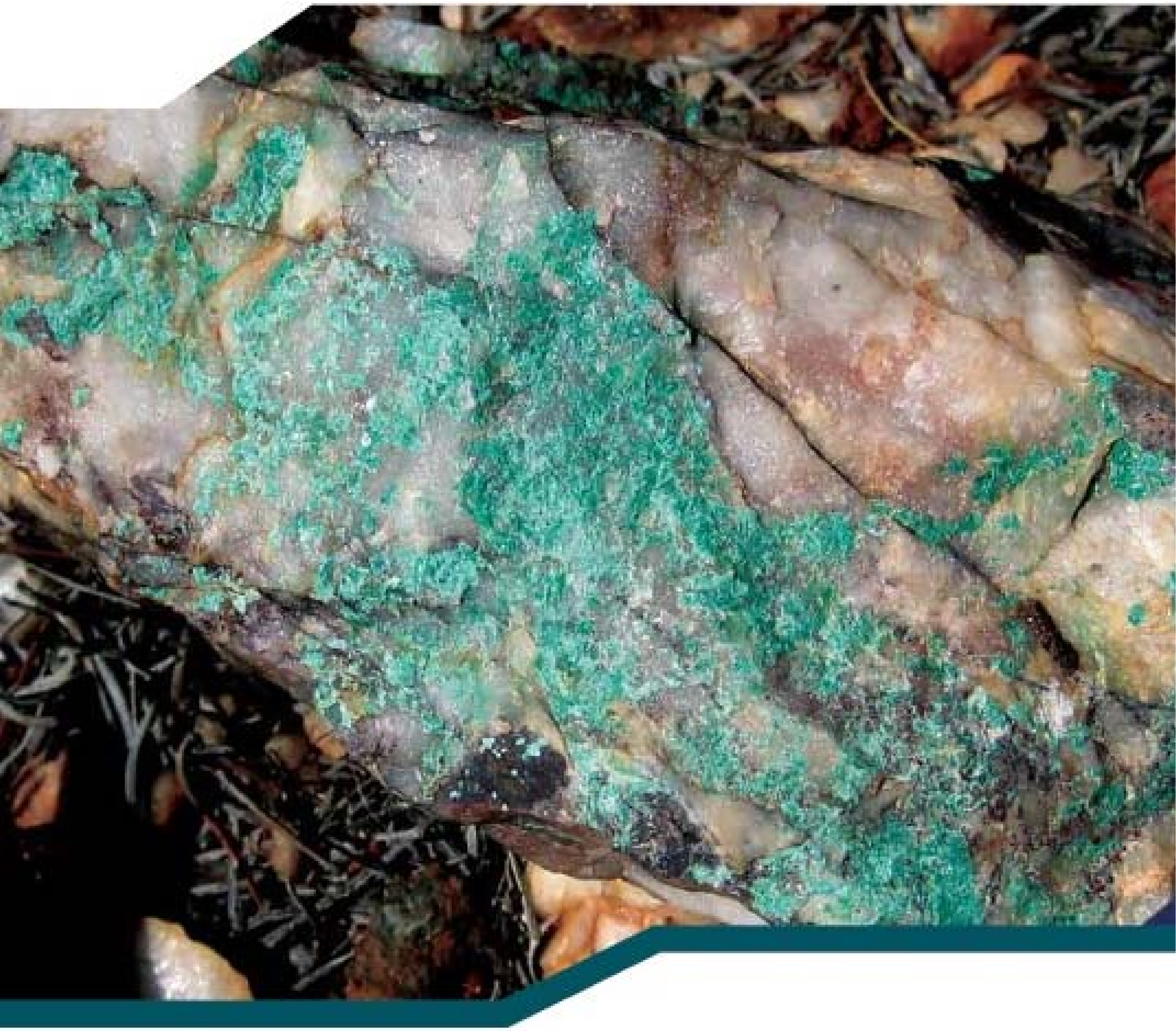
Latitude Consolidated Limited



# Annual Report to Shareholders
# Year Ended 30 June 2015

## CONTENTS



This Annual Report covers Latitude Consolidated Limited ("Latitude" or the "Company") and its subsidiaries. The financial report is presented in Australian currency. Formerly Integrated Resources Group Limited. The Company changed its name from "Integrated Resources Group Limited" to "Latitude Consolidated Limited" following shareholder approval on 28 November 2014.

Latitude Consolidated Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

**Latitude Consolidated Limited**
**Ground Floor**
**16 Ord Street**
**West Perth WA 6005**

## CORPORATE INFORMATION

**Directors:**
Mr Timothy Moore
*Non-Executive Chairman*

Mr Morgan Barron
*Non-Executive Director*

Mr Roger Steinepreis
*Non-Executive Director*

**Company Secretary:**
Mr Brett Tucker

**Home Securities Exchange:**
Australian Securities Exchange Limited
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

**ASX Code:** LCD

**Share Registry:**
Link Market Services Limited
Level 4 Central Park
152 St Georges Terrace
PERTH WA 6000

Telephone: +61 1300 554 474

**Registered Office:**
Ground Floor
16 Ord Street
WEST PERTH WA 6005

Telephone: (08) 9482 0550
Facsimile: (08) 9482 0505

Email: info@latitudeconsolidated.com.au
Website: www.latitudeconsolidated.com.au

**Postal Address:**
P.O. Box 902
WEST PERTH WA 6872

**Solicitors:**
Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

**Auditors:**
Grant Thornton Audit Pty Ltd
Level 1
10 Kings Park Road
WEST PERTH WA 6005

**ACN: 080 939 135**

## DIRECTORS' REPORT

Your Directors are pleased to submit the financial statements of the Group consisting of Latitude Consolidated Limited and the entities it controlled during the period for the financial year ended 30 June 2015. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

## DIRECTORS

The names and details of Directors in office at any time during the financial year are:

**Mr Timothy J Moore - Bachelor of Business UTS Sydney**
*Non-Executive Chairman – (Appointed 23 April 2004)*

### EXPERIENCE AND EXPERTISE
Mr Moore has experience in and successfully invested in a number of industries including media, technology and resources. Mr Moore also holds several other Board positions with private companies.

### OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Nil

### OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Nil

**Mr Roger Steinepreis - Bachelor of Jurisprudence University of Western Australia**
*Non-Executive Director – (Appointed 6 November 2012)*

### EXPERIENCE AND EXPERTISE
Mr Steinepreis graduated from the University of Western Australia where he completed his law degree. Mr Steinepreis was admitted as a barrister and solicitor of the Supreme Court of Western Australia in 1987 and has been practising as a lawyer for in excess of 25 years. Mr Steinepreis is the legal adviser to a number of public companies on a wide range of corporate related matters. His areas of practice focus on company restructures, initial public offerings and takeovers.

### OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Non-Executive Chairman - Apollo Consolidated Limited
Non-Executive Chairman - Firestrike Resources Limited

### OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Non-Executive Director - Adavale Resources Limited (appointed 26 May 2006, resigned 20 December 2012)
Non-Executive Director - AVZ Minerals Limited (appointed 1 May 2007, resigned 12 May 2014)
Non-Executive Chairman - iCollege Limited (formerly DGI Holdings Limited) (appointed 3 July 2012, resigned 1 May 2014)
Non-Executive Director - Imugene Limited (appointed 29 January 2002, resigned 1 October 2012)
Non-Executive Chairman - Tomizone Limited (formerly PHW Consolidated Limited) (resigned 22 May 2015)

## DIRECTORS (CONTINUED)

**Mr Morgan Barron – Bachelor of Commerce University of Western Australia, C.A. S.A. Fin**
*Non-Executive Director – (Appointed 6 November 2012)*

### EXPERIENCE AND EXPERTISE

Mr Barron is a Chartered Accountant and has over 15 years in corporate advisory. Mr Barron has advised and guided many companies undertaking fundraising activities in Australia and seeking to list on the ASX.

Mr Barron is a member of the Institute of Company Directors and is a Director and shareholder of Ventnor Capital Pty Ltd and Ventnor Securities Pty Ltd which specialises in the provision of corporate advisory services to a variety of junior ASX companies.

### OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Non-Executive Director - Eneabba Gas Limited

### OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

Non-Executive Director – Orinoco Gold Limited (appointed 9 February 2011, resigned 1 November 2012)

**Mr John Richards - Bachelor of Economics (Honours) University of Queensland**
*Non-Executive Director – (Appointed 14 February 2011 – resigned 23 March 2015)*

### EXPERIENCE AND EXPERTISE

Mr Richards has more than 25 years' experience in the international minerals industry in a variety of executive and investment banking roles. He worked with the Normandy Mining group of companies in Australia and Europe for 11 years, his last position being Group Executive of Strategy and Business Development and a member of Normandy's Executive Committee. Mr Richards was Head of Standard Bank's Mining & Metals Advisory business in the Asia-Pacific region from 2002 to 2004, when he was appointed Managing Director of Buka Minerals Limited, an ASX-listed resources investment Company and then as an Executive Director of Scarborough Minerals plc. He now works as a consultant in mining corporate finance.

### OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Nil

### OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

Non-Executive Director - KBL Mining Limited (Appointed 27 August 2008, resigned 22 May 2013)

## CHIEF EXECUTIVE OFFICER (PART TIME)

**Mr Michael Edwards**

### EXPERIENCE AND EXPERTISE

Mr Edwards is a geologist and economist with over 20 years' experience in Senior Management in both the private and public sector. He has a Bachelor of Business (Economics and Finance) from Curtin University of Technology and a Bachelor of Science (Geology) from The University of Western Australia. He spent three years with Barclays Australia in their Corporate Finance department and then 8 years as an Exploration and Mine Geologist with companies such as Gold Mines of Australia, Eagle Mining and International Mineral Resources.

Since 2010 Mr Edwards has been consulting to numerous companies conducting project evaluations and deal structuring across a wide range of commodities and countries.

## COMPANY SECRETARY

**Mr Brett Tucker**

EXPERIENCE AND EXPERTISE

Mr Tucker has a strong accounting background gained from experience in an international accounting practice, working in both audit and taxation. Mr Tucker has exposure to a wide range of industries with a focus on junior resource companies.

## PRINCIPAL ACTIVITIES

Latitude Consolidated Limited is an Australian exploration company with a focus on gold exploration in Western Australia.

## RESULTS

The loss attributable to members of the Group for the year ended 30 June 2015 amounted to $1,500,087 (2014: $1,163,648).

## DIVIDENDS

There were no dividends paid or declared during the year.

## REVIEW OF OPERATIONS AND FINANCIAL RESULTS

### FAILED ACQUISITION OF YATANGO PTY LTD

On the 24 March 2015, the Company entered into a binding terms sheet to acquire 100% of the issued capital of Yatango, a diversified technology company.

On the 12 August the board advised that the lead managers were unable to reach the minimum capital raising required under the Prospectus dated 1 July 2015, which was a condition precedent for the Yatango Share Purchase Agreement, and accordingly the Prospectus offer ceased. The Company has agreed to a repayment arrangement with Yatango for repayment of its $250,000 loan. As at the date of this report the Company has received payments to a total of $22,534 in accordance with an agreed repayment plan.

