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## LATIN GOLD LIMITED

ACN 059 457 279

### NOTICE OF GENERAL MEETING

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**TIME:** 10:00 am (WST)  
**DATE:** 9 August 2013  
**PLACE:** 103 Abernethy Road  
Belmont, Western Australia

*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) 9277 9489.*

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## TIME AND PLACE OF MEETING AND HOW TO VOTE

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### VENUE

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The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:00 am (WST) on 9 August 2013 at 103 Abernethy Road, Belmont, Western Australia.

### YOUR VOTE IS IMPORTANT

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

### VOTING IN PERSON

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To vote in person, attend the General Meeting on the date and at the 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:

- (a) post to Latin Gold Limited, 103 Abernethy Road, Belmont, Western Australia 6104 or PO Box 556, Belmont, Western Australia 6984; or
- (b) facsimile to the Company on facsimile number (+61 8) 9277 6818,

so that it is received not later than 10:00 am (WST) on 7 August 2013.

**Proxy Forms received later than this time will be invalid.**

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## KEY DATES

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Company announces proposed Acquisition	24 April 2013
Cut off for lodging proxy form for General Meeting	7 August 2013
Snapshot date for eligibility to vote at the General Meeting	7 August 2013
General Meeting to approve the Acquisition	9 August 2013
ASX informed of Shareholder approvals	9 August 2013
Settlement of Acquisition*	15 August 2013

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\*This date is indicative only and may change

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## NOTICE OF GENERAL MEETING

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Notice is given that a General Meeting of Shareholders will be held at 10:00 am (WST) on 9 August 2013 at 103 Abernethy Road, Belmont, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form form part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 10:00 am (WST) on 7 August 2013.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

## AGENDA

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### 1. RESOLUTION 1 – CHANGE TO SCALE OF ACTIVITIES

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

*“That, subject to and conditional upon the passing of Resolutions 2 to 6 and 8 (inclusive), for the purposes of ASX Listing Rule 11.1.2 and for all other purposes, the Company be authorised to make a significant change in the scale of its activities as a result of the proposed acquisition of Manjaro Resources Pty Ltd.”*

**Short Explanation:** The proposed acquisition of Manjaro, if successful, will result in the Company expanding its gold exploration activities to Tanzania. ASX Listing Rule 11.1.2 requires the Company to seek shareholder approval where it proposes to make a significant change to the nature or scale of its activities. Please refer to the Explanatory Statement for details.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may obtain a benefit, except a benefit solely in the capacity of a security holder, 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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### 2. RESOLUTION 2 – ISSUE OF NEW CLASS OF SHARES

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

*“That, subject to and conditional upon the passing of Resolutions 1, 3 to 6 and 8 (inclusive), for the purposes of Section 246B(1) of the Corporations Act and clause 2.3 of the Constitution of the Company and for all other purposes, the Company be authorised to issue the Performance Shares, the terms of which are set out in the Explanatory Statement.”*

**Short Explanation:** The Company will issue Performance Shares to the Manjaro Vendors as part of the consideration for the acquisition of all the issued capital in Manjaro.

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### 3. RESOLUTION 3 – ISSUE OF SHARES AND PERFORMANCE SHARES TO MANJARO VENDORS

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

*“That, subject to and conditional upon the passing of Resolutions 1 to 2, 4 to 6 and 8 (inclusive), for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue 100,000,000 Shares and 250,000,000 Performance Shares to the Manjaro Vendors on the terms set out in the Explanatory Statement.”*

**Short Explanation:** The Company has entered into the Agreement under which the Company will offer Shares and Performance Shares to the Manjaro Vendors in order to acquire all of the issued capital in Manjaro. The Company seeks Shareholder approval for the issue of the Shares and Performance Shares in accordance with ASX Listing Rule 7.1.

**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 may obtain a benefit, except a benefit solely in the capacity of a security holder, 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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### 4. RESOLUTION 4 - CHANGE OF NAME

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

*“That, subject to and conditional upon the passing of Resolutions 1 to 3 and 5, 6 and 8 (inclusive), for the purposes of Section 157(1) of the Corporations Act, completion of the Acquisition and for all other purposes, the name of the Company be changed to ‘Manjaro Resources Limited’.”*

**Short Explanation:** The Company proposes to change its name to more accurately reflect the proposed future activities of the Company, subject to the Acquisition proceeding.

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### 5. RESOLUTION 5 – ELECTION OF A DIRECTOR – CHRISTOPHER LALOR

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

*“That, subject to and conditional upon the passing of Resolutions 1 to 4, 6 and 8 (inclusive), for the purpose of clause 12.3 of the Constitution and for all other purposes, Mr Christopher Lalor, being eligible to act as a Director, be elected as a Director on and from the Settlement Date.”*

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### 6. RESOLUTION 6 – ELECTION OF A DIRECTOR – FARIS CASSIM

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

*“That, subject to and conditional upon the passing of Resolutions 1 to 5 and 8 (inclusive), for the purpose of clause 12.3 of the Constitution and for all other purposes, Mr Faris Cassim, being eligible to act as a Director, be elected as a Director on and from the Settlement Date.”*

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**7. RESOLUTION 7 – RE-ELECTION OF DIRECTOR – MR JOHN MACDONALD**

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 12.4 of the Constitution and for all other purposes, Mr John Macdonald, a Director who was appointed subsequent to the Company's last general meeting, retires, and having consented and being eligible, is re-elected as a Director.”*

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**8. RESOLUTION 8 – SHARE PLACEMENT**

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

*“That, subject to and conditional upon the passing of Resolutions 1 to 6 (inclusive), for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 66,666,667 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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**DATED: 1 JULY 2013**

**BY ORDER OF THE BOARD**

**MICHAEL HIGGINSON  
LATIN GOLD LIMITED  
DIRECTOR & COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 10:00 am (WST) on 9 August 2013 at 103 Abernethy Road, Belmont, Western Australia.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

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### 1. OVERVIEW OF CHANGE OF SCALE OF ACTIVITIES

#### 1.1 Background

Latin Gold Limited (**Latin**) or (the **Company**) is an Australian public company listed on the official list of the ASX (ASX code: LAT).

The Company is presently earning an interest in the Narracoota project in accordance with the Narracoota Joint Venture with Nevada Iron Ltd.

Latin is the operator of the Narracoota Joint Venture. Under the terms of this joint venture Latin can earn a 90% equity interest in the project through the expenditure of \$500,000. When that expenditure level has been reached the tenement holder's (Nevada Iron Ltd) interest will revert to a 10% free carried interest through to completion of a feasibility study or the cumulative expenditure of \$2 million.

The Narracoota project is located about 80 kilometres north of Meekatharra, Western Australia. The project covers part of the southern section of the Palaeoproterozoic Bryah Basin (a sub-basin of the Glengarry Basin) and has been explored for epigenetic gold and VHMS-style base and precious metals by previous explorers.

The project area lies some 75 kilometres southwest of the DeGrussa massive sulphide discovery, which is hosted by rock units of the Narracoota Volcanics.

The Narracoota project is interpreted to contain extensive widths of Narracoota Volcanics in at least three structural repetitions and contain a range of stratigraphic units including ultramafic intrusives, flows and fragmentals, black shales and hyaloclastite basalts ± jasperoidal cherts.

