
LATIN RESOURCES LIMITED

ACN 131 405 144

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10 am (WST)

DATE: 22 May 2015

PLACE: 32 Harrogate Street West Leederville WA 6007

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 6181 9798.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at 10am (WST) on 22 May 2015 at:

32 Harrogate Street West Leederville WA 6007

YOUR VOTE IS IMPORTANT

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

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5 pm (WST) on 20 May 2015.

VOTING IN PERSON

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

VOTING BY PROXY

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

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

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

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

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

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

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

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

Transfer of non-chair proxy to chair in certain circumstances

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

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

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

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the year ended 31 December 2014 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the year ended 31 December 2014."

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

Voting Prohibition Statement:

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

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

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

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

3. RESOLUTION 2 – RE-ELECTION OF MR FRANKIE LI 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 Frankie Li, a Director, retires by rotation, and being eligible, is re-elected as a Director."

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

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 4,317,553 Shares to sophisticated and professional investors and brokers on the terms and conditions set out in the Explanatory Statement."

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

5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE TO BROKERS AND A LARGE INVESTOR

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 1,210,370 Shares to brokers and a large investor on the terms and conditions set out in the Explanatory Statement."

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

6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES TO CREDITORS

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 505,209 Shares to Resources Capital Research for partial settlement of monies owing on the terms and conditions set out in the Explanatory Statement."

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

7. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS TO ASOF

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 18,004,902 Shares 10,687,500 Options to the Australian Special Opportunity Fund LP (ASOF) on the terms and conditions set out in the Explanatory Statement."

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

8. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE OF SHARES TO EM ROSALES CASTILLO

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 2,000,000 Shares to EM Rosales Castillo on the terms and conditions set out in the Explanatory Statement."

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

9. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 28,500,000 Shares to sophisticated and professional investors on the terms and conditions set out in the Explanatory Statement."

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

10. RESOLUTION 9 – ISSUE OF OPTIONS

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 14,250,000 Options on the terms and conditions set out in the Explanatory Statement."

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

11. RESOLUTION 10 – ISSUE OF SHARES

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 200,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

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

12. RESOLUTION 11 – APPROVAL OF 10% PLACEMENT CAPACITY

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

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

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

DATED: 20 APRIL 2015

BY ORDER OF THE BOARD

**ANTHONY BEGOVICH
COMPANY SECRETARY**

EXPLANATORY STATEMENT

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

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the year ended 31 December 2014 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.

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

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to 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.

2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

Proxy	Directions given	No directions given
Key Management Personnel ¹	Vote as directed	Unable to vote ³
Chair ²	Vote as directed	Able to vote at discretion of Proxy ⁴
Other	Vote as directed	Able to vote at discretion of Proxy

Notes:

1. Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.
2. Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).
3. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.
4. The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

3. RESOLUTION 2 – RE-ELECTION OF MR FRANKIE LI AS DIRECTOR

ASX Listing Rule 14.4 provides that 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:

- 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;
- 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;
- a Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election; and
- in determining the number of Directors to retire, no account is to be taken of:
 - a Director who only holds office until the next annual general meeting pursuant to clause 13.4 of the Constitution; and/ or
 - 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 4 Directors currently subject to rotation (this excludes Mr Christopher Gale as the Managing Director) and accordingly 1 must retire.

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

Mr Frankie Li was appointed as Non-Executive Director on 5 June 2013. Mr Li has 25 years of experience in the accounting and finance profession and has extensive experience in compliance, profit planning and cash management for various Hong Kong listed companies and Chinese businesses. Mr Li is also the Chief Financial Officer of Junefield (Holding) Limited.

The Board has considered Mr Li's independence and considers that he is not an independent Director.

The Board supports the re-election of Mr Frankie Li pursuant to Resolution 2.