### LYNDON GOLD PROJECT

The Directors have been in discussions with the Lyndon joint venture partners, Shine Resources Pty Ltd ("Shine Resources") regarding a planned exploration program on the Western Australian, Lyndon gold project.

The planned exploration program is to comprise soil sampling and mapping on the most prospective areas at Lyndon; the Bettina pit and the Bulls-eye magnetic anomaly, in order to define targets for a drilling campaign. The exploration program is expected to commence in late calendar year 2015.

### KALENGWA COPPER PROJECT

During the financial year the Company terminated the farm-in and joint venture agreement for the Kalengwa South Copper Project with G.N. Mining Limited due to the poor market environment for early stage exploration in Zambia. The Company has no remaining liabilities or commitments in respect to the Kalengwa Joint Venture.

## REVIEW OF OPERATIONS AND FINANCIAL RESULTS (CONTINUED)

**Corporate Activities**

Change of Name

During the interim period, the Company changed its name to Latitude Consolidated Limited as approved by shareholders at the Annual General Meeting held on 28 November 2014. The Company also changed its ASX code to 'LCD'.

Capital Consolidation

The Company undertook a share consolidation on a 1-for-10 basis which was also approved by shareholders at its annual general meeting. Details of the updated capital structure of the Company was released on the ASX on 16 December 2014. Refer to Note 5 of the Interim Financial Report for the impact of the consolidation of the issued capital of the Company. There was a further consolidation after balance date of 1 share for every 6.67 held, which occurred on 22 July 2015.

Entitlements Issue

The Company issued a total of 70,425,053 fully paid ordinary shares from a Non-Renounceable Entitlements issue which closed on 15 April 2015. Of the 70,425,053 shares offered, a total of 41,941,562 shares were subscribed for by existing shareholders, raising $503,299. The shortfall in relation to the entitlements issue was 28,483,491 shares which were issued on the 29 April 2015, to raise a further $341,803.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company that occurred during the financial year not otherwise disclosed in this report or the financial statements.

## LIKELY DEVELOPMENTS & EXPECTED RESULTS OF OPERATIONS

Other than as disclosed elsewhere in this report, there are no likely developments in the operations of the Company that were not finalised at the date of this report.

## ENVIRONMENTAL REGULATION AND PERFORMANCE

The Directors believe that the Company has, in all material respects, complied with all particular and significant environmental regulations relevant to its operations.

The Company's operations are subject to various environmental regulations under the Federal and State Laws of Australia and environmental laws of Zambia. The majority of the Company's ceased activities involved low level disturbance associated with exploration drilling programs. Approvals, licences and hearings and other regulatory requirements are performed as required by the management of Latitude Consolidated Limited for each permit or lease in which the Company has an interest.

## EVENTS SINCE THE END OF THE FINANCIAL YEAR

Subsequent to the end of the financial year, the Group held a General Meeting on 6 July 2015 in relation to the Yatango acquisition. A number of resolutions were approved at the meeting including the issue of shares under the Prospectus dated 1 July 2015, a change in Company operations, change of name, the acquisition of Yatango and various capital restructuring resolutions, which were contingent on the Yatango transaction completing.

## EVENTS SINCE THE END OF THE FINANCIAL YEAR (CONTINUED)

Consolidation of Capital

As approved at the general meeting held on 6 July 2015, the Company undertook a consolidation of shares and options at the ratio of every 6.67 to 1. Details of the updated capital structure of the Company was released on the ASX on 22 July 2015.

Transaction with Yatango

On the 12 August 2015 the board advised that the minimum fund raising required under the Prospectus dated 1 July 2015 has not been reached and the Prospectus offer had ceased.

Following this development, the Company is now focused on developing its prospective WA Lyndon Gold Project in conjunction with its farm-in partner, Shine Resources. The Company retains a majority 75% interest in the Lyndon Gold Project.

Capital Raising

As announced on 10 September 2015, the Company plans to raise up to $250,000 from issuing convertible notes, with funds raised to be used for exploration at the Lyndon Gold Project as well as working capital.

No other matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

## INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company has paid a premium of $7,267 excluding GST (2014: $8,350) to insure the Directors and Secretary of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Company against a liability incurred as such by an officer or auditor.

## DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the Directors in ordinary shares and unlisted options of the Company were:

| | **Shares** | | **Options** | |
|---|---|---|---|---|
| **Directors** | *Held Directly* | *Held Indirectly* | *Held Directly* | *Held Indirectly* |
| Mr Timothy Moore | 154,037 | 2,482,109 | - | - |
| Mr Morgan Barron | - | 1,686,657 | - | - |
| Mr Roger Steinepreis | 1,294,950 | - | - | - |
| **TOTAL** | **1,448,987** | **4,168,766** | **-** | **-** |

Holdings are post consolidation of 1 share for every 6.67 previously held on 22 July 2015.

## MEETINGS OF DIRECTORS

During the financial year, there were nine meetings of Directors, held with the following attendances:

| Directors | Meetings Attended | Meetings Eligible To Attend |
|---|---|---|
| Mr Timothy Moore | 9 | 9 |
| Mr John Richards | 7 | 7 |
| Mr Morgan Barron | 9 | 9 |
| Mr Roger Steinepreis | 9 | 9 |

One meeting was held by the Audit Committee during the year which was attended by Mr Moore and Mr Richards.

## REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and Key Management Personnel of the Company for the year ended 30 June 2015. The information contained in this report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

This remuneration report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company, and includes the following specified executives in the Company:

Key Management Personnel

Directors:
- Mr Timothy Moore (Non-Executive Chairman)
- Mr John Richards (Non-Executive Director) - *Resigned 23 March 2015*
- Mr Morgan Barron (Non-Executive Director)
- Mr Roger Steinepreis (Non-Executive Director)

Executive:
- Mr Michael Edwards (part time Chief Executive Officer)

Remuneration Policy

The Company's performance relies heavily on the quality of its Key Management Personnel. The Company has therefore designed a remuneration policy to align Director and Executive reward with business objectives and shareholder value.

Executive reward is linked to shareholder value by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain high calibre management personnel and Directors to run and manage the Company.

Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-Executive Director remuneration is separate and distinct.

## REMUNERATION REPORT (AUDITED) (CONTINUED)

Non-Executive Director Remuneration

The Board's policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

During the year ended 30 June 2015 no external remuneration consultants were used.

The maximum aggregate amount of fees per annum that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting.

Fees for Non-Executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in employee incentive option plans that may exist from time to time.

Executive Remuneration

Executive Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed Remuneration

All Key Management Personnel are remunerated on a consultancy basis based on services provided by each person. The Board reviews Key Management Personnel packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The fixed remuneration of the Group's Key Management Personnel is detailed in the table below.

Variable Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and Directors and Key Management Personnel. Currently, this is facilitated through the issue of options to Key Management Personnel to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth.

*Principles used to determine the nature and amount of variable remuneration: relationship between remuneration and company performance.*

The overall level of Executive reward takes into account the performance of the Company over a number of years, with greater emphasis given to the current and prior year. The main performance criteria used in determining the executive reward remuneration is increasing shareholder value through aligning the Company with high quality exploration assets. Due to the nature of the Company's principal activities the Directors assess the performance of the Company with regard to the price of the Company's ordinary shares listed on the ASX, and the market capitalisation of the Company.

Directors and Executives may be issued options to encourage the alignment of personal and shareholder interests. Options issued to Directors may be subject to market based price hurdles and vesting conditions and the exercise price of options is set at a level that encourages the Directors to focus on share price appreciation. The Company believes this policy will be effective in increasing shareholder wealth. Key Management Personnel are also entitled to participate in the employee share and option arrangements.

## REMUNERATION REPORT (AUDITED) (CONTINUED)

On the resignation of Directors any vested options issued as remuneration are retained by the relevant party.

The Board may exercise discretion in relation to approving incentives such as options. The policy is designed to reward Key Management Personnel for performance that results in long-term growth in shareholder value.

During the year the Board completed a self-performance evaluation at a Director and Board level.

### Service Contracts

Remuneration and other terms of employment for Executives are formalised in executive service agreements. Major provisions of the agreements existing at balance date relating to remuneration are set out below.

*Chief Executive Officer – Mr Michael Edwards*

- Term of Agreement – ongoing subject to annual review.
- Remuneration – Day rate of $1,000 per day on a consultancy basis as required.
- Termination Provisions – The Executive or Company may terminate the agreement without cause by giving 3 months' written notice.

*Non-Executive Directors*

Upon appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the policies and terms, including compensation, relevant to the office of Director.

The key terms of the Non-Executive Director service agreements are as follows:

- Term of Agreement – ongoing subject to annual review.
- Directors' Fees of $30,000 per annum plus statutory superannuation (if applicable).
- There is no notice period stipulated to terminate the contract by either party.

### Voting and comments made at the Company's last Annual General Meeting

Latitude Consolidated Ltd received over 99% of 'yes' votes on its Remuneration Report for the financial year ending 30 June 2014. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

### Remuneration of Key Management Personnel

Details of the remuneration of the Directors and the Key Management Personnel (as defined in AASB 124 *Related Party Disclosures)* of Latitude Consolidated Limited are set out in the following table.

## REMUNERATION REPORT (AUDITED) (CONTINUED)

| 2015 | Short Term Benefits | | Post-Employment Benefits | Share Based Payments | | |
|---|---|---|---|---|---|---|
| Key Management Personnel | Salary, Fees & Consulting $ | Non-Monetary $ | Super-annuation $ | Options $ | Total $ | Performance Related % |
| **Non-Executive Directors** | | | | | | |
| Mr Timothy Moore[(2)] | 49,500 | - | - | - | 49,500 | - |
| Mr John Richards[(1)] | 21,855 | - | - | - | 21,855 | - |
| Mr Morgan Barron[(3)] | 30,000 | - | 2,850 | - | 32,850 | - |
| Mr Roger Steinepreis[(3)] | 30,000 | - | - | - | 30,000 | - |
| **Total** | **131,355** | **-** | **2,850** | **-** | **134,205** | **-** |
| **Executives** | | | | | | |
| Mr Michael Edwards | 60,805 | - | - | 12,563 | 73,368 | 17.12 |
| **Total** | **192,160** | **-** | **2,850** | **12,563** | **207,573** | **6.05** |

[(1)] Mr John Richards resigned from the board on 23 March 2015.
[(2)] Payments of $19,500 were made to Mr Moore for professional services performed during the financial year.
[(3)] Related parties of Mr Morgan Barron and Mr Roger Steinepreis received compensation for work performed during the financial year, see the "Other Related Party Transactions" section of the Directors Report for further details.

| 2014 | Short Term Benefits | | Post-Employment Benefits | Share Based Payments | | |
|---|---|---|---|---|---|---|
| Key Management Personnel | Salary & Fees $ | Non-Monetary $ | Super-annuation $ | Options $ | Total $ | Performance Related % |
| **Non-Executive Directors** | | | | | | |
| Mr Timothy Moore | 30,000 | - | - | - | 30,000 | - |
| Mr John Richards | 30,000 | - | - | - | 30,000 | - |
| Mr Morgan Barron | 30,000 | - | 2,775 | - | 32,775 | - |
| Mr Roger Steinepreis | 30,000 | - | - | - | 30,000 | - |
| **Total** | **120,000** | **-** | **2,775** | **-** | **122,775** | **-** |
| **Executives** | | | | | | |
| Mr Michael Edwards[(1)] | 102,000 | - | - | 2,066[(2)] | 104,066 | 2% |
| **Total** | **222,000** | **-** | **2,775** | **2,066** | **226,841** | **1%** |

[(1)] Mr Michael Edwards was appointed as CEO on 4 February 2014. Total fees for the year includes consultant geologist services provided from 1 July 2013.
[(2)] 12,000,000 (pre 1-for-10 consolidation on the 28 November 2014) Class A and Class B Unlisted Contractor Options were issued to Mr Michael Edwards in May 2014 for services rendered and as a future incentive for services to the Company.

