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**LATIN RESOURCES LIMITED**

**ACN 131 405 144**

**NOTICE OF GENERAL MEETING**

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**TIME:** 10.00am (WST)

**DATE:** 27 November 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

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### Time and place of Meeting

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Notice is given that the Meeting will be held at 10.00am on 27 November 2015 at:

32 Harrogate Street, West Leederville, WA 6007

### Your vote is important

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

### Voting eligibility

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (WST) on 25 November 2015.

### Voting in person

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

### Voting by proxy

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

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

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

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

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

Further details on these changes are set out below.

***Proxy vote if appointment specifies way to vote***

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

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

***Transfer of non-chair proxy to chair in certain circumstances***

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

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

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

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – RE-ELECTION OF MR BRENT JONES AS A DIRECTOR

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*“That, for the purposes of clause 13.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr. Brent Jones, who was appointed as a Director on 14 September 2015 to fill a casual vacancy, retires and, being eligible, is re-elected as a director of the Company.”*

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#### 2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES TO JUNEFIELD

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 25,000,000 Shares to Junefield High Value Metals Investments Limited (**Junefield**) 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.

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#### 3. RESOLUTION 3 – 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 15,702,055 Shares to EM Rosales Castillo and Valdrew Nominees Pty Ltd 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.

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#### 4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES 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 34,047,619 Shares 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.

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**5. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS TO MAGNA**

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 17,486,163 Shares 11,468,643 Options to Magna Equities II, LLC (**Magna**) 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.

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**6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF CAPITAL RAISING FEE 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 29,993,554 Shares to 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.

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**7. RESOLUTION 7 - APPROVAL FOR PLACEMENT OF SHARES AND OPTIONS TO A DIRECTOR**

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

*“That, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, the Company is authorised to issue to Brent Jones (or his nominee) 7,812,500 Shares and 3,125,000 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 Brent Jones and any of his associates. 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.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and

- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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#### 8. RESOLUTION 8 – 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.

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#### 9. 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 100,000,000 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.

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#### 10. RESOLUTION 10 – APPROVAL OF INCENTIVE PLAN

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*“That, pursuant to and in accordance with ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, the Company approves the adoption of the Incentive Plan for employees and directors, on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a director of the Company, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any of their associates. 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.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
- (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
  - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
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**DATED: 26 October 2015**

**By order of the Board**

**Mr Anthony Begovich  
Company Secretary**

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## EXPLANATORY STATEMENT

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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.

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### 1. RESOLUTION 1 – RE-ELECTION OF MR BRENT JONES AS A DIRECTOR

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Under clause 13.4 of the Constitution and ASX Listing Rule 14.4, any Director appointed to fill a casual vacancy (other than a Managing Director) holds office only until the conclusion of the next general meeting of Shareholders and is then eligible for election at that meeting.

Mr Brent Jones was appointed as a Director on 14 September 2015 to fill a casual vacancy. Mr Jones will retire in accordance with clause 13.4 of the Constitution and ASX Listing Rule 14.4 and being eligible, is therefore offering himself for re-election at the General Meeting.

Mr. Jones is an experienced financial services professional who has held operating roles at Woolworths, the AFL, Civil Engineers - Ostojic Group and the National Tax and Accountants' Association prior to his current management position.

Mr. Jones is the joint Managing Director of InterPrac Limited, a Melbourne based unlisted public company, specializing in providing the accounting profession access to financial services products and distribution capabilities.

Mr. Jones has a degree in information technology, is a member of the National Tax and Accountants Association and is a Graduate of the Australian Institute of Company Directors.

Mr. Jones has not held any directorships with Australian listed companies in the last three years.

The Board considers that if elected Mr. Jones will qualify as an independent director of the Company.

The Board support Mr Jones' re-election and recommend that Shareholders vote in favour of Resolution 1.

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### 2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES TO JUNEFIELD

#### 2.1 General

On 28 August 2015 the Company issued a total of 25,000,000 Shares to Junefield High Value Metals Investments Limited (**Junefield**), at a deemed issue price of \$0.02 per Share in accordance with the terms announced on 11 June 2015 and updated on 31 August 2015 in relation to the settlement of the \$2,500,000 Convertible Note arrangement between the Company and Junefield.

5,000,000 Shares were issued under the Company's 15% placement capacity under ASX Listing Rule 7.1 and 20,000,000 Shares were issued under the Company's additional 10% placement capacity under ASX Listing Rule 7.1A.