A technical review of the project was completed earlier this year and six priority target areas were selected for follow-up exploration.

A particular focus of the review was on the stratigraphic units that comprise the Narracoota Volcanics and which underlay the large majority of the project area.

The target areas identified from the review cover a range of commodities and geological models and it is proposed to drill test as many as possible during the 2013 field season.

#### 1.2 Background to Change of Scale of Activities - Acquisition of Manjaro

On 24 April 2013, the Company announced to ASX that it has entered into a binding heads of agreement to acquire up to an 80% interest in the Buhemba Gold Project (**Buhemba** or the **Project**), which consists of the Licence and is

located in the Lake Victoria Gold Region of Tanzania by the acquisition of Manjaro (**Agreement**).

Under the terms of the Agreement Latin will acquire 100% of the issued capital of Manjaro, an Australian registered company whose major assets is the right to a 60% interest in Buhemba and the right to acquire an additional 20% interest in Buhemba prior to a decision to mine.

The proposed acquisition, which is subject to approval by Latin Gold Shareholders in accordance with ASX Listing Rule 11.1.2, will result in the potential issue to the Manjaro Vendors of up to 350 million Shares in Latin and the payment to Manjaro of up to \$500,000 in option payments for a three month due diligence and exclusivity period.

Manjaro holds its interest in Buhemba through an agreement with the Tanzanian State Mining Company (**Stamico**). Pursuant to this agreement a special purpose vehicle is to be incorporated which will be owned 60% by Manjaro and 40% by Stamico.

Manjaro paid Stamico US\$500,000 on execution of this agreement earlier this year.

The key payment terms of the agreement Manjaro has with Stamico covering Buhemba are:

1. US\$1.0 million on a decision to mine the tailings and Stamico will receive 30% of sales turnover from the processing of the tailings;
2. US\$1.5 million on the confirmation of a JORC indicated resource of 500,000 ozs of gold; and
3. US\$3.0 million on the confirmation of an additional JORC indicated resource of 500,000 ozs of gold (for a total of 1.0 million ozs).

Manjaro has an option to acquire an additional 20% interest in the Project from Stamico at a, to be determined, market rate prior to a decision to mine. Upon determination of the consideration, the Company is to advise the ASX. The ASX reserves the right to reconsider the application of ASX Listing Rule 11.1 at that time (a summary of ASX Listing Rule 11.1 is set out in Section 2.2 of this Explanatory Statement).

### **Consideration**

The consideration to be paid by Latin to the Manjaro Vendors is to be paid on or before 15 August 2013 and comprises the following:

1. 100 million Shares;
2. 100 million Class A Performance Shares to be vested on the confirmation a JORC resource of 250,000 ozs of gold;
3. 100 million Class B Performance Shares to be vested on the confirmation of a JORC resource of 500,000 ozs of gold; and
4. 50 million Class C Performance Shares to be vested on the confirmation of a JORC resource of 1,000,000 ozs of gold.

The Performance Shares will have an expiry date of 5 years from date of issue and (if vested) each Performance Share will convert into one fully paid ordinary share in Latin.

Latin also agreed to pay the following payments to Manjaro in return for a due diligence period of 3 months and exclusivity during that period:

1. \$100,000 – one month period (paid 1 May 2013);
2. \$200,000 – second one month period (paid 30 May 2013); and
3. \$200,000 – third one month period.

The Acquisition is conditional on a number of conditions precedents. Those outstanding as at the date of this Notice of Meeting are set out in Section 1.4 of this Explanatory Statement.

If the Acquisition is unable to be completed, then the Company will continue exploring the six priority target areas identified at the Narracoota project. Details of the exploration targets and the proposed \$1 million three phase exploration budget were announced to the ASX on 8 April 2013.

### **1.3 Background on Manjaro and its assets**

Buhemba was explored by Tanganyika Gold NL (a former ASX listed company) in the mid-1990s and that company delineated six main mineralised zones where significant shallow gold discoveries were made. A number of these discoveries were subsequently mined as a multiple open cut operation during 2003-2007 by a South African registered mining company.

The mine was closed down prematurely in 2007 with a reported 274,000 ozs of gold having been produced.

Based on the historic pre-mining JORC estimations available over the Project area, Buhemba has a remaining near surface exploration target of between 6.5 million tonnes and 8.5 million tonnes grading between 1.9-2.2 g/t (between 400,000 – 600,000 ozs insitu).

Further, there is potentially a significant tailings inventory contained within the Project area. Historic evaluation drilling over the tailings at Buhemba indicates an exploration target of between 900,000 and 1,000,000 tonnes grading between 1.4-1.7 g/t (between 40,000 – 50,000 ozs insitu).

In addition to these exploration targets, initial evaluation work by Manjaro has determined that considerable potential exists for the discovery of additional mineralisation down dip and proximal to the known mineralisation.

The Project area would also appear to have significant higher grade depth potential as it covers the historic Nyasenro mine, which anecdotal information indicates produced up to 350,000 ozs of gold at a grade of around 13.5g/t between 1930 and 1970.

**The potential quantity and grade of the exploration targets referred to above are conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.**

**The exploration targets have been determined through a review of the historic exploration work carried out over the Buhemba project and it is considered that this work, which contained the results of several drilling campaigns, was competent and of a modern standard.**

It is the intention of Latin to undertake an active exploration programme over Buhemba within the coming 12 month period.



This exploration will include confirmation drilling over historic resource blocks and tailings as well as drilling to test a number of step up exploration targets within the Project area.

#### 1.4 Manjaro Acquisition Terms

The Company and the Key Shareholders entered into the Agreement under which the Company has agreed to acquire from the Key Shareholders and the Key Shareholders have agreed to sell to the Company all of their Manjaro Shares and Manjaro Options (free from encumbrances). In addition, the Company has agreed to make separate offers to all Minority Shareholders and Manjaro Optionholders to acquire all of their Manjaro Shares and Manjaro Options (free from encumbrances) (**Offers**).

The consideration to be paid to the Manjaro Vendors for the acquisition of 100% of the issued capital of Manjaro will be the issue of:

- (a) 100,000,000 Shares; and
- (b) 250,000,000 Performance Shares,

which will be apportioned amongst the Manjaro Vendors in accordance with their respective interests (**Consideration**).

The Acquisition is conditional on a number of conditions precedent. The outstanding conditions as at the date of this Notice of Meeting are as follows:

- (a) 100% of the Manjaro Options being acquired by Latin for 12,627,933 Shares (note: these 12,627,933 Shares form part of the 100,000,000 Shares to be issued as part of the Consideration);
- (b) Latin entering into Director service agreements with each of Christopher Lalor (Executive Chairman) and Faris Cassim (Executive Director) on terms to be agreed between the parties (refer to Sections 6 and 7 of this Explanatory Statement);
- (c) each Minority Shareholder and Manjaro Optionholder accepting the Offers in respect of 100% of their Manjaro Shares and 100% of their Manjaro Options;
- (d) the approval of Shareholders being obtained at the General Meeting for the performance of the transactions contemplated by the Agreement in accordance with the requirements of the ASX Listing Rules and the Corporations Act, including, without limitation, the approval of Resolutions 1 to 6 and 8 (inclusive) and:
  - (i) the allotment and issue of the Consideration to the Manjaro Vendors under the Agreement and each of the Offers (as relevant);
  - (ii) the change of name of Latin to "Manjaro Resources Limited"
  - (iii) the election of Mr Christopher Lalor as a Director;
  - (iv) the election of Mr Faris Cassim as a Director; and
  - (v) Latin completing the Capital Raising within 7 days of the passing by Shareholders of Resolution 8.

