

ASX Announcement

6th July 2016

Latitude to acquire prominent WA near term gold projects

Highlights

- **Acquisition of 100% of Quinns and Mt Ida South Gold Projects**
- **Projects located in Eastern Goldfields region of WA, and includes over 80km² of highly prospective but under explored Mt Ida greenstone belt**
- **JORC gold Resource of 1.23mt @ 2.5g/t for 97,000 Oz on granted Mining Leases**
- **Significant opportunities for resource extension, with multiple gold prospects and walk up drill targets.**
- **Extensive historical exploration data review underway to bring to JORC 2012 compliance**
- **Latitude intends to seek new brownfields gold opportunities**
- **Undertake Capital Raising comprising:-**
 - **Two stage Placement to raise up to \$621,709**
 - **Entitlements Offer on 2 for 5 basis to raise up to \$578,291**

Latitude Consolidated Limited (ASX:LCD) ("Latitude" or the "Company") is pleased to announce the signing of a binding term sheet with private company MGK Resources Pty Ltd ("MGK") for the acquisition of 100% of the issued capital of MGK which holds the Quinns and Mt Ida South Gold Projects, located approximately 110km west of Leonora in the Eastern Goldfields of Western Australia (see Figure 1) ("Transaction").

The projects covers a large area of the highly prospective and under explored Mt Ida greenstone belt, which is also host to Eastern Goldfields Ltd's high grade Mt Ida underground resource of 259,000t at 15.4g/t for 128,000 Oz. The significant land package and multiple prospects with known mineralisation provide an exciting opportunity for immediate resource consolidation and expansion.

An extensive historical exploration data review has commenced on both projects with a view to update to JORC 2012 standards and to develop a program of works and prioritise exploration targets.

The Company believes that the acquisition of Mt Ida South and Quinns provides a solid foundation for further acquisitions in the gold sector.

Acquisition Terms

- **Payment of an option fee of \$20,000 plus GST for a 21-day exclusive due diligence period. This option fee has already been paid.**
- **Following completion of successful due diligence and upon exercise of the option, as consideration for the acquisition of 100% of the issued capital of MGK:-**
 - **payment of a further \$220,000 in cash for the reimbursement of prior expenditure by MGK on the tenements;**

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- issue of 10,000,000 fully paid ordinary shares (5,000,000 shares subject to 6 months voluntary escrow and 5,000,000 shares subject to 9 month voluntary escrow);
- issue of 1,250,000 options, exercisable at 10 cents each and expiring 3 years from the date of issue; and
- issue of 4,000,000 performance shares, comprising 2,000,000 class A performance shares and 2,000,000 class B performance shares, convertible to fully paid ordinary shares upon the milestones outlined below.



Figure 1 – Projects Location

Resource Summary

MINERAL RESOURCE	Cut Off (g/t)	QUINNS			MT IDA SOUTH			TOTAL		
		Tonnes	Grade (g/t)	Ounces	Tonnes	Grade (g/t)	Ounces	Tonnes	Grade (g/t)	Ounces
Measured	1.0	127,300	2.46	10,068	-	-	-	127,300	2.46	10,068
Indicated	1.0	182,800	3.40	19,992	364,000	2.64	30,896	546,800	2.89	50,888
Inferred	1.0	228,000	2.08	15,276	325,000	1.94	20,304	553,000	2.03	36,081
Totals	1.0	538,100	2.62	45,337	689,000	2.31	51,199	1,227,100	2.46	97,037

The resource modelling and estimation has been completed by Simon Coxhrell of CoxsRocks Pty Ltd, an independent geological consulting company who was commissioned by Wild Acre Metals Ltd. The resource estimation methodology is detailed in Appendix 1. The Company has not yet undertaken sufficient work to independently verify the JORC Compliant Mineral Resources for the projects. Further evaluation work and appropriate studies may be required for the Company to independently verify the JORC Compliant Mineral Resources which may take place as part of the due diligence process under the Transaction agreement.

Projects

The resource is spread over 11 current prospects over the Quinns and Mt Ida South project areas with the majority under explored, open down dip and along strike.