Resolution 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification 1**).

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 22 May 2015.



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

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

## **2.2 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification 1:

- (a) 25,000,000 Shares were issued;
- (b) the deemed issue price was \$0.02 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 Junefield who is not a related party of the Company; and
- (e) there were no funds raised from this issue as the Shares were issued in accordance with the terms announced on 11 June 2015 and updated on 31 August 2015 in relation to the settlement of the Convertible Note arrangement between the Company and Junefield.

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## **3. RESOLUTION 3 - RATIFICATION OF PRIOR ISSUE OF SHARES TO CREDITORS**

### **3.1 General**

On 27 August 2015, the Company issued 10,702,055 Shares, at a deemed issue price of \$0.0066 per Share, to EM Rosales Castillo and 5,000,000 Shares, at a deemed issue price of \$0.007 per Share, to Valdrew Nominees Pty Ltd in partial settlement of amounts owing to both parties who are creditors of the Group.

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

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification 2**).

A summary of ASX Listing Rules 7.1A and 7.4 is set out in section 2.1 above.

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

### **3.2 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification 2:

- (a) 15,702,055 Shares were issued comprising of 10,702,055 Shares to EM Rosales Castillo and 5,000,000 Shares to Valdrew Nominees Pty Ltd;
- (b) the deemed issue price was \$0.0066 per Share issued to EM Rosales Castillo and \$0.007 per Share issued to Valdrew Nominees Pty Ltd;
- (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 and Valdrew Nominees Pty Ltd, neither of whom is a related party of the Company; and
- (e) no funds were raised from this issue as the Shares were issued to partially satisfy monies owed by the Group.

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#### **4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES TO ASOF**

##### **4.1 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 (**ASOF**), 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 monthly repayments over an 18-month period from the date of draw down subject to the requirements of the Funding Agreement. Each repayment can be made, at the Company's option, either through cash or the issue of Shares or a combination of both. If the Company elects to repay via the issue of Shares, the deemed issue price of the Shares will be equal to 92.5% of the five day volume weighted average price (**VWAP**), to be chosen by Lind Partners, during the 20 days prior to each issue of Shares.

In accordance with the terms of the Funding Agreement, the Company issued:

- (a) 5,000,000 Shares at a deemed issue price of \$0.010 per Share on 13 April 2015;
- (b) 8,333,333 Shares at a deemed issue price of \$0.006 per Share on 22 May 2015;
- (c) 10,714,286 Shares at a deemed issue price of \$0.007 per Share on 14 July 2015; and
- (d) 10,000,000 Shares at a deemed issue price of \$0.005 per Share on 13 August 2015.

in satisfaction of its obligations under the Funding Agreement.

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 34,047,619 Shares (**Ratification 3**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 2.1.

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

##### **4.2 Technical information required by ASX Listing Rule 7.4**

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

- (a) 34,047,619 Shares were issued to ASOF as indicated in section 4.1;
- (b) the deemed issue prices of the Shares issued to ASOF ranged from \$0.005 to \$0.010 as indicated in section 4.1;
- (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 ASOF, who is not a related party of the Company; and

- (e) no funds were raised from the issue of the Shares as they were issued in connection with the Funding Agreement. The funds raised from the Funding Agreement were used primarily to fund the Company's strategy of developing its Ilo Copper projects and the Guadalupito Andalusite project.

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## 5. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS TO MAGNA

### 5.1 General

On 8 May 2015, the Company announced that it had entered into a funding arrangement for US\$300,000 (**Magna Funding Arrangement**) with Magna Equities II, LLC (**Magna**), a New York based investment firm.

The Funding Arrangement comprises a US\$300,000 Unsecured Convertible Promissory Note and Subscription Deed with a five month maturity and an interest rate of 12% per annum. A deferred establishment fee of 5% will apply to the borrowed amount which is capitalized upon receipt of the funds.

The Company can elect to repay the borrowed amount at any time during the term in cash at a 20% premium. The Company can also request to repay the borrowed amount in Shares subject to the approval of Magna. If the Company elects to repay via the issue of Shares, the deemed issue price of the Shares will be equal to the lesser of the lowest trading price on ASX of the Shares over the 10 Trading Days prior to the date that notice is given by the Company or Magna that repayment is to be made via the issue of Shares, less 25% and \$0.010.

