

**LATIN RESOURCES LIMITED**  
**ACN 131 405 144**

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**PROSPECTUS**

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For a non-renounceable entitlement issue of one (1) fully paid ordinary share in the capital of the Company (**Share**) for every one (1) Share held by eligible shareholders at an issue price of \$0.006 per Share to raise up to approximately \$2,084,255 (based on the number of Shares on issue as at the date of this Prospectus) (together with one (1) free attaching option (**Option**) for every two (2) Shares subscribed for and issued (**Entitlement Offer**).

This prospectus also contains the following additional offers:

- (a) up to 10,000 Shares at an issue price of \$0.006 per Share to raise up to \$60 (**Placement Share Cleansing Offer**);
- (b) up to 6,250,000 Options issued as part consideration for the Acquisition (**Consideration Options**);
- (c) up to 83,333,333 Options issued free attaching to the Placement Shares (**Placement Options**);
- (d) up to 40,000,000 Options issued for nil cash consideration in satisfaction of services to facilitate the Capital Raising (**Broker Options**); and
- (e) up to 34,042,873 Options issued for nil consideration to the holders of the LRSOB Options (**Replacement Options**).

**IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as highly speculative.

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## 1. CORPORATE DIRECTORY

### Directors

David Vilensky  
*Non-Executive Chairman*

Christopher Gale  
*Executive Director*

Brent Jones  
*Non-Executive Director*

### Company Secretary

Sarah Smith

### Share Registry\*

Computershare Investor Services  
Pty Limited  
Level 11  
172 St Georges Terrace  
PERTH WA 6000

### Auditors

Stantons International  
Level 2  
1 Walker Avenue  
WEST PERTH WA 6005

### Registered Office

Unit 3  
32 Harrogate Street  
WEST LEEDERVILLE WA 6007

Telephone: + 61 8 61174798  
Facsimile: + 61 8 9380 9666  
Email: [info@latinresources.com.au](mailto:info@latinresources.com.au)  
Website: [www.latinresources.com.au](http://www.latinresources.com.au)

### ASX Code

LRS

### Lawyers

Steinepreis Paganin Lawyers and Consultants  
Level 4, The Read Buildings  
16 Milligan Street  
PERTH WA 6000

\* This entity has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus. Their name is included for information purposes only.

## 2. TIMETABLE AND IMPORTANT NOTES

### 2.1 Timetable

Action	Date
Announcement of Entitlement Offer	24 October 2019
Company holds General Meeting and announces results	11 December 2019
Lodgement of Prospectus with the ASIC	12 December 2019
Lodgement of Prospectus and Appendix 3B with ASX	12 December 2019
Opening Date of the Placement Share Cleansing Offer	13 December 2019
Ex-date	17 December 2019
Issue of Placement Shares and Acquisition Shares	18 December 2019
Record Date for determining Entitlements	18 December 2019
Opening Date of the Offers (apart from the Placement Share Cleansing Offer)	20 December 2019
Prospectus despatched to Eligible Shareholders with personalised Entitlement and Acceptance Form & Company announces despatch has been completed	20 December 2019
Close of the Placement Share Cleansing Offer	20 December 2019
Last date to notify ASX of an extension to the Closing Date for the Entitlement Offer	9 January 2020
Closing Date of Offers (apart from the Placement Share Cleansing Offer)*	5:00pm WST on 14 January 2020
Securities quoted on a deferred settlement basis	15 January 2020
Announcement of results of Entitlement Issue	16 January 2020
Issue date, lodge Appendix 2A (applying for quotation)	21 January 2020

\* The Directors reserve the right to bring forward or extend the Closing Date at any time after the Opening Date without notice subject to the ASX Listing Rules. As such, the date the Shares are expected to commence trading on ASX may vary with any change in the Closing Date.

### 2.2 Important Notes

This Prospectus is dated 12 December 2019 and was lodged with the ASIC on that date. The ASX, ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

Applications for Securities offered under the Entitlement Offer pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form. The Options Offers and Placement Share Cleansing Offer are only available to those persons who are personally invited to accept the respective offers. Applications for Securities offered under the Options Offer and Placement Share Cleansing Offer pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

### **2.3 Risk Factors**

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 6 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

### **2.4 Forward-looking statements**

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 6 of this Prospectus.

## **2.5 Disclaimer**

No person is authorised to give any information or to make any representation in connection with the Offers described in this Prospectus which are not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company or any other person in connection with the Offers. You should rely only on information in this Prospectus.

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### 3. DETAILS OF THE OFFERS

#### 3.1 Background to the Offers

As announced on 24 October 2019, the Company is undertaking a capital raising to raise up to approximately \$3,600,000 (**Capital Raising**) as well as undergoing the Acquisition. The first stage of the Capital Raising was completed by the issue of convertible notes to the value of \$520,000 on 31 October 2019.

The Capital Raising also involves:

- (a) a non-renounceable 1:1 entitlement issue to eligible shareholders at an issue price of \$0.006 with 1:2 free attaching Options (**Entitlement Options**) to raise up to approximately \$2,084,255 (**Entitlement Offer**); and
- (b) a placement of 166,666,667 Shares (**Placement Shares**) with one (1) free attaching Option (**Placement Option**) for every two (2) Placement Shares issued at an issue price of \$0.006 per Share raise up to approximately \$1,000,000 (**Placement**).

The Placement will be made to sophisticated investors and was approved by Shareholders at the Shareholder meeting held on 11 December 2019 (**Meeting**).

