



ASX / Media release

23 March 2015

LATITUDE TO ACQUIRE INTERNATIONAL CONSUMER SERVICES TECHNOLOGY COMPANY

Highlights

- Advanced consumer services technology company “Yatango”, deploying a platform to disrupt everyday lifestyle services
 - Founded by experienced tech entrepreneur Andy Taylor, Co-Founder of SocietyOne
 - 175,000 registered users across two product verticals with new products in the pipeline
 - Proprietary platform technology, fast growth
 - Revenue >\$1m per month and growing
 - Proven management team
 - Raising minimum \$6m to fund further growth in Australia as well as international expansion
 - Foster Stockbroking & Azure Capital to act as Joint Lead Managers to the offer
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Latitude Consolidated Limited (ASX:LCD) (“Latitude” or “the Company”) is pleased to announce that it has signed an agreement to acquire Yatango Pty Ltd (**Yatango**), a consumer services technology company.

Yatango

Yatango is a disruptive consumer technology company founded by Chairman & CEO Andy Taylor, who is also a founder of SocietyOne, Australia’s first fully compliant and leading peer to peer lender.

Yatango is a customer focused, cloud based software, services and analytics platform that puts the consumer in control of their everyday spending and consumption needs across a range of everyday lifestyle services. Yatango has developed an integrated platform that harnesses the power of loyalty rewards, community, big data and machine learning.

Yatango has to date launched two product verticals:

- **Yatango Mobile** is a mobile network provider that puts members in control by allowing them to build their own mobile plan and pay for what they need on a no contract basis; and
- **Yatango Shopping** is an e-commerce marketplace that partners with a wide range of sellers to deliver customers better pricing and choice on a wide range of lifestyle products, engineered as a social shopping experience.

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A summary of the Yatango business is contained in **Appendix A** to this announcement.
The key features are:

Significant and growing revenue

Yatango's current monthly revenue exceeds \$1 million from a registered user base of more than 175,000.

Proven experience

Yatango's founder, Andy Taylor, is a proven technology entrepreneur, with previous successes including:

- Sales and Marketing Director of digital marketing business First Rate (now trading as First), helping expand it to become Australasia's fastest growing agency, as recognised by Deloitte's Fast 50 in 2006 and 2007. The business was later sold to ASX listed company Q;
- Founder of a marketing technology agency now trading under the brand Unity ID centred around big data insights and social media platform engagement. The company was the exclusive digital launch partner for 2Degrees Mobile in New Zealand, helping it go down in history as the most successful brand launch of a 3rd entrant mobile telco provider in the world. The company was sold to New Zealand's largest Independent Agency group, Affinity ID in February 2012; and
- Co-founder of SocietyOne launched in 2012, Australia's first fully compliant P2P Lending platform for wholesale and sophisticated investors, with the goal of building & utilising a social platform to empower borrowers to get a better rate on personal loans and lenders to get a better return on their money.

Further products in the pipeline

Later this year Yatango plans to launch Yatango Money; a consumer based financial services product vertical that will be focused on revolutionising the everyday banking relationship; providing tools for customers to better spend, manage, budget, save, borrow and lend money.

Andy Taylor, founder of Yatango commented:-

"Yatango is built for the everyday consumer and challenging industry titans who thrive off a lack of transparency, personalisation and inefficiency to the detriment of the consumer. We are here to shake things up, to educate and empower our members so they are in control, delivered through a more efficient operating model".

"The Yatango model is not dissimilar to what Richard Branson set out to do with the Virgin brand. We are a consumer advocate. The difference with us is that we are more than just a brand, we are one business with one set of shareholders, partner with wholesale suppliers and bring our brand, technology and community to the table. We run one platform around a single customer profile, this gives our members a simple, integrated and consistent experience no matter what product they are using and is underpinned by a single rewards program".

"We have a long-term business plan that is focused on building out an ecosystem of tightly integrated consumer services around the world. Therefore, investing in growth is key, whilst continuing to show growth in quarterly revenues. Our plan is no different to Xero's, we want to scale quickly and become a force".

Mr Taylor started Yatango in late 2012 with a desire to focus on building a disruptive international brand and technology for the consumer market.

