



**Interim Financial Report to Shareholders
for the Half Year Ended 31 December
2016**

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**DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

The Directors of Latitude Consolidated Limited wish to present the following report for the half-year ended 31 December 2016.

The Interim final report covers Latitude Consolidated Limited ("LCD" or the "Company") as a Group consisting of Latitude Consolidated Limited and its subsidiaries, collectively referred to as the "Group". The financial report is presented in Australian currency.

DIRECTORS

The names of Directors in office at any time during or since the end of the period were as follows:

Name	Period of Directorship
Mr Timothy J Moore Non-Executive Chairman	Appointed 23 April 2004
Mr Morgan Barron Non-Executive Director	Appointed 6 November 2012
Mr Roger Steinepreis Non-Executive Director	Appointed 6 November 2012

REVIEW OF OPERATIONS AND RESULTS

Net loss after income tax of the Group for the six months ended 31 December 2016 was \$408,322 (2015: \$358,273 loss).

Operating costs of the Group consisted mainly of consulting fees, exploration and project due diligence costs and administration costs generally related to an ASX listed company.

EXPLORATION ACTIVITIES

Acquisition of MGK Resources Pty Ltd

On 1 September 2016, Latitude Consolidated Limited completed the acquisition of 100% of the issued capital of MGK Resources Pty Ltd which held the Mt Ida South and Quinns Gold Project tenements.

Mt Ida South Project Acquisition

As announced on 8 September 2016, the Group has signed a binding term sheet with a private consortium for the acquisition of an 80 percent interest in the Mt Ida South gold projects, which comprises a portfolio of eight tenements immediately adjoining the Group's existing tenement package. The acquisition was completed on 30 November 2016 (refer to Note 5 of the interim financial report).

MAIDEN (RC) DRILL CAMPAIGN - MT IDA SOUTH AND QUINNS PROJECT

The Company commenced its maiden drill program with Strike Drilling at the highly prospective Quinns and Mt Ida South Gold projects on the 30th of September 2016 (see Figure 1). The drilling program was aimed at testing strike extensions and repetitions of known mineralisation on several prospects within the Mt Ida and Quinn Hills project areas. The reverse circulation (RC) drilling program was completed on the 10th Of October 2016 and comprised 26 holes for 2,524 metres.

Drilling was focused across a number of prospects and included the Matisse, Quinn Hills and Tim's Find prospects. Regional drill testing was also completed at the Quinn Hills South prospect.

DIRECTORS' REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

Significant intersections were returned at all prospects, which has allowed the Company to narrow its focus on several key areas. Of particular interest is the confirmation of a zone of significant shallow oxide mineralisation at Tim's Find, which has now been confirmed over a strike length of more than 800m with the mineralisation remaining open to the north and south.

In light of the excellent potential to extend the Indicated Mineral Resource at Tim's Find (see Figure 3), and with the acquisition of the Mt Ida South JV tenements, Latitude considers Tim's Find a high priority, and further drilling is required to test the strike extensions 1km north and south of the current resource.

Drilling at Quinn Hills confirmed the high grade nature of the existing Indicated Mineral Resource, with a best intersection of 6m @ 9.53g/t Au from 46m (including 2m @ 26g/t Au, comprising 1m @ 37.3g/t Au and 1m @ 14.7g/t Au) returned from the drilling.

Results from the two RC holes drilled to test an old RAB anomaly at Quinn Hills South, which is situated approximately 1.5km south of Quinn Hills, were also particularly encouraging as they demonstrate that the system has significant extensional potential. Best results from this area included 5m @ 1.29g/t Au (including 1m @ 3.45g/t Au).

A detailed summary of the drill results is outlined in ASX Announcements dated 4 November 2016, and 23 November 2016.

Tim's Find Prospect (M29/421) – RC Drilling October 2016

BACKGROUND: Sabminco NL completed over 40 RC drill holes (1,950m) into the Tim's Find prospect in October 1987 along 40m spaced sections with mineralisation being delineated over a strike length of 900m to a depth of 60m. Further drilling was completed at Tim's Find by La Mancha Resources Australia Pty Ltd in October 2007 completing two diamond drill holes 230m apart to a depth of 201m. This drilling demonstrated that the mineralisation continues at depth where drilled and intersected 2m @ 4.27g/t Au from 105 to 107m (IDDD006). Hole IDDD007 intersected 1m @ 1.2g/t from 102-103m.

