Fund Shares	Vested Loan Fund Shares
<b>Good Leaver</b>	<p>A Participant who ceases employment for reasons of ill-health, total and permanent disability, death, redundancy, retirement (with the agreement of the Board), or the sale by the Company of the business in which the Participant is employed such that it is no longer a member of the Company Group.</p> <p>Also includes, in the case of a Director, a person who retires from that position for reasons of ill-health or total and permanent disability, or dies.</p>	<p>Will vest pro-rata based on the portion of the Vesting Period which has expired as at the date on which employment, engagement or directorship ceases (<b>Cessation Date</b>), and having regard to the extent to which any Vesting Conditions have been satisfied, all as determined by the Board. Any Loan Funded Shares which remain unvested following the Board's determination are forfeited.</p>	<p>May be retained, subject to repayment of the balance of the Loan by the earlier of its maturity date or the date which is 6 months from the Cessation Date (or 12 months in the case of cessation of employment, engagement or directorship due to death).</p>
<b>Bad Leaver</b>	<p>A Participant who ceases employment in circumstances of:</p> <ul style="list-style-type: none"> <li>• breach of the Loan Agreement or serious/persistent breach of employment/engagement;</li> <li>• grave misconduct or recklessness in the discharge of duties;</li> <li>• actual or potential disqualification from managing corporations under the Corporations Act; or</li> <li>• directly competes with the Company's business as employee, contractor, director or substantial owner within 6 months of ending employment/engagement with the Company.</li> </ul> <p>Also includes, in the case of a Director, a Participant who retires or resigns as a Director without prior approval from the Board, or is removed from the Board by Shareholder vote.</p>	<p>Will be forfeited.</p>	<p>Any vested Loan Funded Shares that remain subject to any condition, or remain held in trust, or if the Loan balance is outstanding and not repaid within 7 days of cessation, will be forfeited.</p>

Type of Leaver	Defined as...	Unvested Loan Fund Shares	Vested Loan Fund Shares
<i>Leaver</i>	A Participant who ceases employment, engagement or directorship, and who is not a Good Leaver or Bad Leaver	Will be forfeited (unless the Board determines otherwise).	May be retained, subject to repayment of the balance of the Loan by earlier of its maturity date or the date which is 6 months from the Cessation Date.

### ***Change in control of the Company***

If the Company becomes, or in the opinion of the Board is likely to become, subject to a change of control, unvested Loan Funded Shares will vest pro-rata based on the portion of the Vesting Period which has expired as at the relevant date and, provided the terms of the Loan are complied with, Participants may dispose of their vested Loan Funded Shares by:

- selling their Loan Funded Shares; or
- requesting the Company buy-back their Loan Funded Shares.

### ***Loan Terms***

Participants will be invited to purchase Shares using loan funds under a loan agreement with the Company. The Loan must always be repaid if the Participant wishes to benefit from the Shares. Participants only benefit from growth in share price.

The Loan commences on the Grant Date and, subject to the Board's discretion to permit the Loan to continue for a further specified period, must be repaid by the earliest of the following:

- five years from the Grant Date;
- the date the Participant ceases employment, engagement or directorship with the Company;
- the date the Loan Funded Shares are forfeited;
- the date the Board determines any of the Vesting Conditions will not be satisfied;
- the date the Company is wound up; or
- the date, other than above, that the Participant and the Company agree to in writing.

The Loan is interest-free and fee-free, and limited recourse. Limited recourse means the repayment amount will be the lesser of the outstanding Loan value and the market value of the Loan Funded Shares that were acquired using the Loan. If the Participant's Loan Funded Shares are of lower value than the Loan balance at the time that they are required to repay the Loan, that Participant's Loan Funded Shares will be disposed of at market value and the proceeds applied in full satisfaction of the Loan obligations.

The Participant may repay the Loan before the repayment date. The Loan must be repaid in full (or arrangements for the repayment of the Loan entered into to the satisfaction of the Board), and the Vesting Conditions satisfied, before the Loan Funded Shares can be disposed of.

If dividends are paid by the Company on the Participant's Loan Funded Shares, the Company will apply the after-tax value of the dividends to the repayment of the Loan.

When the Loan is due for repayment, the Company may sell or buy-back some or all of the Participant's Loan Funded Shares to satisfy the outstanding Loan balance. The proceeds from any sale or buy-back of the Loan Funded Shares will be applied to repay

the outstanding Loan balance and any excess funds after costs and expenses will be returned to the Participant if they are entitled to them under the terms of the Plan Rules and the Loan.

***Maximum number of Shares to be offered***

The maximum number of Shares that may be granted pursuant to the Plan on each Grant Date (in addition to the number of shares and options issued under the Company's existing employee incentive schemes) is 5% of the total issued share capital of the Company as at the relevant Grant Date.