Latitude Consolidated Limited

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## REMUNERATION REPORT (AUDITED) (CONTINUED)

Share-Based Compensation to Key Management Personnel

There was no share based compensation for the Directors in the current or prior year.

A total fair value of $23,164 for Class A and $21,187 for Class B Contracting Options has been calculated for Mr Michael Edwards which has been allocated over the period of vesting on the options.

Share Holdings of Key Management Personnel

The number of ordinary shares of Latitude Consolidated Limited held, directly, indirectly or beneficially, by each Director and Key Management Personnel, including their personally-related entities for the year ended 30 June 2015 is as follows:

| Key Management Personnel | Held at 1 July 2014 | Consolidation 1 Share for 10[2] | Movement During The Year | Options Exercised | Held at 30 June 2015 |
|---|---|---|---|---|---|
| Mr Timothy Moore | 123,941,997 | (111,547,797) | 5,188,889 | - | 17,583,089 |
| Mr John Richards[1] | 12,500,000 | (11,250,000) | - | - | 1,250,000[1] |
| Mr Morgan Barron | 75,000,000 | (67,500,000) | 3,750,000 | - | 11,250,000 |
| Mr Roger Steinepreis | 57,582,079 | (51,823,871) | 2,879,104 | - | 8,637,312 |
| Mr Michael Edwards | 7,457,021 | (6,711,319) | 250,000 | - | 995,702 |
| **Total** | **276,481,097** | **(248,832,987)** | **12,067,993** | **-** | **39,716,103** |

[1] In accordance with final directors interest for Mr John Richards at date of resignation on 23 March 2015.
[2] Share consolidation on the 28 November 2014 of 1 share for every 10 shares held. Subsequent to balance date there was a further consolidation on 22 July 2015, which is not reflected above.

Option Holdings of Key Management Personnel

The number of options over ordinary shares in Latitude Consolidated Limited held, directly, indirectly or beneficially, by each Director and Key Management Personnel, including their personally-related entities for the year ended 30 June 2015 is as follows:

| Key Management Personnel | Held at 1 July 2014 | Consolidation 1 for 10[1] | Options Expired | Options Forfeited | Held at 30 June 2015 | Vested and Exercisable at 30 June 2015 |
|---|---|---|---|---|---|---|
| Mr Timothy Moore | 25,000,000 | (22,500,000) | (2,500,000) | - | - | - |
| Mr John Richards | - | - | - | - | - | - |
| Mr Morgan Barron | 35,331,554 | (31,798,399) | (3,533,155) | - | - | - |
| Mr Roger Steinepreis | 25,541,723 | (22,987,551) | (2,554,172) | - | - | - |
| Mr Michael Edwards | 26,355,437 | (23,719,894) | (235,544) | (1,200,000)[2] | 1,200,000 | 1,200,000 |
| **Total** | **112,228,714** | **(101,005,843)** | **(8,822,871)** | **(1,200,000)** | **1,200,000** | **1,200,000** |

[1] Share consolidation on the 28 November 2014 of 1 option for every 10 options held. Subsequent to balance date there was a further consolidation on 22 July 2015, which is not reflected above.
[2] Unlisted Class B Contractor options were forfeited as vesting condition of continuing employment to 30 September 2015 was not met.

## REMUNERATION REPORT (AUDITED) (CONTINUED)

Other Related Party Transactions

All transactions with other related parties are made on normal commercial terms and conditions and at deemed market rates.

*Ventnor Capital Pty Ltd (Mr Morgan Barron – Non-Executive Director)*

Ventnor Capital Pty Ltd, a company of which Mr Morgan Barron is a Director, provided office accommodation, bookkeeping, CFO, financial accounting services, company secretarial support, corporate services and executive services in relation to the administration of the Company during the year. A mandate was signed for the above services commencing from 1 April 2013.

A total amount of $159,857 (2014: $84,850) was paid to Ventnor Capital Pty Ltd for providing all of the above services for the year ended 30 June 2015. A total amount of $70,403 (2014: $10,450) was owed to Ventnor Capital Pty Ltd as at 30 June 2015.

*Steinepreis Paganin Lawyers & Consultants (Mr Roger Steinepreis – Non-Executive Director)*

Steinepreis Paganin Lawyers & Consultants, a company of which Mr Roger Steinepreis is Managing Partner, provided general legal advice and services to the Company during the year. A total amount of $88,234 (2014: $17,382) was paid to Steinepreis Paganin Lawyers & Consultants during the year. As at 30 June 2015 $136,498 is outstanding to Steinepreis Paganin Lawyers & Consultants (2014: nil).

************END OF AUDITED REMUNERATION REPORT************

## AUDITOR

Grant Thornton Audit Pty Ltd continues in office in accordance with Section 327 of the *Corporation Act 2001*.

## NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Grant Thornton Audit Pty Ltd did not provide any non-audit services to the Group during the current or prior year.

## AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2015 has been received and can be found on page 21.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Latitude Consolidated Limited

**ACN: 080 939 135**

## SHARE OPTIONS

At 30 June 2015, 40,000,011 share options exercisable at 2.25 cents, expired. No other options have expired unexercised (2014: nil) and no options were exercised (2014: nil).

**Options over Unissued Ordinary Shares**

At the date of this report the following options over ordinary shares in Latitude Consolidated Limited are on issue and outstanding:

| | No. of Options | Exercise Price | Expiry Date |
|---|---|---|---|
| Unlisted Options | 1,900,000(1) | $0.03 | 31/12/2016 |
| **Total** | **1,900,000** | | |

(1) Note that the unlisted options have been subsequently consolidated on 20 July 2015 on a 1 for 6.67 basis.

These options do not entitle the holders to participate in any share issue of the Company or any other body corporate.

Signed in accordance with a resolution of the Directors made pursuant to Section 306(3) of the *Corporations Act 2001*.

**Mr Timothy Moore**
Chairman

Perth
30 September 2015

Latitude Consolidated Limited

**ACN: 080 939 135**

## CORPORATE GOVERNANCE STATEMENT

Latitude Consolidated Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Company has adopted systems of control and accountability as the basis for the administration of corporate governance.

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. The Corporate Governance Statement has been structured with reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2014 Amendments 3rd edition to the extent that they are applicable to the Company.

Information about the Company's corporate governance practices are set out below.

## THE BOARD OF DIRECTORS

The Company's Constitution provides that the number of Directors shall not be less than three. There is no requirement for any shareholding qualification.

If the Company's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of Directors required to adequately supervise the Company's activities will be determined within the limitations imposed by the Constitution and as circumstances demand.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and application of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities. Performance was evaluated continuously during the reporting period.

Directors are initially appointed by the full Board, subject to election by shareholders at the next Annual General Meeting. Under the Group's Constitution the tenure of a Director (other than Managing Director, and only one Managing Director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the Corporations Act, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A Managing Director may be appointed for the year and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the appointment may be revoked on notice. Written agreements with each Director and Senior Executive setting out the terms of their appointment is obtained at election.

The Company Secretary is accountable directly to the board, through the chair, on all matters to do with proper board functioning. The Company encourages the external auditor to attend and address any security holder questions relevant to the audit.

## COMMITTEES OF THE BOARD

The Board had established an Audit Committee which consists of Non-Executive Directors Mr John Richards and Mr Timothy Moore. Following the resignation of Mr Richards on 23 March 2015, the whole Board now acts as the Audit Committee given the limited size of the Company and Board.

The role of the Audit Committee is to:

(a) Monitor the integrity of the financial statements of the Company, reviewing significant financial reporting judgements;

(b) Review the Company's internal financial control systems and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems;

## COMMITTEES OF THE BOARD (CONTINUED)

(c) Monitor and review the external audit function including matters concerning appointment and remuneration, independence and non-audit services; and

(d) Perform such other functions as assigned by law, the Company's constitution, or the Board.

The Board has established a framework for the management of the Group including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

Given the current size of the Board, the Company does not have a remuneration committee. The Board as a whole reviews remuneration levels on an individual basis, the size of the Company making individual assessment more appropriate than formal remuneration policies. In doing so, the Board seeks to retain professional services as it requires, at reasonable market rates, and seeks external advice and market comparisons where necessary.

There is no formal nomination committee. Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for, screening and appointing new Directors. In view of the size and resources available to the Company, it is not considered that a separate nomination committee would add any substance to this process.

## INDEPENDENCE

Given the Company's present size and scope, it is currently not the Company's policy to have a majority of independent Directors. Directors have been selected to bring specific skills and industry experience to the Company. The Board has an expansive range of relevant industry experience, financial, legal and other skills and expertise to meet its objectives.

When determining the independent status of each Director the board has considered whether the Director:

- Is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company.
- Is employed, or has previously been employed in an executive capacity by the Company, and there has not been a period of at least three years between ceasing such an employment and serving on the Board.
- Has within the last three years been a principal of a material professional adviser or a material consultant to the Company, or an employee materially associated with the services provided.
- Is a material supplier or customer of the Company or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- Has a material contractual relationship with the Company other than as a Director.

## APPOINTMENTS TO OTHER BOARDS

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

## INDEPENDENT PROFESSIONAL ADVICE

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to Directors' rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

## GENDER DIVERSITY

In support of successfully executing our Strategy and achieving our objectives we aim to recruit, develop and retain talented, diverse and motivated workforce that shares our Company's values. The Board and management have developed diversity objectives for the Group.

## GENDER DIVERSITY (CONTINUED)

At Latitude Consolidated we aspire to a workforce profile which reflects as far as possible the talent available in the communities in which we work. This requires us to achieve workforce diversity in all its forms, including as to gender, age, geographical location, race and ethnicity, religion, and cultural background. We will ensure that our policies and procedures enable and support a diverse workforce.

We believe that drawing our workforce from a diverse pool will give us the best talent and most effectively deliver our strategy to achieve diversification of our workforce.

- Focus on increasing female participation in management and all other levels of the organisation.
- Monitor and report the number of females within the organisation.
- Continue to tolerate and respect differences in ethnicities and religious practices and belief of all employees.
- Reviewing the means by which we recruit new employees and setting appropriate diversification goals to facilitate the recruitment of diversity within all levels of the organisation.

This Diversity Policy is also supported by internal processes that will set out measurable objectives to support the achievement of diversity across the Group.

The Group currently has no female Board members or employees.

## CONTINUOUS REVIEW OF CORPORATE GOVERNANCE

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as Directors of the Company. Such information must be sufficient to enable the Directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The Directors recognise that mineral exploration is a business with inherent risks and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

## CODE OF CONDUCT

The Company has adopted a Code of Conduct for Company executives that promote the highest standards of ethics and integrity in carrying out their duties to the Company.