## 1.5 Pro-forma balance sheet

An unaudited pro forma balance sheet of the Company following completion of the Acquisition and other matters is set out at Appendix A to this Notice of Meeting.

## 1.6 Pro-forma capital structure

The capital structure of the Company following completion of the Acquisition is set out below:

### **SHARES**

Current issued share capital	323,152,868
Shares issued to the Manjaro Vendors	100,000,000
Capital Raising	66,666,667

<b>TOTAL SHARES</b>	<b><u>489,819,535</u></b>
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Performance Shares issued to the Manjaro Vendors	250,000,000
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## 1.7 Advantages of the transactions

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

- (a) the gold exploration potential of Buhemba represents a significant opportunity for the Company, including the potential of near term gold production;
- (b) through the acquisition of Manjaro, a larger market capitalisation and enhanced shareholder base should provide a more liquid stock than either the Company or Manjaro present on a standalone basis;
- (c) the Board of Directors will provide an experienced set of skills to guide the growth of the Company;
- (d) all Manjaro Vendors retain an interest in the exploration of Buhemba; and
- (e) a significant portion of the Consideration is being paid in Performance Shares that will only vest upon confirmation of the relevant JORC resources.

## 1.8 Disadvantages of the Acquisition

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

- (a) the Company will be changing the scale of its activities by extending its gold exploration activities to Tanzania, which may not be consistent with the objectives of certain Shareholders;

- (b) the Acquisition will result in the issue of Shares and Performance Shares to the Manjaro Vendors which will have a dilutionary effect on the current holdings of Shareholders;
- (c) there are many risk factors associated with the change of scale of the Company's activities, or more particularly with Manjaro's gold exploration activities. Some of these risks are set out in Section 1.9 below;
- (d) additional outlays of funds will be required to explore Buhemba, which will increase funding pressure on the Company in order to continue exploration activities; and
- (e) there is no guarantee that exploration activities at Buhemba will result in the discovery of a mineral resource.

## **1.9 Risks – Change of Scale of Activities**

Shareholders should be aware that if the Resolutions are approved, the Company will be changing the scale of its activities to include gold exploration in Tanzania, which is subject to various risk factors.

The risk factors set out in this Section, and others not specifically referred to may, in the future, materially affect the financial performance of the Company and the value of the Shares. Therefore, the Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Based on the information available, a non-exhaustive list of risk factors are as follows:

### ***Risks relating to the Change in Scale of Activities***

#### **Re-Quotation of Shares on ASX**

If the Company acquires a further 20% interest in Buhemba and the ASX determines that that acquisition constitutes a significant change in the nature and scale of the Company's activities, the Company then may need to comply with Chapters 1 and 2 of the ASX Listing Rules and provide disclosures as if it were seeking admission to the official list of the ASX. There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all.

#### ***Risks relating to Buhemba***

#### **Risks Associated with operating in Tanzania**

Buhemba is located in Tanzania and the Company will be subject to the risks associated with operating in that country. Such risks can include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations.

Changes to Tanzania's mining or investment policies and legislation or a shift in political attitude may adversely affect the Company's operations and profitability.

### ***Risks relating to the Company's operations***

#### **Tanzania's legal environment**

The Tanzanian legal system is less developed than more established countries and this could result in the following risks:

- political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation or in an ownership dispute;
- a higher degree of discretion held by various government officials or agencies;
- the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to taxation and property rights;
- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- relative inexperience of the judiciary and court in matters affecting the Company.

#### **Sovereign risk – Tanzania**

Buhemba is located in Tanzania which is a country considered to be a developing country and as such subject to emerging legal and political systems compared with the systems in place in Australia.

Possible sovereign risks include, without limitation, changes in the terms of mining legislation, changes to royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may, in the future, adversely affect the financial performance of the Company and the market price of its Shares.

No assurance can be given regarding future stability in Tanzania.

#### **Operating risks**

There can be no assurance that the Company's intended goals will lead to successful exploration, mining and/or production operations. Further, no assurance can be given that the Company will be able to initiate or sustain minerals production, or that future operations will achieve commercial viability.

When additional exploration at Buhemba is undertaken and if a JORC compliant resource or reserve is not defined, then it may have a negative impact on the Company.

Future operations of the Company may be affected by various factors including:

- geological and hydrogeological conditions;

- limitations on activities due to seasonal weather patterns and monsoon activity;
- unanticipated operational and technical difficulties encountered in survey, drilling and production activities;
- electrical and/or mechanical failure of operating plant and equipment, industrial and environmental accidents, industrial disputes and other force majeure events;
- equipment failure, fires, spills or industrial and environmental accidents;
- unavailability of aircraft or equipment to undertake airborne surveys and other geological and geophysical investigations;
- risk that exploration, appraisal, development, plant or operating costs prove to be greater than expected or that the proposed timing of exploration, development or production may not be achieved;
- failure to achieve exploration success;
- the supply and cost of skilled labour;
- unexpected shortages or increases in the costs of consumables, diesel fuel, spare parts, plant and equipment, and;
- prevention and restriction of access by reason of political unrest, outbreak of hostilities and inability to obtain consents or approvals.

No assurances can be given that Buhemba will achieve commercial viability through the successful exploration and/or mining.

### **Exploration**

Mining exploration is inherently associated with risk. Notwithstanding the experience, knowledge and careful evaluation a company brings to an exploration project there is no assurance that recoverable mineral resources will be identified. Even if identified, other factors such as technical difficulties, geological conditions, adverse changes in government policy or legislation or lack of access to sufficient funding may mean that the resource is not economically recoverable or may otherwise preclude the Company from successfully exploiting the resource.

### **Exploration and operating costs**

The proposed exploration expenditure of the Company at Buhemba is based on certain assumptions with respect to the method and timing of exploration and feasibility work. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice.

### **Title risk**

The Licence and other mining claims in which the Company will, or may acquire an interest in the future are subject to the applicable local laws and regulations.

Claims in which the Company has an interest are subject to the relevant conditions applying in each jurisdiction. Failure to comply with these conditions may render the claims or licenses liable to forfeiture.

The Licence and other mining claims will be subject to application for claim renewal from time to time. Renewal of the term of each claim is subject to applicable legislation. If the claim is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that claim.

### **Contractual risks**

The ability of the Company to achieve its objectives will depend on the performance by the counterparties to any agreements that the Company and/or Manjaro may enter into. If any counterparty defaults in the performance of their obligations, it may be necessary for the Company or Manjaro to approach a court to seek a legal remedy. Legal action can be costly. Furthermore, certain contracts to which either the Company or Manjaro is a party may be governed by laws of jurisdictions outside Australia. There is a risk that the Company or Manjaro may not be able to seek legal redress that it could expect under Australian law; and generally there can be no guarantee that a legal remedy will ultimately be granted on the appropriate terms.

