
LATIN RESOURCES LIMITED
ACN 131 405 144

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 11:00am (WST)
DATE: 11 December 2019
PLACE: 32 Harrogate Street
West Leederville WA 6007

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

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.

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 4:00pm (WST) on 9 December 2019.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL OF ACQUISITION OF ELECTRIC METALS PTY LTD

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

“That, subject to and conditional upon the passing of all Resolutions, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change in the nature or scale of its activities via the Acquisition and otherwise as described in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of any 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 that person (or 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 – ISSUE OF CONSIDERATION SECURITIES

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

“That, subject to and conditional upon the passing of all Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 25,000,000 Shares, together with 6,250,000 Options, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or 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 – ISSUE OF MILESTONE CONSIDERATION SECURITIES

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

“That, subject to and conditional upon the passing of all Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 16,500,000 Milestone Shares, together with 4,125,000 Milestone Options, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or

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 – ISSUE OF PLACEMENT SHARES AND OPTIONS

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

“That, subject to and conditional upon the passing of all Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 166,666,667 Shares, together with 1 free attaching Option for every 2 Shares subscribed for and issued, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or 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 - APPROVAL TO ALLOW FOR CONVERSION OF CONVERTIBLE NOTES

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

“That, subject to and conditional upon the passing of all Resolutions, for the purpose of ASX Listing Rule 7.1 and for all other purposes, Shareholders authorise the Capital Raising Notes to be convertible into Shares and Options on the terms and conditions and in the manner set out in the Explanatory Memorandum.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or 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.

6. RESOLUTION 6 – ISSUE OF BROKER OPTIONS

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

“That, subject to and conditional upon the passing of all Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 40,000,000 Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a

material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or 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.

7. RESOLUTION 7 – ISSUE OF NEW OPTIONS

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

“That, subject to and conditional upon the passing of all Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 34,042,873 Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or 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: 6 November 2019

By order of the Board

Chris Gale
Managing Director

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.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6117 4798.

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 – APPROVAL TO CHANGE SCALE OF ACTIVITIES

1.1 General

Resolution 1 seeks approval from Shareholders for a change in the nature or scale of the activities of the Company as a result of the acquisition of Electric Metals Pty Ltd (**Electric Metals**).

As announced on 24 October 2019, the Company has entered into a conditional binding terms sheet to acquire Electric Metals (**Acquisition**), which owns 100% of the Noombenberry Halloysite Project in Western Australia and the Big Grey Silver-Lead Project in the Paterson region of Western Australia.

1.2 Background

As has been previously announced by the Company, due to a decline in the lithium sector globally, a trend the Company considers to be temporary, the Company will only continue with its lithium operations in Argentina and Brazil via a sale or in conjunction with suitable joint venture partners able to fund the projects. The Company remains focused on seeking and attracting suitable joint venture partners through its highly prospective hard rock lithium projects in Argentina and Brazil and remains confident of doing so within the near to medium term.

The Company will now be focused on the following key areas:

- (a) The collaborative exploration agreement the Company has with First Quantum on its Ilo Sur properties in southern Peru. The Company believes it is now very close to finalising the process of obtaining the necessary permitting to enable exploration drilling to commence on this exciting copper project. It is well known that First Quantum have expended significant time and resources to date in an extensive assessment of this project which has resulted in a target area recommended for follow up which includes drill targets already identified in what is expected will be a significant new copper project. The Company remains hopeful that this joint venture will deliver the upside it has long promised, and we look forward to receiving good news on this project in the medium term.
- (b) To develop the halloysite and Paterson Range Silver/Lead projects acquired from Electric Metals. While not a large transaction, halloysite and kaolin, the two clay minerals found on the flagship Electric Metals project, have geological importance and many technological applications which are increasing with research. The acquisition is consistent with the strategic direction announced by the Company to the ASX on 4 October 2019 to identify and develop strategic mineral projects in Australia. The Company is excited with the potential of this new opportunity and believes it will add value to the Company's existing portfolio of mineral projects.

- (c) Seeking suitable joint venture partners for their highly prospective hard rock lithium projects in Argentina and Brazil.
- (d) To identify and secure a buyer for the Guadalupito mineral sands project. This process has been on foot for some time and the Company has interest from a potential buyer albeit it is early days. The Company maintains its belief that there is value that can be obtained from this project whether by way of a sale or part sale.

1.3 Noombenberry Halloysite Project

Background

The Company wants to expand its current projects via the acquisition of Electric Metals. Electric Metals' flagship asset is the 54km² Noombenberry Halloysite project covering two contiguous tenements (E77/2622 and E77/2624 still in the application process).