Significant results returned from the completed program include:

- 6m @ 3.37g/t Au from 32m including 2m @ 6.03g/t Au (16LCRC025)
 - Composite - 8m @ 3.08g/t Au
- 5m @ 12.10g/t Au from 12m including 2m @ 27.55g/t Au (16LCRC026)
 - Composite - 8m @ 10.45g/t Au
- 1m @ 3.03g/t Au from 88m (16LCRC019)
 - Composite - 2m @ 1.41g/t Au
- 1m @ 2.70g/t Au from 43m (16LCRC021); and
- 5m @ 1.47g/t Au from 65m including 1m @ 3.49g/t Au from 65m (16LCRC022)

A total of 9 holes for 740m were completed at the Tim's Find prospect (see Figure 2). Drilling at Tim's Find was aimed at testing beneath existing drill holes within the deeper portions of the Inferred Mineral Resource along the 850m strike of the mineralisation on nominal 100m spaced sections.

Drilling intersected mineralisation (>1 g/t Au) in the majority of the drill holes. A number of composite (4m) samples returned mineralised results which were then re-submitted for assay in 1m samples.

This is the case for drill holes 16LCRC019 (8m @ 0.80g/t Au), 16LCRC025 (8m @ 3.08g/t Au) and 16LCRC026 (8m @ 10.45g/t Au). Drill-hole 16LCRC019 has also intersected mineralisation at the end-of-hole (EOH) of 2m @ 1.41g/t Au (composite sample).

**DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

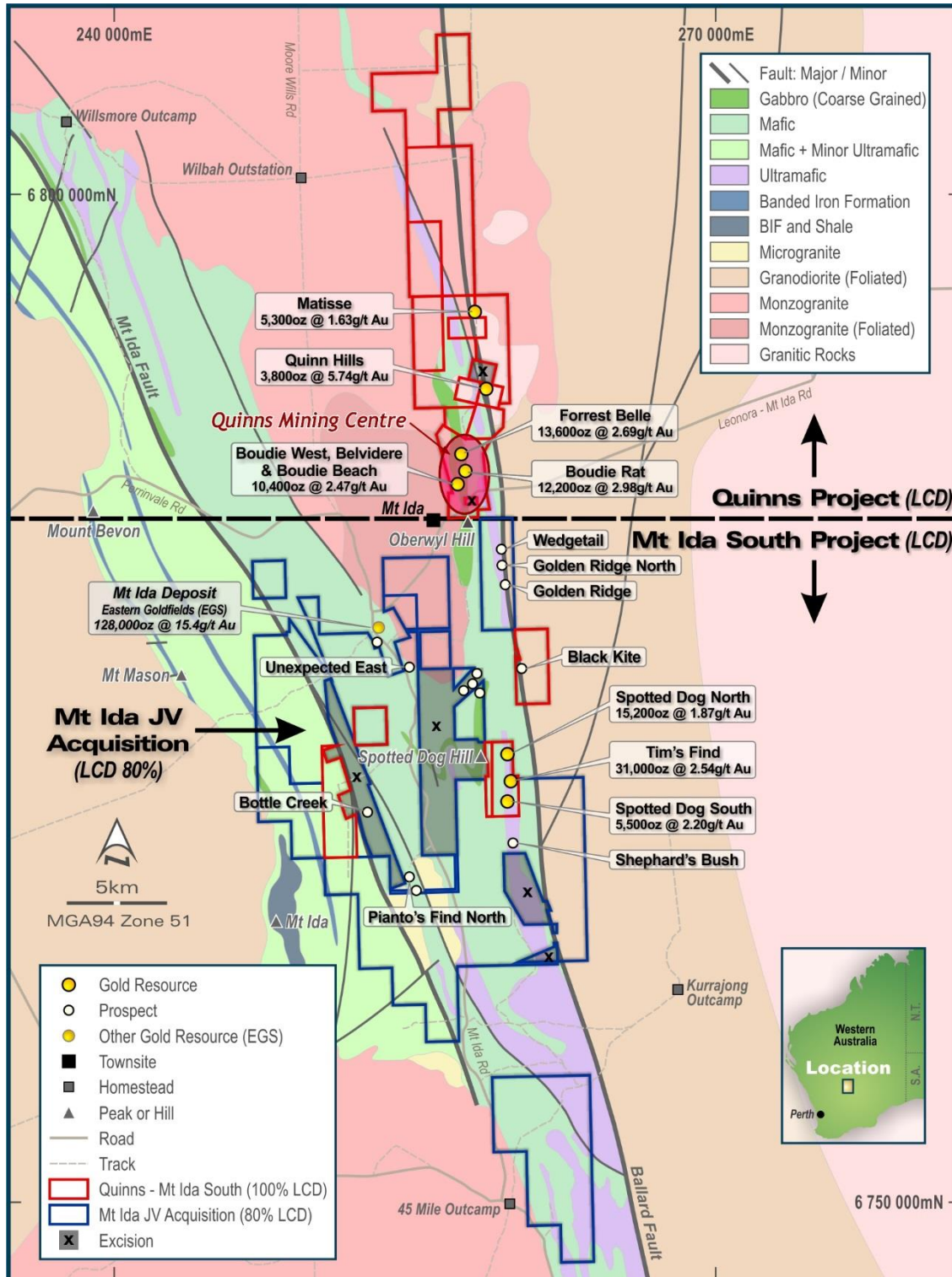


Figure 1 - Mt Ida South and Quinns Tenement Package and Geology

DIRECTORS' REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

The southernmost drill-hole 16LCRC026 was drilled 20m south of the Indicated Mineral Resource boundary and has intersected shallow strong mineralisation (as indicated above). Narrow intervals have been returned from drill holes 16LCRC016 (1m @ 1.24g/t Au) and 16LCRC021 (2m @ 1.51 g/t Au). Drill-hole 16LCRC022 (in the central portion of the Indicated Mineral Resource) has returned a wide intercept of 5m @ 1.47 g/t Au (including 1m @ 3.49 g/t Au) near the base of the Indicated Mineral Resource boundary.

Overall, the recent drilling completed at Tim's Find (which is the first drilling campaign since 2007 and prior to that 1987) has confirmed the mineralisation over a large strike length (+800m) and has highlighted the potential for the mineralisation to continue to south (16LCRC026), which lies outside the current Indicated Mineral Resource.

Drilling on selected sections, which are still at a minimum of 40m spacing, has highlighted the fact that further drilling is required to refine the Mineral Resource model and better understand the controls on mineralisation.

Mineralisation at Tim's Find prospect is confined to a talc-chlorite schist (ex-ultramafic) within a meta-basalt. This talc chlorite schist is generally silicified with pyrite and biotite alteration.

Quinn Hills Prospects (M29/36 & M29/37) – RC Drilling October 2016

Significant results returned from the recently completed program include:

- 6 metres @ 9.53g/t Au from 46m, including 2m @ 26g/t Au (16LCRC012);
- 1m @ 4.28g/t Au from 98m (16LCRC014); and
- 4m @ 2.35g/t Au from 52m, including 1m @ 6.17g/t Au (16LCRC015)

A total of 9 holes for 1,020m were completed at the Quinn Hills prospects, namely Quinn Hills South, Quinn Hills and Quinn Hills West (see Figure 4).

The mineralisation at Quinn Hills is confined to quartz veining in an extensive shear zone within a basaltic unit. Drilling along the main line of workings at Quinn Hills was designed to further test the continuity of mineralisation beneath some existing shallow holes, and to test between broad 40m spaced sections (single drill hole) along with testing for the possible southern continuation of mineralisation. Drilling at Quinn Hills has confirmed the continuation of mineralisation in the central and northern portion near the base of the Indicated Mineral Resource boundary with drill holes 16LCRC014 and 015 (46m apart) returning 2m @ 2.35g/t Au (including 1m @ 4.28g/t Au and 4m @ 2.35g/t Au (including 1m @ 6.17g/t Au) respectively.

An in-fill sectional (20m spacing) hole was also completed within the central zone which returned 6m @ 9.53g/t Au from 46m (including 2m @ 26.0g/t Au from 48m), confirming the high grade nature of this area with a previously drilled hole (WQRC004) returning 5m @ 9.46g/t Au from 40m approximately 28m to the south.