### **Price of gold**

Upon completion of the Acquisition, the Company will direct significant attention towards the Exploration for gold at Buhemba.

The market price of gold is set in the world market and is affected by numerous industry factors beyond the Company's control including the demand for precious metals, expectations with respect to the rate of inflation, interest rates, currency exchange rates, the demand for jewellery and industrial products containing gold, gold production levels, inventories, cost of substitutes, changes in global or regional investment or consumption patterns, and sales by central banks and other holders, speculators and producers of gold and other metals in response to any of the above factors, and global and regional political and economic factors.

A decline in the market price of gold could have a material adverse impact on the ability of the Company to finance the exploration and development of Buhemba and future gold projects

### **Commodity prices**

Increases in commodity prices may encourage increases in exploration, development and construction activities, which can result in increased demand for, and cost of, exploration, development and construction services and equipment. Increased demand for services and equipment could cause exploration and project costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and could increase potential scheduling difficulties and costs due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs or result in project delays or both. Any such material increase in costs would adversely affect the Company's financial condition.

### **Health, safety and the environment**

The conduct of business in the resources sector involves a variety of risks to the health and safety of personnel and to the environment. It is conceivable that an incident may occur which might negatively impact on the Company's business.

## **Compliance risk**

Title to a mining claim may be subject to the holder complying with the terms and conditions of the claim, including any minimum annual expenditure commitments. There is a risk that if the holder does not comply with the terms and conditions of each claim, it may lose its interest in the relevant interest.

## **Resource estimates**

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

## **Environmental risks**

The proposed activities of the Company are subject to the laws of Tanzania and regulations concerning the environment. As with most exploration projects, the Company's activities are expected to have an impact on the environment, particularly during advanced exploration and future mining activities. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

## **Changes in government policy and laws**

Changes in government or statutory changes may affect the Company's business and its operations.

## **International operations**

International sales and operations are subject to a number of risks, including:

- potential difficulties in enforcing agreements (including joint venture agreements) and collecting receivables through foreign local systems;
- potential difficulties in protecting intellectual property;
- increases in costs for transportation and shipping; and
- restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

## **Commodity price volatility and exchange rate risks**

Buhemba is located in Tanzania, with expenditure required in either Tanzanian shillings or United States dollars.

If the Company achieves exploration success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate fluctuations and risks.

Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations

for gold and other commodities, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities (including gold) are denominated in United States dollars, whereas the expenditure of the Company is and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

In the future, a significant proportion of the Company's revenues, cash inflows, other expenses, capital expenditure and commitments may be denominated in foreign currencies.

To comply with Australian reporting requirements the income, expenditure and cash flows of the Company will need to be accounted for in Australian dollars. This will result in the income, expenditure and cash flows of the Company being exposed to the fluctuations and volatility of the rate of exchange between other currencies and the Australian dollar, as determined in international markets.

Furthermore, at this stage the Company has decided to not put in place any hedges in relation to foreign exchange. This may result in the Company being exposed to exchange rate risk, which may have an adverse impact on the profitability and/or financial position of the Company.

### **General risks**

#### **Subsidiary risk**

Buhemba is to be held in a company that is to be formed under the laws of Tanzania and initially the shares of that company will be held 60% by Manjaro and 40% by Tanzania's State Mining Corporation. On completion of the Acquisition, Manjaro will become a wholly owned subsidiary of the Company. The Company's rights to participate in a distribution of Manjaro's assets and/or the assets of the proposed holding company of Buhemba in the event of liquidation, re-organisation or insolvency is generally subject to prior claims of that entity's creditors, including trade creditors.

#### **General economic climate**

The Company's future can be affected by factors beyond its control such as supply and demand for its goods and services, and general economic conditions.

#### **Reliance on key management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company and its controlled entities depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these senior management, key personnel or employees cease their involvement or employment with the Company or its controlled entities.

#### **Additional requirements for capital**

The continued operations of the Company are dependent on its ability to obtain financing through debt and equity financing, or generating sufficient cash flows from future operations. There is a risk that the Company may not be able to access capital from debt or equity markets for future projects or developments, which could have a material adverse impact on the Company's business and financial condition.



## **Insurance risks**

The Company maintains insurance for certain activities within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

## **Market risk and interest rate volatility**

From time to time, the Company may borrow money and accordingly will be subject to interest rates which may be fixed or floating. A change in interest rates would be expected to result in a change in the interest cost to the Company and, hence, may affect its profit.

## **Competition**

There is a risk that the Company will not be able to continue to compete in the competitive industry in which it operates. The potential exists for the nature and extent of the competition to change rapidly, which may cause loss to the Company.

## **Share market**

There are general risks associated with any investment and the share market. The price of the Company's securities on the ASX may rise and fall depending on a range of factors beyond the Company's control and which are unrelated to the Company's financial performance. These factors may include movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, investor perceptions, changes in government policy, commodity supply and demand, government taxation and royalties, war, global hostilities and acts of terrorism.

## **Liquidity risk**

There is no guarantee that there will be an ongoing liquid market for the Company's securities. Accordingly, there is a risk that, should the market for the Company's securities become illiquid, Shareholders will be unable to realise their investment in the Company.

## **Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

### **1.10 Directors' Recommendation**

The Directors of Latin unanimously recommend the Acquisition. It is the view of the Directors that the Acquisition will give the Company's Shareholders the opportunity to participate in a potentially significant exploration project with the potential for the discovery of a significant gold resource as well as the possibility of near term production.

### **1.11 Competent Person**

*Information in this Notice of Meeting that relates to exploration results and exploration targets is based on information compiled by Howard Dawson, who is a Member of the Australian Institute of Geoscientists. Mr Dawson is an officer of*

*the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Dawson consents to the inclusion in this Notice of Meeting of the matters based on his information in the form and context in which it appears.*

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## **2. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES**

### **2.1 General**

Resolution 1 seeks approval from Shareholders for a change to the scale of the activities of the Company as a result of the proposed acquisition of Manjaro that has as its major asset a 60% interest in Buhemba, with the right to acquire an additional 20% interest.

As outlined in Section 1.4 of this Explanatory Statement, the Company has entered into the Agreement under which the Company has agreed to acquire from the Key Shareholders and the Key Shareholders have agreed to sell to the Company all of their Manjaro Shares and Manjaro Options (free from encumbrances). In addition, the Company has agreed to make separate offers to all Minority Shareholders and Manjaro Optionholders to acquire all of their Manjaro Shares and Manjaro Options (free from encumbrances).

The Agreement is subject to the conditions precedent set out in Section 1.4 above, including the requirement to obtain Shareholder approval.

A description of the proposed Acquisition and Manjaro's assets and prospects is outlined in Sections 1.2 to 1.4 above.

### **2.2 Legal requirements**

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

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

ASX has indicated to the Company that the change in the scale of the Company's activities requires the Company to seek shareholder approval for the Acquisition (in accordance with ASX Listing Rule 11.1.2).

Resolution 1 is an ordinary resolution. However, it will not take effect unless Resolutions 2 to 6 and 8 (inclusive) are also passed.