The Company believes that the Acquisition presents a compelling opportunity as one of Australia's few known natural occurrences of tubular halloysite.¹ The Noombenberry Halloysite project is located less than 300km from Perth, with Fremantle Port easily accessible via the Great Eastern Highway. All services required for a low cost mining operation are in close proximity. Scientists from the Geological Survey of Western Australia (GSWA) identified the mineral occurrence in 19991 - however it remained undiscovered by commercial explorers until being located this year by Electric's project generation team.



Figure 1. Location of Merredin, close to the Noombenberry Halloysite Project

Halloysite

Kaolinite-Halloysite presents a low risk commodity with minimal ground disturbance required for exploration. The Directors believe that there is currently high investor interest in Halloysite as a globally scarce commodity with demand drivers.

¹ **Kaolin in Western Australia** by PB Abeyasinghe and JM Fetherston - 1999 updated 2017-GSWA publications - Geological information about the Noombenberry Halloysite project was sourced from pages 76-80.

The main markets for Halloysite are the ceramics and also the petroleum industry as a catalyst for fluid catalytic cracking. In addition, the Directors believe that there are emerging markets developing for Halloysite such as nanotube technologies and cancer therapeutics.

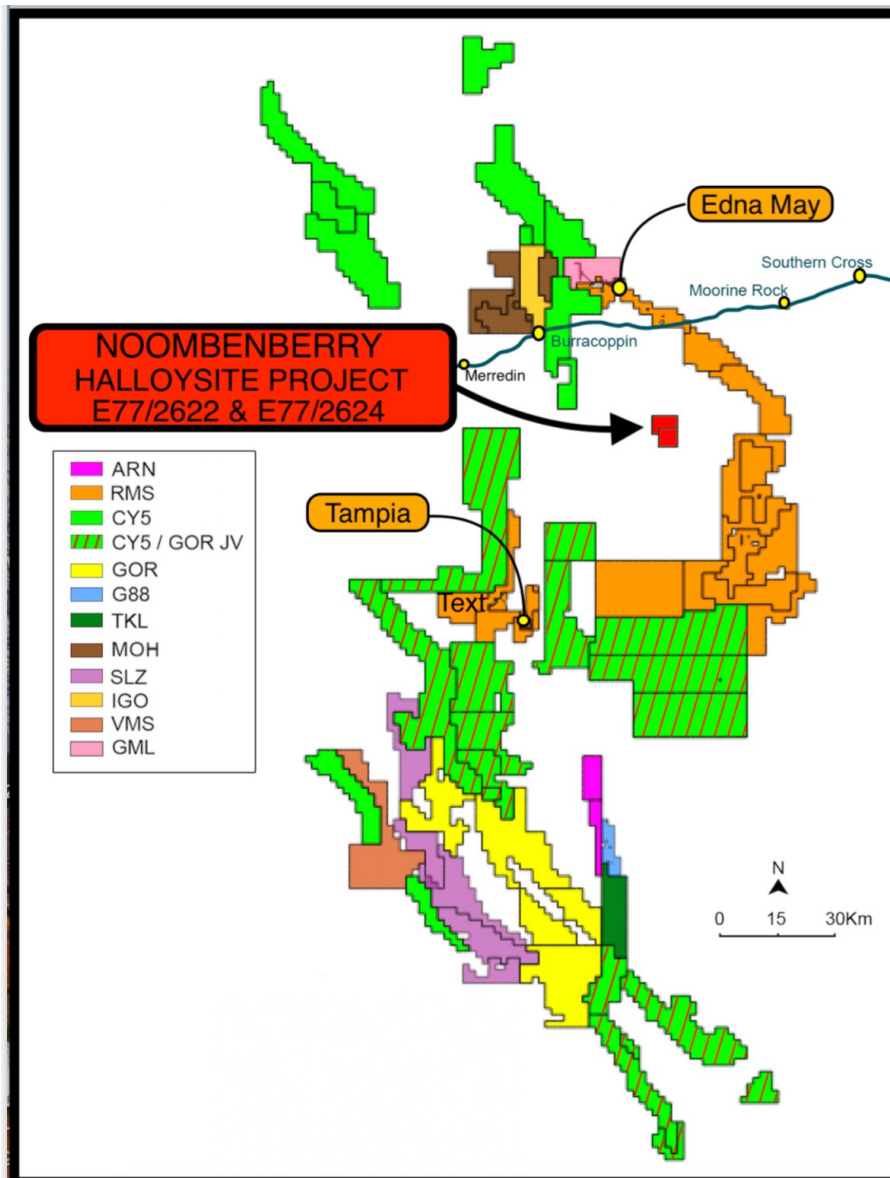


Figure 2. Noombenberry Halloysite tenement map

1.4 Big Grey Silver-Lead Project

The Big Grey Silver-Lead Project consist of a 138km² granted exploration tenement (E45/5246) in WA's tightly held Paterson region. The tenement is underlain by the same magnetic trend that hosts Rumble Resource's Braeside-Barramine lead-silver-barium projects. Paterson Region hosts some of Australia's largest copper and gold mines including two of Australia's biggest copper and gold mines, Telfer operated by Newcrest Mining, and Metals X Ltd's Nifty.