Additionally, the Company is proposing to make an offer of:

- (a) 10,000 Shares at an issue price of \$0.006 per Share to raise up to \$60 (**Placement Share Cleansing Offer**);
- (b) 34,042,873 Options (**Replacement Options**) to the LRSOB Option Holders to replace the 34,042,873 Options exercisable at \$0.25 (on a post-consolidation basis) that expired on 12 October 2019 (**LRSOB Options**); and
- (c) 40,000,000 Options in satisfaction of services to facilitate the Capital Raising (**Broker Options**).

The Entitlement Options, Convertible Note Options, Placement Options, Replacement Options and Broker Options will all be exercisable at \$0.012 on or before 31 December 2022.

#### 3.2 Details of the Offers

##### (a) The Entitlement Offer

The Entitlement Offer is being made as a non-renounceable entitlement issue of one (1) Share for every one (1) Share held by eligible shareholders at the Record Date at an issue price of \$0.006 per Share (together with one (1) free attaching Entitlement Issue Option for every two (2) Shares subscribed for and issued). Fractional entitlements will be rounded down to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, (and assuming no existing Options are exercised prior to the Record Date) a maximum of 347,375,795 Shares and 173,687,898 Options will be issued pursuant to the Entitlement Offer to raise up to \$2,084,255. No funds will be raised from the issue of the Entitlement Issue Options.

As at the date of this Prospectus the Company has 14,666,667 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Entitlement Offer. Please refer to Section 4.5 for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 5.1 for further information regarding the rights and liabilities attaching to the Shares.

Please refer to Section 5.2 for further information regarding terms and conditions of the Entitlement Issue Options.

All Shares issued on conversion of the Entitlement Issue Options will rank equally with the Shares on issue at the date of this Prospectus, the terms and conditions of which are set out in Section 5.1.

The purpose of the Entitlement Offer and the intended use of funds raised are set out in Section 4.1.

The Entitlement Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

(b) **The Option Offers**

Also pursuant to this Prospectus, the Company invites investors identified by the Directors to apply under the following offers:

- (i) up to 6,250,000 Options issued as part consideration for the Acquisition (**Consideration Options**);
- (ii) up to 83,333,333 Options issued free attaching to the Placement Shares (**Placement Options**);
- (iii) up to 40,000,000 Options issued for nil cash consideration in satisfaction of services to facilitate the Capital Raising (**Broker Options**); and
- (iv) up to 34,042,873 Options issued for nil consideration to the holders of the LRSOB Options (**Replacement Options**),

(together the **Option Offers**).

All of the Options under the Option Offers will be issued on the same terms as the Entitlement Issue Options.

The Option Offers will only be extended to specific parties on invitation from the Directors. Application Forms will only be provided by the Company to these parties.

Please refer to Section 5.2 for further information regarding the rights and liabilities attaching to the Options.

The Shares issued on exercise of the Options rank equally with the Shares on issue at the date of this Prospectus, the terms and conditions of which are set out in Section 5.1.

### (c) **Placement Share Cleansing Offer**

Under this Prospectus, the Company also invites investors identified by the Directors to apply for up to 10,000 Shares at an issue price of \$0.006 per Share to raise up to \$60 (before expenses pursuant to the Placement Share Cleansing Offer).

The Placement Share Cleansing Offer will only be extended to specific parties on invitation from the Directors. Application Forms will only be provided by the Company to these parties.

All of the Shares offered under the Placement Share Cleansing Offer will rank equally with Shares on issue at the date of this Prospectus. A summary of the rights and liabilities attaching to Shares is set out in Section 5.1.

The primary purpose of the Placement Share Cleansing Offer is set out in Section 4.2.

### **3.3 Minimum subscription**

There is no minimum subscription to the Offers.

### **3.4 Underwriting**

The Offers are not underwritten.

### **3.5 Dilution**

Shareholders should note that if they do not participate in the Entitlement Offer, their holdings are likely to be diluted by approximately 50% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders assuming no Options are exercised prior to the Record Date is set out in the table below:

<b>Holder</b>	<b>Holding as at Record date</b>	<b>% at Record Date</b>	<b>Entitlements under the Entitlement Offer</b>	<b>Holdings if Entitlement is not taken Up</b>	<b>% post Entitlement Offer</b>
Shareholder 1	10,000,000	2.88%	10,000,000	10,000,000	1.44%
Shareholder 2	5,000,000	1.44%	5,000,000	5,000,000	0.72%
Shareholder 3	1,500,000	0.43%	1,500,000	1,500,000	0.22%
Shareholder 4	400,000	0.12%	400,000	400,000	0.06%
Shareholder 5	50,000	0.014%	50,000	50,000	0.007%

**Notes:**

1. The above table only takes into account the dilution as a result of the Entitlement Offer, it doesn't take into account the other issues under the Capital Raising.
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall

was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

### 3.6 Acceptance of Entitlement Offer

Your acceptance of the Entitlement Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. You will be deemed to have accepted in respect of such whole number of Shares which is covered in full by your application monies (including additional shares under the Shortfall Offer).

You may participate in the Entitlement Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
  - (i) complete the Entitlement and Acceptance Form; and
  - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
  - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
  - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.006 per Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

Shareholders may also apply for Shortfall under the Shortfall Offer as set out in Section 3.7.

### 3.7 Shortfall Offer

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall Offer and potentially be allocated to other Eligible Shareholders or other third parties as part of the Shortfall Offer. The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The Shortfall Offer will only be available where there is a Shortfall between applications received from Eligible Shareholders and the number of Securities proposed to be issued under the Offer.

Eligible Shareholders may apply for Shortfall Shares under the Shortfall Offer, subject to such Applications being received prior to the Closing Date and the Shareholders applying for their full Entitlement. The issue price for each Share to be issued under the Shortfall Offer will be \$0.006 being the price at which Shares have been offered under the Entitlement Offer.