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### **3. RESOLUTION 2 – ISSUE OF NEW CLASS OF SHARES**

As noted in Resolution 3, the Company proposes issuing 250,000,000 Performance Shares (the terms of which are set out in Schedule 1) to the Manjaro Vendors.

Section 246C of the Corporations Act provides that if a company with one class of shares issues new shares not having the same rights as existing shares, the issue is taken to vary the rights attached to the existing shares, unless the company's constitution already provides for such an issue.

Under Section 246(1) of the Corporation Act, if a company has a constitution which sets out the procedure for varying or cancelling (in the case of a company with share capital) rights attached to shares in a class of shares, those rights may be varied or cancelled only in accordance with the procedure.

In accordance with clause 2.3 of the Constitution, if at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied, whether or not the Company is being wound up:

- (a) with the consent in writing of the holders of three quarters of the issued shares of that class; or
- (b) authorised by a special resolution passed at a separate meeting of the holders of the shares of the class.

The terms of the Class A Performance Shares, Class B Performance Shares and Class C Performance Shares are not the same as the Shares and accordingly the Company seeks approval from Shareholders for the issue of the Performance Shares as a new class of shares on the terms set out in Schedule 1 of this Explanatory Statement.

Resolution 2 is a special resolution. However, it will not take effect unless Resolutions 1, 3 to 6 and 8 (inclusive) are also passed

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### **4. RESOLUTION 3 – ISSUE OF SHARES AND PERFORMANCE SHARES TO THE MANJARO VENDORS**

#### **4.1 General**

As outlined in Section 1.4 of this Explanatory Statement, the Company has agreed to acquire all of the Manjaro Shares and Manjaro Options held by the Manjaro Vendors.

None of the Manjaro Vendors are related parties of the Company, other than by reason of the Acquisition. Accordingly, whilst certain of the Manjaro Vendors are related parties by virtue of the fact that they or their controller (as applicable) may be appointed as a Director of the Company upon completion of the Acquisition, Shareholder approval is not required under the Corporations Act or the Listing Rules for the issue of Shares and Performance Shares to those persons as they are only related parties by virtue of the Acquisition and dealings with those parties by the Company have been on arm's length terms.

The total consideration to be paid to the Manjaro Vendors, for 100% of the Manjaro Shares and Manjaro Options will be the issue of:

- (a) 100,000,000 Shares;
- (b) 100,000,000 Class A Performance Shares;
- (c) 100,000,000 Class B Performance Shares; and
- (d) 50,000,000 Class C Performance Shares,

which will be apportioned amongst the Manjaro Vendors in accordance with their respective interests.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

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

#### **4.2 Technical Information Required by ASX Listing Rule 7.3**

The following information is provided in relation to the Shares and Performance Shares pursuant to and in accordance with ASX Listing Rule 7.3:

- (a) the maximum number of Shares to be issued is 100,000,000 Shares;
- (b) the maximum number of Performance Shares to be issued is 250,000,000 Performance Shares;
- (c) the Shares and Performance Shares will be issued no later than three (3) months after the date of the General 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 allotment will occur on the same date, being the Settlement Date of the Acquisition;
- (d) the Shares and Performance Shares will be issued for nil cash consideration, but rather as consideration for the acquisition of 100% of the Manjaro Shares and Manjaro Options. Accordingly no funds will be raised from the issue of the Shares and Performance Shares;
- (e) the Shares and Performance Shares will be issued to the Manjaro Vendors in accordance with their respective interests;
- (f) the terms of the Performance Shares are set out in Schedule 1;
- (g) none of the Manjaro Vendors are related parties of the Company, other than by reason of the Acquisition;
- (h) 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
- (i) the Performance Shares will be issued on the terms and conditions set out in Schedule 1.

Resolution 3 is an ordinary resolution. However, it will not take effect unless Resolutions 1, 2, 4 to 6 and 8 (inclusive) are also passed.

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**5. RESOLUTION 4 – CHANGE OF NAME**

The new name proposed to be adopted under Resolution 4 is '*Manjaro Resources Limited*'. The Directors believe that this new name more accurately reflects the proposed future operations of the Company. The change in name will only take effect upon the Acquisition being successfully completed.

Resolution 4 is a special resolution. However, it will not take effect unless Resolutions 1 to 3, 5, 6 and 8 (inclusive) are also passed.

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**6. RESOLUTION 5 – ELECTION OF A DIRECTOR – CHRISTOPHER LALOR**

Clause 12.3 of the Constitution allows the Company in a general meeting by ordinary resolution to appoint any person as a director, but only where the total number of directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Agreement, Mr Lalor has been nominated to join the Board of Latin. Mr Lalor is controller of one of the Manjaro Vendors and, being eligible, seeks election.

Mr Lalor has 30 year's public company experience and is currently a director of Pacific Wildcat Resources Corp (a company listed on the TSX Venture Exchange).

Resolution 5 proposes Mr Lalor as a Director of the Company on and from the Settlement Date and in accordance with clause 12.3 of the Constitution. A copy of Mr Lalor's notice of candidature for election is attached in Appendix B of this Notice of Meeting.

In accordance with the Agreement, it is proposed that Mr Lalor enter into a service agreement with the Company. The principle terms and conditions of the service agreement are intended to be as follows:

- Position – Executive Chairman of the Company;
- Fee - \$7,000 per month, payable monthly in arrears;
- Term – no fixed term;
- Termination by the Company - Company must pay an amount equal to six months (unless summarily terminated, then no fee payable); and
- Termination by Mr Lalor – not less than three months written notice required.

Resolution 5 is an ordinary resolution. However, it will not take effect unless Resolutions 1 to 4, 6 and 8 (inclusive) are also passed.

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**7. RESOLUTION 6 – ELECTION OF A DIRECTOR – FARIS CASSIM**

Clause 12.3 of the Constitution allows the Company in a general meeting by ordinary resolution to appoint any person as a director, but only where the total

number of directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Agreement, Mr Cassim has been nominated to join the Board of Latin. Mr Cassim is one of the Manjaro Vendors and being eligible seeks election.

Mr Cassim has over 10 years' experience as a lawyer and financial adviser in mergers & acquisitions and equity capital markets.

Resolution 6 proposes Mr Cassim as a Director of the Company on and from the Settlement Date and in accordance with clause 12.3 of the Constitution. A copy of Mr Cassim's notice of candidature for election is attached in Appendix C of this Notice of Meeting.

In accordance with the Agreement, it is proposed that Mr Cassim enter into a service agreement with the Company. The principle terms and conditions of the service agreement are intended to be as follows:

- Position – Executive Director;
- Fee - \$7,000 per month, payable monthly in arrears;
- Term – no fixed term;
- Termination by the Company - Company must pay an amount equal to six months (unless summarily terminated, then no fee payable); and
- Termination by Mr Cassim – not less than three months written notice required.

Resolution 6 is an ordinary resolution. However, it will not take effect unless Resolutions 1 to 5 and 8 (inclusive) are also passed.