The Code of Conduct can be found on the Company's website at www.latitudeconsolidated.com.au

## CONTINUOUS DISCLOSURE

The Company's Board aims to ensure that the market is properly informed of all information that must be disclosed under the ASX Listing Rules (Listing Rule 3.1 in particular).

There must at all times be a system in place to collect and process information that could realistically be disclosed. The ultimate determination as to whether or not to disclose in doubtful cases may be made by the Board and/or Chairman, taking into account the overall situation of the Company and, if necessary, legal or other advice. To assist in this regard, and, where appropriate, to determine whether information must be disclosed, the Company has established a Continuous Disclosure Compliance Committee ('Compliance Committee') to deal with continuous disclosure issues. The Compliance Committee consists of the Chairman and Company Secretary and, when available, any other Director.

The obligation to keep 'management' fully informed of any significant internal issue relating to or affecting the Company is central to the training and development of all Latitude Consolidated Limited employees and contractors and consultants.

## RISK MANAGEMENT SYSTEMS

The identification and management of risk, including calculated risk-taking activity is viewed by management as an essential component in creating shareholder value.

Management is responsible for developing, maintaining and improving the Company's risk management and internal control system. Management provides the board with periodic reports identifying areas of potential risks and the safeguards in place to efficiently manage material business risks. These risk management and internal control systems are in place to protect the financial statements of the entity from potential misstatement, and the Board is responsible for satisfying itself annually, or more frequently as required, that management has developed a sound system of risk management and internal control.

Strategic and operational risks are reviewed at least annually as part of the forecasting and budgeting process. The Company has identified and actively monitors risks inherent in the industry in which the Company operates.

The Board also receives a written assurance from the Company Secretary that to the best of their knowledge and belief, the declaration provided to the Board in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control, and that the system is operating effectively in relation to financial reporting risks. The Board notes that due to its nature, internal control assurance from the Company Secretary can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in internal control procedures.

## COMMUNICATION WITH SHAREHOLDERS

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights in the Company is committed to:

- Communicating effectively with shareholders;
- Providing shareholders with ready access to balanced and understandable information about the Company and corporate proposals; and
- Making it easier for shareholders to participate in General Meetings of the Company.

The Company sees its website www.latitudeconsolidated.com.au as an important tool for effective communication and all information disclosed to ASX is posted on the Company's website as soon as practicable after disclosure.

The Board encourages full participation of Shareholders at Annual General and General Meetings and uses these meetings to assist Shareholders in understanding the Company's objectives and strategies in relation to its business activities.

The Board encourages Shareholders to discuss Company issues with Directors and to facilitate this contact provides details of authorised Company contacts on all disseminated information.

**Latitude Consolidated Limited**

**ACN: 080 939 135**

## ASX PRINCIPLES OF GOOD CORPORATE GOVERNANCE

The Board has reviewed its current practices in light of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2014 Amendments 3rd edition with a view to making amendments where applicable after considering the Company's size and the resources it has available.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees will be given further consideration.

The following table sets out the ASX Corporate Governance Guidelines with which the Company does not comply:

| **ASX Principle** | | **Reference/comment** |
|---|---|---|
| **Principle 2: Structure the Board to add value** | | |
| 2.1 | The Board should establish a nomination committee. | Given the size of the Board there is no formal nomination committee. Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for, screening and appointing new Directors. In view of the size and resources available to the Company, it is not considered that a separate nomination committee would add any substance to this process. |
| 2.4 – 2.5 | A majority of the Board should be independent Directors and the chair should be an independent Director. | Given the Company's present size and scope, it is currently not company policy to have a majority of independent Directors. Directors have been selected to bring specific skills and industry experience to the Company. Mr Roger Steinepreis is considered not to be independent by virtue of being a partner of a material adviser to the Company (legal), Mr Timothy Moore and Mr Morgan Barron are deemed not to be independent by virtue of being substantial shareholders of the Company.<br><br>The Chairman, Mr Timothy Moore, does not meet the definition of an independent Director under the definition in the ASX Corporate Governance Guidelines. The Board believes the alignment of the interests of Directors with those of shareholders as being the most efficient way to ensure shareholders' interests are protected. The Board believes that this is both appropriate and acceptable at this stage of the Company's development. |
| **Principle 4: Safeguard integrity in financial reporting** | | |
| 4.1 | The Board should establish an audit committee. | The Company does not have an Audit Committee. The Board believes that, with only three Directors on the Board, the Board itself is the appropriate forum to deal with this function. |
| **Principle 7: Recognise and manage risk** | | |
| 7.1-2 | The Board should establish a risk committee. | The Company does not have a risk committee. The Board believes that, with only three Directors on the Board, the Board itself is the appropriate forum to deal with this function. The board continuously reviews and addresses risks facing the Company. |
| **Principle 8: Remunerate fairly and responsibly** | | |
| 8.1 | The Board should establish a remuneration committee. | Given the current size of the Board, the Company does not have a remuneration committee. The Board as a whole reviews remuneration levels on an individual basis, the size of the Company making individual assessment more appropriate than formal remuneration policies. In doing so, the Board seeks to retain professional services as it requires, at reasonable market rates, and seeks external advice and market comparisons where necessary. |

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## Auditor's Independence Declaration
## To the Directors of Latitude Consolidated Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Latitude Consolidated Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M A Petricevic
Partner - Audit & Assurance

Perth, 30 September 2015

Latitude Consolidated Limited

**ACN: 080 939 135**

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2015

| | Note | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|---|
| Interest revenue | | 10,825 | 32,503 |
| Directors' benefit expense | | (114,705) | (122,775) |
| Consulting and professional fees | | (159,693) | (204,280) |
| Yatango transaction costs | 4 | (339,706) | - |
| Travel expenses | | (22,461) | (20,093) |
| Share based payments | 13 | (13,610) | (2,239) |
| Impairment of capitalised exploration and evaluation expenditure | 9 | (236,416) | (678,163) |
| Other expenses | | (66,148) | (116,568) |
| **Loss from continuing operations** | | (941,914) | (1,111,615) |
| Income tax (expense) / benefit | 6 | - | - |
| **Loss after income tax expense – continuing operations** | | (941,914) | (1,111,615) |
| **Loss from discontinued operations** | 23 | (558,173) | (52,033) |
| **Loss after income tax for the year** | | (1,500,087) | (1,163,648) |
| **Other Comprehensive Income for the year:** | | | |
| Other comprehensive income for the year, net of income tax | | - | - |
| **Total Comprehensive Loss for the year attributed to members of Latitude Consolidated Limited** | | **(1,500,087)** | **(1,163,648)** |
| Total Basic and Diluted Loss per share – cents per share - for the year attributable to members of Latitude Consolidated Limited | | (0.97) | (0.08) |
| Basic and Diluted Loss per share – cents per share – continuing operations | 5 | (0.61) | (0.07) |
| Basic and Diluted Loss per share – cents per share – discontinued operations | 5 | (0.36) | (0.01) |

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

Latitude Consolidated Limited

**ACN: 080 939 135**

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at year ended 30 June 2015

| | Note | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 7 | 359,634 | 542,862 |
| Trade and other receivables | 8 | 260,632 | 17,477 |
| **Total Current Assets** | | **620,266** | **560,339** |
| | | | |
| **Non-Current Assets** | | | |
| Loan receivable | 8 | 30,000 | - |
| Exploration and evaluation expenditure | 9 | - | 531,364 |
| **Total Non-Current Assets** | | **30,000** | **531,364** |
| | | | |
| **TOTAL ASSETS** | | **650,266** | **1,091,703** |
| | | | |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | 10 | 345,876 | 115,906 |
| Discontinued operations | 23 | 15,570 | - |
| **Total Current Liabilities** | | **361,446** | **115,906** |
| | | | |
| **TOTAL LIABILITIES** | | **361,446** | **115,906** |
| | | | |
| **NET ASSETS** | | **288,820** | **975,797** |
| | | | |
| **EQUITY** | | | |
| Issued capital | 11 | 30,046,121 | 29,252,903 |
| Reserve | 11 | 23,164 | 3,272 |
| Accumulated losses | | (29,780,465) | (28,280,378) |
| **TOTAL EQUITY** | | **288,820** | **975,797** |

The above Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

Latitude
Consolidated Limited

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## CONSOLIDATED STATEMENT OF CHANGES OF EQUITY

For the year ended 30 June 2015

| | Note | Share Capital $ | Share Option Reserve $ | Accumulated Losses $ | Total Equity $ |
|---|---|---|---|---|---|
| **Consolidated 2014** | | | | | |
| **Total Equity at 1 July 2013** | | 29,252,903 | - | (27,116,730) | 2,136,173 |
| **Total Comprehensive Loss for the Year** | | | | | |
| Loss for the year | | - | - | (1,163,648) | (1,163,648) |
| Total other comprehensive income | | - | - | - | - |
| Total Comprehensive Loss for the Year | | - | - | (1,163,648) | (1,163,648) |
| **Transactions with Equity Holders** | | | | | |
| Shares based payment - options | 11 | - | 3,272 | - | 3,272 |
| **Total Equity at 30 June 2014** | | **29,252,903** | **3,272** | **(28,280,378)** | **975,797** |
| **Consolidated 2015** | | | | | |
| **Total Equity at 1 July 2014** | | 29,252,903 | 3,272 | (28,280,378) | 975,797 |
| **Total Comprehensive Loss for the Year** | | | | | |
| Loss for the year | | - | - | (1,500,087) | (1,500,087) |
| Total other comprehensive income | | - | - | - | - |
| Total Comprehensive Loss for the Year | | - | - | (1,500,087) | (1,500,087) |
| **Transactions with Equity Holders** | | | | | |
| Shares based payment - options | 11 | - | 21,066 | - | 21,066 |
| Reversal of prior year share based payment expense | 11 | | (1,174) | - | (1,174) |
| Shares issued | 11 | 845,103 | - | - | 845,103 |
| Share issue costs | 11 | (51,885) | - | - | (51,885) |
| **Total Equity at 30 June 2015** | | **30,046,121** | **23,164** | **(29,780,465)** | **288,820** |

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

Latitude Consolidated Limited

ACN: 080 939 135

## CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2015

| | Note | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Interest received | | 6,236 | 37,484 |
| Payments to suppliers and employees | | (200,796) | (192,728) |
| Payments for project marketing | | (88,000) | (63,016) |
| Payments relating to project analysis and due diligence | | (108,000) | - |
| Net cash (used) in discontinued operations | 23 | (52,980) | (200,090) |
| **Net cash used in operating activities** | 14 | **(443,540)** | **(418,350)** |
| | | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payments for loan to Yatango Pty Ltd | | (250,000) | - |
| Cash received for sale of exploration and evaluation assets | | 25,000 | - |
| Payments for exploration expenditure | | (235,971) | (181,219) |
| Payments for Kalengwa project vendors | | - | (133,705) |
| **Net cash used in investing activities** | | **(460,971)** | **(314,994)** |
| | | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issues of shares and options | | 773,168 | - |
| Capital raising costs | | (51,885) | - |
| **Net cash provided by financing activities** | | **721,283** | **-** |
| | | | |
| Net increase / (decrease) in cash and cash equivalents | | (183,228) | (733,344) |
| Cash and cash equivalents at the beginning of the year | | 542,862 | 1,276,206 |
| **Cash and cash equivalents at the end of the year** | 7 | **359,634** | **542,862** |

The above Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2015

### NOTE 1: REPORTING ENTITY

Latitude Consolidated Limited is a listed public Company incorporated and domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the "consolidated entity" or "Group").