The Board presently intends to allocate Securities under the Shortfall Offer as follows:

- (a) firstly to Eligible Shareholders who apply for their full Entitlement; then

- (b) to other third parties who may apply for Shortfall Shares or who are identified by the Directors of the Company and the Directors reserve the right to issue such Shortfall Securities at their absolute discretion.

No Shares will be issued to a party under the Shortfall Offer if the effect would be to increase that party's voting power in the Company to an amount greater than 19.99%. The Company reserves the right to issue an Eligible Shareholder a lesser number of Shortfall Securities than applied for or no Shortfall Securities at all in accordance with these intentions and the relevant law. All decisions regarding the allocation of Shortfall Securities will be made by the Directors and will be final and binding on all applicants under the Shortfall Offer; as such there is no guarantee that any Securities applied for will be issued to Eligible Shareholders.

The Company will have no liability to any Applicant who receives less than the number of additional Securities they applied for under the Shortfall Offer. If the Company scales back any applications for Securities under the Shortfall Offer any application monies will be returned (without interest) as soon as practicable.

### **3.8 Acceptance of Option Offers**

The Options Offers are only available to those who are personally invited to accept the Options Offers. Applications for Securities offered under the Options Offers can only be submitted on an original Application Form which accompanies this Prospectus.

### **3.9 Acceptance of Placement Share Cleansing Offer**

The Placement Share Cleansing Offer is only available to those who are personally invited to apply. Applications for Shares offered under the Placement Share Cleansing Offer can only be submitted on an original Application Form which accompanies this Prospectus.

### **3.10 Payment by cheque/bank draft/money order**

For payment by cheque, bank draft or money order please follow the instructions on your Entitlement and Acceptance Form. The Company shall not be responsible for any delivery delays in the receipt of your cheque and completed Entitlement and Acceptance Form.

### **3.11 Payment by BPAY®**

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those Shareholdings only use the unique customer reference number (**CRN**) specific to that Shareholding as set out in the applicable

Entitlement and Acceptance Form. Do not use the same CRN for more than one of your Shareholdings. This can result in your application monies being applied to your Entitlement in respect of only one of your Shareholdings (with the result that any application in respect of your remaining Shareholdings will not be valid).

**It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5:00pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. The Company shall not be responsible for any delays in the receipt of the BPAY® payment.** Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

### **3.12 Issue of Securities**

Securities issued pursuant to the Offers will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Securities issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Offers will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Shares issued under the Shortfall Offer as soon as practicable after their issue.

### **3.13 ASX listing**

Application for Official Quotation of the Securities offered pursuant to this Prospectus will be made within 7 days of the date of this Prospectus. If ASX does not grant Official Quotation of the Securities offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Securities and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

### **3.14 Restrictions on the distribution of the Prospectus**

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to take up Shares on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

### **3.15 Overseas Shareholders**

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. In particular, this Prospectus does not constitute an offer to Ineligible Foreign Shareholders and may not be distributed in any jurisdiction other than Australia, New Zealand, United Kingdom and Germany and the New Shares may not be offered or sold, directly or indirectly, to persons in any other jurisdiction.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than those mentioned above) having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

Accordingly, Ineligible Foreign Shareholders will not be entitled to participate in the Entitlement Offer.

The distribution of this Prospectus in jurisdictions outside Australia, New Zealand, United Kingdom and Germany may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the Securities the subject of this Prospectus or otherwise permit a public offering of the Securities the subject of this Prospectus in any jurisdiction outside Australia, New Zealand, United Kingdom and Germany.

It is the responsibility of applicants outside Australia, New Zealand, United Kingdom and Germany to obtain all necessary approvals for the allotment and issue of the Securities pursuant to this Prospectus. The return of a completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

#### **United States Shareholders**

This Prospectus does not constitute an offer to sell, nor a solicitation to buy Shares in the United States of America, nor does it constitute an offer to a person who is a US Person or someone who is acting on behalf of a US Person.

The Shares have not been, and will not be, registered under the US Securities Act 1933 and may not be offered or sold in the United States of America, or to, or for the account or benefit of, US Persons (as defined in Rule 902 under the US Securities Act) except under an available exemption from registration under the US Securities Act.

## **New Zealand**

The Entitlement Offer is not being made to the public in New Zealand other than to existing Shareholders with registered addresses in New Zealand to whom the Entitlement Offer is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

## **United Kingdom**

The Entitlement Offer is only being made in the United Kingdom to persons who are of a kind described in Article 43(2) (members and creditors of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

The maximum aggregate consideration for the Entitlement Offer is \$934,194.77. Therefore, in accordance with Section 85 and Schedule 11A of the Financial Services and Markets Act 2000 (UK), as amended (FSMA), this document does not constitute a prospectus for the purposes of the Prospectus Rules of the Financial Conduct Authority (FCA) in the United Kingdom and a copy of it has not been, and will not be, reviewed by the FSA or the UK Listing Authority.

The information in this document has been prepared on the basis that all offers of shares will be made pursuant to an exemption under the Directive 2003/71/EC (**Prospectus Directive**), as amended and implemented in the Member State, from the requirement to produce a prospectus for offers of securities.

An offer to the public of shares has not been made, and may not be made, in a Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the Member State:

- (a) to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- (b) to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- (c) to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID");
- (d) to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID;
- (e) to fewer than 150 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the Company; or

- (f) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

### **Germany**

The information in this document has been prepared on the basis that all offers of shares will be made pursuant to an exemption under the Directive 2003/71/EC (**Prospectus Directive**), as amended and implemented in the Member State, from the requirement to produce a prospectus for offers of securities.