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## **8. RESOLUTION 7 – RE-ELECTION OF DIRECTOR – MR JOHN MACDONALD**

Clause 12.4 of the Constitution allows the Directors to appoint at any time a person to be a Director, provided that the number of directors does not exceed the maximum number specified by the Constitution. A director who is appointed by the other directors of the company, must retire at the next general meeting of the company, and being eligible, may offer themselves for re-election.

Mr Macdonald will retire at the General Meeting pursuant to clause 12.4 of the Constitution and being eligible, seeks re-election.

Mr Macdonald was appointed as a Director on 19 November 2012.

Mr Macdonald is a geologist by training and holds a Graduate Diploma in Business Finance.

John commenced his career as an exploration geologist before moving into the securities industry with CIBC Eyres Reed where he spent 15 years as a mining analyst and subsequently head of the research department. During that period, John gained extensive experience across the full range of minerals and bulk commodities as well as a strong understanding of project exploration and development.

For the past 10 years John has been involved in independent mining and resource research and is currently principal of Green Leader Equities Research.

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## **9. RESOLUTION 8 – SHARE PLACEMENT**

### **9.1 General**

Resolution 8 seeks Shareholder approval for the issue of up to 66,666,667 Shares at an issue price of \$0.015 per Share to raise up to \$1,000,000 (**Placement**).

The Placement is being managed by Pareto Capital Pty Ltd (AFSL 389395) who will receive a fee equal to 6% of the value of the Placement.

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

The effect of Resolution 8 will be to allow the Company to issue the Shares pursuant to the Placement within seven days after the Meeting, 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 the Placement:

- (a) the maximum number of Shares to be issued is 66,666,667;
- (b) the Shares will be issued no later than 7 days after the date of the General Meeting;
- (c) the issue price will be \$0.015 per Share;
- (d) the Shares will be issued to sophisticated investor clients of Pareto Capital Pty Ltd. None of the subscribers will be related parties or associates of related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Company intends to use the funds raised from the Placement towards the Company's exploration activities at Narracoota and Buhemba and for working capital purposes; and
- (g) A voting exclusion statement is included in the Notice of Meeting.

Resolution 8 is an ordinary resolution. However, it will not take effect unless Resolutions 1 to 6 (inclusive) are also passed.

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## **10. ENQUIRIES**

Shareholders may contact the Company on (+61) 8 9277 9489 if they have any queries in respect of the matters set out in these documents.

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## GLOSSARY

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**\$** means Australian dollars.

**Agreement** means the binding heads of agreement entered into between the Company and the Key Shareholders dated 24 April 2013 under which the Company agreed to acquire 100% of Manjaro.

**Acquisition** means the acquisition by the Company of 100% of the Manjaro Shares and Manjaro Options from the Manjaro Vendors.

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

**ASX** means ASX Limited.

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

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

**Business Day** has the meaning given to that term in the ASX Listing Rules.

**Capital Raising** means the raising of not less than \$1,000,000 pursuant to the issue by the Company of not less than 66,666,667 Shares at an issue price of \$0.15 per Share as contemplated in Resolution 8.

**Class A Performance Share** means a convertible share proposed to be issued to the Manjaro Vendors pursuant to Resolution 3 on the terms set out in Schedule 1.

**Class B Performance Share** means a convertible share proposed to be issued to the Manjaro Vendors pursuant to Resolution 3 on the terms set out in Schedule 1.

**Class C Performance Share** means a convertible share proposed to be issued to the Manjaro Vendors pursuant to Resolution 3 on the terms set out in Schedule 1.

**Consideration** has the meaning in Section 1.4 of the Explanatory Statement.

**Company** means Latin Gold Limited (ACN 059 457 259).

**Constitution** means the Company's constitution.

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

**Directors** mean either the current or proposed directors of the Company (as applicable).

**Explanatory Statement** means the explanatory statement accompanying the Notice of Meeting.

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

**Key Shareholders** means collectively Mr Faris Cassim and Lalor Nominees Pty Ltd.

**Latin** means Latin Gold Limited (ACN 059 457 259).

**Licence** means Prospecting Licence 7132/2011 issued by the United Republic of Tanzania.

**Manjaro** means Manjaro Resources Pty Ltd (ACN 156 573 250).



**Manjaro Option** means an option to acquire a Manjaro Share each exercisable at \$0.20 and expiring 5 September 2017.

**Manjaro Optionholders** means collectively the holders of Manjaro Options.

**Manjaro Shares** means fully paid ordinary shares in the capital of Manjaro.

**Manjaro Vendors** means collectively the Key Shareholders, the Minority Shareholders and the Manjaro Optionholders.

**Minority Shareholders** means collectively the holders of Manjaro Shares, other than the Key Shareholders.

**Notice of Meeting** or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement.

**Offer** has the meaning in Section 1.4 of the Explanatory Statement.

**Performance Shares** means collectively the Class A Performance Shares, Class B Performance Shares and the Class C Performance Shares.

**Placement** has the meaning in Section 9.1 of the Explanatory Statement.

**Project** means the Buhemba gold project in Tanzania.

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

**Settlement Date** means the settlement date under the Agreement, which is five (5) Business Days after the satisfaction or waiver of the conditions precedent contained in the Agreement (as summarised in Section 1.4 of the Explanatory Statement).

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

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

**WST** means Australian Western Standard Time.

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## SCHEDULE 1 – TERMS OF PERFORMANCE SHARES

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### CLASS A PERFORMANCE SHARES

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#### 1. RIGHTS ATTACHING TO CLASS A PERFORMANCE SHARES

- (a) **(Performance Shares)** Each Class A Performance Share is a share in the capital of Latin Gold Limited (**Latin**).
- (b) **(General Meetings)** A Class A Performance Share shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of Latin that are circulated to Shareholders. The Holder has the right to attend general meetings of Shareholders of Latin.
- (c) **(No Voting Rights)** A Class A Performance Share does not entitle the Holder to vote on any resolutions proposed at a general meeting of Shareholders of Latin.
- (d) **(No Dividend Rights)** A Class A Performance Share does not entitle the Holder to any dividends.
- (e) **(Rights on Winding Up)** The Holder is not entitled to participate in the surplus profits or assets of Latin upon the winding up of Latin.
- (f) **(Not Transferable)** A Class A Performance Share is not transferable.
- (g) **(Reorganisation of Capital)** If at any time the issued capital of Latin is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.
- (h) **(Application to ASX)** A Class A Performance Share will not be quoted on ASX. However, upon conversion of a Class A Performance Share into one fully paid ordinary share (**Share**) in accordance with clause 2(a), Latin must within seven (7) days after the conversion, apply for the official quotation on ASX of the Shares arising from the conversion.
- (i) **(Participation in Entitlements and Bonus Issues)** The Holder of a Class A Performance Share will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (j) **(No Other Rights)** A Class A Performance Share gives the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

#### 2. CONVERSION OF CLASS A PERFORMANCE SHARES

- (a) **(Conversion on achievement of milestone)** Subject to clauses (b), (c) and (d) below, a Class A Performance Share will convert into one (1) Share upon delineation and ASX announcement by Latin of a JORC compliant inferred mineral resource of at least 250,000 ounces of gold on the Licence (**Milestone**).

For the purposes of determining whether or not the Milestone has been achieved, Latin will appoint an independent expert to make the determination that the Milestone has or has not been achieved. In the absence of manifest error, the expert's determination will be conclusive and binding on both Latin and the Holder.