Drilling at the Quinn Hills West area (200m to the southwest of Quinn Hills historical workings) was completed as reconnaissance style drilling with only two broad spaced (65m apart) holes completed in an attempt to validate multiple anomalous and mineralised zones intersected in previous drilling (Newcrest, 1998).

This drilling has confirmed multiple zones which could represent a series of moderately west-dipping mineralised structures which may contain higher grade shoots. Further drilling is required at Quinn Hills West to scope out the extent and potential of this prospect. Previous drill intercepts at this prospect include 1m @ 4.60g/t Au from 49m, 3m @ 7.0g/t Au from 89m, 1m @ 2.1g/t Au from 19m, 1m @ 4.0g/t Au from 79m, 1m @ 3.3g/t Au from 98m and 1m @ 2.1g/t Au from 102m.

**DIRECTORS' REPORT
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The target area at Quinn Hills South is located 1,500m south of the Quinn Hills historical workings. This target was identified from previous RAB drilling (following up a surface geochemical anomaly). The recently completed RC drilling (16LCRC009) returned a down-plunge (45m) intersection of 5m @ 1.29g/t Au, including 1m @ 3.45g/t Au from 39m within a sheared basalt with disseminated pyrite and quartz veining.

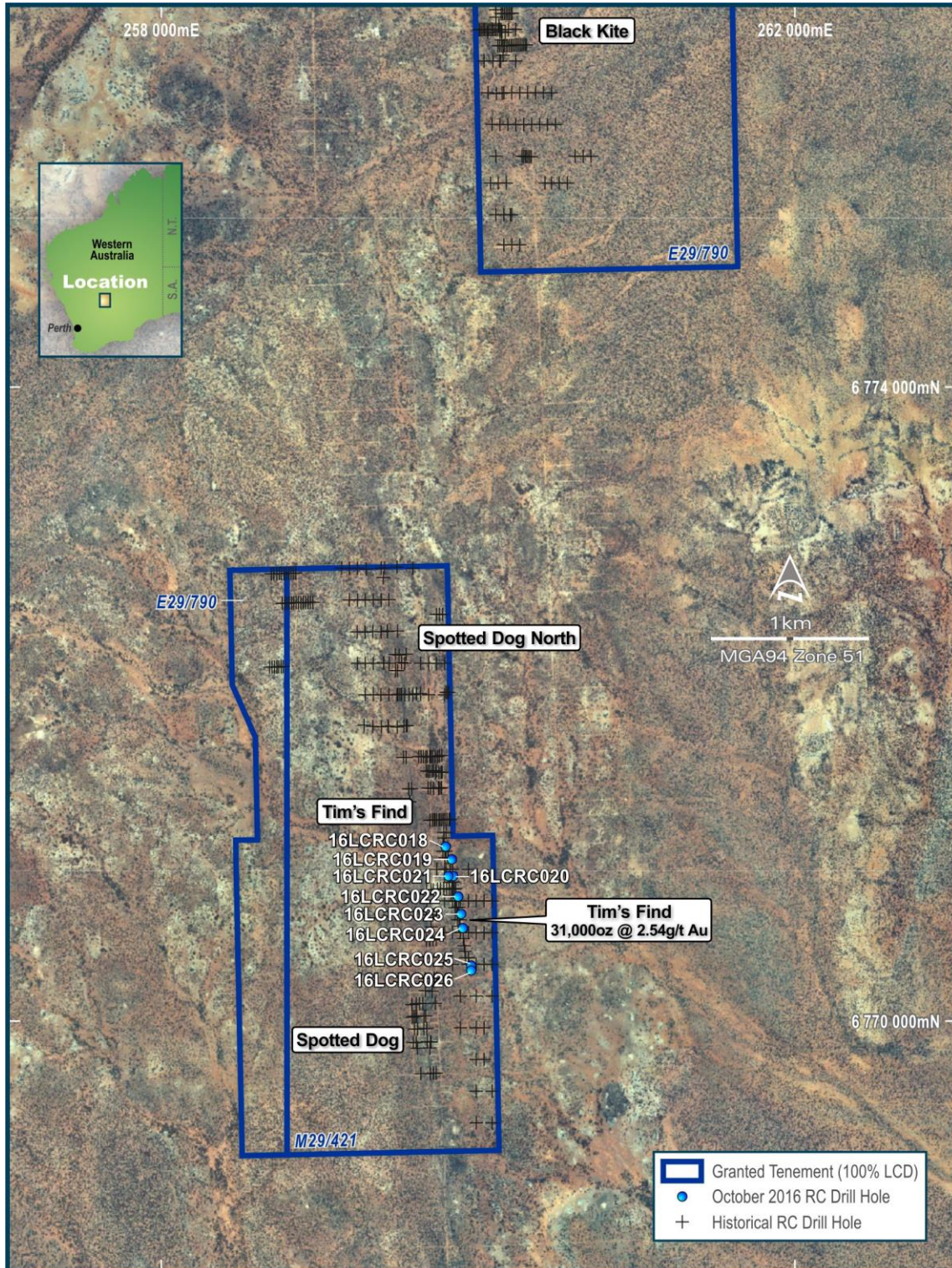


Figure 2: Drill Hole Location for Tim's Find RC Drilling and showing historical drilling.

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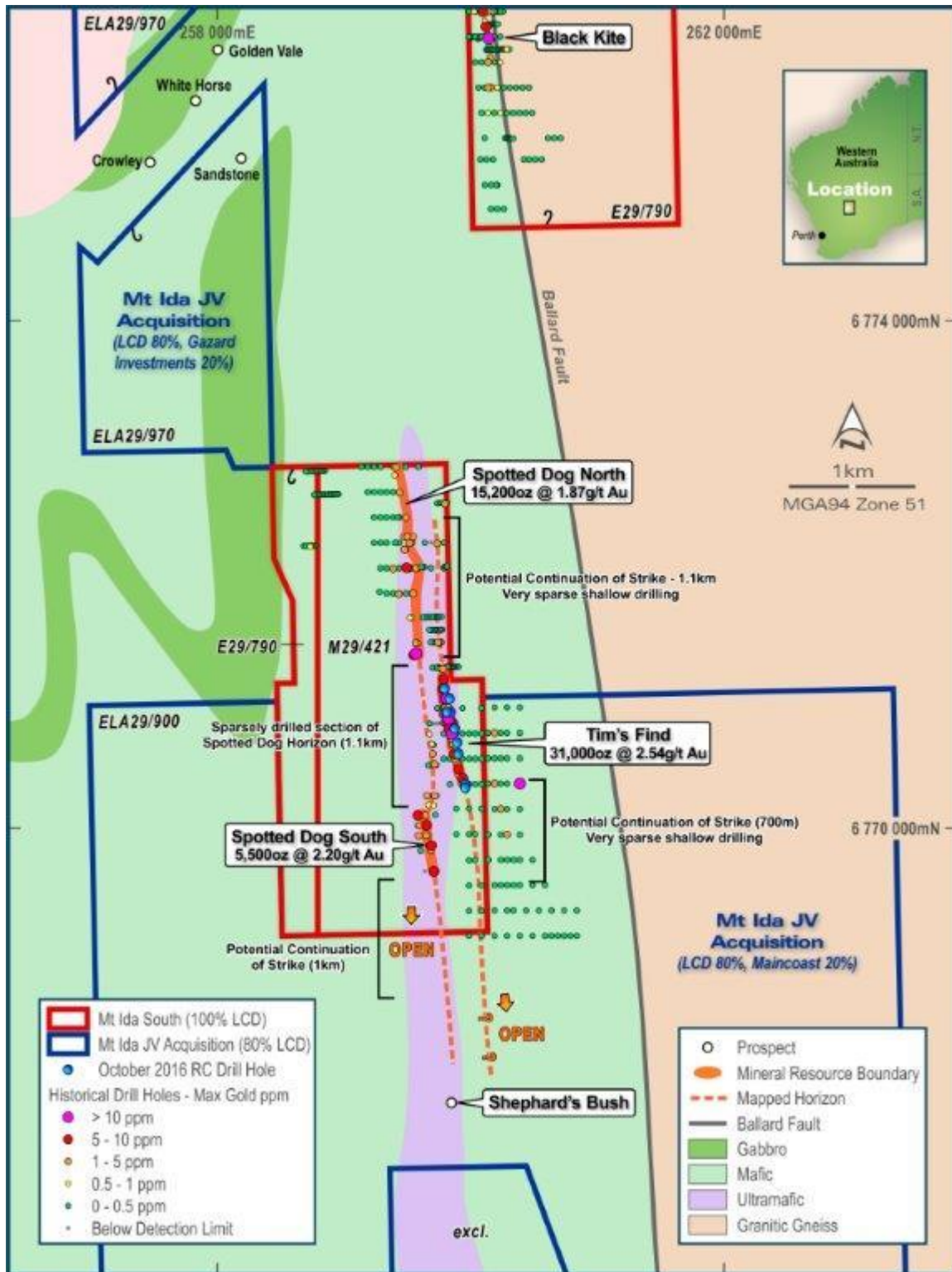


Figure 3: Regional Potential of Tim's Find / Spotted Dog Prospects.

**DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

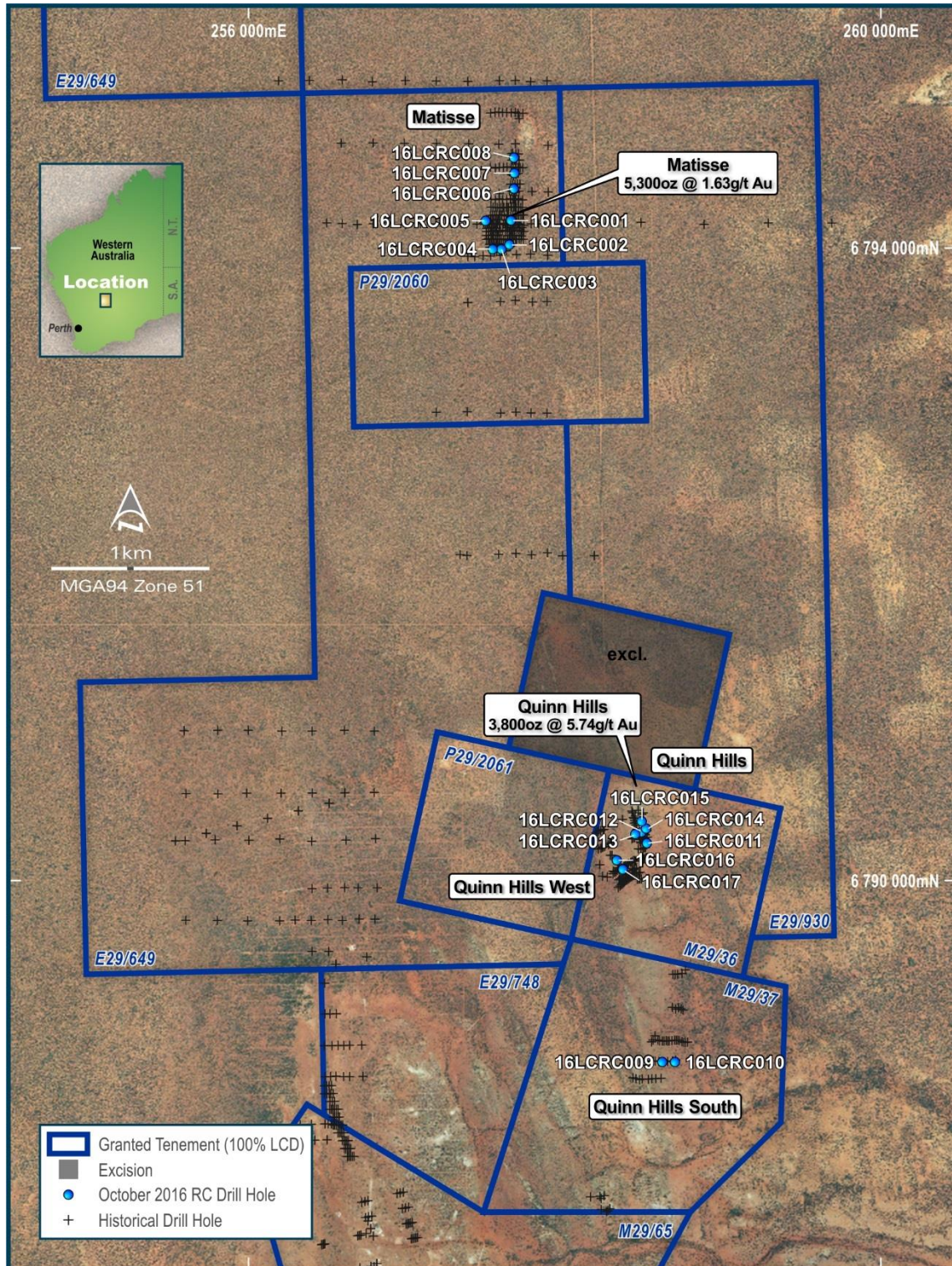


Figure 4: Drill-hole collar Locations at Matisse and Quinn Hills Prospects

QUINNS MINING CENTRE (QMC) TARGETING WORK

Considerable progress was made during the half year on follow up desk top work at the Historical Boudie Rat and Forrest Belle pits. Considerable Resource remains at the base and around these existing pits and the Company has undertaken these desktop studies to further understanding what is controlling the mineralisation is key before any follow up drilling is undertaken.

DIRECTORS' REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

3D modelling and structural interpretation of the known data commenced with the aim of better understanding the predictability of the plunging shoot systems at both Boudie Rat and Forrest Belle.

There has been limited drilling between the pits and mineralisation is open at depth below the Boudie Rat pit. Significant historical intercepts below the Boudie Rat pit include:

- 9m @ 9.67g/t Au from 71m
- 8m @ 7.36g/t Au from 113m
- 3m @ 12.3g/t Au from 64m

STRATEGIC GROUND ACQUISITION CONTINUED

During the half-year the Company completed the acquisition of the Mt Ida JV, which was subject to shareholder approval at the 2016 Annual General Meeting. This increase the Company's land holding from 98 square kilometres to 312 square kilometres

Further, Latitude continued to expand its land holding in the area during the half-year with the lodging of applications for four more exploration licences.

Two of the licence applications cover the northern most tip of the easterly limb of the Mt Ida Greenstone belt, adding another 15km of continuous strike to the land holding. The other two exploration licences for which Latitude has applied are in the heart of the Mt Ida South project area and border the historic Bottle Creek gold mine. All applications were made over vacant crown land (see Figure 1).

Latitude was also advised that the WA Department of Mines and Petroleum (DMP) that it had granted a five-year extension for exploration licence E29/790. This is a significant win for the Company because it contains the highly prospective Black Kite prospect.

UPCOMING EXPLORATION PROGRAMME