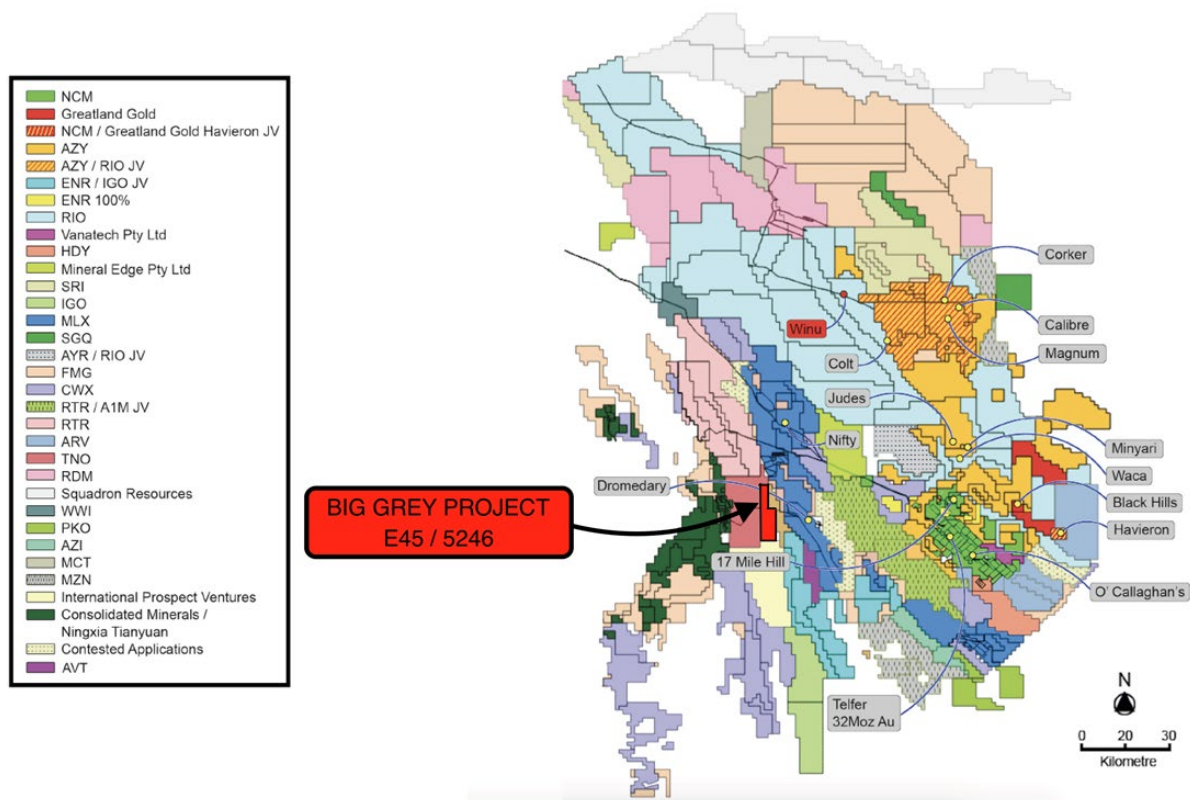


Figure 3. Paterson region exploration tenements

1.5 Summary of Acquisition Terms

The parties have entered into a binding term sheet for the Acquisition, the material terms of which are as follows:

- (a) **Consideration:** the issue of 25,000,000 Shares and 6,250,000 Options. The Options will have an exercise price of \$0.012 and must be exercised on or before 31 December 2022 (**Vendor Options**) (together, the **Consideration Securities**). Electric will also be eligible for 16,500,000 Milestone Shares and 4,125,000 Milestone Options on the satisfaction of the JORC Milestone. See Resolutions 2 and 3 for further details.
- (b) **Conditions precedent:** The Acquisition is conditional upon the satisfaction of the following conditions precedent:
 - (i) Any approval required to be given by the shareholders of Latin under the Corporations Act, ASX Listing Rules or otherwise in connection with the Acquisition having been obtained and any other regulatory approvals or waivers required also being obtained by 14 December 2019 or such date as extended by the parties;
 - (ii) Electric Metals and the Company completing and being reasonably satisfied with the outcome of due diligence investigations on each other. At this stage, the Company has undertaken general corporate investigations, title searches and is currently obtaining the assay results as part of its due diligence and will make a more detailed announcement at the

appropriate time in accordance with its continuous disclosure requirements;

- (iii) The tenements comprising the Noombenberry Halloysite Project are not withdrawn, declined or rejected by the relevant statutory bodies or being challenged on the basis of validity or unenforceability before or as at completion; and
- (iv) Any approval or waiver required by, or to be given by, ASIC, ASX, any third parties or governmental authorities in connection with the Acquisition having been obtained on terms reasonably satisfactory to Latin by 14 December 2019 or such date as extended by the parties.