- (b) **(Expiry Date)** The Milestone must be achieved on or before that date which is five (5) years following the issue date of a Class A Performance Share **(Expiry Date)**.
- (c) **(Compliance with law)** The conversion of a Class A Performance Share is subject to compliance at all times with the Corporations Act and the ASX Listing Rules.
- (d) **(No conversion if Milestone not Achieved)** If the Milestone is not achieved on or before the Expiry Date, then all Class A Performance Shares held by a Holder will **automatically consolidate into one (1) Share**.
- (e) **(Conversion Procedure)** Latin will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of a Class A Performance Share into a Share in accordance with condition 2(a).
- (f) **(Ranking of Shares)** The Shares into which Class A Performance Shares will convert will rank pari passu in all respects with existing Shares.

## **CLASS B PERFORMANCE SHARES**

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### **1. RIGHTS ATTACHING TO CLASS B PERFORMANCE SHARES**

- (a) **(Performance Shares)** Each Class B Performance Share is a share in the capital of Latin Gold Limited (**Latin**).
- (b) **(General Meetings)** A Class B Performance Share shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of Latin that are circulated to Shareholders. The Holder has the right to attend general meetings of Shareholders of Latin.
- (c) **(No Voting Rights)** A Class B Performance Share does not entitle the Holder to vote on any resolutions proposed at a general meeting of Shareholders of Latin.
- (d) **(No Dividend Rights)** A Class B Performance Share does not entitle the Holder to any dividends.
- (e) **(Rights on Winding Up)** The Holder is not entitled to participate in the surplus profits or assets of Latin upon the winding up of Latin.
- (f) **(Not Transferable)** A Class B Performance Share is not transferable.
- (g) **(Reorganisation of Capital)** If at any time the issued capital of Latin is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.
- (h) **(Application to ASX)** A Class B Performance Share will not be quoted on ASX. However, upon conversion of a Class B Performance Share into one fully paid ordinary share (**Share**) in accordance with clause 2(a), Latin must within seven (7) days after the conversion, apply for the official quotation on ASX of the Shares arising from the conversion.
- (i) **(Participation in Entitlements and Bonus Issues)** The Holder of a Class B Performance Share will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

- (j) **(No Other Rights)** A Class B Performance Share gives the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

## 2. CONVERSION OF CLASS B PERFORMANCE SHARES

- (a) **(Conversion on achievement of milestone)** Subject to clauses (b), (c) and (d) below, a Class B Performance Share will convert into one (1) Share upon delineation and ASX announcement by Latin of a JORC compliant inferred mineral resource of at least 500,000 ounces of gold on the Licence **(Milestone)**.

For the purposes of determining whether or not the Milestone has been achieved, Latin will appoint an independent expert to make the determination that the Milestone has or has not been achieved. In the absence of manifest error, the expert's determination will be conclusive and binding on both Latin and the Holder.

- (b) **(Expiry Date)** The Milestone must be achieved on or before that date which is five (5) years following the issue date of a Class B Performance Share **(Expiry Date)**.
- (c) **(Compliance with law)** The conversion of a Class B Performance Share is subject to compliance at all times with the Corporations Act and the ASX Listing Rules.
- (d) **(No conversion if Milestone not Achieved)** If the Milestone is not achieved on or before the Expiry Date, then all Class B Performance Shares held by a Holder will **automatically consolidate into one (1) Share**.
- (e) **(Conversion Procedure)** Latin will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of a Class B Performance Share into a Share in accordance with condition 2(a).
- (f) **(Ranking of Shares)** The Shares into which Class B Performance Shares will convert will rank pari passu in all respects with existing Shares.

## CLASS C PERFORMANCE SHARES

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### 1. RIGHTS ATTACHING TO CLASS C PERFORMANCE SHARES

- (a) **(Performance Shares)** Each Class C Performance Share is a share in the capital of Latin Gold Limited **(Latin)**.
- (b) **(General Meetings)** A Class C Performance Share shall confer on the holder **(Holder)** the right to receive notices of general meetings and financial reports and accounts of Latin that are circulated to Shareholders. The Holder has the right to attend general meetings of Shareholders of Latin.
- (c) **(No Voting Rights)** A Class C Performance Share does not entitle the Holder to vote on any resolutions proposed at a general meeting of Shareholders of Latin.
- (d) **(No Dividend Rights)** A Class C Performance Share does not entitle the Holder to any dividends.
- (e) **(Rights on Winding Up)** The Holder is not entitled to participate in the surplus profits or assets of Latin upon the winding up of Latin.

- (f) **(Not Transferable)** A Class C Performance Share is not transferable.
- (g) **(Reorganisation of Capital)** If at any time the issued capital of Latin is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.
- (h) **(Application to ASX)** A Class C Performance Share will not be quoted on ASX. However, upon conversion of a Class C Performance Share into one fully paid ordinary share (**Share**) in accordance with clause 2(a), Latin must within seven (7) days after the conversion, apply for the official quotation on ASX of the Shares arising from the conversion.
- (i) **(Participation in Entitlements and Bonus Issues)** The Holder of a Class C Performance Share will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (j) **(No Other Rights)** A Class C Performance Share gives the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

## 2. CONVERSION OF CLASS C PERFORMANCE SHARES

- (a) **(Conversion on achievement of milestone)** Subject to clauses (b), (c) and (d) below, a Class C Performance Share will convert into one (1) Share upon delineation and ASX announcement by Latin of a JORC compliant inferred mineral resource of at least 1,000,000 ounces of gold on the Licence (**Milestone**).  
  
For the purposes of determining whether or not the Milestone has been achieved, Latin will appoint an independent expert to make the determination that the Milestone has or has not been achieved. In the absence of manifest error, the expert's determination will be conclusive and binding on both Latin and the Holder.
- (b) **(Expiry Date)** The Milestone must be achieved on or before that date which is five (5) years following the issue date of a Class C Performance Share (**Expiry Date**).
- (c) **(Compliance with law)** The conversion of a Class C Performance Share is subject to compliance at all times with the Corporations Act and the ASX Listing Rules.
- (d) **(No conversion if Milestone not Achieved)** If the Milestone is not achieved on or before the Expiry Date, then all Class C Performance Shares held by a Holder will **automatically consolidate into one (1) Share**.
- (e) **(Conversion Procedure)** Latin will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of a Class C Performance Share into a Share in accordance with condition 2(a).
- (f) **(Ranking of Shares)** The Shares into which Class C Performance Shares will convert will rank pari passu in all respects with existing Shares.