An offer to the public of shares has not been made, and may not be made, in a Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the Member State:

- (a) to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- (b) to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- (c) to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID");
- (d) to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID;
- (e) to fewer than 150 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the Company; or
- (f) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

### **3.16 Nominees and custodians**

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident in other jurisdictions are responsible for ensuring that applying for Securities under the Entitlement Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

### **3.17 Enquiries**

Any questions concerning the Offers should be directed to Sarah Smith, Company Secretary, on +61 8 6117 4798.

## 4. PURPOSE AND EFFECT OF THE OFFERS

### 4.1 The Entitlement Offer

The purpose of the Offers, in conjunction with the Placement is to raise up to approximately \$3,084,000 and as at the date of this Prospectus, the Company is proposing to use the funds in accordance with the table set out below:

Use of funds	Existing Shareholders subscription <sup>1</sup> \$	Full subscription \$
Lind repayment	1,000,000	1,000,000
Creditors	300,000	400,000
Costs of the Capital Raising (including expenses of the Offers)	130,000	150,000
Expenditure on Electric assets	150,000	150,000
Working Capital	420,000	1,384,000
<b>Total</b>	<b>2,000,000</b>	<b>3,084,000</b>

**Notes:**

1. Based on the number of Shares held as at the date of this Prospectus, being 155,699,128 and assuming that the Placement is fully subscribed.
2. The full subscription is based on the assumption that the Shares issued under the Placement, Placement Cleansing Share Offer and the Acquisition are issued on or before the Record Date, that all such recipients participate in and subscribe for their full Entitlements and the Placement is fully subscribed.
3. It is intended to use the working capital to meet ongoing expenses including but not limited to corporate expenses, ASX fees, legal fees and registry fees. In addition, the strengthening of the Company's working capital position is intended to enable the Company to conduct further exploration and drilling (as required) on its existing assets, including the Acquisition assets following the initial work program set out below.

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

Work program	\$
Further sampling and assaying to determine size of kaolin body and consistency of halloysite occurrence, to commence upon engagement with the farm owner	15,000
Desktop modelling of deposit area and planning of drill program	25,000
Compiling geophysical data	20,000
Aircore and RC drilling to commence upon project grant in 3-6 months	75,000
Assaying and modelling of deposit size, define inferred JORC resource	10,000
Commence discussions with end users for offtake agreements	5,000
<b>Total</b>	<b>150,000</b>

In the event the Company raises less than the full subscription, allocation of funds after expenses will be scaled back first from general working capital and then from expenditure on all other categories on a pro-rata basis.

The above tables are a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

#### **4.2 The Placement Share Cleansing Offer**

In addition, the Placement Share Cleansing Offer has been prepared for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares and Options issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Closing Date (including prior to the date of this Prospectus).

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body;
- (b) either:
  - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
  - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

#### **4.3 Effect of the Offers**

The principal effect of the Offers, assuming all Entitlements are accepted, no Options are exercised or Convertible Notes are converted prior to the Record Date, will be to:

- (a) increase the cash reserves by approximately \$2,900,000 (after deducting the estimated expenses of the Offers) immediately after completion of the Offers; and
- (b) increase the number of Shares on issue from 155,699,128 as at the date of this Prospectus to 694,751,590 Shares following completion of the Offers.

#### **4.4 Pro-forma balance sheet**

The audit reviewed balance sheet as at 30 June 2019 and the unaudited pro-forma balance sheet as at 30 June 2019 shown in Schedule 1 have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

#### 4.5 Effect on capital structure

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

Shares	Number
Shares currently on issue <sup>1</sup>	155,699,128
Consideration Shares to be issued pursuant to the Acquisition <sup>2</sup>	25,000,000
Shares to be issued pursuant to the Placement <sup>3</sup>	166,666,667
Shares to be issued pursuant to the Entitlement Issue <sup>3</sup>	347,375,795
Shares to be issued pursuant to the Placement Share Cleansing Offer	10,000
<b>Total Shares on issue on completion of the Acquisition and Capital Raising<sup>3</sup></b>	<b>694,751,590</b>

**Notes:**

1. This includes 4,000,000 unquoted loan funded Shares.
2. This does not take into account the 16,500,000 Milestone Shares.
3. This assumes that the Shares issued under the Placement, Placement Cleansing Share Offer and the Acquisition are issued on or before the Record Date and that all such recipients participate in and subscribe for their full Entitlements so that subscriptions under the Placement and Entitlement Offer are \$1,000,000 and \$2,084,254, respectively, and no Options or convertible notes are exercised.

Options	Number
Unquoted Options exercisable at \$0.1075 on or before 18 December 2022	6,666,667
Unquoted Options exercisable at \$0.0325 on or before 3 July 2023	8,000,000
Consideration Options	6,250,000
Placement Options	83,333,334
Entitlement Issue Options	173,687,898
Broker Options	40,000,000
Replacement Options	34,042,873
<b>Total Options on issue on completion of the Acquisition and Capital Raising</b>	<b>351,980,772</b>

**Notes:**

1. This does not include the 4,125,000 Milestone Options or the issue of any Note Options. In addition, this assumes, the and assumes that the Shares to be issued pursuant to the Placement, the Placement Cleansing Share Offer and the Consideration Shares are issued on or before the Record Date and that both the Placement and Entitlement Offer are fully subscribed.