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

4.1 General

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

Since the Shortfall was announced, the Company has issued Shares under the Shortfall in three (3) tranches. The first two tranches were issued on 22 July 2014 and on 12 August 2014 under the Company's 15% placement capacity under ASX Listing Rule 7.1 and 10% annual placement capacity under ASX Listing Rule 7.1A and were subsequently ratified by Shareholders on 3 October 2014. The third tranche of 4,317,553 Shares was issued on 10 September 2014 and 10 October 2014 as follows:

- (a) 1,368,690 Shares without prior Shareholder approval out of its 15% annual placement capacity under ASX Listing Rule 7.1; and
- (b) 2,948,863 Shares without prior Shareholder approval out of its 10% annual placement capacity under ASX Listing Rule 7.1A.

Resolution 3 seeks Shareholder approval, under ASX Listing Rule 7.4, to ratify the issue of 4,317,553 Shares, (being the total of the Shares issued under tranche 3) at an issue price of \$0.038 per Share that raised in total \$164,067 (before costs).

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

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

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

By ratifying the issue the subject of Resolution 3, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 and the additional 10% annual placement capacity set out in ASX Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

4.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 3:

- (a) a total of 4,317,553 Shares were issued;
- (b) the issue price was \$0.038 per Share;
- (c) the Shares issued are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to sophisticated and professional investors, who are not related parties of the Company, as part of the Shortfall to the Company's Share Purchase Plan; and
- (e) the Company intends to use the funds raised from the issue of the Shares towards commencement of drilling at the Ilo Este project, continued testwork on the Guadalupito project and general working capital.

5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES TO BROKERS AND A LARGE INVESTOR

5.1 General

On 10 October 2014, the Company issued 1,210,370 Shares at a deemed issue price of \$0.038 per Share to brokers and a large investor in partial lieu of fees for assisting in the placement of the Company's Share Purchase Plan Shortfall (announced on 24 June 2014).

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

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares.

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 4.1 above.

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

5.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 4:

- (a) 1,210,370 Shares were issued;
- (b) the deemed issue price was \$0.038 per Share with the Shares being issued in satisfaction of amounts owing to brokers and a large investor, being Dempsey Resources Pty Ltd, for assisting in the placement of the Company's Share Purchase Plan Shortfall;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to brokers and a large investor who are not related parties of the Company; and
- (e) no funds were raised from this issue as the Shares issued were used to partially satisfy monies owed by the Company.

6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES TO CREDITORS

6.1 General

On 10 October 2014, the Company issued 505,209 Shares at a deemed issue price of \$0.038 per Share in partial settlement of an amount owed to Resource Capital Research and Estudio Castro & Bravo de Rueda – Abogados Sociedad Civil de Responsabilidad Limitada, who are creditors of the Group.

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

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares.

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 4.1 above.

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

6.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 5:

- (a) 505,209 Shares were issued;
- (b) the deemed issue price was \$0.038 per Share with the Shares being issued in satisfaction of amounts owing to Resource Capital Research and Estudio Castro & Bravo de Rueda – Abogados Sociedad Civil de Responsabilidad Limitada by the Group;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to Resource Capital Research and Estudio Castro & Bravo de Rueda – Abogados Sociedad Civil de Responsabilidad Limitada who are not a related parties of the Company; and
- (e) no funds were raised from this issue as the Shares issued were used to partially satisfy monies owed by the Group.

7. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS TO ASOF

7.1 General

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

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

In accordance with the terms of the Funding Agreement, on the 1 December 2014, the Company issued:

- (a) 1,250,000 Shares at a deemed issue price of \$0.035 per Share in satisfaction of fees associated with the Funding Agreement;
- (b) 10,687,500 Options exercisable at \$0.0461 each on or before 1 December 2017; and
- (c) 7,500,000 Shares as collateral.

In addition, the Company issued:

- (a) 4,916,667 Repayment Shares at a deemed issue price of \$0.015 per Share on 5 January 2015; and
- (b) 4,338,235 Repayment Shares at a deemed issue price of \$0.017 per Share on 10 February 2015,

in satisfaction of its repayment obligations under the Funding Agreement for the months of December 2014 and January 2015 respectively.

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

Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those 18,004,902 Shares and 10,687,500 Options.

A summary of ASX Listing Rule 7.1 is set out in section 4.1 above.