The Acquisition will otherwise be subject to standard conditions, warranties and representations and obligations standard for a transaction of this nature.

1.6 Advantages of the Acquisition and Capital Raising

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Resolutions:

- (a) The Noombenberry Halloysite Project:
 - (i) presents a compelling opportunity as one of Australia's few known natural occurrences of tubular halloysite;²
 - (ii) is located near Merredin, less than 300km from Perth with Fremantle Port easily accessible via the Great Eastern Highway. All services required for a low cost mining operation are in close proximity;
 - (iii) remained undiscovered by commercial explorers until being located this year by Electric Metals and as such is undeveloped and the Directors believe this has plenty of potential upside; and
 - (iv) halloysite presents a low risk commodity with minimal ground disturbance required for exploration. The Directors believe that there is currently high investor interest in Halloysite as a globally scarce commodity with demand drivers;
- (b) The Big Grey Silver Lead Project:
 - (i) is underlain by the same magnetic trend that hosts Rumble Resource's Braeside-Barramine lead-silver-barium projects; and
 - (ii) Paterson Region hosts some of Australia's largest copper and gold mines including two of Australia's biggest copper and gold mines, Telfer operated by Newcrest Mining, and Metals X Ltd's Nifty;

² **Kaolin in Western Australia** by PB Abeysinghe and JM Fetherston - 1999 updated 2017-GSWA publications - Geological information about the Noombenberry Halloysite project was sourced from pages 76-80.

- (c) the Capital Raising will bring in additional funds which will provide the Company with sufficient funds to implement its proposed strategy as set out in Section 1.2;
- (d) the potential increase in market capitalisation of the Company may lead to increased coverage from investment analysts, access to improved equity capital market opportunities and increased liquidity which are not currently present; and
- (e) the consideration for the Acquisition and the associated transactions is Shares and Options, thereby allowing more funds to be used directly on the Company's projects.

1.7 Disadvantages of the Acquisition and Capital Raising

- (a) the Acquisition and Capital Raising will result in the issue of additional securities of which will have a dilutionary effect on the holdings of Shareholders, as will Shares issued on conversion of the Capital Raising Notes, Convertible Note Options, Vendor Options, Milestone Options, Placement Options and Entitlement Options;
- (b) future outlays of funds from the Company may be required for the operations of the Company's projects;
- (c) pursuant to the Acquisition, the Company has agreed to acquire 100% of the issued capital of Electric Metals, completion of which is subject to the fulfilment of certain conditions. There is a risk that the conditions for completion of the Acquisition cannot be fulfilled and, in turn, that completion of the Acquisition does not occur. If the Acquisition is not completed, the Company will incur costs relating to advisors and other costs without any material benefit being achieved;
- (a) there is no guarantee that the projects will prove to be economically viable for the Company;
- (d) there is no guarantee that the price of the Shares will not fall as a result of the Acquisition and/or exploration activities undertaken;
- (e) current Shareholders will be exposed to the additional risks associated with the projects; and
- (f) the tenements comprising the Noombenberry Halloysite Project are in the application phase and whilst the Company has no reason to believe that such tenements will not be granted, this can not be guaranteed.

1.8 Capital Raising

In addition to the Acquisition, the Company is undergoing a capital raising which consists of the following transactions (**Capital Raising**):

- (a) a placement to raise up to \$1,000,000 via the issue of up to 166,666,667 shares at \$0.006 per share (**Placement Shares**). The Placement Shares come with 1 for 2 free-attaching Options (**Placement Options**), on the same terms as the Vendor Options. See Resolution 4 for further details.
- (b) The issue of 520,000 convertible notes on 5 November 2019 which raised \$520,000 (**Capital Raising Notes**). The Capital Raising Notes will convert

into Shares at a 20% discount to the historical 5-day VWAP at a time of the Noteholders' election with a floor price of \$0.004; the Noteholders will also be entitled to 80 Options (on the same terms as the Vendor Options) for every dollar subscribed for by the Noteholder (**Note Options**). See Resolution 5 for further information; and

- (c) an entitlement issue to raise up to a maximum of \$995,827 if fully taken up on a 1:1 basis with an issue price of \$0.006 per Share with a 1:2 free attaching Option on the same terms as the Vendor Options (**Entitlement Issue**). The Entitlement Issue will be subject to Shareholders' approving Resolution 1 of this Notice.