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

**Notes:**

- Convertible Notes will convert to Shares at a 20% discount to the historical 5-day VWAP with a floor price of \$0.004. The Convertible Noteholders will also receive 80 free attaching options for every \$1.00 raised under the Convertible Notes upon conversion and the Convertible Note Options will be issued on the same terms as those under the Options Offers.

Assuming no Options are exercised or other Shares issued and the maximum number of Shares as set out above are issued, the number of Shares on issue would increase from 155,699,128 (being the number of Shares on issue as at the date of this Prospectus) to 694,751,590 (not including the Milestone Shares) and the shareholding of existing Shareholders would be diluted by approximately 77%. Further, in the event all the Options are exercised, (including the Milestone and Convertible Note Options), the Milestone Shares are issued and the Capital Raising Convertible Notes are converted into the maximum number of Shares, the Shares on issue would increase to 1,109,352,362 and the shareholding of existing Shareholders would be diluted by 86%.

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## 5. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

### 5.1 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the

Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital 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), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

## 5.2 Options

The Options under the Option Offers will be issued on the following terms and conditions.

(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 \$0.012 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 31 December 2022 (**Expiry Date**).

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date notice in writing to the Company accompanied by payment of the Exercise Price (**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)(iii) 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**

All shares issued upon exercise of the options will rank pari passu in all respects with the Company's then existing ordinary fully paid shares. The Company will apply for Official Quotation by the ASX of all shares issued upon exercise of the options.

(i) **Reconstruction of capital**

In the event of any reorganisation of the issued capital of the Company on or prior to the Expiry Date, the rights of an Option holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

(j) **Participation in new issues**

If from time to time on or prior to the Expiry Date the Company makes an issue of shares to the holders of ordinary fully paid shares in the Company by way of capitalisation of profits or reserves (a bonus issue), then upon exercise of their options, optionholders will be entitled to have issued to them (in addition to the shares which would otherwise be issued to them upon such exercise) the number of shares of the class which would have been issued to them under that bonus issue (bonus shares) if on the record date for the bonus issue they have been registered as holder, if, immediately prior to that date, they had fully exercised their options and the shares the subject of such exercise had been duly allotted and issued to them. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in

relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted upon exercise of the options.

(k) **Change in exercise price**

There is no right to a change in the exercise price of the options or to the number of shares over which the options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the options.

(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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## 6. RISK FACTORS

### 6.1 Introduction

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### 6.2 Company specific

#### (a) Dilution

Shareholders should note that if they do not participate in the Entitlement Offer, their holdings are likely to be diluted by approximately 77% in relation to the Entitlement Offer (as compared to their holdings and number of Shares on issue as at the date of this Prospectus and no Options are converted) if all Securities are issued. There will also be further dilution of 86% upon the issue and conversion of all Securities (bar the Lind Convertible Notes).

#### (b) Going concern

The Company's half year to 30 June 2019 financial report includes a note to the financial statements on the financial condition of the Company and the existence of a material uncertainty about the Company's ability to continue as a going concern. The report notes that: For the six months ended 30 June 2019 the consolidated entity incurred a loss of \$2,573,216 (2018: \$2,748,025) and had net cash outflows used in operating and investing activities of \$900,052 (2018: \$1,555,804). Cash and cash equivalents at 30 June 2019 amount to \$31,232 (31 December 2018: \$204,764).

These conditions indicate a material uncertainty that may cast significant doubt about the company and the consolidated entity's ability to continue as a going concern."

Notwithstanding the 'going concern' paragraph included in the financial reports, the ability of the company and the consolidated entity to continue as going concerns are principally dependent upon obtaining new funding. Based on the Company's ability to modify expenditure outlays if required and the Directors confidence and historical performance of ability to raise additional funds, the Directors consider there are reasonable grounds to believe the Group will be able to pay its debts as and when they become due and payable, and therefore the going concern basis of preparation is considered to be appropriate for these financial statements.

In the event that the Company is not able to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts different to those stated in its financial report.

(c) **Political**

The Company's projects are located in Peru which is on the western coast of South America. It shares its borders with Ecuador and Colombia to the north, Brazil and Bolivia to the east and Chile to the south.

In addition, the Company's projects are also located in Argentina which is on the south western coast of South America. It shares its borders with Chile to the west, Bolivia and Paraguay to the north, Brazil to the northeast, Uruguay and the South Atlantic Ocean to the east. Additionally, the Company has projects in Minas Gerais which is wholly located within south eastern Brazil.

The Company's operations could be affected by changes in the economic or other policies of the Governments of Peru, Argentina and Brazil or other political, regulatory or economic authorities in Peru, Argentina or Brazil. Peru, Argentina and Brazil are presently stable democracies, but the Company cannot guarantee access, surety of title and/or tenure of its Peruvian, Argentinean or Brazilian based assets.

(d) **Emerging Market**

Argentina and Peru are considered to be emerging market economies and Brazil as an advanced emerging economy. Emerging markets are generally more vulnerable to market volatility as well as political and economic instability more so than developed markets. As such, investments in securities of issuers with all or substantially all of its interests in an emerging market are subject to certain risks which may affect economic and fiscal results. These risks include:

- (i) currency fluctuations and devaluations;
- (ii) inflation;
- (iii) exchange controls;
- (iv) high interest rates;
- (v) wage and price controls;
- (vi) economic and political instability;
- (vii) the imposition of trade barriers;
- (viii) expropriation and political violence or disturbance; and
- (ix) changes in economic, tax and other policies.

In addition, economic conditions in Argentina, Peru and Brazil are, to some extent, influenced by economic and securities market conditions in other emerging market countries. Although economic conditions are different in each country, investors' reaction to developments in one country can have effects on the securities of issuers in other countries,

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including Argentina and Peru. There can be no assurance that the economic conditions in Argentina, Peru and Brazil will not continue to be affected negatively by events elsewhere, especially in emerging markets.