A description of the nature of the Group's operations and its principal activities is included in the Directors' Report which does not form part of this financial report.

The consolidated financial statements were authorised by the Board of Directors on the date of signing the Directors' Declaration.

### NOTE 2: BASIS OF PREPARATION

This General Purpose Financial Report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (including Australian Interpretations) and the *Corporations Act 2001*.

The Financial Statements and Notes of the Group comply with Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS).

Latitude Consolidated Limited is a company limited by shares. The financial report is presented in Australian currency which is also the Group's functional currency. Latitude Consolidated Limited is a for-profit entity.

This Financial Report was approved by the Board of Directors on 30 September 2015.

<u>Going Concern</u>

These financial statements have been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Directors recognise that the Group will have to seek additional funding in order to continue to exploit and develop its current project.

During the period the Group incurred an operating loss of $1,500,087 (2014: $1,163,648) and net operating cash outflows of $443,540 (2014: $418,350), as at 30 June 2015 the company has net current assets of $258,820.

The Directors consider the basis of going concern to be appropriate for the following reasons:

- The continued support by the Group's Directors and their related entities. Subsequent to year end related party creditors (other than accrued directors fees) agreed to receive discounted repayments in equal portion of shares and cash on a deferred basis as full satisfaction for amounts owed until the next capital raising event. The total outstanding to related party creditors as at balance date was $212,901.
- Other creditors have also agreed to discounted repayment terms.
- The Group intends to raise up to $250,000 through convertible notes to fund working capital and exploration activities.
- A payment plan is in place with Yatango Pty Ltd for the $250,000 loan outstanding to be repaid to the Group.
- The Group has the ability to scale down its operations, in order to curtail expenditure in the event the capital raising is delayed or insufficient cash is available to meet projected expenditures.

## NOTE 2: BASIS OF PREPARATION (CONTINUED)

Should the Group be unable to obtain sufficient funding as disclosed above, there is an uncertainty which may cast doubt as to whether or not the Group will be able to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Historical Cost Convention

These financial statements have been prepared under the historical cost convention.

Significant Accounting Estimates and Assumptions

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting year end are:

i) Impairment of Capitalised Exploration and Evaluation Expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, results and net assets will be reduced in the year in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, results and net assets will be reduced in the period in which this determination is made. The impairment expense relating to the Kalengwa Project and Lyndon Gold Project was $505,919 and $236,416 respectively.

## NOTE 2: BASIS OF PREPARATION (CONTINUED)

ii) Recoverability of Potential Deferred Tax Assets

The Group recognises deferred income tax assets in respect of tax losses to the extent that it is probable that the future utilisation of these losses is considered probable. Assessing the future utilisation of these losses requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, this could result in significant changes to the deferred income tax assets recognised, which would in turn impact the financial results.

iii) Share-based Payment Transactions

The Group measures the cost of equity-settled transactions with management and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Board of Directors using the Black-Scholes valuation method, taking into account the terms and conditions upon which the equity instruments were granted. The assumptions in relation to the valuation of the equity instruments are detailed in Note 13: Share-Based Payments. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

## NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

### (a) Basis of Consolidation

Subsidiaries

The consolidated financial statements comprise the assets and liabilities of Latitude Consolidated Limited and its subsidiaries at 30 June 2015 and the results of all subsidiaries for the period then ended. A subsidiary is any entity controlled by Latitude Consolidated Limited.

Subsidiaries are all entities (including structured entities) over which the group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Subsidiaries are consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period which Latitude Consolidated Limited has control.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

## NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Basis of Consolidation

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

### (c) Financial Instruments

(i) Non Derivative Financial Instruments

Non derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, and trade and other payables.

Non derivative financial instruments are measured initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Held-to-Maturity Investments

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-Sale Financial Assets

The entity's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences, are recognised directly in a separate component of equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the profit or loss.

Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- has been acquired principally for the purpose of selling in the near future;
- is a part of an identified portfolio of financial instruments that the entity manages together and has a recent actual pattern of short-term profit-taking; or
- is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the profit or loss. The net gain or loss recognised in the profit or loss incorporates any dividend or interest earned on the financial asset.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

## NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options, are recognised as a deduction from equity, net any tax effects. Dividends on ordinary shares are recognised as a liability in the year in which they are declared.

### (d) Exploration Expenditure

Exploration and evaluation costs, including the costs of acquiring permits and licenses, are capitalised as exploration and evaluation assets on an area of interest basis in the Consolidated Statement of Financial Position. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the profit or loss.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

(a) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or

(b) activities in the area of interest have not at the reporting date reached a state which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Once the technical feasibility and commercial viability of the extraction of minerals in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to development expenditure.

### (e) Cash and Cash Equivalents

For the purposes of presentation in the statement of Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### (f) Trade and Other Receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivables. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less any impairment losses.

## NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (g) Share Based Payments

The fair value at grant date of options granted to employees and contractors is recognised as a share based payment expense, with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

### (h) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

Site Restoration

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration and development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites and restoring the affect areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date based on current legal and other requirements and technology. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

At financial year end, the Group was in the evaluation stage, and no development had taken place. The Directors have determined that no provision for site restoration and rehabilitation is required at this time.

### (i) Income Tax

Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax

Deferred tax is accounted for using the Consolidated Statement of Financial Position liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the Consolidated Statement of Financial Position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

## NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and Deferred Tax for the Year

Current and deferred tax is recognised as an expense or income in the profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

### (j) Dividend and Revenue

Dividend revenue from investments is recognised when the Group's right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

All revenue is stated net of the amount of goods and services tax (GST).

### (k) Impairment of Assets

(i) Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

All impairment losses are recognised in the profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in other comprehensive income.

(ii) Non-Financial Assets

Carrying amounts of the Group's non-current assets are reviewed each reporting date to determine whether there is any indication of impairment. If such an indication exists, then the asset's recoverable value amount is estimated. An impairment loss is recognised if the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments and risk.

## NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### (l) Trade Payables

Trade and other payables are stated at cost, which approximates fair value due to the short term nature of these liabilities.

### (m) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as expenses in the year in which they are incurred.

### (n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### (o) Earnings Per Share

The Group presents basic and diluted earnings per share (EPS) date for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to executives.

### (p) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Directors, acting as chief operating decision makers. The Directors are responsible for allocating resources and assessing the performance of the operating segment.

## NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (q) Profit and loss from discontinued operations

A discontinued operation is a component of the entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Profit or loss from discontinued operations, including prior year components of profit or loss, are presented in a single amount in the statement of profit or loss and other comprehensive income. This amount, which comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale, is further analysed in Note 23.

The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the reporting date for the latest period presented.

### (r) New and Revised Standards that are effective for these financial statements

A number of new or amended standards became applicable for the current reporting period, however, the Company / Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. Information on these new standards which are relevant to the Company / Group is presented below.

**AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities***

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.
AASB 2012-3 is applicable to annual reporting periods beginning on or after 1 January 2014 and has been adopted in this financial report. The adoption of these amendments has not had a material impact on the Group as the amendments merely clarify the existing requirements in AASB 132.

**AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets***

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

When developing IFRS 13 *Fair Value Measurement*, the IASB decided to amend IAS 36 *Impairment of Assets* to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to IAS 36 therefore clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

AASB 2013-3 makes the equivalent amendments to AASB 136 *Impairment of Assets* and is applicable to annual reporting periods beginning on or after 1 January 2014. The adoption of these amendments in this financial report has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

## NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (r) New and Revised Standards that are effective for these financial statements (continued)

**AASB 2014-1 *Amendments to Australian Accounting Standards* (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles)**

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the IASB of International Financial Reporting Standards *Annual Improvements to IFRSs 2010-2012 Cycle* and *Annual Improvements to IFRSs 2011-2013 Cycle*.

Among other improvements, the amendments arising from *Annual Improvements to IFRSs 2010-2012 Cycle*:
clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity)
amend AASB 8 *Operating Segments* to explicitly require the disclosure of judgements made by management in applying the aggregation criteria.

Among other improvements, the amendments arising from *Annual Improvements to IFRSs 2011-2013 Cycle* clarify that an entity should assess whether an acquired property is an investment property under AASB 140 *Investment Property* and perform a separate assessment under AASB 3 *Business Combinations* to determine whether the acquisition of the investment property constitutes a business combination.
Part A of AASB 2014-1 is applicable to annual reporting periods beginning on or after 1 July 2014. The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

**Impact of standards issued but not yet applied by the Company / Group**

New and revised accounting standards and amendments that are currently issued for future reporting periods that are relevant to the Company / Group include:

**AASB 9 *Financial Instruments***
AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The effective date is for annual reporting periods beginning on or after 1 January 2018.

*The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.*

**AASB 15 *Revenue from Contracts with Customers***
AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations. In summary, AASB 15:

- establishes a new revenue recognition model;
- changes the basis for deciding whether revenue is to be recognised over time at a point in time;
- provides a new and more detailed guidance on specific topics (eg multiple element arrangements, variable pricing, rights of return and warranties); and
- expands and improves disclosures about revenue.

*The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2018.*

## NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (r) New and Revised Standards that are effective for these financial statements (continued)

**AASB *2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations***

This amendment impacts on the use of AASB 11 when acquiring an interest in a joint operation.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

*When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.*

**AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation***

The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

*When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.*

**AASB 2014-9 *Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements***

The amendments introduce the equity method of accounting as one of the options to account for an entity's investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

*When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.*

**AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

The amendments address a current inconsistency between AASB 10 *Consolidated Financial Statements* and AASB 128 Investments in Associates and Joint Ventures (2011). The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3 *Business Combinations*. Full gain or loss is recognised when the assets or subsidiary constitute a business, whereas gain or loss attributable to other investors' interests is recognised when the assets or subsidiary do not constitute a business.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

*When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.*

## NOTE 4: YATANGO TRANSACTION EXPENSES

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| **Yatango transaction expenses**[1] | | |
| Legal | 170,499 | - |
| Accounting, due diligence, executive services and other professional fees | 169,207 | - |
| **Total Transaction expenses** | **339,706** | **-** |

[1] These expenses relate to the work performed in regards to the proposed acquisition of Yatango Pty Ltd.

## NOTE 5: LOSS PER SHARE

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| Basic and diluted loss per share – cents – from continuing operations | (0.61) | (0.07) |
| Loss used in the calculation of basic and diluted loss per share – from continuing operations | (941,914) | (1,061,648) |
| Basic and diluted loss per share – cents - from discontinued operations | (0.36) | (0.01) |
| Loss used in the calculation of basic and diluted loss per share – from discontinued operations | (558,173) | (102,000) |
| Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted loss per share | 153,924,874 | 1,408,499,328 |
| Weighted average number of options outstanding | 43,800,056 | 400,000,000 |
| Less: anti-dilutive options | (43,800,056) | (400,000,000) |
| Weighted average number of ordinary shares outstanding during the year used in calculation of diluted loss per share | **153,924,874** | **1,408,499,328** |

Options outstanding during the year have not been taken into account in the calculation of the weighted average number of ordinary shares as they are considered anti-dilutive.