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

7.2 Technical information required by ASX Listing Rule 7.4

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

- (a) 18,004,902 Shares and 10,687,500 Options were issued;
- (b) the Shares and Options were issued for the following consideration:
 - (i) 1,250,000 Shares were issued at a deemed issue price of \$0.035 per Share;
 - (ii) 10,687,500 Options were issued for nil cash consideration in accordance with the Funding Agreement.
 - (iii) 7,500,000 Shares were issued for nil cash consideration as collateral;
 - (iv) 4,916,667 Shares at a deemed issue price of \$0.015 per Share; and
 - (v) 4,338,235 Shares at a deemed issue price of \$0.017 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Options were issued on the terms and conditions set out in Schedule 1;
- (e) the Shares and Options were issued to The Australian Special Opportunity Fund LP, who is not a related party of the Company; and
- (f) no funds were raised from the issue of the Shares and Options as they were issued in connection with the Funding Agreement.

8. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE OF SHARES TO EM ROSALES CASTILLO

8.1 General

On 24 March 2015, the Company issued 2,000,000 Shares, at a deemed issue price of \$0.076 per Share, to EM Rosales Castillo (**Castillo**) in accordance with an agreement announced 28 March 2014 in relation to the acquisition by the Company of 20 mining concessions totalling 14,068 hectares at the Guadalupito project.

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

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

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 4.1 above.

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

8.2 Technical information required by ASX Listing Rule 7.4

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

- (a) 2,000,000 Shares were issued;
- (b) the deemed issue price was \$0.076 per Share and were issued as part consideration for the acquisition of the mining concessions comprising the Guadalupito project;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to EM Rosales Castillo, who is not a related party of the Company; and
- (e) no funds were raised from this issue as the Shares were issued as part consideration for the acquisition of the mining concessions comprising the Guadalupito project.

9. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES

9.1 General

On 25 March 2015, the Company announced completion of a capital raising of \$285,000 (before costs) via the issue of 28,500,000 Shares at an issue price of \$0.01 per Share together with one (1) free attaching Option for every two (2) Shares subscribed for and issued (**Capital Raising**).

The Company issued the Shares the subject of the Capital Raising without prior Shareholder approval out of its 15% placement capacity under ASX Listing Rule 7.1 and its additional 10% placement capacity under ASX Listing Rule 7.1A, however the issue of the Options remains subject to Shareholder approval (and is the subject of Resolution 9).

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

A summary of ASX Listing Rules 7.1, 7.1A and 7.4 is set out in section 4.1 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 and the additional 10% annual placement capacity set out in ASX Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

9.2 Technical information required by ASX Listing Rule 7.4

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

- (a) 28,500,000 Shares were issued;
- (b) the issue price was \$0.01 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to sophisticated and professional investors, who are not related parties of the Company; and
- (e) the Company intends to use the funds raised from the Capital Raising to progress its projects in South America and for general working capital.

10. RESOLUTION 9 – ISSUE OF OPTIONS

10.1 General

Resolution 9 seeks Shareholder approval for the issue of up to 14,250,000 Options for nil cash consideration to subscribers in the Capital Raising on the basis of one (1) Option for every two (2) Shares subscribed for and issued.

A summary of ASX Listing Rule 7.1 is set out in section 4.1 above.

The effect of Resolution 9 will be to allow the Company to issue the Options pursuant to Resolution 9 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.

10.2 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 Resolution 9:

- (a) the maximum number of Options to be issued is 14,250,000;
- (b) the 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 Options will occur progressively;
- (c) the issue price of the Options will be nil as they will be issued free attaching with the Shares issued pursuant to the Capital Raising on a 1:2 basis;
- (d) the Options will be issued to the subscribers in the Capital Raising the subject of Resolution 8 on the basis of one (1) Option for every two (2) Shares subscribed for and issued;
- (e) the Options will be issued on the terms and conditions set out in Schedule 2; and
- (f) no funds will be raised from the issue as the Options are being issued for nil cash consideration.

11. RESOLUTION 10 – ISSUE OF SHARES

11.1 General

Resolution 10 seeks Shareholder approval, under ASX Listing Rule 7.1, for the Company to issue up to 200,000,000 Shares.