(e) **Community Issues**

Parts of Argentina, Peru and Brazil are sensitive to community issues and the authorities in some regions are politically not pro-investment but rather sympathisers of populist claims of organised groups and with anti-mining attacks.

Risk factors to be considered include the nationwide protests and demonstrations over the past years.

(f) **Default**

The Company is currently a party to a loan agreement which includes the obligation to repay outstanding amounts owed by the Company on the relevant due dates.

Should the Company default on its obligation under this agreement the lender may demand immediate repayment and may trigger cross defaults in respect of the Company's other equity agreements.

Should a default occur, and the Company is unable to raise sufficient funds or otherwise cure the defaults, the Company's lender may seek immediate repayment of the debts and this may result in the Company becoming insolvent.

### 6.3 Industry specific

(a) **Environmental**

The operations and proposed activities of the Company are subject to laws and regulations in Argentina, Peru and Brazil concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. However, complying with environmental laws may be difficult, costly and result in delays to any project activities.

(b) **Exploration**

No assurance can be given that exploration will be successful or that a commercial mining operation will eventuate.

The ultimate success and financial viability of the Company depends on the discovery and delineation of economically recoverable ore reserves, design and construction of efficient mining and processing facilities, and competent operational and managerial performance.

There is no assurance that exploration and development of the mineral interests held by the Company (which are all at an exploration stage), or any other projects that may be acquired by the Company in the future, will result in the discovery of an economic deposit. Even if an apparently

viable deposit is identified, there is no guarantee that it can be profitably exploited.

Development of a commercial mining operation is also dependent on the Company's ability to obtain necessary titles and governmental and other regulatory approvals.

(c) **Native title and Aboriginal Heritage**

In relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

Further to this, it is possible that an Indigenous Land Use Agreement (**ILUA**) may be registered against one or more of the tenements in which the Company has an interest. The terms and conditions of any such ILUA may be unfavourable for, or restrictive against, the Company.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

In addition, the existence of the Aboriginal heritage sites within any tenements may lead to restrictions on the areas that the Company will be able to explore and mine.

(d) **Resource Estimates**

Resource estimates are expressions of judgment 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.

(e) **Title**

Interests in concessions in Argentina, Peru and Brazil are governed by the respective Country legislation and are evidenced by the granting of licences and leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments as well as other conditions requiring compliance. All of the Company's various work permits, mining licences, mining leases, mining area licences and exploration licences are due for renewal from time to time. The Company expects that it will, in due course, lodge renewal applications for them as required. The Company has no reason to believe any of these will not be renewed, however this cannot be guaranteed.

## 6.4 General Risks

### (a) General economic conditions

Economic conditions, both domestic and global, may affect the performance of the Company. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. The Company's future possible revenues and Share price can be affected by these factors, all of which are beyond the control of the Company or its Directors.

### (b) Equity market conditions

Securities listed on the stock market can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

General factors that may affect the market price of Shares include economic conditions in both Australia and internationally (particularly Australian, US and Chinese economic conditions), investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

### (c) Change in government policy and legislation

Any material adverse changes in relevant government policies or legislation of Australia may affect the viability and profitability of the Company, and consequent returns to investors. The activities of the Company are subject to various federal, state and local laws governing prospecting, development, production, taxes, labour standards and occupational health and safety, and other matters.

### (d) Competition risk

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

### (e) Additional requirements for capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain

additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(f) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company 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 employees cease their employment.

**6.5 Speculative investment**

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 Shares offered under this Prospectus

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

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## **7. ADDITIONAL INFORMATION**

### **7.1 Litigation**

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

### **7.2 Continuous disclosure obligations**

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus". In general terms a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company or an ASIC office during normal office hours.

Details of documents lodged with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below:

Date	Description of Announcement
11/12/2019	Results of Meeting
20/11/2019	Positive Assay Results from Noombenberry Halloysite Project
8/11/2019	Notice of General Meeting
5/11/2019	Appendix 3B
30/10/2019	First Quarter Activities Report
24/10/2019	Reinstatement to Official Quotation
24/10/2019	Placement
24/10/2019	Suspension from Official Quotation
21/10/2019	Extension of Voluntary Suspension
18/10/2019	Extension of Voluntary Suspension
16/10/2019	Suspension from Official Quotation
15/10/2019	Appendix 3B – Expiry of Listed Options
14/10/2019	Trading Halt
04/10/2019	Expiry of Listed Options
04/10/2019	Issued Capital - Other
04/10/2019	Reinstatement to Official Quotation
04/10/2019	Progress Report
27/09/2019	Suspension from Official Quotation
20/09/2019	Suspension from Official Quotation
16/09/2019	Half Year Audit Review
16/09/2019	Suspension from Official Quotation
13/09/2019	Appendix 3B
09/09/2019	Suspension from Official Quotation
05/09/2019	Trading Halt
02/09/2019	Results of Meeting
31/07/2019	Second Quarter Activities Report
26/07/2019	Capital Reconstruction

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Date	Description of Announcement
26/07/2019	Capital Reconstruction
24/07/2019	Ceasing to be a substantial shareholder
19/07/2019	Response to ASX Query
11/07/2019	Change in substantial share holding
04/07/2019	Appendix 3B
24/06/2019	Change in substantial share holding
19/06/2019	Appendix 3B
18/06/2019	Change of Directors Interest Notice
17/06/2019	Becoming a substantial shareholder
14/06/2019	Appendix 3B
31/05/2019	Results of Meeting
29/05/2019	Appendix 3B
20/05/2019	Appendix 3B
15/05/2019	Company Presentation
10/05/2019	Appendix 3B
01/05/2019	Notice of Annual General Meeting

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website [www.latinresources.com.au](http://www.latinresources.com.au).