In accordance with the terms of the Magna Funding Arrangement, the Company issued:

- (a) 1,834,983 Shares to Magna at a deemed issue price of \$0.0083 per Share on 8 May 2015; and
- (b) 11,468,643 Options to Magna on 22 May 2015, exercisable at \$0.0166 each on or before 22 May 2017.

In addition the Company issued:

- (a) 9,045,680 Shares to Magna at a deemed issue price of \$0.004 per Share on 11 August 2015; and
- (b) 6,605,500 Shares to Magna at a deemed issue price of \$0.005 per Share on 25 September 2015.

in satisfaction of its repayment obligations under the Magna Funding Arrangement.

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 17,486,163 Shares and 11,468,643 Options (**Ratification 4**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 2.1.

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

### 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 the Ratification 4:

- (a) 17,486,163 Shares and 11,468,643 Options were issued to Magna as indicated in section 5.1;
- (b) the deemed issue price of the Shares ranged from \$0.004 to \$0.0083 as indicated in section 5.1;
- (c) the Options were issued for nil cash consideration;
- (d) 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;

- (e) the Options were issued on the terms and conditions set out in Schedule 1;
- (f) the Shares and Options were issued to Magna, who is not a related party of the Company; and
- (g) no funds were raised from the issue of the Shares as they were issued in connection with the Magna Funding Arrangement. The funds raised from the Magna Funding Arrangement were primarily used to fund the Company's AIM listing and for working capital purposes.

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## 6. RESOLUTION 6 – RATIFICATION OF A PRIOR ISSUE OF CAPITAL RAISING FEE SHARES

### 6.1 General

Under a prospectus dated 29 June 2015 (**Prospectus**), the Company undertook a non-renounceable entitlement issue of one (1) Share for every one (1) Share held by eligible Shareholders at an issue price of \$0.008 per Share together with one (1) free attaching Option exercisable at \$0.02 on or before 9 March 2017 for every two (2) Shares subscribed for and issued to raise up to \$3,076,798 (**Entitlement Offer**).

On 7 August 2015 the Company announced that it had received applications for 36,382,117 Shares and 18,191,059 free attaching Options in accordance with the Entitlement Offer to raise a total of \$300,891.29. The remaining shortfall from the Entitlement Offer was 346,988,373 Shares and 173,494,179 free attaching Options for a total consideration of \$2,775,907 (**Shortfall**).

The Shortfall involves the Company issuing Shares at \$0.008 per Share together with one (1) free attaching Option that will be exercisable at \$0.02 at any time up to 9 March 2017 (being 3 months from the closing date of the Entitlement Offer), for every two (2) Shares subscribed for and issued (**Shortfall Offer**).

As indicated in the Prospectus, the Company agreed to pay a 5% capital raising fee on Shortfall subscription funds raised by brokers or other third parties (**Capital Raising Fees**), together with the issue of one (1) Share for every four (4) Shares issued in respect of Shortfall subscription funds raised by a broker or third party (**Capital Raising Fee Shares**).

Since the Shortfall Offer was announced, the Company has issued 29,993,554 Capital Raising Fee Shares on various dates from 27 August 2015 to 9 October 2015.

12,806,054 Capital Raising Fee Shares were issued under the Company's 15% placement capacity under ASX Listing Rule 7.1 and 17,187,500 Capital Raising Fee Shares were issued under the Company's additional 10% placement capacity under ASX Listing Rule 7.1A.

Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Capital Raising Fee Shares (**Ratification 5**).

A summary of ASX Listing Rules 7.1, 7.1A and 7.4 is set out in section 2.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 and the additional 10% set out in ASX Listing Rule 7.1A 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 the Ratification 5:

- (a) 29,993,554 Shares were issued;
- (b) the deemed issue price was nil cash consideration 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 brokers and other third parties (or their nominees), who are not related parties of the Company, as part of the capital raising fees payable in respect of the Shortfall Offer; and
- (e) no funds were raised from the issue of the Shares as they were issued as part of the arrangement with brokers and other third parties involved in raising Shortfall subscription funds in accordance with the Prospectus.

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## **7. RESOLUTION 7 – PLACEMENT OF SHARES AND OPTIONS TO A DIRECTOR**

### **7.1 General**

Resolution 7 seeks Shareholder approval, under ASX Listing Rule 10.11 for the issue of the following securities for an investment of \$50,000 by Mr Brent Jones:

- (a) 6,250,000 Shares at \$0.008 per Share and 3,125,000 free 1 for 2 attaching Options exercisable at \$0.02 on or before 9 March 2017 (**Jones Options**); and
- (b) 1,562,500 free 1 for 4 Capital Raising Fee Shares.