A summary of ASX Listing Rule 7.1 is set out in section 4.1 above.

The effect of Resolution 10 will be to allow the Company to issue the Shares pursuant to Resolution 10 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.

11.2 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 Resolution 10:

- (a) the maximum number of Shares to be issued is 200,000,000 Shares;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur progressively;
- (c) the issue price will be not less than 80% of the volume weighted average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a disclosure document, over the last 5 days on which sales in the securities were recorded before the date the disclosure document is signed;
- (d) the Directors will determine to whom the Shares will be issued but these persons will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the issue of Shares:
 - (i) for general working capital, including any development expenses associated with its exploration projects and repayment of debt;
 - (ii) as consideration for, or to develop, any acquisitions of new resources, assets and investments that the Company may undertake (although none are currently planned) including expenses associated with such an acquisition; and
 - (iii) for costs associated with a possible AIM listing on the London Stock Exchange.

11.3 Dilution

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 373,352,682 (being the number of Shares on issue as at the date of this Notice) to 573,352,682 and the shareholding of existing Shareholders would be diluted by 34.88%.

12. RESOLUTION 11 – APPROVAL OF 10% PLACEMENT CAPACITY

12.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 11, 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 12.2 below).

The effect of Resolution 11 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 ASX Listing Rule 7.1.

Resolution 11 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 11 for it to be passed.

12.2 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 current market capitalisation of \$3,736,815 based on the number of Shares on issue and closing price of Shares on 20 April 2015.

Any Equity Securities issued must be in the same class as an existing class of Equity Securities quoted on ASX. The Company currently one class of Equity Securities on issue, being the Shares (ASX Code: LRS). As at the date of this Notice of Meeting, the Company has 373,352,682 quoted Equity Securities on issue.

The exact number of Equity Securities that the Company may issue under an approval under ASX 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 ASX 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.

12.3 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 11:

(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 12.3(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 11 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)	\$0.005 50% decrease in Issue Price	\$0.010 Issue Price	\$0.020 100% increase in Issue Price
373,681,454 (Current Variable A)	Shares issued - 10% voting dilution	37,368,145 Shares	37,368,145 Shares	37,368,145 Shares
	Funds raised	\$186,841	\$373,681	\$747,363
560,522,181 (50% increase in Variable A)	Shares issued - 10% voting dilution	56,052,218 Shares	56,052,218 Shares	56,052,218 Shares
	Funds raised	\$280,261	\$560,522	\$1,121,044
747,362,908 (100% increase in Variable A)	Shares issued - 10% voting dilution	74,736,290 Shares	74,736,290 Shares	74,736,290 Shares
	Funds raised	\$373,681	\$747,363	\$1,494,726

*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 373,352,682 Shares on issue, being the number of Share 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 20 April 2014.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

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

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

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

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

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

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

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

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

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

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

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

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

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 27 May 2015 (**Previous Approval**).

The Company has issued 47,126,334 Shares pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 22 May 2014, the Company otherwise issued a total of 88,837,026 Shares, 10,687,500 Options 5,989,197 Incentive Rights and 12,998,403 Deferred Rights which represents approximately 49.85% of the total diluted number of Equity Securities on issue in the Company on 22 May 2014, which was 237,718,094.

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 Schedule 3.

(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.

12.4 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 11.

GLOSSARY

\$ means Australian dollars.

10% Placement Capacity has the meaning given in section 12.1 of the Explanatory Statement.

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

ASIC means the Australian Securities and Investments Commission.

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

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

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

Chair means the chair of the Meeting.

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

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) 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;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

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

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

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

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

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

Explanatory Statement means the explanatory statement accompanying the Notice.

Group means the Company and its subsidiaries.

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

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

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

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

Proxy Form means the proxy form accompanying the Notice.

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

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

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

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

Shareholder means a holder of a Share.

Variable A means "A" as set out in the calculation in section 12.2 of the Explanatory Statement.