### 7.3 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the most recent dates of those sales were:

	Price	Date
Highest	\$0.032	25 October 2019
Lowest	\$0.007	9 – 11 October 2019
Last	\$0.010	10 December 2019

### 7.4 Details of substantial holders

Based on publicly available information as at the date of this prospectus, there are no persons which (together with their associates) hold a relevant interest in 5% or more of the Shares on issue.

### 7.5 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers pursuant to this Prospectus; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner or director, either to induce them to become, or to qualify them as, a Director or otherwise for services rendered by them or by the firm in connection with the formation or promotion of the Company or the Offer.

### **Security holdings**

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

<b>Director</b>	<b>Shares</b>	<b>Options</b>	<b>Loan Funded Shares<sup>1</sup></b>	<b>Director Entitlements</b>
David Vilensky	602,366	Nil	1,000,000	1,602,366
Christopher Peter Gale	732,875	Nil	2,000,000	2,732,875
Brent Jones	1,273,877	Nil	1,000,000	2,273,877

#### **Notes:**

1. The Loan Funded Shares on issue are subject to escrow until the loans have been paid in full.

The Board recommends all Shareholders take up their Entitlement and advises that all Directors who are Eligible Shareholders intend to participate in the Entitlement Offer.

### **Remuneration**

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$350,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to

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both executive and non-executive Directors.

Director	2019 (Proposed)	2018	2017
David Vilensky	\$58,000	\$64,800	\$79,800
Christopher Peter Gale	\$270,000	\$320,000 <sup>2</sup>	\$327,500
Brent Jones	\$45,000	\$50,000	\$65,000

## 7.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$40,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$25,789 (excluding GST and disbursements) for legal services provided to the Company.

## 7.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons

named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus, Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Stantons International, the Company's auditor has given its written consent to being named as the auditor to the Company and to the use of the balance sheet in Schedule 1 of this Prospectus.

## 7.8 Estimated Expenses of Offers

In the event the maximum amount is raised under the Offers, the total expenses of the Offers are estimated to be approximately \$96,718 (excluding GST) and are expected to be applied towards the items set out in the table below:

Expense	\$
ASIC Fees	3,206
ASX Fees	46,012
Legal Fees	40,000
Miscellaneous, printing and other expenses	7,500
<b>Total</b>	<b>96,718</b>

## 7.9 Electronic Prospectus

ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please phone the Company on +61 8 6117 4798 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and

any relevant supplementary or Prospectus or any of those documents were incomplete or altered.

#### **7.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company will not be issuing Share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

#### **7.11 Privacy Act**

If you complete an application for Shares, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company if you wish to do so at the relevant contact numbers set out in this Prospectus.

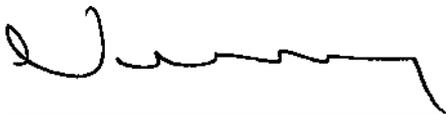
Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988 (Cth)* (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

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**8. DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



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**David Vilensky**  
**Chairman**  
**For and on behalf of**  
**LATIN RESOURCES LIMITED**

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## 9. DEFINITIONS

**\$** means Australian dollars.

**Acquisition** means the acquisition of Electric Metals Pty Ltd as announced on 24 October 2019.

**Applicant** means a Shareholder who applies for Securities pursuant to the Entitlement Offer or a Shareholder or other party who applies for Shortfall Securities pursuant to the Shortfall Offer as the context requires.

**Application Form** means an application form either attached to or accompanying this Prospectus.

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

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

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

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHES.

**Board** means the board of Directors unless the context indicates otherwise.

**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.

**Capital Raising** has the meaning set out in Section 3.1.

**Closing Date** means the date specified in the timetable in Section 2.1 of this Prospectus (unless extended or brought forward).

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

**Consideration Options** means the 6,250,000 Options to be issued as part consideration for the Acquisition.

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Convertible Note** means the 520,000 convertible notes issued as part of the Capital Raising, convertible into Shares at a 20% discount to the historical 5-day VWAP with a floor price of \$0.004.

**Convertible Noteholders** refers to a holder of the Convertible Note.

**Convertible Note Option** refers to the 80 free attaching Options to be issued for every \$1.00 raised under the Convertible Notes with the same terms and conditions as those set out in Section 5.2.

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

**Directors** means the directors of the Company as at the date of this Prospectus.

**Eligible Shareholders** means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date and have a registered address in Australia, New Zealand, United Kingdom or Germany.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Entitlement Offer.

**Entitlement Issue Options** means the free attaching Options to be issued pursuant to the Entitlement Offer.

**Entitlement Offer** means the non-renounceable entitlement issue the subject of this Prospectus.

**Ineligible Foreign Shareholder** means a Shareholder other than an Eligible Shareholder.

**LRSOB Options** means the 34,042,873 Options exercisable at \$0.25 (on a post-consolidation basis) that expired on 12 October 2019.

**LRSOB Option Holders** means the previous holders that of the LRSOB Options that expired on 12 October 2019.

**Meeting** has the meaning set out in Section 3.1.

**Milestone** means the announcement by the Company of a successful kaolinite/halloysite JORC inferred resource of at least 3 million tonnes with a grade of at least 30% Al<sub>2</sub>O<sub>3</sub> within 2 years of the date of the Meeting.