Quinns Prospects

Forrest Belle Open pit

Drilling at the abandoned Forrest Belle Open pit, which was mined to a depth of 26m in 1997, indicates that there is excellent potential for the known mineralisation to be extended both along strike and at depth. Drilling 60m north of the pit demonstrates that the mineralisation is continuous along strike with the potential of development of a western lode position. Drilling beneath the pit has shown that strong mineralisation exists up to 30m vertically below the pit floor. Multiple lodges are noted with part of the western lode remaining in the pit wall and the eastern lode position not adequately drilled. Drilling to the south has intersected moderate to steep lode positions with significant mineralisation.

Boudie Rat

Drilling at the northern end of the Boudie Rat pit shows that strong mineralisation exists up to 25m below the pit floor. Immediately south of the centre of the pit drilling suggests that the mineralisation flattens to the west before steepening up to near vertical at the southern end of the pit. There is also evidence of a potential eastern lode at the very southern end of the pit. Drilling further south of the Boudie Rat pit is limited and on broad spaced intersections and has intersected anomalous to weakly anomalous results. Historical mining was to a depth of 25m in 1997.

Excellent potential exists to extend the mineralisation at depth below the existing pit and to extend known strike length of mineralisation.

Quinn Hills

The Quinn Hills mine workings consist of at least 2 sub-parallel, NW oriented lines of quartz lodges approximately 200m apart. The eastern line of workings have a 220m strike length and consist of several shafts and shallow pits. Drilling in close proximity to the historic mine indicates that there is excellent potential to extend the mineralisation with further drilling both along strike and at depth. Generally this area has been drilled to a shallow depth with most of the drilling returning ore grade intercepts.

Matisse

The Matisse prospect is located 4km north of the Quinn Hills mine and was discovered by Sipa using RAB drilling in 2004. The prospect is under cover with approximately 400m of strike and appears to be open both along strike and at depth. Only limited RC drilling has been completed and the anomalous gold values are associated with a mafic greenstone package, marked by intensive quartz veining and biotite alteration.

Belvidere, Boudies Nest, Boudie West and Boudie Beach.

These prospects are located to the west and south west of the Boudie Rat prospect.

- **Belvidere** is located 100m west of Boudies Nest and has been drilled over a 250m strike length over 4 drill sections. Further potential exists both at depth and along strike, particularly to the north.
- **Boudies Nest** prospect is located 300m south and 100m west of the Boudie Rat pit. The prospect has been drilled on 4 sections over 100m of strike.

- **Boudie West** prospect is located 300m west of the Boudie Rat workings and open pit with drilling targeting a significant soil anomaly.
- **Boudie Beach** is located approximately 600m south of Boudies Nest. Drilling appears open at depth. It is possible that this mineralisation links up with the mineralisation from Boudies Nest but further drilling is required to confirm this. Anomalous results have been intersected in this area on broad (~100m) sections with little or no overlap between drill holes.

Mt Ida South Prospects

Mt Ida South is located approximately 16km south of the Quinns Project area and includes the resources at Tims Find and Spotted Dog. It is also approximately 5km south east of Eastern Goldfields Ltd's historical Mt Ida mine which has a current underground resource of 259,000t @ 15.4 g/t for 128,000 Oz. Mineralisation is associated with an intense shear zone at the contact of an ultramafic and sheared mafic (basalt) unit.

- **Tims Find/Spotted Dog** covers approximately 1.5km of strike and is only partially drilled to a depth of no more than 75m.
- **Black Kite** currently has a strike length of 1.2km and again has been only partially drilled to a maximum depth of 100m.

Experienced Team

The Company is pleased to confirm the appointment of Michael Edwards, a consultant to the Company, as acting chief executive officer ("CEO"). Mr Edwards will move to a more permanent position contingent upon the successful acquisition of MGK and the finalisation of a contract of employment.

Michael Edwards is a Geologist and Economist with over 20 years' experience in Senior Management in both the private and public sector. Mr Edwards has served as CEO and Director with a number of ASX listed resource exploration companies.

Tim Moore holds several other Board positions with private companies and has successfully invested in a number of industries including media and resources.