Mr Brent Jones was unable to participate in the Shortfall Offer as he is a related party by virtue of being a Director.

### **7.2 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

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

### **7.3 Chapter 2E**

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

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

The proposed issue constitutes giving a financial benefit and Mr Brent Jones is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Brent Jones who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required because the proposed issue of Shares and Options was negotiated on an arm's length basis since the Shares and Options issued to Mr Jones are on the same terms as the Shares issued to non-related party participants in the Entitlement Offer, and the Capital Raising Fee Shares were issued on the same terms as those issued to unrelated brokers and other third parties who raised Shortfall subscription funds.

### **7.4 Technical information required by ASX Listing Rule 10.11**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 7:

- (a) the Shares and Options will be issued to Mr Brent Jones (or his nominee);
- (b) the number of Shares to be issued is 7,812,500 and the number of Options to be issued is 3,125,000;
- (c) the Shares and Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares and Options will occur on the same day;
- (d) the issue price will be \$0.008 per Share for 6,250,000 Shares and a deemed issue price of nil for the 1,562,500 Capital Raising Fee Shares;
- (e) the terms and conditions of the Options are set out in Schedule 2, being the same terms and conditions as the Company's existing listed LRSO Options;
- (f) 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;
- (g) 6,250,000 Shares will be issued for \$50,000 cash consideration. These funds will be used for general working capital, including any development expenses associated with its exploration projects;
- (h) no funds were raised from the grant of the 3,125,000 Options or the issue of the 1,562,500 Capital Raising Fee Shares as they were issued as free attaching Options and as part of a capital raising fee respectively.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Shares and Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Shares and Options to Mr Brent Jones (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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## **8. RESOLUTION 8 – ISSUE OF SHARES**

### **8.1 General**

Resolution 8 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 Rules 7.1 is set out in section 2.1.

The effect of Resolution 8 will be to allow the Company to issue the Shares pursuant to Resolution 8 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.

### **8.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of Shares under Resolution 8:

- (a) the maximum number of Shares to be issued is 200,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur progressively;
- (c) the issue price will be not less than 80% of the volume weight average market price for Shares (**VWAP**) calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a disclosure document, over the last 5 days on which sales in the securities were recorded before the date the disclosure document is signed;
- (d) the Directors will determine to whom the Shares will be issued but these persons will not be related parties of the Company;

- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the issue of Shares:
  - (i) for general working capital, including any development expenses associated with its exploration projects;
  - (ii) as consideration for, or to develop, any acquisitions of new resources, assets and investments that the Company may undertake (although none are currently planned) including expenses associated with such an acquisition; and
  - (iii) for settlement of creditors of the Company, including holders of convertible securities, in debt for equity swaps under which the Company and a creditor agree that some or all of the debt owed to the creditor is offset against Shortfall subscription funds the creditor would otherwise have to pay in cash. To the extent any such arrangement is made, the Company will not receive a cash subscription amount from the creditor for Shares issued to it under the Shortfall while the Company's debts will be reduced by the foregone cash subscription amount.

### **8.3 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 764,430,119 (being the number of Shares on issue as at the date of this Notice) to 964,430,119 and the shareholding of existing Shareholders would be diluted by 20.07%.

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## **9. RESOLUTION 9 – ISSUE OF OPTIONS**

### **9.1 General**

Resolution 9 seeks Shareholder approval for the issue of up to 100,000,000 Options for nil cash consideration to investors, creditors and employees on the basis, in the Board's discretion, of one (1) Option for every two (2) Shares subscribed for and issued pursuant to the placement the subject of Resolution 8.

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

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.

### **9.2 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 100,000,000;
- (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;
- (d) the Options will be issued to investors, creditors and employees on the basis, at the Board's discretion, of one (1) Option for every two (2) Shares subscribed for and issued pursuant to the placement the subject of Resolution 8. None of the investors, creditors and employees will be related parties;
- (e) the Options will be issued on the terms and conditions set out in Schedule 2, being the same terms and conditions as the Company's existing listed LRSO Options; and

- (f) no funds will be raised from the issue as the Options are being issued for nil cash consideration as they are free attaching to the Shares to be offered under Resolution 8.