**Milestone Option** means the 4,125,000 Options to be issued upon satisfaction of the Milestones.

**Milestone Shares** means the 16,500,000 Milestone Shares to be issued upon satisfaction of the Milestones.

**Official Quotation** means official quotation on ASX.

**Opening Date** means the date specified in the timetable set out in Section 2.1 of this Prospectus (unless varied).

**Option** means an option to acquire a Share.

**Option Offers** has the meaning set out in Section 3.2(b).

**Placement** means the placement of the Placement Shares and Placement Options to professional and sophisticated investors as announced on the Company's ASX announcement platform on 24 October 2019 and referred to in Section 4.3.

**Placement Options** means as defined in Section 4.2(b)(i).

**Placement Shares** means the 166,666,667 Shares to be issued pursuant to the Placement.

**Placement Share Cleansing Offer** has the meaning set out in Section 4.2.

**Prospectus** means this prospectus.

**Record Date** means the date specified in the timetable set out at the commencement of this Prospectus.

**Replacement Options** means the Options to be issued to replace the LRSOB Options

**Section** means a section of this Prospectus.

**Securities** means Shares and/ or Options offered pursuant to this Prospectus.

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

**Share Registry** means Computershare Investor Services Pty Limited (ACN 078 279 277).

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

**Shortfall** means the Securities not applied for under the Entitlement Offer (if any).

**Shortfall Application Form** means the shortfall application form either attached to or accompanying this Prospectus.

**Shortfall Offer** means the offer of the Shortfall on the terms and conditions set out in Section 3.7.

**Shortfall Securities** means those Securities issued pursuant to the Shortfall Offer.

**VWAP** means volume weighted average price.

**WST** means western standard time as observed in Perth, Western Australia.

**SCHEDULE 1 – PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019**

		Transaction 1	Transaction 2	Transaction 3	Transaction 4	Transaction 5	Transaction 6	Transaction 7	Transaction 8	
	Audit Reviewed Half Yearly Report	Acquisition of Electric Metals (EM)	Convertible Note issue	Placement	Entitlement 1 for 1 basis 100% takeup	Conversion to Shares of Convertible Notes	Conditional EM consideration on JORC resource	Issue of Replacement Options	Issue of Broker Options	Pro Forma Balance sheet
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS										
Current assets										
Cash and cash equivalents	31,232		488,800		2,049,195					2,569,227
Trade and other receivables	813,407									813,407
Other financial assets	43,700									43,700
Total current assets	888,339									3,426,334
Non-current assets										
Trade and other receivables	1,816,205									1,816,205
Property, plant & equipment	73,603									73,603
Other financial assets	631,571									631,571
Exploration & evaluation assets	9,385,877	168,459					111,183			9,665,519
Total non-current assets	11,907,256									12,186,898
Total assets	12,795,595									15,613,232

		Transaction 1	Transaction 2	Transaction 3	Transaction 4	Transaction 5	Transaction 6	Transaction 7	Transaction 8	
	Audit Reviewed Half Yearly Report	Acquisition of Electric Metals (EM)	Convertible Note issue	Placement	Entitlement 1 for 1 basis 100% takeup	Conversion to Shares of Convertible Notes	Conditional EM consideration on JORC resource	Issue of Replacement Options	Issue of Broker Options	Pro Forma Balance sheet
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
LIABILITIES										
Current liabilities										
Trade and other payables	1,559,684									1,559,684
Interest bearing loans and borrowings	1,924,551		520,000	(940,000)		(520,000)				984,551
Deferred consideration	22,000									22,000
Provisions	70,494									70,494
Total current liabilities	3,576,729									2,636,729
Non-current liabilities										
Deferred consideration	8,541,693									8,541,693
Total non-current liabilities	8,541,693									8,541,693
Total liabilities	12,118,422									11,178,422
Net assets	677,173									4,434,810
Equity										
Contributed equity	47,396,543	150,000		1,000,000	2,084,195	520,000	99,000		118,137	51,367,875
Costs of equity issued			(31,200)	(306,119)	(547,960)				(118,137)	(1,003,416)

		Transaction 1	Transaction 2	Transaction 3	Transaction 4	Transaction 5	Transaction 6	Transaction 7	Transaction 8	
	Audit Reviewed Half Yearly Report	Acquisition of Electric Metals (EM)	Convertible Note issue	Placement	Entitlement 1 for 1 basis 100% takeup	Conversion to Shares of Convertible Notes	Conditional EM consideration on JORC resource	Issue of Replacement Options	Issue of Broker Options	Pro Forma Balance sheet
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Reserves	10,237,347	18,459		246,119	512,960	122,863	12,183			11,149,930
Accumulated losses	(56,956,717)					(122,863)				(57,079,580)
Total equity	677,173									4,434,810
Transaction 1	Consideration Securities for the acquisition of Electric Metals consists of 25,000,000 Consideration Shares and 6,250,000 Consideration Options.									
Transaction 2	Issue of Convertible Notes at \$1.00 each.									
Transaction 3	Placement via the issue of 166,666,667 Shares at an issue price of \$0.006 per Share and the issue of Placement Options.									
Transaction 4	Entitlement Issue to Shareholders on a 1 for 1 basis at an issue price of \$0.006 per Share and the issue of Entitlement Issue Options.									
Transaction 5	Conversion of Notes at a floor price of \$0.004 per Note. On conversion each \$1.00 Note will be issued 80 Note Options.									
Transaction 6	Conditional consideration to vendors of Electric Metals on a successful Koalinite/Halloysite JORC resource.									
Transaction 7	Issue of Replacement Options with an issue price of nil.									
Transaction 8	Issue of 40,000,000 Broker Options.									