Roger Steinepreis is the Chairman of Steinepreis Paganin, a leading WA corporate law firm. Mr Steinepreis has been practising as a lawyer in excess of 25 years and is the legal adviser to a number of public companies on a wide range of corporate and resources related matters, as well as serving as a Director of a number of ASX listed companies.

Morgan Barron is a Chartered Accountant with more than 15 years in corporate advisory and has advised and guided many companies undertaking fundraising activities in Australia. In addition, Mr Barron has been involved in numerous corporate reconstructions and mergers and acquisitions. Mr Barron is also a director and shareholder of Ventnor Capital Pty Ltd and Ventnor Securities Pty Ltd.

Capital Raising

The Company is currently finalising a Placement to experienced and sophisticated investors comprising two tranches:

- (a) a first tranche under the Company's existing 15% placement capacity in order to raise up to \$190,055 at 4.0 cents per share; and
- (b) a second tranche to raise up to an additional \$431,654 at 4.0 cents per share, subject to shareholder approval.

Further, the Company intends to undertake an entitlements issue to shareholders on a 2 for 5 basis at 4.0 cents per share to raise \$578,291, with further details and the eligible record date to be confirmed when a Prospectus is lodged with ASIC and ASX in the coming weeks.

Under the second tranche Placement, Mr Edwards has agreed to subscribe for up to 1,875,000 shares at 4.0 cents per share for a total of \$75,000 and Mr Steinepreis has agreed to subscribe for up to 500,000 shares at 4.0 cents per share for a total of \$20,000, with participation to be subject to shareholder approval.

Capital Structure Post Transaction and Capital Raising

The indicative effect of the capital raising and transaction on the capital structure of the Company will be as follows:

	Ordinary Shares	Options	Performance Shares
Current issued capital	31,675,953	284,857	
Upfront Placement issue	4,751,392		
Conversion of convertible notes on issue ⁽¹⁾ and settlement of related party creditors in lieu of cash	8,503,419		
Entitlements Issue ⁽²⁾	14,457,264		
Securities to be issued pursuant to the Transaction ⁽³⁾	10,000,000	1,250,000 ⁽⁴⁾	4,000,000 ⁽⁵⁾
Placement at Completion of the Transaction ⁽³⁾	10,791,344		
Capital Structure on completion of the Capital Raisings and Transaction	80,179,372	1,534,857	4,000,000

- (1) Convertible notes convert into ordinary shares at a 10% discount to the capital raising price, therefore having an effective conversion price of 3.6 cents per share together with the issue of 1,558,975 shares to settle related party creditors as per the resolutions in the 2015 AGM for which shareholder approval will be sought.
- (2) Entitlement offer on a 2-for-5 basis, to be confirmed by the Company upon lodgement of a Prospectus in the coming weeks.
- (3) Subject to shareholder approval of the Transaction and the Placement.
- (4) Exercisable at 10 cents each, expiring three years from the date of issue.

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(5) Comprising:-

- a. 2,000,000 Class A Performance Shares convertible 1 for 1 to ordinary fully paid shares upon the delineation of an additional 100,000 ounce JORC resource on the Tenements by the Company at a minimum grade cut-off of 1.0g/t Au, within 2 years from the date of Completion; and
- b. 2,000,000 Class B Performance Shares convertible 1 for 1 to ordinary fully paid shares upon the Company completing its first commercial 'gold pour' from mining production at the Tenements, within 3 years from the date of Completion.

Notice of General Meeting

The Company is currently preparing a notice of meeting to seek shareholder approval for the issue of the consideration shares for the acquisition of MGK, amongst other resolutions, including seeking approval to undertake the second tranche of the Placement in order to provide funds for exploration of the new Projects at completion. Details of a proposed exploration program are to be provided in the notice of meeting to shareholders.