The company is planning a comprehensive (up to 10,000m) follow up drill program which is due to commence towards the end of March 2017. In preparation for the drill program, the company lodged Program of Works (POW) applications for two of its most prospective prospects at its Quinn's and Mt Ida South project areas during February (see figure 1). The POW applications for exploration were lodged with the Department of Mines and Petroleum with tenders out to several drilling contractors to undertake the Reverse Circulation (RC) and Aircore (AC) drilling programmes.

Phase 1 drilling will comprise up to 5,000m of both RC and AC drilling. At Tims Find, it will target the newly discovered high-grade strike extensions (for a further 450m) and complete drilling to 60m vertical depth on existing 40m/80m spaced sections. This will hopefully help identify high-grade positions. At the Quinns Mining Centre (QMC), 3D modelling of the mineralization and Geology at both Boudie Rat and Forrest Belle deposits has begun which will assist with structural interpretation and drill planning. Drilling at QMC will be based on the outcome of these studies and there has been an allocation in the budget made to incorporate these holes.

The success of the October 2016 drill program at the high grade Quinn Hills project also warrants follow up work. There is sufficient room in the existing POW to accommodate the planned holes. Drilling at Quinn Hills will look at infilling the drilling in the central portion of the ore body as well as stepping out to the north outside the current resource.

It is envisaged that a POW will be lodged for the Shephards Bush prospect in the coming weeks. At Shephards Bush, historical drilling identified a broad zone of mineralization located at the intersection of the spotted Dog BIF horizon and a major regional NE trending structure. Shephards Bush is located approximately 1800m south of the Spotted Dog Resource with best historical intersections of 21m @ 1.38g/t Au from 28m and 34m @ 1.05 g/t Au from 54m. A comprehensive AC program is planned (up to 2,500m).

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LYNDON BASE METALS PROJECT

On 22 July 2016, the Group announced that it had received notice from Shine Resources Pty Ltd (Shine) that Shine elects to not contribute further to Lyndon project expenditure and withdraws from the joint venture agreement and is arranging for the transfer of its interest in the Lyndon project to the Group. The Group sold its interest in the Lyndon Gold Project on 18 November 2016 for \$20,000 cash.