## 10. RESOLUTION 10 – APPROVAL OF INCENTIVE PLAN

Resolution 10 seeks Shareholders approval for the adoption of the employee incentive scheme titled Incentive Rights Plan (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

ASX Listing Rule 7.1 is summarised in Section 2.1. ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 10 is passed, the Company will be able to grant either:

- (a) retention rights, being rights that vest and may be exercised into restricted Shares (**Restricted Shares**), based on completion of a period of service; or
- (b) performance rights, being rights that vest and may be exercised into Restricted Shares, based on achievement of specified performance objectives, under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period,

(together **Incentive Rights**).

Shareholders should note that 14,292,886 Incentive rights (Retention: 2,824,343 and Performance: 11,468,543) have been issued under the Plan since it was first approved by shareholders on 30 November 2012.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future grant of Incentive Rights under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

A material feature of the Plan is that where a tranche of Incentive Rights vest, the total value of those Incentive Rights will be paid in cash and Restricted Shares as follows:

- (a) \$1,000 per tranche that vests; and
- (b) the remainder in Restricted Shares.

This process is illustrated in the following table.

Rights	Number That Vested	Value at Vesting if Share Price \$0.60 (A)	Cash Payment (B)	Restricted Shares Earned $A - B \div \$0.60$
Tranche 1 - Performance Rights	100,000	\$60,000	\$1,000	98,333
Tranche 2 – Performance Right	200,000	\$120,000	\$1,000	198,333
Tranche 3 – Retention Rights	100,000	\$60,000	\$1,000	98,333
TOTAL	400,000	\$240,000	\$3,000	394,999

Any future grant of Incentive Rights under the Plan to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.



A summary of the key terms and conditions of the Plan is set out in Schedule 3. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

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## GLOSSARY

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**\$** means Australian dollars.

**ASIC** means the Australian Securities & Investments Commission.

**ASOF** means Australian Special Opportunity Fund LP.

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

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

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

**Chair** means the chair of the Meeting.

**Company** or **LRS** 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.

**Incentive Plan** means the employee share plan the subject of Resolution 10 and as summarised in Schedule 3.

**Junefield** means Junefield High Value Metals Investments Limited.

**Magna** means Magna Equities II, LLC.

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

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

**Proxy Form** means the proxy form accompanying the Notice.

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

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

**Shareholder** means a registered holder of a Share.

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

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

**US\$ means** American dollars.

**VWAP** has the meaning given in section 4.1 of the Explanatory Statement.

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

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## SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS ISSUED TO MAGNA

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(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 \$0.017 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 22 May 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.

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## SCHEDULE 2 – TERMS AND CONDITIONS OF JONES OPTIONS

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(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.

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## SCHEDULE 3 – SUMMARY OF INCENTIVE RIGHTS PLAN

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The key terms of the Incentive Rights Plan are as follows:

- (a) Eligibility: Participants in the Plan may be full-time and permanent part-time employees of the Company or any of its subsidiaries (Participants).
- (b) Administration of Plan: The Board is responsible for the operation of the Plan and has a broad discretion to determine which Participants will be offered Incentive Rights under the Plan.
- (c) Offer: The Board may issue an offer to a Participant to participate in the Plan. The offer will specify (unless otherwise determined by the Board):
  - the name and address of the Participant to whom the offer is made;
  - the number and types of tranches of Incentive Rights being offered;
  - in respect of each tranche:
    - the number of Incentive Rights being offered;
    - the vesting conditions, if any, of each tranche of Incentive Rights; and
    - the period during which each tranche of Incentive Rights must vest and be exercised (Measurement Period); and
  - any other matters required by either the Corporations Act or the ASX Listing Rules.
- (d) Incentive Rights: Incentive Rights may be offered to Participant, being:
  - retention rights, being rights that vest and may be exercised into Restricted Shares, based on completion of a period of service; or
  - performance rights, being rights that vest and may be exercised into Restricted Shares, based on achievement of specified performance objectives.
- (e) Restriction on Transfer: An Incentive Right may not be transferred or otherwise dealt with (including being disposed of, encumbered, made subject to any interest in favour of any other person) and lapses immediately on purported transfer or dealing unless the Board, in its absolute discretion, approves the transfer or the dealing or transfer is effected by operation of law on death or legal incapacity to the Participant's legal personal representative.
- (f) Vesting: Where a tranche of Incentive Rights vest, the total value of those Incentive Rights will be paid in cash and Shares as follows:
  - \$1,000 per tranche that vests; and
  - the remainder in Restricted Shares.
- (g) Vesting and Exercise – Issue of Restricted Shares: Upon vesting and exercise of the Incentive Rights, the Company will issue Shares that may not be sold or otherwise disposed of by Participants until first advised by the Company, which the Company shall do at the first opportunity to do so, when Shares may be sold without breaching the insider trading provisions of the Corporations Act or the Company's share trading policy (**Restricted Shares**). The Company will issue Restricted Shares to Participants or arrange for them to be acquired for the Participant's benefit by the trustee of the Plan.
- (h) Rights attaching to Shares: Each Restricted Share shall be issued on the same terms and conditions as the Company's issued Shares (other than in respect of transfer restrictions imposed by the Plan) and it will rank equally with all other issued Shares from the issue date except for entitlements which have a record date before the issue date.
- (i) Quotation on ASX: The Company will apply for each Restricted Share to be admitted to trading on ASX. Quotation will be subject to the restrictions on trading placed on them by the Company, the ASX Listing Rules and any holding lock applying to the Shares.