Indicative Timetable

An indicative timetable set out below outlines the timetable for the key milestones of the transactions but remains subject to change:

Notice of Meeting sent to Shareholders to approve issue of consideration Shares and Completion Placement (amongst other resolutions)	15 July 2016
Lodgement of Prospectus in relation to the Completion Placement and Rights Issue to shareholders	15 July 2016
Allotment of Upfront Placement Shares and conversion of Convertible Notes	On or about 18 July 2016
Anticipated Rights Issue ex-Date (to be confirmed)	19 July 2016
Anticipated Rights Issue Record Date (to be confirmed)	20 July 2016
General Meeting to Approve issue of Consideration Shares and Completion Placement	17 August 2016
Close of Prospectus	17 August 2016
Allotment of Completion Placement and Rights Issue Shares	On or about 19 August 2016

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Annexure A – Permit Schedule

Tenement ID	Project name	Area
E29/0649	Quinns	6 blocks
E29/0748	Quinns	1 block
E29/0930	Quinns	3 blocks
E29/0943	Quinns	5 blocks
M29/0036	Quinns	121.4 ha
M29/0037	Quinns	242.4 ha
M29/0065	Quinns	803.9 ha
P29/1920	Quinns	197 ha
P29/1921	Quinns	15 ha
P29/2060	Quinns	185.1 ha
P29/2061	Quinns	121.5 ha
E29/0790	Mt Ida South	4 blocks
M29/0421	Mt Ida South	439.2 ha

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Appendix 1: Quinns and Mt Ida South Gold Deposits Resource Estimation Methodology

Mineral Resource estimation was completed for Wild Acre Metals Limited Quinns and Mt Ida South gold projects located in the Eastern Goldfields of Western Australia, approximately 110 kilometres west of Leonora and 200 kilometres north of Kalgoorlie, Western Australia. The gold deposit project areas consist of the Quinns Gold Projects and the Mt Ida South Gold Projects.

Note that the Company has not yet undertaken sufficient work to independently verify the JORC Compliant Mineral Resources for the projects. Further evaluation work and appropriate studies may be required for the Company to independently verify the JORC Compliant Mineral Resources which may take place as part of the due diligence process under the Transaction agreement.

Quinns includes the previously mined Boudie Rat and Forrest Belle deposits and the Boudie West, Belvidere, Boudie Beach, Quinn Hills and Matisse East and Matisse West gold deposits. Mt Ida South includes the Tim's Find and Spotted Dog Projects (see Table 3). Gold mineralisation is associated with quartz vein development +/- sulphides within ultramafic and basaltic and gabbros units. In general the weathering profiles of the area are shallow, with oxidation extending down to a maximum of 30 metres vertical depth. The current Mineral Resource estimates follows a number of drilling programs undertaken in 2010, 2011 and 2012 by Wild Acre where a total of 57 reverse circulation holes for 6,397 metres were drilled targeting and testing the deposits to a vertical depth of approximately 120 metres.

25 February 2013

Notes to accompany Mineral Resource Statement for Quinns and Mt Ida South

The Mineral Resource estimates are classified as Measured, Indicated and Inferred based on data density, data quality, confidence in the geological interpretation and confidence in the estimation.

- Drill hole data used in the Quinns and Mt Ida South Mineral Resource estimation is comprised predominantly of RC and diamond holes.
- Drill hole spacing ranges from 200m X 20m to 10m X 5m.
- All Wild Acre RC drill hole collar locations were surveyed by DGPS with expected accuracy (XYZ) of +/- 0.1 metre.
- All recent drill holes were routinely surveyed downhole using appropriate techniques. Drill core and chips was logged (lithology, alteration, structure, mineralization, veining) in detail then stored and validated in electronic databases.
- Gold analysis of the samples was undertaken by reputable laboratories using fire assay techniques. Only the assay results from RC, aircore or diamond drilling was used for the grade estimation. RAB holes were used to check and confirm the interpretation.
- Industry standard reference material and duplicates were utilised to check on laboratory assay quality control with no issues identified. Assays were composited to 1 metre lengths and grades were estimated with and without an appropriate upper cut (20g/t Au).
- A bulk density of 2.60g/cm³ was applied to all fresh material and a bulk density of 2.00g/cm³ was applied to any oxide mineralisation. These numbers were based on ISBD data from historic work and local knowledge of the mineralisation type. Oxidation profiles based on detailed geological logging has been used for the determination of the various oxide boundaries.
- Based on wire-framing to drill holes on a 0.50g/t Au cut-off with a nominal one metre skin of external dilution.
- The grade estimation method was Inverse Distance Cubed (ID3) of drill hole values lying within validated wireframes (solids) with only the numbers from the individual wireframes/solids used for the interpolation.
- Parent block sizes were set at 2m (x), 5m (y) and 2.5m (z), with the sub-cell size down to half of the parent cell size.
- The Mineral Resource estimate has been classified based on data density, data quality, confidence in the geological interpretation and confidence in the estimation. The Mineral Resources extends to a maximum of approximately 150 metres below natural surface with an average depth of approximately 100 metres.