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Aquisition terms

Latitude has executed a binding terms sheet to acquire 100% of the issued capital of Yatango Pty Ltd (Yatango), subject to the satisfaction of a number of conditions precedent outlined below. The term sheet has been agreed to by the management and shareholders of Yatango.

The key terms of the agreement are as follows:-

- The Company to loan funds of \$250,000 to Yatango following a pro-rata entitlements issue to be undertaken by the Company, after completion of the mutual due diligence period (being 1 April 2015);
- Consideration of 1.2 billion ordinary fully paid shares in Latitude (on a pre-consolidation basis);
- 333,333,333 share options in Latitude, exercisable at 4 cents each (on a pre-consolidation basis) within 3 years of the date of issue; and
- 666,666,666 performance rights to key employees and management of Yatango (on a pre-consolidated basis) which will convert to fully paid ordinary shares upon the achievement of the following Milestones, which are subject to approval by the ASX:-

Milestone	Number of Shares to be Issued
Milestone 1: The volume weighted average ASX trading price for Company shares for 20 consecutive trading days equals or exceeds 3.5 cents per share. The performance rights may vest at any time within eighteen (18) months of Completion. Such price to be adjusted on a pro-rata basis should a consolidation be required by ASX.	222,222,222
Milestone 2: The volume weighted average ASX trading price for Company shares for 20 consecutive trading days equals or exceeds 4.75 cents per share. The performance rights may vest at any time within thirty six (36) months of Completion. Such price to be adjusted on a pro-rata basis should a consolidation be required by ASX.	222,222,222
Milestone 3: The volume weighted average ASX trading price for Company shares for 20 consecutive trading days equals or exceeds 6 cents per share. The performance rights may vest at any time within forty eight (48) months of Completion. Such price to be adjusted on a pro-rata basis should a consolidation be required by ASX.	222,222,222

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Conditions precedent

The Transaction is subject to a number of conditions being satisfied, including:

- i) Mutual due diligence (to be completed by 1 April 2015);
- ii) All Yatango convertible noteholders sign agreements for the transfer of 100% of their convertible notes to the Company;
- iii) All Yatango shareholders sign agreements to transfer 100% of their shareholdings, which will include simple warranties as to title of shares and no encumbrances;
- iv) The major shareholder of Yatango will be required to sign a management share sale agreement which will include additional warranties by management, typical to this type of transaction;
- v) All outstanding Yatango secured notes are either converted or cancelled prior to completion;
- vi) Latitude raising a minimum of \$6 million in conjunction with re-complying with Chapters 1 & 2 of the ASX Listing Rules. If required the Company will seek shareholder approval for a share consolidation so that the minimum capital raising price is 2 cents per share or greater following the consolidation. Azure Capital Ltd and Foster Stockbroking Pty Ltd to be appointed as Joint Lead Managers to the capital raising;
- vii) The loan from Mobicity owners to Yatango of approximately \$1 million to be settled through the issue of Yatango shares (the acquisition of which are included in the total share consideration by the Company) and the payment of cash by Yatango prior to completion;
- viii) During the due diligence period, Yatango agrees to execute cost reduction initiatives mutually agreed between the Company and Yatango;
- ix) Latitude shareholder approval; and
- x) ASX approval.

In addition Yatango is to issue \$1 million of secured convertible notes, which are to be priced at a 20% discount to the shares to be issued under the planned \$6 million capital raising.

On or prior to completion, Yatango is to complete a selective share buy-back so that each shareholder of Yatango (with the exception of entities associated with proposed Company directors Andy Taylor and John Wilkinson) will be entitled to sell some of their shares in Yatango immediately prior to the completion of the acquisition. The buyback funds totalling \$1.41 million are to be paid out of the proceeds of the capital raising at a 20% discount to the effective share consideration price.

Following completion, the Company may seek shareholder approval for an Employee Share Option Plan (ESOP) to make available a commercial incentive program for board and executives.

Name change

As part of the acquisition, the Company will seek the approval of shareholders to change its name to Yatango Limited.

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Change of board

At completion of the transaction, the existing directors of Latitude, Mr Morgan Barron, Mr Tim Moore and Mr Roger Steinepreis shall resign and Yatango shall nominate a minimum of three new directors to the board, two of whom being Andy Taylor and John Wilkinson. In addition, Brett Tucker will stay on as Company Secretary of Yatango in a transitional capacity.