The Company will also:

- (d) issue a total of 40,000,000 Options to SABA Nominees Pty Ltd and sophisticated investors) (**Broker Options**) for their services in facilitating the Capital Raising, the terms of which will be the same as the Vendor Options (see Resolution 6); and
- (e) offer the holders of the LRSOB Listed Option class that expired on 12 October 2019 the opportunity to subscribe for new Options at an issue price of \$0.0015 per option (**New Options**). These Options will have the same terms as the Vendor Options. The maximum number of New Options to be issued will be 34,042,873 (see Resolution 7).

Use of funds

The use of funds table set out below shows how the funds raised by the Capital Raising will be allocated.

Use of funds	\$
Lind repayment	1,000,000
Creditors	400,000
Costs of the Capital Raising	130,000
Expenditure on Electric assets	150,000
Working Capital	320,000
Total	2,000,000

The work program for the \$150,000 expenditure on the Electric Metal assets is as follows:

Work program	\$
Further sampling and assaying to determine size of kaolin body and consistency of halloysite occurrence, to commence upon engagement with farm owner:	15,000
Desktop modelling of deposit area and planning of drill program. Cost circa	25,000
Compiling geophysical data Cost circa	20,000
Aircore and RC drilling to commence upon project grant in 3-6 months. Cost circa	75,000
Assaying and modelling of deposit size, define inferred JORC	10,000

resource. Cost circa	
Commence discussions with end users for offtake agreements	5,000
Total	150,000

1.9 Effect of the Acquisition and Capital Raising

The effect of the Acquisition and Capital Raising on the Company's capital structure is set out below.

Shares	Number
Shares currently on issue ¹	155,699,128
Consideration Shares to be issued pursuant to the Acquisition ²	25,000,000
Shares to be issued pursuant to the Placement ³	166,666,667
Shares to be issued pursuant to the Entitlement Issue ³	165,971,167
Total Shares on issue on completion of the Acquisition and Capital Raising	513,336,962

Notes:

1. This includes 4,000,000 unquoted loan funded Shares.
2. This does not take into account the 16,500,000 Milestone Shares.
3. This assumes that subscriptions under the Placement and Entitlement Issue are \$1,000,000 and \$995,827 respectively, and no Options or convertible notes are exercised.

Options	Number
Unquoted Options exercisable at \$0.1075 on or before 18 December 2022	6,666,667
Unquoted Options exercisable at \$0.0325 on or before 3 July 2023	8,000,000
Consideration Options	6,250,000
Placement Options	83,333,334
Entitlement Issue Options	82,985,584
Broker Options	40,000,000
Replacement Options	34,042,873
Total Options on issue on completion of the Acquisition and Capital Raising	261,278,458

Notes:

1. This does not include the 4,125,000 Milestone Options or the issue of any Note Options.

Convertible Securities	Number
Convertible Security (Lind)	1
Re-investment Convertible Security (Lind)	1
Capital Raising Notes	520,000
Convertible Securities on issue on completion of the Acquisition and Capital Raising	520,002

Notes:

1. See Resolution 5 for further information on the Capital Raising Notes.

Assuming no Options are exercised or other Shares issued and the maximum number of Shares as set out above are issued, the number of Shares on issue would increase from 155,699,128 (being the number of Shares on issue as at the date of this Notice) to 513,336,962 (not including the Milestone Shares) and the shareholding of existing Shareholders would be diluted by approximately 229.70%. Further, in the event all the Options are exercised, (including the Milestone and Note Options), the Milestone Shares are issued and the Capital Raising Notes are converted into the maximum number of Shares, the Shares on issue would increase to 966,840,420 and the shareholding of existing Shareholders would be diluted by 521%.

Indicative Timetable

Issue of Capital Raising Notes	5 November 2019
Despatch of Notice of Meeting	8 November 2019
General Meeting Held	11 December 2019
Entitlement Issue launches ²	11 December 2019
Placement Completed	11 December 2019
Completion of Acquisition	12 December 2019
Issue of Broker and New Options	12 December 2019

Notes

1. Dates are indicative only and subject to change
2. This is subject to ASX approval of the timetable for the Entitlement Issue, such approval to be sought and announced following the Meeting.

Pro forma balance sheet

A summary of the likely effect of the Acquisition and Capital Raising on the Company's consolidated total assets and total equity interests is set out in Schedule 2. This table does not show the effect of the Milestone Consideration as such consideration may not be issued.

1.10 ASX Listing Rule 11.1

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the company were applying for admission to the official list of ASX.

ASX has indicated to the Company that the change in the scale of the Company's activities as a result of the Acquisition and Capital Raising requires the Company, in accordance with ASX Listing Rule 11.1.2, to obtain Shareholder approval and must comply with any requirements of ASX in relation to the Notice of Meeting.