- (j) Bonus Issues: Subject to any requirements of the Corporations Act and the ASX Listing Rules, in cases of bonus issues, the number of Incentive Rights held by a Participant shall be increased by the same number as the number of bonus shares that would have been received by the Participants had the Incentive Rights been fully paid ordinary shares in the Company.
- (k) Rights Issues: Subject to any requirements of the Corporations Act and the ASX Listing Rules, in the case of general rights issues to the Company's shareholders, there will be no adjustment to the Incentive Rights. However, the Board may consider issuing options:
- of a number up to the number of shares to which the Participant would have been entitled had the Incentive Rights been fully paid ordinary shares in the Company, and
  - the exercise price of such options will be equal to the amount payable by the Company's shareholders to exercise a right to acquire a Share.
- (l) Capital Reconstructions: Subject to any requirements of the Corporations Act and the ASX Listing Rules, in the case of other capital reconstructions the Board may make such adjustments to the Incentive Rights as it considers appropriate with a view to ensuring that holders of Incentive Rights are neither advantaged nor disadvantaged.
- (m) Forfeiture: The Incentive Rights will be forfeited in the event that the Participant is dismissed for cause, resigns (unless otherwise determined by the Board) or where the Board forms the opinion that a Participant has committed an act of fraud, defalcation or gross misconduct in relation to the Company.
- (n) Other Termination: In the event that the Participant's employment is terminated due to death, total permanent disablement, retirement with the approval of the Board or Company initiated termination without cause, Incentive Rights granted in the financial year of termination of employment are forfeited in the same proportion as the remainder of the financial year bears to the full financial year. Incentive Rights that do not lapse at the termination of employment will continue to be held by Participants with a view to testing for vesting at the end of the Measurement Period. If the Share price at the date of testing is:
- less than the Share price at the date of termination of employment, then all unvested Incentive Rights lapse, in which case the Board may, in its absolute discretion, determine to pay a cash bonus through payroll with PAYG tax deducted; or
  - not less than the Share price at the date of termination of employment, then retention rights that have not been forfeited will vest and performance rights will be tested once for vesting at the end of the Measurement Period. If they do not vest at that time then they will be forfeited.
- (o) Change in Control Including Takeover: In the event of a change in control including a takeover, the vesting conditions attached to the Incentive Rights will cease to apply and unvested Incentive Rights will vest in the proportion that the Share price has grown since the date of grant of the Incentive Rights or as determined by the Board, up to 100%. The Board will have discretion to vest some or all of the remaining unvested Incentive Rights with any Incentive Rights that do not vest lapsing.
- (p) Distribution of Capital to Shareholders: In the event that the board decides to declare a special dividend or undertake a return of capital to shareholders, the Board may in its discretion determine that some or all of the unvested Incentive Rights held by Participants shall vest and may also determine that any remaining unvested Incentive Rights shall lapse.
- (q) Plan limit: The Company must take reasonable steps to ensure that the number of Shares offered by the Company under the Plan when aggregated with:
- the number of Shares issued during the previous 5 years under the Plan (or any other employee share plan extended only to eligible employees); and
  - the number of Shares that would be issued if each outstanding offer for Shares (including options to acquire unissued Shares) under any employee incentive scheme of the Company were to be exercised or accepted,
- does not exceed 5% of the total number of Shares on issue at the time of an offer (but disregarding any offer of Shares or option to acquire Shares that can be disregarded in accordance with relevant ASIC Class Orders).