## NOTE 6: INCOME TAX

**Major components of income tax expense**

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| **(a) Income tax expense** | | |
| The prima facie tax expense on pre-tax accounting loss from operations reconciles to the income tax expense as follows: | | |
| **Loss from continuing operations before tax** | **(1,500,087)** | **(1,163,648)** |
| **Income tax benefit calculated at 30% (2014: 30%)** | **(450,026)** | **(349,094)** |
| Non-deductible expenses[(1)] | 224,372 | 206,683 |
| Temporary differences not brought to account as a deferred tax asset | 26,041 | 8,278 |
| Tax losses not brought to account as a deferred tax asset | 199,613 | 134,133 |
| **Income tax benefit** | **-** | **-** |
| **(b) Deferred Tax Liability** | | |
| Exploration and Evaluation | - | 278,449 |
| Unrecognised deferred tax liabilities | - | 278,449 |
| **(c) Deferred Tax Assets** | | |
| Temporary Differences | 78,616 | 271,282 |
| Tax losses - Revenue | (78,616) | 7,167 |
| Unrecognised deferred tax assets | - | 278,449 |
| **Not Recognised:** | | |
| Unrecognised tax losses | 3,667,867 | 3,449,021 |

[(1)] Non-deductible expenses includes Impairment of exploration and evaluation expenditure, foreign exchange loss and entertainment expenses.

The net deferred tax asset arising from the tax losses has not been recognised as an asset in the Consolidated Statement of Financial Position because recovery is not probable.

The taxation benefit of tax losses not brought to account will only be obtained if:

(i) Assessable income is derived of a nature and of an amount sufficient to enable the benefits to be realised; conditions for deductibility imposed by the law are complied with; and
(ii) No changes in tax legislation adversely affect the realisation of the benefit from deductions.

## NOTE 7: CASH AND CASH EQUIVALENTS

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| **Reconciliation to Statement of Financial Position** | | |
| Cash at bank | 359,634 | 542,862 |
| **Total Cash and Cash Equivalents** (1) | **359,634** | **542,862** |

(1) Cash at bank is subject to floating interest rates at an effective interest rate of 1.11% (2014: 2.50%).

## NOTE 8: TRADE AND OTHER RECEIVABLES

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| **Current:** | | |
| Other receivables | 29,410 | 9,035 |
| Loans receivable – current(1) | 220,000 | - |
| Accrued interest on loans | 4,589 | - |
| Prepaid expenses | 6,633 | 8,442 |
| **Total Trade and Other Receivables** | **260,632** | **17,477** |
| | | |
| **Non-current** | | |
| Loans receivable – non-current(1) | 30,000 | - |
| | **30,000** | **-** |

(1) Based on the repayment schedule agreed between Yatango and Latitude, the weekly payments which will be received in a period greater than 12 months from balance date are held as a non-current receivable. The loan is unsecured and has an interest rate of 10% per annum which accrues daily. As at the date of this report the Company has received payments to a total of $22,534 in accordance with an agreed repayment plan.

The above amounts are short term and do not bear interest and their carrying amount is equivalent to their fair value.

No trade and other receivables were impaired during the current year (2014: nil).

The Group's exposure to credit and market risks related to trade and other receivables are disclosed in Note 19: Financial Instruments.

## NOTE 9: EXPLORATION AND EVALUATION EXPENDITURE

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| Costs carried forward in respect of areas of interest in: | | |
| Exploration and evaluation phases | - | 531,364 |

## NOTE 9: EXPLORATION AND EVALUATION EXPENDITURE (CONTINUED)

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| **Reconciliation:** | | |
| A reconciliation of the carrying amounts of exploration and evaluation expenditure is set out below: | | |
| Balance at beginning of the year | 531,364 | 898,534 |
| Capitalised exploration and evaluation expenditure during the year | 210,971 | 310,993 |
| Impairment of capitalised exploration and evaluation expenditure Kalengwa - Zambia[1] – Note 23 | (505,919) | - |
| Impairment of capitalised exploration and evaluation expenditure Lyndon Project[1] | (236,416) | (678,163) |
| **Total Deferred Exploration and Evaluation Expenditure** | **-** | **531,364** |

This is consistent with the Group's accounting policy where costs are only carried forward to the extent that they are expected to be recouped through successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

[1] The capitalised exploration and evaluation expenditure in relation to the Kalengwa project in Zambia and Lyndon Project was impaired at 30 June 2015 due to indicators of impairment existing on the project in accordance with AASB 6.

Ultimate recoupment of these costs is dependent on successful development and commercial exploration or alternatively sale of the respective areas of interest.

The Group has certain obligations to perform minimum exploration work and to expend minimum amounts of money on such work on mining tenements. These obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Group. These commitments have not been provided for in the financial report. Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishing of tenure or by entering new joint venture arrangements. Expenditure may be increased when new tenements are granted or joint venture agreements amended.

Exploration Commitments – Australian Tenements

In order to maintain rights of tenure to exploration permits, the Group had certain obligations to perform minimum exploration work and expend minimum amounts of money.

Those commitments may be varied as a result of renegotiations, relinquishments, farm-outs, sales or carrying out work in excess of the permit obligations.

The minimum expenditure required by the Group on its exploration permit as at 30 June 2015 is estimated below. Commitments beyond the time frame below cannot be estimated reliably as minimum expenditure requirements are reassessed annually. These commitments have not been provided for in the financial report.

**Lyndon Project**

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| Within one year | 52,500 | 167,500 |

## NOTE 10: TRADE AND OTHER PAYABLES

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| **Current:** | | |
| Trade payables [(1)] | 224,939 | 46,493 |
| Other payables | 34,134 | 34,134 |
| Accruals | 86,803 | 35,279 |
| **Total Trade and Other Payables** | **345,876** | **115,906** |

[(1)] Trade payables are non-interest bearing and are normally settled on 30-day terms.

The above amounts do not bear interest and their carrying amount is equivalent to their fair value.

The total amount of the above total trade and other payables which is to related parties is $212,901.

## NOTE 11: ISSUED CAPITAL & RESERVES

| **CONSOLIDATED 2015** | **No.** | **$** |
|---|---|---|
| **(a) Issued and Paid Up Capital** | | |
| Fully paid ordinary shares | **211,275,103** | **30,046,121** |
| | | |
| **(b) Movements in fully paid shares on issue** | | |
| Balance as at 1 July 2014 | 1,408,499,328 | 29,252,903 |
| Consolidation 1 for 10 | (1,267,649,278) | - |
| Rights issue | 41,941,562 | 503,230 |
| Rights issue shortfall | 28,483,491 | 341,873 |
| Capital raising costs | - | (51,885) |
| **Balance as at 30 June 2015** | **211,275,103** | **30,046,121** |
| | | |
| **(c) Share Options Reserve** | | |
| Balance as at 1 July 2014 | 438,000,000 | 3,272 |
| Consolidation 1 for 10 | (394,199,989) | - |
| Expiry of Unlisted options | (40,000,011) | - |
| Expensing of Unlisted Class A options over vesting period | - | 21,066 |
| Forfeiture of Unlisted Class B options | (1,900,000) | (1,174) |
| **Balance as at 30 June 2015** | **1,900,000** | **23,164** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2015

### NOTE 11: ISSUED CAPITAL & RESERVES (CONTINUED)

| | No. | $ |
|---|---|---|
| **CONSOLIDATED 2014** | | |
| **(a) Issued and Paid Up Capital** | | |
| Fully paid ordinary shares | **1,408,499,328** | **29,252,903** |
| | | |
| **(b) Movements in fully paid shares on issue** | | |
| Balance as at 1 July 2013 | 1,408,499,328 | 29,252,903 |
| **Balance as at 30 June 2014** | **1,408,499,328** | **29,252,903** |
| | | |
| **(c) Share Options Reserve** | | |
| Balance as at 1 July 2013 | 400,000,000 | - |
| Issue of Unlisted Class A Contractor Options | 19,000,000 | 2,097 |
| Issue of Unlisted Class B Contractor Options | 19,000,000 | 1,175 |
| **Balance as at 30 June 2014** | **438,000,000** | **3,272** |

During the year ended 30 June 2015 no options were exercised to take up ordinary shares (2014: nil).

Nature and Purpose of Reserves

a. Options Reserve

The options reserve is used to recognise the fair value of all options on issue but not yet exercised.

### NOTE 12: CAPITAL MANAGEMENT

When managing capital, the Board's objective is to ensure the Group continues as a going concern as well as to maximise the returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Board is constantly reviewing the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, the Board may issue new shares, return capital to shareholders or sell assets to reduce debt.

The Group was not subject to any externally imposed capital requirements during the year.

## NOTE 13: SHARE-BASED PAYMENTS

**Share-based Payment Transactions**

Share-based payment transactions recognised during the year were as follows:

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| **Share-based payments:** | | |
| 1,900,000 Class A Contractor Unlisted Options issued to Contractors of the Group[(1)] | 21,066 | 2,098 |
| 1,900,000 Class B Contractor Unlisted Options issued to Contractors of the Group[(1)] | (1,174) | 1,174 |
| Reclassified as share based payments for discontinued operations | (6,282) | (1,033) |
| | **13,610** | **2,239** |

[(1)] Options are stated on a post consolidation basis (1 for 10 consolidation on 28 November 2014).

As at 30 June 2015 the Group had a total of 1,900,000 (2014: 38,000,000 – pre 1:10 consolidation on 28 November 2014) unissued ordinary shares on share-based payment options with a weighted average exercise price of 0.30 cents (2014: 0.35 cents). The weighted average remaining contractual life of all share options outstanding at the end of the year is 1.5 years (2014: 2.5 years).

The Group issued 19,000,000 Unlisted Class A and 19,000,000 Unlisted Class B Contractor Options to Contractors on 27 May 2014 (both figures are pre 1:10 consolidation on 28 November 2014) as consideration for services rendered and as a future incentive for services provided to the Group. As June 2015, the Class A options had fully vested. The Unlisted Class B options were forfeited due to not meeting an employment vesting condition.

The unlisted Class A and Class B Contractor Options were granted on 27 May 2014, with the Class A Contractor Options being exercisable at 3 cents each on or before 31 December 2016, vesting upon completion of continued employment with the Group to 31 March 2015. The Class B Contractor Options are exercisable at 4 cents each on or before 31 December 2016, vesting upon completion of continued employment with the Group to 30 September 2015.

## NOTE 14: OPERATING CASH FLOW INFORMATION

| | Consolidated | |
|---|---|---|
| | 2015 | 2014 |
| | $ | $ |
| **Reconciliation of Loss for the Year to Net Cash Flows provided by in Operations** | | |
| Loss for the year | (1,500,087) | (1,163,648) |
| Adjustments for: | | |
| Share based payments | 19,892 | 3,272 |
| Impairment of capitalised exploration and evaluation expenditure(2) | 742,335 | 678,163 |
| Directors fees paid in shares(1) | 71,934 | - |
| Changes in assets and liabilities: | | |
| (Increase) / decrease in trade receivables and other assets | (23,155) | 7,424 |
| Increase / (decrease) in trade and other payables | 245,541 | 56,439 |
| Net cash flows used in operations | **(443,540)** | **(418,350)** |

(1) Accrued directors fees were settled in shares as part of the Non-Renounceable Entitlements Rights Issue Offer announced 24 March 2015 and concluded 22 April 2015 at a price of $0.012 in accordance with the Offer.