1.11 Directors' recommendation

The Directors do not have any material interest in the Acquisition, other than as a result of their interest arising solely in the capacity as Shareholders.

After assessment of the advantages and disadvantages, the Directors are of the view that the advantages outweigh the disadvantages and therefore unanimously recommend that Shareholders vote in favour of the Resolutions in as they consider the Acquisition to be in the best interests of Shareholders.

2. RESOLUTIONS 2 AND 3 – ISSUE OF CONSIDERATION AND MILESTONE CONSIDERATION SECURITIES

2.1 General

These Resolutions seek Shareholder approval for the issue of up to:

- (a) 25,000,000 Shares and 6,250,000 Options (**Consideration Securities**) pursuant to Resolution 2; and
- (b) 16,500,000 Milestone Shares and 4,125,000 Milestone Options subject to satisfaction of the JORC Milestone (**Milestone Consideration Securities**) pursuant to Resolution 3,

to Electric Metals in consideration for the Acquisition.

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.

The effect of these Resolutions will be to allow the Company to issue the Consideration Securities and Milestone Consideration Securities 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. The Company has applied for a waiver to issue the Milestone Consideration Securities within 2 years from the date of this Meeting.

2.2 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 these Resolutions:

- (a) a maximum of:
 - (i) 25,000,000 Shares and 6,250,000 Options will be issued as part of the Consideration Securities;
 - (ii) 16,500,000 Milestone Shares and 4,125,000 Milestone Options will be issued as part of the Milestone Consideration Securities subject to satisfaction of the JORC Milestone;

- (b) the Consideration Securities 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 and Options will occur on the same date;
- (c) the Milestone Consideration Securities will be issued following satisfaction of the JORC Milestone and it is intended that issue of the Milestone Consideration Securities will occur on the same date. The Company has been granted a waiver to issue the Milestone Consideration Securities within 2 years of the date of this Meeting;
- (d) the issue price of the Consideration Securities and Milestone Consideration Securities will be nil as they will be issued in consideration of the Acquisition;
- (e) the Consideration Securities and Milestone Consideration Securities will be issued to the Vendors, who are not related parties of the Company;
- (f) the Consideration and Milestone 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;
- (g) the Consideration and Milestone Options will be issued on the terms and conditions set out in Schedule 1; and
- (h) no funds will be raised from the issue of the Consideration or Milestone Consideration Securities as they will be issued in consideration of the Acquisition.

3. RESOLUTION 4 – ISSUE OF PLACEMENT SHARES AND OPTIONS

This Resolution seeks Shareholder approval for the issue of up to 166,666,667 Shares at an issue price of \$0.006 per Share, together with 1 free attaching Option for every 2 Shares subscribed for and issued, to raise up to \$1,000,000 (**Placement**).

A summary of ASX Listing Rule 7.1 is set out in section 2.1 above.

The effect of this Resolution will be to allow the Company to issue the Shares and Options pursuant to the Placement 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.

3.1 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 Placement:

- (a) the maximum number of Shares to be issued is 166,666,667 and the maximum number of Options to be issued is 83,333,334;
- (b) the Shares and Options 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 and Options will occur on the same date;

- (c) the issue price will be \$0.006 per Share and nil per Option as the Options will be issued free attaching with the Shares on a 1:2 basis;
- (d) the Shares and Options will be issued to sophisticated investors. None of these subscribers are 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;
- (f) the Options will be issued on the terms and conditions set out in Schedule 1; and
- (g) the Company intends to use the funds raised from the Placement as set out in Section 1.6.

4. RESOLUTION 5 – APPROVAL TO ALLOW FOR CONVERSION OF CAPITAL RAISING NOTES

4.1 Background

As mentioned in Section 1.1, as part of the Capital Raising the Company has issued 520,000 Capital Raising Notes to raise \$520,000 on 5 November 2019.

Conversion of the Capital Raising Notes is not permitted until such time as Shareholder approval for conversion was obtained; this would transform the Capital Raising Notes from debt securities to convertible equity securities. If such approval is not obtained, the Capital Raising Notes will remain as debt securities and will not be capable of conversion.

The other material terms and conditions of the Capital Raising Notes are as follows:

- (a) The Capital Raising Notes will pay a 12% pa coupon, with interest paid quarterly in cash or Shares. Upon conversion of the Capital Raising Notes, the Noteholders will also receive 80 free attaching Options for every \$1.00 raised under the Capital Raising Notes (**Note Options**). The Note Options will be issued on the same terms as the Vendor Options.
- (b) The repayment date is 30 April 2020.
- (c) If a Noteholder elects to be paid their interest in Shares, those shares will convert on the same formula and subject to the same floor price (\$0.004) as any shares converted pursuant to the Capital Raising Notes.

4.2 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in section 2.1 above.