Deposit	Block	Measured			Indicated			Inferred			Total			Total Ounces	
		Cutoff (Au g/t)	tonnes	Grade	20 cut grade	tonnes	Grade	20 cut grade	tonnes	Grade	20 cut grade	tonnes	Grade	20 cut grade	Grade
						(Au g/t)			(Au g/t)			(Au g/t)		Ounces	
Boudie Rat	1.0				127,000	2.98	2.77				127,000	2.98	2.77	12,168	11,310
	0.5				154,000	2.58	2.40				154,000	2.58	2.40	12,774	11,883
Forrest Belle	1.0	127,300	2.46	2.17				30,000	3.64	3.63	157,300	2.69	2.45	13,579	12,383
	0.5	167,700	2.01	1.79				44,000	2.66	2.65	211,700	2.15	1.97	14,600	13,400
Boudie West	1.0							97,000	2.08	2.08	97,000	2.08	2.08	6,487	6,487
	0.5							141,000	1.58	1.58	141,000	1.58	1.58	7,163	7,163
Belvidere	1.0				27,000	3.83	3.24				27,000	3.83	3.24	3,325	2,813
	0.5				29,000	3.61	3.06				29,000	3.61	3.06	3,366	2,853
Boudie Beach	1.0				7,800	2.49	2.49				7,800	2.49	2.49	624	624
	0.5				7,800	2.48	2.48				7,800	2.48	2.48	622	622
Quinn Hills	1.0				21,000	5.74	4.89				21,000	5.74	4.89	3,875	3,302
	0.5				66,000	1.98	1.71				66,000	1.98	1.71	4,201	3,629
Matisse East	1.0							36,000	1.78	1.78	36,000	1.78	1.78	2,060	2,060
	0.5							51,000	1.51	1.51	51,000	1.51	1.51	2,476	2,476
Matisse West	1.0							65,000	1.54	1.54	65,000	1.54	1.54	3,218	3,218
	0.5							78,000	1.37	1.37	78,000	1.37	1.37	3,436	3,436
Tims Find	1.0				364,000	2.64	2.54				364,000	2.64	2.54	30,896	29,725
	0.5				426,700	2.35	2.26				426,700	2.35	2.26	32,239	31,004
Spotted Dog North	1.0							253,000	1.87	1.87	253,000	1.87	1.87	15,211	15,211
	0.5							989,000	1.00	1.00	989,000	1.00	1.00	31,797	31,797
Spotted Dog South	1.0							72,000	2.20	2.20	72,000	2.20	2.20	5,093	5,093
	0.5							144,000	1.43	1.43	144,000	1.43	1.43	6,620	6,620
														-	-
All	1.0	127,300	2.46	2.17	546,800	2.89	2.17	553,000	2.03	2.03	1,227,100	2.46	2.35	97,037	92,727
All	0.5	167,700	2.01	1.79	683,500	2.42	2.27	1,447,000	1.20	1.19	2,298,200	1.62	1.56	119,645	115,233
<i>Ounces</i>	<i>1.0</i>		<i>10,068</i>	<i>8,881</i>		<i>50,888</i>	<i>38,219</i>		<i>36,081</i>	<i>36,072</i>		<i>97,037</i>	<i>92,727</i>		
<i>Ounces</i>	<i>0.5</i>		<i>10,837</i>	<i>9,651</i>		<i>53,202</i>	<i>49,991</i>		<i>55,606</i>	<i>55,592</i>		<i>119,645</i>	<i>115,233</i>		

Table 3. Mineral Resource estimation broken down by Mineral Resource Category and Prospect.