(2) Impairment balance includes $236,416 for the write down of the Lyndon Project (Note 9), and $505,919 for the write down of the Kalengwa - Zambia discontinued operation (Note 23).

## NOTE 15: RELATED PARTY TRANSACTIONS

### (a) Key Management Personnel Compensation

Information on remuneration of all Directors and Key Management Personnel is contained in the Remuneration Report within the Directors' Report.

The aggregated compensation paid to Directors and Key Management Personnel of the Group is as follows:

| | Consolidated | |
|---|---|---|
| | 2015 | 2014 |
| | $ | $ |
| Short-term employee benefits | 172,660 | 222,000 |
| Post-employment benefits | 2,850 | 2,775 |
| Share based payments | 12,563 | 2,066 |
| Total | **188,073** | **226,841** |

### (b) Loans to Key Management Personnel

No loans have been made to key management personnel, including their personally related parties, of Latitude Consolidated Limited.

## NOTE 15: RELATED PARTY TRANSACTIONS (CONTINUED)

### (c) Other Related Party Transactions

Transactions with other related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

Ventnor Capital Pty Ltd, a company of which Mr Morgan Barron is a Director, provided office accommodation, bookkeeping, CFO, financial accounting services, company secretarial support, corporate services and executive services in relation to the administration of the Company during the year. A mandate was signed for the above services commencing from 1 April 2013.

A total amount of $159,857 (2014: $84,850) was paid to Ventnor Capital Pty Ltd for providing all of the above services for the year ended 30 June 2015. A total amount of $70,403 (2014: $10,450) was owed to Ventnor Capital Pty Ltd at 30 June 2015.

*Steinepreis Paganin Lawyers & Consultants (Mr Roger Steinepreis – Non-Executive Director)*

Steinepreis Paganin Lawyers & Consultants, a company of which Mr Roger Steinepreis is Managing Partner, provided general legal advice and services to the Company during the year. A total amount of $88,234 (2014: $17,382) was paid to Steinepreis Paganin Lawyers & Consultants during the year. As at 30 June 2015 $136,498 is outstanding to Steinepreis Paganin Lawyers & Consultants (2014: nil).

*Shadwick Nominees Pty Ltd (Mr Michael Edwards – Chief Executive Officer)*

Shadwick Nominees Pty Ltd, a Company of which Mr Michael Edwards is a Director, provided consultant geologist and subsequently Chief Executive Officer services up to March 2015 to the Company. A total amount of $60,805 (2014: $102,000) was paid to Shadwick Nominees Pty Ltd for the above services for the year ended 30 June 2015. As at 30 June 2015 no amount was owed to Shadwick Nominees Pty Ltd (2014: $8,035).

## NOTE 16: AUDITOR'S REMUNERATION

| | Consolidated | |
|---|---|---|
| | **2015** | **2014** |
| | **$** | **$** |
| *Amounts Payable to Auditor* | | |
| Audit and review services - payable to Grant Thornton Audit Pty Ltd | 22,000 | 22,000 |
| Non-audit services – payable to Duncan Dovico | - | 5,500 |
| | **22,000** | **27,500** |

There were no non-audit services provided by auditors during the year.

## NOTE 17: SUBSIDIARIES

**Parent Entity**

The parent entity and ultimate controlling party is Latitude Consolidated Limited.

The consolidated financial statements include the financial statements of Latitude Consolidated Limited and the subsidiaries listed in the following table.

| Name | Country of Incorporation | % Equity Interest 2015 | % Equity Interest 2014 |
|---|---|---|---|
| IRGZ Resources Limited[1] | Zambia | 100% | 100% |

The principal activities of the subsidiaries are mineral exploration.

[1] IRGZ Resources Limited was incorporated on 17 September 2013. As at the date of this report IRGZ Resources Limited is in the deregistration process.

## NOTE 18: PARENT ENTITY INFORMATION

| | 2015 $ | 2014 $ |
|---|---|---|
| **Assets** | | |
| Current Assets | 620,266 | 585,345 |
| Non-current Assets | 30,000 | 250,000 |
| **Total Assets** | **650,266** | **835,345** |
| **Liabilities** | | |
| Current Liabilities | 361,446 | 115,906 |
| **Total Liabilities** | **361,446** | **115,906** |
| **Net Assets** | **288,820** | **719,439** |
| **Equity** | | |
| Issued Capital | 30,046,121 | 29,252,903 |
| Option Reserve | 23,164 | 3,272 |
| Accumulated Losses | (29,780,465) | (28,536,736) |
| **Total Equity** | **288,820** | **719,439** |
| **Loss of the Parent Entity** | (1,243,729) | (1,420,006) |

The Parent Entity has minimum mineral exploration commitments of $52,500 at balance date, refer Note 9 for further details of the commitment.

The Parent Entity has not entered into a Deed of Cross Guarantee nor are there any contingent liabilities at the year end.

## NOTE 19: FINANCIAL INSTRUMENTS

### (a) Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash, receivables, payables and related party loans.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified.

The Group manages its exposure to key financial risks, including interest rate, credit and liquidity risks in accordance with the Group's risk management policy. The primary objective of the policy is to reduce the volatility of cash flows and asset values arising from such movements.

The Group uses different methods to measure and manage the different types of risks to which it is exposed. These include monitoring the levels of exposure to interest rate risk, ageing analysis and monitoring of credit allowances to manage credit risk and the use of future cash flow forecasts to monitor liquidity risk.

### (b) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

### (c) Categorisation of Financial Instruments

Details of each category in accordance with Australian Accounting Standard AASB 139 *Financial Instruments: Recognition and Measurement* are disclosed either on the face of the Consolidated Statement of Financial Position or in the notes.

### (d) Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the Consolidated Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

There are no financial instruments at fair value at 30 June 2015 (2014: nil).

### (e) Credit Risk

#### (i) Exposure to Credit Risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2015

### NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| **Financial Assets - Current** | | |
| Cash and cash equivalents | 359,634 | 542,862 |
| Trade and other receivables | 260,632 | 17,477 |
| **Total Financial Assets** | **620,266** | **560,339** |

**(ii) Interest Rate Risk**

The Group's maximum exposure to interest rates at the reporting date was:

| | | | Interest Rate Exposure | | | |
|---|---|---|---|---|---|---|
| **2015** | Range of Effective Interest Rate (%) | Carrying Amount $ | Variable Interest Rate $ | Non Interest Bearing $ | Floating Interest Rate $ | Total $ |
| **Financial Assets - Current** | | | | | | |
| Cash and cash equivalents | 1.11% | 359,634 | 359,634 | - | - | 359,634 |
| **2014** | | | | | | |
| **Financial Assets - Current** | | | | | | |
| Cash and cash equivalents | Nil to 5.50 | 542,862 | 232,122 | - | 310,740 | 542,862 |

**(iii) Trade and Other Receivables**

The Group's maximum exposure to credit risk for trade and other receivables at the reporting date was:

| | | | Past due but not impaired | | | |
|---|---|---|---|---|---|---|
| **2015** | Carrying Amount $ | Not past due and not impaired $ | 1-3 Months $ | 3 Months to 1 Year $ | 1 Year to 5 Years $ | Impaired Financial Assets $ |
| **Financial Assets - Current** | | | | | | |
| Trade and other receivables | 260,632 | 260,632 | - | - | - | - |
| **2014** | | | | | | |
| **Financial Assets - Current** | | | | | | |
| Trade and other receivables | 17,477 | 17,477 | - | - | - | - |

## NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

### (f) Liquidity Risk

#### (i) Exposure to Liquidity Risk

The carrying amount of the Group's financial liabilities represents the maximum liquidity risk. The Group's maximum exposure to liquidity risk at the reporting date was:

| | Consolidated 2015 $ | Consolidated 2014 $ |
|---|---|---|
| **Financial Liabilities - Current** | | |
| Trade and other payables | 345,876 | 115,906 |
| Liabilities of discontinued operations | 15,570 | - |
| **Total Financial Liabilities** | **361,446** | **115,906** |

#### (ii) Contractual Maturity Risk

The following table discloses the contractual maturity analysis at the reporting date:

| | | | | Maturity Dates | | |
|---|---|---|---|---|---|---|
| | Carrying Amount | Less than 1 month | 1-3 Months | 3 Months to 1 Year | 1 Year to 5 Years | Over 5 Years |
| **2015** | $ | $ | $ | $ | $ | $ |
| **Financial Liabilities - Current** | | | | | | |
| Trade and other payables | 361,446 | 322,508 | 36,678 | 2,260 | - | - |
| **2014** | | | | | | |
| **Financial Liabilities - Current** | | | | | | |
| Trade and other payables | 115,906 | 115,906 | - | - | - | - |

### (g) Market Risk

#### (i) Currency Risk

The Group is not exposed to any foreign currency risk at the report date.

#### (ii) Interest Rate Risk

The Group's only exposure to interest rate risk is Cash as set out in Note 19(e)(ii). The group is not exposed to debt interest rate risk as there is nil debt for 2015 (2014: nil).

#### (iii) Other Price Risk

There are no other price risks of which the Group is aware.

## NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

### (iv) Sensitivity Disclosure Analysis

Taking into account past performance, future expectations and economic forecasts, the Group believes the following movements are 'reasonably possible' over the next 12 months (base rates are sourced from the Reserve Bank of Australia).

It is considered that 100 basis points is a 'reasonably possible' estimate of potential variations in the interest rate.