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**APPENDIX A – UNAUDITED PRO-FORMA BALANCE SHEET**

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**LATIN GOLD LIMITED**

**UNAUDITED PRO-FORMA CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2013**

	Audit Reviewed 31 Dec 2012	Unaudited 31 May 2013	Unaudited Proforma Consolidated 30 June 2013	Note
	\$000's	\$000's	\$000's	
<b>Current assets</b>				
Cash and cash equivalents	3,037	2,745	3,486	1
Trade and other receivables	23	318	18	2
<b>Total current assets</b>	<b>3,060</b>	<b>3,063</b>	<b>3,504</b>	
<b>Non current assets</b>				
Deferred exploration and evaluation	252	252	3,091	3
Investments	348	348	348	
<b>Total non current assets</b>	<b>600</b>	<b>600</b>	<b>3,439</b>	
<b>Total assets</b>	<b>3,660</b>	<b>3,663</b>	<b>6,943</b>	
<b>Current liabilities</b>				
Trade and other payables	30	31	31	
<b>Total current liabilities</b>	<b>30</b>	<b>31</b>	<b>31</b>	
<b>Total liabilities</b>	<b>30</b>	<b>31</b>	<b>31</b>	
<b>Net assets</b>	<b>3,630</b>	<b>3,632</b>	<b>6,912</b>	
<b>Equity</b>				
Share capital and reserves	13,807	13,807	17,087	4
Accumulated losses	(10,177)	(10,175)	(10,175)	
<b>Total equity</b>	<b>3,630</b>	<b>3,632</b>	<b>6,912</b>	

**See notes on following pages**

**Notes:**

Capitalised terms have the same meaning given to them in the Explanatory Statement.

1. The proforma cash has been calculated based on the following transactions:

	<b>\$000's</b>
Balance as at 31 May 2013	2,745
Manjaro cash as at 31 May 2013	1
Placement (66,666,667 Shares @ \$0.015 per Share) (Resolution 8)	1,000
Cost of Placement (6%)	(60)
Final due diligence payment (see Section 1.2 of the Explanatory Statement)	(200)
<b>Total</b>	<b>3,486</b>

2. The proforma trade and other receivables has been calculated based on the following transactions:

	<b>\$000's</b>
Balance as at 31 May 2013	318
Due diligence payments transferred to investment in Manjaro (see Section 1.2 of the Explanatory Statement) which were subsequently transferred to deferred exploration and evaluation expenditure on consolidation	(300)
<b>Total</b>	<b>18</b>

3. The proforma deferred exploration and evaluation expenditure has been calculated based on the following transactions:

	<b>\$000's</b>
Balance as at 31 May 2013	252
Manjaro deferred expenditure as at 31 May 2013	582
Deferred exploration and evaluation expenditure recorded on acquisition of Manjaro	1,117
100,000,000 Class A Performance Shares to be issued in part consideration for the Acquisition. These have been valued at the prevailing Share price (\$0.012), multiplied by an expected 60% probability of the Class A Performance Share Milestone being achieved.	720
100,000,000 Class B Performance Shares to be issued in part consideration for the Acquisition. These have been valued at the prevailing Share price (\$0.012), multiplied by an expected 30% probability of the Class B Performance Share Milestone being achieved.	360

50,000,000 Class C Performance Shares to be issued in part consideration for the Acquisition. These have been valued at the prevailing Share price (\$0.012), multiplied by an expected 10% probability of the Class C Performance Share Milestone being achieved.	60
<b>Total</b>	<b>3,091</b>

4. The proforma share capital and reserves has been calculated based on the following transactions:

	<b>\$000's</b>
Balance as at 31 May 2013	13,807
Placement (66,666,667 Shares @ \$0.015 per Share (Resolution 8))	1,000
Cost of Placement (6%)	(60)
Issue of 100,000,000 Shares to Manjaro Vendors multiplied by the prevailing Share price (\$0.012) (Resolution 3)	1,200
100,000,000 Class A Performance Shares to be issued in part consideration for the Acquisition. These have been valued at the prevailing Share price (\$0.012), multiplied by an expected 60% probability of the Class A Performance Share Milestone being achieved.	720
100,000,000 Class B Performance Shares to be issued in part consideration for the Acquisition. These have been valued at the prevailing Share price (\$0.012), multiplied by an expected 30% probability of the Class B Performance Share Milestone being achieved.	360
50,000,000 Class C Performance Shares to be issued in part consideration for the Acquisition. These have been valued at the prevailing Share price (\$0.012), multiplied by an expected 10% probability of the Class C Performance Share Milestone being achieved.	60
<b>Total</b>	<b>17,087</b>



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**APPENDIX B – NOTICE OF CANDIDATURE – CHRISTOPHER LALOR**

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*C.J. LALOR  
248 Marine Parade  
COTTESLOE 6011  
Western Australia  
Tel: (08) 9383 2183  
Mob: 0419 948 370  
Email:  
candmlalor@bigpond.com*

June 1, 2013

The Company Secretary  
Latin Gold Limited  
103 Abernathy Road  
BELMONT WA 6104

Dear Sir

**NOTICE OF CANDITURE**

I, Christopher John Lalor, hereby nominate myself for the position of Director of Latin Gold Limited (Company) and in accordance with clause 12.2 of the Company's constitution hereby consent to the nomination and signify my candidature for election as a Director of the Company.

Yours faithfully



**C.J. LALOR**

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**APPENDIX C – NOTICE OF CANDIDATURE – FARIS CASSIM**

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31 May 2013

The Company Secretary  
Latin Gold Limited  
103 Abernethy Road  
Belmont WA 6104

Dear Sir

**Notice of Candidature**

I, Faris Cassim, hereby nominate myself for the position of Director of Latin Gold Limited (**Latin** or **Company**) and in accordance with clause 12.2 of the Company's constitution hereby consent to the nomination and signify my candidature for election as a Director of Latin.

Yours faithfully

A handwritten signature in black ink, appearing to be 'F. Cassim', with a long horizontal stroke extending to the right.

Faris Cassim

**PROXY FORM**

**APPOINTMENT OF PROXY  
LATIN GOLD LIMITED  
ACN 059 457 279**

**GENERAL MEETING**

I/We

of

being a member of Latin Gold Limited entitled to attend and vote at the General Meeting, hereby

appoint

Name of proxy

OR  the Chair of the General Meeting as my/our proxy

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the General Meeting to be held at 103 Abernethy Road, Belmont, Western Australia on 9 August 2013 at 10:00 am WST, and at any adjournment thereof.

**The Chair intends to vote undirected proxies in favour of all Resolutions.**

**Voting on Business of the General Meeting**

	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
Resolution 1 – Change to Scale of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Issue of New Class of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Issue of Shares and Performances Shares to Manjaro Vendors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Change of Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Election of a Director – Christopher Lalor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Election of a Director – Faris Cassim	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Re-election of Director – John Macdonald	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 – Share Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_%

**Signature of Shareholder(s):** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Individual or Shareholder 1**

**Sole Director/Company Secretary**

**Shareholder 2**

**Director**

**Shareholder 3**

**Director/Company Secretary**

**Contact Name:** \_\_\_\_\_ **Contact Phone (daytime):** \_\_\_\_\_

**LATIN GOLD LIMITED**  
**ACN 059 457 279**

**Instructions for Completing 'Appointment of Proxy' Form**

1. **(Appointing a Proxy):** A member entitled to attend and vote at a General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
  - **(Individual):** Where the holding is in one name, the member must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
  - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Latin Gold Limited, PO Box 566, Belmont, Western Australia 6984; or
  - (b) facsimile to the Company on facsimile number (+61 8) 9277 6818,so that it is received not later than 10:00 am (WST) on 7 August 2013.

**Proxy Forms received later than this time will be invalid.**