John Richards, an existing director of Latitude has tendered his resignation from the board effective today in preparation for the transition. Company directors express their gratitude to Mr Richards for his years of service to the Company.

Recompliance with chapters 1 & 2 of the ASX listing rules

The acquisition of Yatango will result in a change in the Company's nature and scale of activities, and will require shareholder approval under Chapter 11 of the ASX Listing Rules as well as require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. The Company will despatch a notice of meeting to shareholders seeking the relevant approvals to undertake this process, with such notice to contain detailed information relating to the acquisition of Yatango.

Indicative capital structure

The indicative effect of the Capital Raising and Transaction on the capital structure of the Company will be as follows:

Description	Ordinary Shares	Options	Performance Rights
Current Issued Capital	140,850,050	43,800,011 ⁽¹⁾	-
Entitlement issue securities	70,425,025	-	-
Securities to be issued pursuant to the Transaction (pre-consolidation basis)	1,200,000,000	333,333,333	666,666,666 ⁽²⁾
Estimate of securities to be issued pursuant to the Capital Raising (pre-consolidation basis)	400,000,000	-	-
Capital Structure on completion of the Capital Raising and Transaction (pre-consolidation basis)⁽³⁾	1,811,275,075	377,133,344	666,666,666

- (1) Consisting of:
- 40,000,011 Unlisted Options exercisable at \$0.0225 and expiring 30 June 2015;
 - 1,900,000 Unlisted Options exercisable at \$0.03 and expiring 31 December 2016; and
 - 1,900,000 Unlisted Options exercisable at \$0.04 and expiring 31 December 2016.
- (2) Performance Rights on the terms set out above, subject to ASX approval.
- (3) Assumes no options are exercised prior to completion of the Capital Raising and Transaction.

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Indicative timetable

An indicative timetable for the Transaction is set out below. The Company notes that the timetable may be subject to change.

Event	Date
Announcement of Acquisition	23/03/2015
Due Diligence Completed By	01/04/2015
Despatch Notice of Meeting	01/05/2015
Lodgement of Prospectus and Offer Open	08/05/2015
Shareholder Meeting to Approve Acquisition	05/06/2015
Suspension from Trading	05/06/2015
Offer Close	05/06/2015
Re-admission to the Official List	19/06/2015

Capital raising

In conjunction with the acquisition of Yatango, in order to re-comply with the requirements of Chapters 1 & 2 of the Listing Rules, LCD will seek to raise a minimum of \$6.0 million (or such increased amount as is required to satisfy ASX requirements and complete the Yatango share buyback). If required, the Company will seek shareholder approval for a share consolidation so that the minimum capital raising price is 2 cents per share or greater following the consolidation.

Azure Capital Limited (Azure) and Foster Stockbroking Pty Ltd (FSB) will be appointed as Joint Lead Managers to the Capital Raising for a fee of 6% of the gross funds raised plus 66.7 million (on a pre-consolidation basis) broker options.

In addition, 1,500,000 fully paid ordinary pre-consolidation shares will be issued to an unrelated third party as a fee for introducing Yatango and Latitude.

The Company also plans to immediately undertake an entitlements issue to shareholders.

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Entitlement issue

Latitude plans to undertake an entitlement issue to raise funds to pay for costs associated with due diligence and the acquisition of Yatango, for the continued advancement of the Company's Kalengwa Project and for working capital.

The entitlement issue will offer each eligible shareholder the right to subscribe for one (1) new share in the capital of the Company for every two (2) shares held by that shareholder on the record date, 30 March 2015 issuing approximately 70,425,025 shares at an issue price of \$0.012 per share to raise up to \$845,100 before expenses.

The Entitlement Issue is to be jointly managed by Azure and FSB.
The offer will open on 2 April 2015 and close on 13 April 2015.

Further details of the timetable for the entitlement issue will be provided in a letter to shareholders and in the entitlement issue offer document to be lodged with the ASX.

Financial statements

A summarised pro-forma balance sheet showing the impact of the Yatango acquisition and associated capital raisings on the Company is provided at **Appendix B**.