VWAP means the volume weighted average price.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS ISSUED TO ASOF

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph Schedule 1 (i), the amount payable upon exercise of each Option will be \$0.0461 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 1 December 2017 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

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

Upon receipt of the duly completed Exercise form and associated appropriate payment, the Company will arrange for the shares to be issued and holding statements to be sent to the Investor by no later than two (2) Business Days.

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

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

(j) **Participation in new issues**

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

(k) **Change in exercise price**

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

(l) **Transferability**

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

SCHEDULE 2 – TERMS AND CONDITIONS OF PLACEMENT OPTIONS

(a) **Entitlement**

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

(b) **Exercise Price**

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

(c) **Expiry Date**

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

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

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

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

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

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

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

(j) **Participation in new issues**

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

(k) **Change in exercise price**

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

(l) **Transferability**

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

SCHEDULE 3 – ISSUES OF EQUITY SECURITIES SINCE 22 MAY 2014

Issue Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) ¹	Form of consideration
Issue – 10/06/2014 Appendix 3B – 10/06/2014	1,283,806	Shares ²	Issued to Company directors as approved at the Shareholder meeting held on 27 May 2014.	No issue price (non-cash consideration)	Consideration: As compensation for accepting a 20% reduction in directors cash remuneration for the period 1 September 2013 to 31 March 2014. Current value ⁷ : \$14,122
Issue – 10/06/2014 Appendix 3B – 10/06/2014	520,845	Shares ²	Issued to Company director as approved at the Shareholder meeting held on 27 May 2014.	No issue price (non-cash consideration)	Consideration: For services to the Company. Current value ⁷ : \$5,729
Issue – 10/06/2014 Appendix 3B – 10/06/2014	1,068,322	Retention Rights ³	Issued to Mr Chris Gale as approved at the Shareholder meeting held on 27 May 2014.	No issue price (non-cash consideration)	Consideration: Performance based remuneration for services provided to the Company. Current value ⁷ : \$41,957
Issue – 10/06/2014 Appendix 3B – 10/06/2014	4,338,033	Performance Rights ⁴	Issued to Mr Chris Gale	No issue price (non-cash consideration)	Consideration: Performance based remuneration for services provided to the Company. Current value ⁷ : \$85,185
Issue – 10/06/2014 Appendix 3B – 10/06/2014	12,998,403	Deferred Rights ⁵	Issued to Company directors as approved at the Shareholder meeting held on 27 May 2014.	No issue price (non-cash consideration)	Consideration: Performance based remuneration for services provided to the Company. Current value ⁷ : \$518,358
Issue – 24/06/2014 Appendix 3B – 24/06/2014	10,357,914	Shares ²	Issued to Shareholders in accordance with Share Purchase Plan (SPP).	\$0.038 (premium of 2.70%)	Amount raised: \$393,600 Amount spent: \$393,600 Use of funds: The Company has used all of these funds for exploration and evaluation at its Guadalupito and Ilo Este projects (approx. 55%) and for working capital purposes (approx.45%).
Issue – 23/07/2014 Appendix 3B – 22/07/2014	30,660,089	Shares ²	Issued to professional and sophisticated investors who participated in the Company's SPP Shortfall as ratified at the Shareholder meeting held on 3 October 2014.	\$0.038 (discount of 30%)	Amount raised: \$1,165,083 Amount spent: \$1,165,083 Use of funds: The Company has used all of these funds for exploration and evaluation at its Guadalupito and Ilo Este projects (approx. 55%) and for working capital purposes (approx.45%).