The following table discloses the impact on net operating result and equity for each category of financial instrument held by the Group at year end as presented to key management personnel, if changes in the relevant risk occur.

| | | Interest Rate Risk | | | |
|---|---|---|---|---|---|
| | Carrying | +1% | | -1% | |
| | Amount | Profit | Equity | Profit | Equity |
| **2015** | $ | $ | $ | $ | $ |
| **Financial Assets - Current** | | | | | |
| Cash and cash equivalents | 359,634 | 3,596 | 3,596 | (3,596) | (3,596) |
| | | | | | |
| **2014** | | | | | |
| **Financial Assets - Current** | | | | | |
| Cash and cash equivalents | 542,862 | 5,429 | 5,429 | (5,429) | (5,429) |

## NOTE 20: SEGMENT INFORMATION

The following table presents the geographical information from the Group's two geographical locations, Australia and Zambia, Africa.

| | Australia | Zambia | Total |
|---|---|---|---|
| | $ | $ | $ |
| **30 June 2015** | | | |
| Other Revenue | 10,825 | - | 10,825 |
| Non-Current Assets | 30,000 | - | 30,000 |
| | | | |
| **30 June 2014** | | | |
| Other Revenue | 32,503 | - | 32,503 |
| Non-Current Assets | 250,000 | 281,364 | 531,364 |

ACN: 080 939 135



## NOTE 20: SEGMENT INFORMATION (CONTINUED)

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the consolidated Group. The Group's primary business segment is mineral exploration. The Group operates in two geographical segments; Australia and Zambia, Africa.

| | Mineral Exploration | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Australia | | Zambia (discontinued) | | Other | | Consolidated | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| **Segment Income** | | | | | | | | |
| Interest received | - | - | - | - | 10,825 | 32,503 | 10,825 | 32,503 |
| Total income | - | - | - | - | 10,825 | 32,503 | 10,825 | 32,503 |
| **Segment Expenses** | | | | | | | | |
| Impairment of capitalised exploration expenditure | (236,416) | (678,163) | (505,918) | - | - | - | (742,334) | (678,163) |
| Due diligence and transactional | - | - | - | - | (339,706) | - | (339,706) | - |
| Net other costs | (36,684) | - | (52,254) | - | (339,934) | (517,988) | (428,872) | (517,988) |
| **Loss before income tax** | (273,100) | (678,163) | (558,172) | - | (668,815) | (485,485) | (1,500,087) | (1,163,648) |
| **Segment assets and liabilities** | | | | | | | | |
| Exploration and evaluation | - | 250,000 | - | 281,364 | - | - | - | 531,364 |
| Other current assets | - | - | - | - | 620,266 | 560,339 | 620,266 | 560,339 |
| Non-current assets | - | - | - | - | 30,000 | - | 30,000 | - |
| Liabilities | - | - | (15,570) | - | (345,876) | (115,906) | (361,446) | (115,906) |
| **Net Assets** | - | 250,000 | (15,570) | 281,364 | 304,390 | 444,433 | 288,820 | 975,797 |

## NOTE 21: EVENTS OCCURRING AFTER THE REPORTING PERIOD

Consolidation of Capital

Consolidation of shares and options at the ratio of every 6.67 to 1.

Transaction with Yatango

On the 12 August the board advised that the minimum fund raising required under the Prospectus dated 1 July 2015 has not been reached, which was a condition precedent for the Yatango Share Purchase Agreement, and accordingly the Prospectus offer ceased.

The Company has in place a repayment plan of its $250,000 loan to Yatango Pty Ltd.

Whilst this development is disappointing, the Company retains a majority interest in the Western Australian 'Lyndon' Gold Project and looks forward to developing this prospective exploration asset in conjunction with its farm in partner, Shine Resources.

Capital raising

As announced on the 10 September 2015 the Company plans to raise up to $250,000 from issuing convertible notes, the capital raised will be used for working capital and exploration activities.

No other matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

## NOTE 22: CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities that may arise from the Group's operations as at 30 June 2015.

## NOTE 23: DISCONTINUED OPERATIONS

In March 2015, the Board decided to discontinue the Zambian based exploration activities based on the continuing poor market conditions. This decision was taken in line with the Group's acquisition to acquire Yatango Pty Ltd, a technology company. Consequently all liabilities allocable to IRGZ Resources Limited have been classified as a discontinued operation.

Revenue and expenses, gains and losses relating to the discontinuation of this subgroup have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item on the face of the statement of profit or loss and other comprehensive income (see loss for the year from discontinued operations).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2015

### NOTE 23: DISCONTINUED OPERATIONS (CONTINUED)

Operating profit of Latitude Consolidated Limited and subsidiaries until the date of change of strategy and the profit or loss is summarised as follows:

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| Salaries and Superannuation | (30,402) | (51,000) |
| Share based payments | (6,282) | (1,033) |
| Consulting expenses | (15,570) | - |
| Impairment expense – capitalised exploration and evaluation | (505,919) | - |
| **Profit / (Loss) from discontinued operations before tax** | **(558,173)** | **(52,033)** |

The carrying amounts of assets and liabilities in these discontinued operations are summarised as follows:

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| *Current liabilities:* | | |
| Trade and other payables | 15,570 | - |
| **Liabilities classified as discontinued operations** | **15,570** | **-** |

Cash flows generated by Latitude Consolidated Limited and subsidiaries for the reporting periods under review until the disposal are as follows:

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| *Operating activities* | | |
| Zambian operating cash outflows | (52,980) | (200,090) |
| **Cash flows from discontinued operations** | **(52,980)** | **(200,090)** |

Latitude
Consolidated Limited

**ACN: 080 939 135**

## DIRECTOR'S DECLARATION

In the Directors' opinion:

(a) the accompanying financial statements set out on pages 22 to 53 and the Remuneration Report in the Directors' Report are in accordance with the *Corporations Act 2001,* including:

i. giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance, as represented by the results of its operations, changes in equity and cash flows, for the year ended on that date; and

ii. complying with Australian Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration is made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2015.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors

**Mr Timothy Moore**
Chairman

Perth
30 September 2015

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# Independent Auditor's Report
# To the Members of Latitude Consolidated Limited

## Report on the financial report

We have audited the accompanying financial report of Latitude Consolidated Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

## Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

## Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

**Basis for qualified auditor's opinion**

***A limitation in scope of our audit work exists for the reason described below:***

Included in note 8 to the financial statements, the consolidated entity has reported current loans receivable of $220,000 and non-current loans receivable of $30,000 relating to an amount to be received from a third party.

Australian Accounting Standard AASB 136 Impairment of Assets requires an asset to be carried at no more than its recoverable amount. We have been unable to obtain sufficient appropriate audit evidence to support the Directors' assessment as to the recoverable amount and the classification of the receivable. In the event that the carrying value of the receivable exceeds its recoverable amount, it would be necessary for the receivable to be written down to its recoverable amount.

**Qualified Auditor's opinion**

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the abovementioned matter:

a the financial report of Latitude Consolidated Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date;

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

**Material uncertainty regarding continuation as going concern**

Without further qualifying our opinion, we draw attention to Note 2 in the financial report which indicates that the consolidated entity incurred a net loss of $1,500,087 and net operating cash outflows of $443,540 during the period ended 30 June 2015. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

**Report on the remuneration report**

We have audited the remuneration report included in pages 9 to 14 of the directors' report for the year ended 30 June 2015. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

**Auditor's opinion on the remuneration report**

In our opinion, the remuneration report of Latitude Consolidated Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M A Petricevic
Partner – Audit & Assurance

Perth, 30 September 2015

**ACN: 080 939 135**

## ASX ADDITIONAL INFORMATION

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below.

## SHAREHOLDINGS

The issue capital of the Company at 7 September 2015 is 31,675,953 ordinary fully paid shares (post the 6.67 consolidation that occurred on 22 July 2015. All ordinary shares carry one vote per share.

## TOP 20 SHAREHOLDERS AS AT 7 SEPTEMBER 2015

| | | No. of Shares Held | % Held |
|---|---|---|---|
| 1 | MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED | 2,131,974 | 6.73% |
| 2 | RIVERVIEW CORPORATION PTY LTD | 2,045,472 | 6.46% |
| 3 | JGS CONSULTING PTY LTD | 1,623,689 | 5.13% |
| 4 | TUKDAH PTY LTD | 1,461,270 | 4.61% |
| 5 | CELERY PTY LTD | 1,405,548 | 4.44% |
| 6 | MR GLENN BRUCE PARKER & MR JOHN GRAHAM SMITH | 1,306,078 | 4.12% |
| 7 | ROGER STEINEPREIS | 1,294,950 | 4.09% |
| 8 | MR JAN CHRISTOPHER ZWOLINSKI & MRS JANET ELIZABETH ZWOLINSKI | 1,276,367 | 4.03% |
| 9 | MR JOHN PAUL WELBORN | 1,049,476 | 3.31% |
| 10 | DARJEELING PTY LTD | 872,564 | 2.75% |
| 11 | MR DAVID ARTHUR PAGANIN | 749,626 | 2.37% |
| 12 | OPEKA DALE PTY LTD | 599,701 | 1.89% |
| 13 | MR BRIAN CURRIE & MRS JOAN CURRIE | 397,957 | 1.26% |
| 14 | PHEAKES PTY LTD | 360,249 | 1.14% |
| 15 | DONE NOMINEES PTY LIMITED | 322,356 | 1.02% |
| 16 | OIL SURVEILLANCE AUSTRALIA PTY LTD | 292,354 | 0.92% |
| 17 | RICHARD DANIELL INVESTMENTS PTY LTD | 281,398 | 0.89% |
| 18 | MR MORGAN JAMES BARRON & MRS MORAG ELSPETH FERGUSON BARRON | 281,110 | 0.89% |
| 19 | AVIEMORE CAPITAL PTY LTD | 262,240 | 0.83% |
| 20 | J P MORGAN NOMINEES AUSTRALIA LIMITED | 250,044 | 0.79% |
| | | **18,264,423** | **57.66%** |

| **Shares Range** | **No. of Holders** | **No. of Shares** |
|---|---|---|
| 1 – 1,000 | 698 | 100,472 |
| 1,001 – 5,000 | 233 | 594,761 |
| 5,001 – 10,000 | 98 | 713,282 |
| 10,001 – 100,000 | 210 | 6,266,513 |
| 100,001 and over | 56 | 24,000,925 |
| | **1,295** | **31,675,953** |
| | | |
| Number holding less than a marketable parcel | 1,179 | 4,263,837 |

| **Shareholders by Location** | **No. of Holders** | **No. of Shares** |
|---|---|---|
| Australian holders | 1,260 | 31,114,196 |
| Overseas holders | 35 | 561,757 |
| | **1,295** | **31,675,953** |

Latitude Consolidated Limited

**ACN: 080 939 135**

## ASX ADDITIONAL INFORMATION (CONTINUED)

### VOTING RIGHTS

The holders of ordinary shares are entitled to one vote per share at meetings of the Company.

### SUBSTANTIAL SHAREHOLDERS AS AT 7 SEPTEMBER 2015

| | | No. of Shares Held | % Held |
|---|---|---|---|
| 1 | MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED | 2,131,974 | 6.73% |
| 2 | RIVERVIEW CORPORATION PTY LTD | 2,045,472 | 6.46% |
| 3 | JGS CONSULTING PTY LTD | 1,623,689 | 5.13% |

### OPTION HOLDINGS

The Company has the following classes of options on issue at 7 September 2015 as detailed below. Options do not carry any rights to vote.

| Class | | Terms | No. of Options |
|---|---|---|---|
| LCD-OP3 | Unlisted Options | Exercisable at 0.40c expiring on or before 31 December 2016 | 284,858 |
| | | | **284,858** |

| Options Range | Unlisted Options | |
|---|---|---|
| | No. of Holders | No. of Options |
| 1 – 1,000 | - | - |
| 1,001 – 5,000 | - | - |
| 5,001 – 10,000 | - | - |
| 10,001 – 100,000 | - | - |
| 100,001 and over | 2 | 284,858 |
| | **2** | **284,858** |

The following Option holders hold more than 20% of a particular class of the Company's Unlisted Options.

| Holder | LCD-OP3 |
|---|---|
| Mr Michael Edwards | 179,910 |
| Mr Nathan Sabo | 104,948 |

### SCHEDULE OF MINING TENEMENTS

| Project/Tenements | Location | Interest Held |
|---|---|---|
| Lyndon Gold Project<br>E08/1880<br>E08/2493 | Western Australia | <br>75%<br>75% |