The Chairman of Latitude Mr Tim Moore, encourages shareholders and their advisors to review this acquisition with interest. Mr Moore commented:

"This type of business is extremely difficult to find let alone have the chance to invest. Yatango has a unique business strategy offering the combination of mobile, shopping and money with a planned pipeline of product verticals to be spread across a common customer database and software platform. Yatango operates in the expanding crowd and mobile space with a high growth mass affluent lifestyle brand, custom designed for digital natives, that has the capacity to be scaled globally. The Company directors are excited about Yatango's prospects and recommend this opportunity to shareholders".

ENDS

Media

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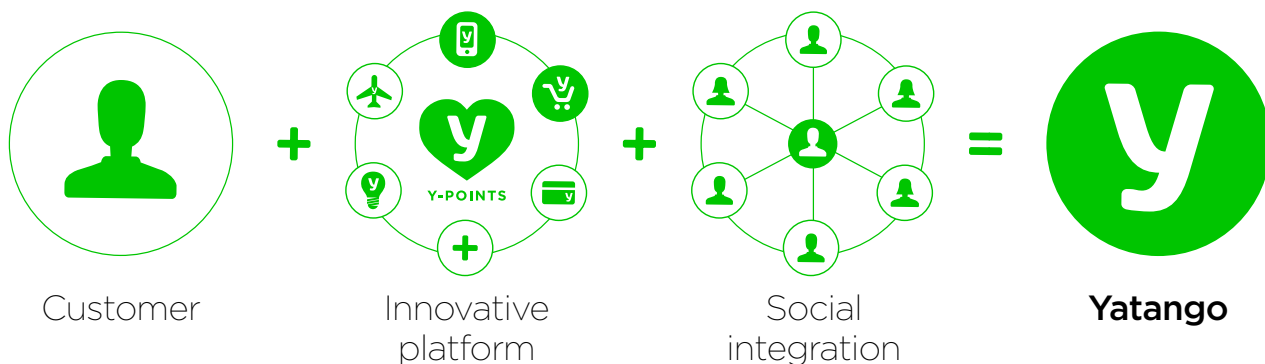
Appendix A - About Yatango

Since launching in March 2013, Yatango has grown rapidly with the launch of two disruptive vertical business units; Yatango Mobile and Yatango Shopping.

Yatango's underlying unique IP is its universal rewards, recommendation and customer relationship management engine that will be applied across a range of innovative consumer services ensuring that members become brand advocates that are loyal, better engaged and higher spenders than that of other competitors in each vertical category.

At its core, Yatango is in the business of innovating the customer experience whilst driving efficiencies in the operating cost model around acquiring, servicing and retaining customers. Yatango does not own or invest in infrastructure, instead it partners with suppliers who are bogged down by legacy and are hungry to grow and appeal to digital natives.

Yatango model

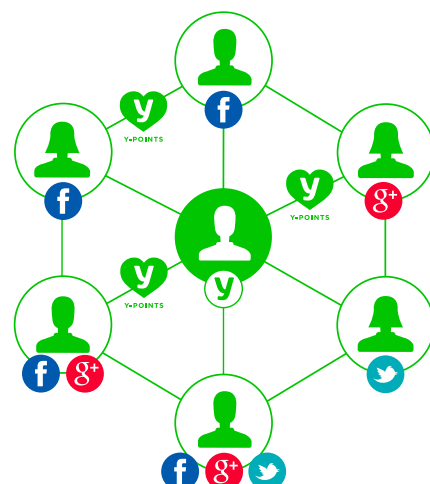


Platform & Social integration



Network effect

(Member Get Member)



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Yatango Mobile

Yatango Mobile is a mobile network provider that runs on the Optus 4G Network. Yatango Mobile puts members in control by supplying software that allows them to build their own mobile voice and data plan and pay for what they need on a no contract basis, saving them money by minimising the wastage of unused usage.

Customers typically run on a 30-day subscription and are given the ability to adjust their rate plan at any time. Ongoing plan recommendations are provided each month.

The Yatango Mobile software empowers people with real-time access to usage analytics and trends in a simplified approach. The transparency we offer and self-service tools to manage consumption means customers are highly engaged and more likely to recommend our service to others.

Members are rewarded for inviting friends and family onto the platform with credit (soon to transition to a universal points system). They also receive Free Calling for connecting with their facebook friends.