This Resolution seeks Shareholder approval for the purposes of Listing Rule 7.1 to allow for conversion of the Capital Raising Notes. If Shareholders approve this Resolution, the Capital Raising Notes will be deemed to have automatically become convertible equity securities and become immediately capable of conversion and the Capital Raising Notes and any securities issued upon their conversion will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

4.3 ASX Listing Rule Disclosure Requirements

The following information is provided for the purpose of ASX Listing Rule 7.3:

- (a) the 520,000 Capital Raising Notes are already on issue and are debt securities. If Shareholders approve this Resolution, the Capital Raising Notes will be deemed to automatically become convertible equity securities. No additional convertible notes will be issued as a result of this Resolution being passed;
- (b) each Capital Raising Note was issued with a face value of \$1.00. If Shareholders approve this Resolution the face value will remain at \$1.00;
- (c) the number of Shares that may be issued upon conversion of the Capital Raising Notes will be determined based on a 20% discount to the VWAP for the five (5) Trading Days prior to the conversion notice being issued in respect of the Capital Raising Notes, subject to a floor price of 0.004 (being a maximum of 130,000,000 Shares);
- (d) the maximum number of Note Options that will be issued on conversion of the Capital Raising Notes will be 41,600,000;
- (e) the Capital Raising Notes already on issue will automatically convert into convertible equity securities which will be retained by their existing holders, being sophisticated investors, none of whom are related parties of the Company. The subsequent conversion into Shares and Options can occur at any time that the Capital Raising Notes are on issue, without utilising the Company's 15% limit under ASX Listing Rule 7.1, pursuant to exception 4 of ASX Listing Rule 7.2;
- (f) Shares issued upon conversion of the Capital Raising Notes will be issued fully paid and will rank pari passu in all respects with the Company's other Shares on issue;
- (g) Note Options issued upon conversion of the Capital Raising Notes will be issued on the same terms as the Vendor Options being the terms and conditions set out in Schedule 1; and
- (h) the funds raised from the issue of the Capital Raising Notes will be used for the purposes set out in Section 1.8.

5. RESOLUTION 6 – ISSUE OF BROKER OPTIONS

5.1 General

This Resolution seeks Shareholder approval for the issue of 40,000,000 Broker Options in consideration for their services in facilitating the Capital Raising.

A summary of ASX Listing Rule 7.1 is set out in section 2.1 above.

The effect of this Resolution will be to allow the Company to issue the Broker Options 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 Broker Options:

- (a) the maximum number of Broker Options to be issued is 40,000,000;
- (b) the Broker Options 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 likely that issue will occur progressively as each service is provided to the Company;
- (c) the Broker Options will be issued for nil cash consideration in satisfaction of their services in facilitating the Capital Raising;
- (d) the Broker Options will be issued to SABA Nominees Pty Ltd and sophisticated investors,) whom are unrelated parties to the Company;
- (e) the Broker Options will be issued on the terms and conditions set out in Schedule 1; and
- (f) no funds will be raised from the Broker Option issue as the Broker Options will be issued in consideration of their services in facilitating the Capital Raising.

6. RESOLUTION 7 – ISSUE OF NEW OPTIONS

6.1 General

This Resolution seeks Shareholder approval for the issue of up to 34,042,873 Options (**New Options**).

A summary of ASX Listing Rule 7.1 is set out in section 2.1 above.

The effect of this Resolution will be to allow the Company to issue the New Options 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.

6.2 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 New Options:

- (a) the maximum number of New Options to be issued is 34,042,873;
- (b) the New Options 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 likely that issue will occur progressively as each service is provided to the Company;
- (c) the New Options will be issued for nil cash consideration;
- (d) the New Options will be issued to the parties that previously held the LRSOB Options, all of which are unrelated to the Company;
- (e) the New Options will be issued on the terms and conditions set out in Schedule 1; and
- (f) no funds will be raised from the issue of the New Options.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX Listing Rules means the Listing Rules of ASX.

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

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.

JORC Milestone means the announcement by the Company of a successful kaolinite/halloysite JORC inferred resource of at least 3 million tonnes with a grade of at least 30% Al₂O₃ within 2 years of the date of this Meeting.

Milestone Options means the Options the subject of Resolution 3.

Milestone Shares means the Shares the subject of Resolution 3.

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

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.

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

Vendor Options means the Options to be issued to the Vendors pursuant to Resolution 2, the terms of which are contained in Schedule 1.