Issue Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) ¹	Form of consideration
Issue – 31/07/2014 Appendix 3B – 31/07/2014	1,556,565	Shares ²	Issued to Company directors and employees in accordance with the Director & Employee share plan as approved at the Shareholder meeting held on 27 May 2014	No issue price (non-cash consideration)	Consideration: As compensation for accepting a 20% reduction in cash remuneration for the June 2014 Quarter. Current value ⁷ : \$17,122
Issue – 12/08/2014 Appendix 3B – 12/08/2014	16,077,471	Shares ²	Issued to professional and sophisticated investors who participated in the Company's SPP Shortfall as ratified at the Shareholder meeting held on 3 October 2014.	\$0.038 (discount of 2.63%)	Amount raised: \$610,944 Amount spent: \$610,944 Use of funds: The Company has used all of these funds for exploration and evaluation at its Guadalupito and Ilo Este projects (approx. 55%) and for working capital purposes (approx.45%).
Issue – 20/08/2014 Appendix 3B – 19/08/2014	5,600,000	Shares ²	Issued to vendors of the Guadalupito concessions.	No issue price (non-cash consideration)	Consideration: Part consideration for acquisition of the Guadalupito concessions as announced on 28/3/2014. Current value ⁷ : \$61,600
Issue – 10/09/2014 Appendix 3B – 10/09/2014	4,054,395	Shares ²	Issued to professional and sophisticated investors who participated in the Company's SPP Shortfall.	\$0.038 (discount of 2.63%)	Amount raised = \$154,067 Amount spent: \$154,067 Use of funds: The Company has used all of these funds for exploration and evaluation at its Guadalupito and Ilo Este projects (approx. 55%) and for working capital purposes (approx.45%).
Issue – 10/10/2014 Appendix 3B – 10/10/2014	1,661,327	Shares ²	Issued to Company directors and employees in accordance with approved Director & Employee share plan as approved at the Shareholder meeting held on 27 May 2014	No issue price (non-cash consideration)	Consideration: As compensation for accepting a 20% reduction in cash remuneration for the September 2014 Quarter. Current value ⁷ : \$16,613

Issue Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) ¹	Form of consideration
Issue – 10/10/2014 Appendix 3B – 10/10/2014	1,313,379	Shares ²	Issued to brokers and a large investor in relation to Company's SPP Shortfall.	No issue price (non-cash consideration)	Consideration: As part satisfaction of fees for assisting in with the Company's Share Purchase Plan Shortfall. Current value ⁷ : \$13,134
Issue – 10/10/2014 Appendix 3B – 10/10/2014	263,158	Shares ²	Issued to a professional and sophisticated investor who participated in the Company's SPP Shortfall.	\$0.38 (premium of 5.27%)	Amount raised = \$10,000 Amount spent: \$10,000 Use of funds: The Company has used all of these funds for exploration and evaluation at its Guadalupe and Ilo Este projects (approx. 55%) and for working capital purposes (approx.45%).
Issue – 10/10/2014 Appendix 3B – 10/10/2014	402,200	Shares ²	Issued to Estudio Castro & Bravo de Rueda – Abogados Sociedad Civil de Responsabilidad Limitada	No issue price (non-cash consideration)	Consideration: As part satisfaction of monies owed by the Group. Current value ⁷ : \$4,022
Issue – 01/12/2014 Appendix 3B – 01/12/2014	8,750,000	Shares ²	Issued to The Australian Special Opportunity Fund LP	No issue price (non-cash consideration)	Consideration: In accordance with Funding Agreement announced on 13 November 2014. Current value ⁷ : \$87,500
Issue – 01/12/2014 Appendix 3B – 01/12/2014	10,687,500	Unquoted Options ⁶	Issued to The Australian Special Opportunity Fund LP	No issue price (non-cash consideration)	Consideration: In accordance with Funding Agreement announced on 13 November 2014. Current value ⁷ : \$145,350
Issue – 04/12/2014 Appendix 3B – 03/12/2014	250,000	Shares ²	Issued to Company employee	Nil cash consideration, representing a 100% discount.	Consideration: Performance based remuneration for services provided to the Company. Current value ⁷ : \$2,500
Issue – 04/12/2014 Appendix 3B – 03/12/2014	115,172	Retention Rights ³	Issued to Company employee	No issue price (non-cash consideration)	Consideration: Performance based remuneration for services provided to the Company. Current value ⁷ : \$5,483
Issue – 04/12/2014 Appendix 3B – 03/12/2014	467,670	Performance Rights ⁴	Issued to Company employee	No issue price (non-cash consideration)	Consideration: Performance based remuneration for services provided to the Company. Current value ⁷ : \$11,132