Yatango Shopping

Yatango Shopping is a community based ecommerce marketplace that partners with a wide range of sellers to deliver customers better pricing and choice on a wide range of lifestyle products such as electronics, cosmetics, fragrances, sunglasses and apparel. Members also have the ability to earn and redeem points on product.

Sellers are able to offer deals for stocked items and automatically provide tracking updates, which feed through to our customers in a branded way ensuring that Yatango controls the customer experience. The system automatically updates pricing on the retail front end and selects the winning vendor on price and availability when a customer places an order.

Yatango Shopping also scans competitor sites daily and contributes this information to the product pricing strategy in both an automated and manual manner. With this intelligence we are able to carefully control our position in the market to achieve a tight balance between profitability and competitiveness.

Yatango Shopping is being engineered as a social shopping experience. The application will be built out further to provide convenient crowd sourcing opportunities and promote multiple sellers for each product, given customers greater choice and better pricing. These opportunities are able to be created in two directions; sellers are able to load their hot offers into the vendor portal to generate member only deals and alternatively, customers are able to register their interest for a member only deal and build up a 'cloud of interest' around products already on offer or suggest a new product not available on the catalogue.

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Yatango Money

Yatango Money is set to be Yatango's most disruptive product yet as the company turns its attention to retail banking later this year with the launch of a Yatango debit card and line of credit. The product will be focused on revolutionising the everyday banking relationship; providing tools for customer to better spend, manage, budget and save their money.

Wrapped around this, Yatango will harness the power of its thriving community for the borrowing and lending of money via crowdsourcing in a pooled environment, that will ultimately deliver better value for both parties through the cost saving efficiencies of the technology platform.

Yatango Rewards program will be integrated to incentivise behaviour, and reward customers with points on credit purchases and achievements, such as reaching savings goals and living within one's budget.

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Appendix B - Pro-forma balance sheet

Latitude Consolidated Limited
Pro-forma Balance Sheet
31 December 2014

	Latitude Consolidated Limited (Reviewed) 31 December 2014 AU\$	Yatango Pty Ltd (unaudited) 31 December 2014 AU\$	Total	Pro Forma Full Subscription (\$6.0m) AU\$	Pro Forma Over Subscription (\$8m) AU\$
Current Assets					
Cash and Cash Equivalents	196,412	320,436	516,848	4,341,698	6,221,698
Other	-	74,670	74,670	74,670	74,670
Inventory	-	102,128	102,128	102,128	102,128
Trade and Other Receivables	11,568	1,630,011	1,641,579	1,641,579	1,641,579
Total Current Assets	207,980	2,127,245	2,335,225	6,160,075	8,040,075
Non-Current Assets					
Investments & Intangibles	250,000	2,827,560	3,077,560	2,827,560	2,827,560
Plant & equipment	-	2,451,534	2,451,534	2,451,534	2,451,534
Total Non-Current Assets	250,000	5,279,095	5,529,095	5,279,095	5,279,095
TOTAL ASSETS	457,980	7,406,340	7,864,320	11,439,170	13,319,170
Current Liabilities					
Trade and Other Payables	134,548	2,820,613	2,955,161	2,875,161	2,875,161
Other payables	-	180,931	180,931	180,931	180,931
Tax liabilities	-	(4,489)	(4,489)	(4,489)	(4,489)
Borrowings	-	1,195,074	1,195,074	204,691	204,691
Total Current Liabilities	134,548	4,192,129	4,326,677	3,256,294	3,256,294
Non-Current Liabilities	-	-	-	-	-
Total Non-Current Liabilities	-	-	-	-	-
TOTAL LIABILITIES	134,548	4,192,129	4,326,677	3,256,294	3,256,294
NET ASSETS	323,432	3,214,211	3,537,643	8,182,876	10,062,876
Equity					
Issued Capital	29,252,903	8,671,989	37,924,892	16,288,373	18,168,373
Options Reserve	25,802	-	25,802	1,622,222	1,622,222
Accumulated Losses	(28,955,273)	(5,457,778)	(34,413,051)	(9,727,719)	(9,727,719)
TOTAL EQUITY	323,432	3,214,211	3,537,643	8,182,876	10,062,876

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