Vendors means the shareholders of Electric Metals, none of whom are related parties to the Company.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF VENDOR OPTIONS, MILESTONE OPTIONS³, PLACEMENT OPTIONS, CONVERTIBLE NOTE OPTIONS, BROKER OPTIONS, NEW OPTIONS AND ENTITLEMENT ISSUE OPTIONS

The terms and conditions of the Options are as follows:

- (a) Each option entitles the holder to subscribe for and be allotted one ordinary fully paid share in Latin Resources Ltd (ACN 131 405 144) (**Company**).
- (b) The options are exercisable at \$0.012 per share (**Exercise Price**).
- (c) The options will expire on 31 December 2022 (**Expiry Date**).
- (d) The options are exercisable at any time on or prior to the Expiry Date by notice in writing to the Company accompanied by payment of the Exercise Price.
- (e) The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.
- (f) All shares issued upon exercise of the options will rank *pari passu* in all respects with the Company's then existing ordinary fully paid shares. The Company will apply for Official Quotation by the ASX of all shares issued upon exercise of the options.
- (g) There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, if from time to time on or prior to the Expiry Date the Company makes an issue of new shares to the holders of fully paid ordinary shares, the Company will send a notice to each holder of options at least ten Business Days before the record date referable to that issue. This will give Option holders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.
- (h) If from time to time on or prior to the Expiry Date the Company makes an issue of shares to the holders of ordinary fully paid shares in the Company by way of capitalisation of profits or reserves (a **bonus issue**), then upon exercise of their options, optionholders will be entitled to have issued to them (in addition to the shares which would otherwise be issued to them upon such exercise) the number of shares of the class which would have been issued to them under that bonus issue (**bonus shares**) if on the record date for the bonus issue they have been registered as holder, if, immediately prior to that date, they had fully exercised their options and the shares the subject of such exercise had been duly allotted and issued to them. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank *pari passu* in all respects with the other shares allotted upon exercise of the options.

³ Following satisfaction of the JORC Milestone

- (i) There is no right to a change in the exercise price of the options or to the number of shares over which the options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the options.
- (j) In the event of any reorganisation of the issued capital of the Company on or prior to the Expiry Date, the rights of an Option holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

SCHEDULE 2

		Transaction 1	Transaction 2	Transaction 3	Transaction 4	Transaction 5	Transaction 6	Transaction 7	Transaction 8	
	Audit Reviewed Half Yearly Report	Acquisition of Electric Metals (EM)	Placement	Convertible Note issue	Conversion to shares of convertible notes	Rights issue 1 for 1 basis 100% takeup	Conditional EM consideration on JORC resource	Issue of replacement options	Issue of Broker Options	Pro Forma Balance sheet
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS										
Current assets										
Cash and cash equivalents	31,232			488,800		960,828		51,064		1,531,924
Trade and other receivables	813,407									813,407
Other financial assets	43,700									43,700
Total current assets	888,339									2,389,031
Non-current assets										
Trade and other receivables	1,816,205									1,816,205

Property, plant & equipment	73,603									73,603
Other financial assets	631,571									631,571
Exploration & evaluation assets	9,385,877	168,459					111,183			9,665,519
Total non-current assets	11,907,256									12,186,898
Total assets	12,795,595									14,575,929
LIABILITIES										
Current liabilities										
Trade and other payables	1,559,684									1,559,684
Interest bearing loans and borrowings	1,924,551		(940,000)	520,000	(520,000)					984,551
Deferred consideration	22,000									22,000
Provisions	70,494									70,494
Total current liabilities	3,576,729									2,636,729
Non-current liabilities										

Deferred consideration	8,541,693									8,541,693
Total non-current liabilities	8,541,693									8,541,693
Total liabilities	12,118,422									11,178,422
Net assets	677,173									3,397,507
Equity										
Contributed equity	47,396,543	150,000	1,000,000		520,000	995,828	99,000	51,064	118,137	50,330,572
Costs of equity issued			(306,119)	(31,200)		(280,092)			(118,137)	(735,548)
Reserves	10,237,347	18,459	246,119		122,863	245,092	12,183			10,882,062
Accumulated losses	(56,956,717)				(122,863)					(57,079,580)
Total equity	677,173									3,397,507

- Transaction 1 Consideration Securities for the acquisition of Electric Metals consists of 25,000,000 Shares and 6,250,000 Vendor Options.
- Transaction 2 Placement via the issue of 166,666,667 shares at an issue price of \$0.006 per share and the issue of Placement Options.
- Transaction 3 Issue of Notes at \$1.00 each.
- Transaction 4 Conversion of Notes at a floor price of \$0.004 per Note. On conversion each \$1.00 Note will be issued 80 Note Options.
- Transaction 5 Rights issue to existing shareholders on a 1 for 1 basis at an issue price of \$0.006 per share and the issue of Rights Issue Options.
- Transaction 6 Conditional consideration to vendors of Electric Metals on a successful Koalinite/Halloysite JORC resource.
- Transaction 7 Issue of New Options at an issue price of \$0.0015 per option.
- Transaction 8 Issue of 40,000,000 Broker Options.