Issue Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) ¹	Form of consideration
Issue – 05/1/2015 Appendix 3B – 05/1/2015	4,916,667	Shares ²	Issued to The Australian Special Opportunity Fund LP	No issue price (non-cash consideration)	Consideration: In accordance with Funding Agreement announced on 13 November 2014. Current value ⁷ : \$49,167
Issue – 09/1/2015 Appendix 3B – 09/1/2015	3,128,537	Shares ²	Issued to Company directors and employees in accordance with approved Director & Employee share plan as approved at the Shareholder meeting held on 27 May 2014	No issue price (non-cash consideration)	Consideration: As compensation for accepting a 20% reduction in cash remuneration for the December 2014 Quarter. Current value ⁷ : \$31,285
Issue – 10/2/2015 Appendix 3B – 10/02/2015	4,338,235	Shares ²	Issued to The Australian Special Opportunity Fund LP	No issue price (non-cash consideration)	Consideration: In accordance with Funding Agreement announced on 13 November 2014. Current value ⁷ : \$43,382
Issue – 16/3/2015 Appendix 3B – 16/3/2015	12,000,000	Shares ²	Issued to professional and sophisticated investors	\$0.01 (9% discount)	Amount raised: \$120,000 Amount spent: \$120,000 Use of funds: The Company has used all of these funds for exploration and evaluation at its projects in South America (approx. 50%) and for working capital purposes (approx.50%).
Issue – 24/3/2015 Appendix 3B – 24/3/2015	2,000,000	Shares ²	Issued to vendors of the Guadalupito concessions.	No issue price (non-cash consideration)	Consideration: Part consideration for acquisition of the Guadalupito concessions announced on 28/3/2014. Current value ⁷ : \$20,000
Issue – 25/3/2015 Appendix 3B – 25/3/2015	16,500,000	Shares ²	Issued to professional and sophisticated investors	\$0.01 (16.67\$ discount)	Amount raised: \$165,000 Amount spent: \$165,000 Use of funds: The Company has used all of these funds for exploration and evaluation at its projects in South America (approx. 50%) and for working capital purposes (approx.50%).
Issue – 13/4/2015 Appendix 3B – 13/04/2015	5,000,000	Shares ²	Issued to The Australian Special Opportunity Fund LP	No issue price (non-cash consideration)	Consideration: In accordance with Funding Agreement announced on 13 November 2014. Current value ⁷ : \$50,000

Issue Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) ¹	Form of consideration
Issue – 09/1/2015 Appendix 3B – 09/1/2015	5,328,772	Shares ²	Issued to Company directors and employees in accordance with approved Director & Employee share plan as approved at the Shareholder meeting held on 27 May 2014	No issue price (non-cash consideration)	Consideration: As compensation for accepting a 20% reduction in cash remuneration for the March 2015 Quarter. Current value ⁷ : \$53,288

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. Retention Rights, vest if the holder has not ceased to be an employee due to resignation from 1 January 2014 to 31 December 2016, are exercisable part into cash and part into Shares and otherwise issued on the terms and conditions of the Company's Incentive Rights Plan. The full terms and conditions were disclosed in the notice of meeting for the Shareholder meeting held on 27 May 2014.
4. Performance Rights vest subject to the Company achieving certain levels of absolute total Shareholder return over the period from 1 January 2014 to 31 December 2016 and otherwise issued on the terms and conditions of the Company's Incentive Rights Plan. The full terms and conditions were disclosed in the notice of meeting for the Shareholder meeting held on 27 May 2014.
5. Deferred Rights, vesting upon three years of continued services with the Company and otherwise issued on the terms and conditions of the Company's Non-Executive Director Deferred Rights Plan. The full terms and conditions were disclosed in the notice of meeting for the Shareholder meeting held on 27 May 2014.
6. Unquoted Options, exercisable at \$0.0461 each on or before 1 December 2017. The full terms and conditions are set out in Schedule 1 of the Explanatory Statement.
7. In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.010) on ASX on 20 April 2015. In respect of unquoted Equity Securities the value of Options, Retention Rights, Performance Rights and Deferred Rights 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).