CORPORATE EVENTS

Convertible Notes

On 18 July 2016, 250,000 convertible notes were fully converted through the issue of 7,448,224 ordinary shares (refer to Notes 5 and 7 of the Interim Financial Report).

Placement to Sophisticated Investors

On 18 July 2016, the Company issued 4,751,375 fully paid ordinary shares to raise \$190,055. An additional 10,791,350 fully paid ordinary shares (Tranche 2) were issued on 26 August 2016 to raise a further \$431,654 (refer to Note 5 of the Interim Financial Report).

Acquisition of MGK Resources Pty Ltd

On 29 July 2016, the Company issued 10,000,000 fully paid ordinary shares at \$0.055 per share; 1,250,000 unlisted options with an exercise price of \$0.10 each and expiring on 31 August 2019; 2,000,000 Class A Performance Shares and 2,000,000 Class B Performance Shares as part of the consideration for the acquisition of MGK Resources Pty Ltd (refer to Notes 5 and 12 of the Interim Financial Report). The terms of the performance shares are as follows:

- a. Class A Performance Shares – converting 1:1 into fully paid ordinary shares upon the delineation of an additional 100,000 ounce JORC resource on the Project tenements by the Company at a minimum grade cut-off of 1.0 g/t Au, by 31 August 2018; and
- b. Class B Performance Shares – converting 1:1 into fully paid ordinary shares upon the Company completing its first commercial 'gold pour' from mining production at the tenements by 31 August 2019.

Non-Renounceable Entitlements Issue

On 26 August 2016, the Company allotted 17,550,618 fully paid ordinary shares to a Non-Renounceable Entitlements issue based on a 2 for every 5 shares held by shareholders registered as at 8 August 2016 at an issue price of \$0.04 per share. On 31 August 2016, 10,053,266 fully paid ordinary shares at an issue price of \$0.04 per share was issued to the subscribers. The shortfall of 7,497,352 shares was issued on 29 September 2016 (refer to Note 5 of the Interim Financial Report).

Equity Instruments Issued to Settle Portion of Liability to Directors

On 26 August 2016, the Company issued 1,558,975 fully paid ordinary shares at an issue price of \$0.04 per share as settlement of a portion of unpaid Directors fees totalling \$62,359 (refer to Notes 5 and 6 of the Interim Financial Report).

Acquisition of Mt Ida South Project Tenements

On 5 December 2016, the Company issued 2,000,000 fully paid ordinary shares at an issue price of \$0.04 and the following unlisted options as part of the consideration for the purchase of Mt Ida South Project (refer to Notes 5 and 6 of the Interim Financial Report):

- a. 2,000,000 unlisted options, exercisable at \$0.08 each on or before 30 November 2018;
- b. 2,000,000 unlisted options, exercisable at \$0.15 each on or before 30 November 2019; and
- c. 2,000,000 unlisted options, exercisable at \$0.25 each on or before 30 November 2020.

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Options Issued – Employees' Stock Option Plan

On 25 November 2016, the Company issued the following unlisted options as part of its Employee Stock Option Plan (refer to Note 5 of the Interim Financial Report):

- a. 1,250,000 unlisted options, exercisable at \$0.08 each on or before 24 November 2019, vesting upon delineation of an additional 100,000 ounce JORC resource by the Company at a minimum grade cut-off of 1.0 g/t Au, or change of control event;
- b. 1,200,000 unlisted options, exercisable at \$0.15 each on or before 24 November 2020, vesting upon successful completion of a pre-feasibility study, or change of control event;
- c. 750,000 unlisted options, exercisable at \$0.25 each on or before 24 November 2021, vesting upon the Company completing its first commercial "gold pour" from mining production, or change of control event; and
- d. 988,000 unlisted options, exercisable at \$0.08 each and on or before 24 November 2019. There are no vesting conditions for this portion of the granted options under the ESOP.

Contractor Options

On 5 December 2016, the Company issued 250,000 unlisted options to a contractor under a signed services agreement, exercisable at \$0.08 each on or before 30 November 2019 (refer to Note 5 of the Interim Financial Report).

Expiry of Options

On 31 December 2016, 284,857 unlisted options with exercise price of \$0.20 each expired.

Performance Rights Issued to Directors

On 12 December 2016, pursuant to shareholder approval at the Annual General Meeting, the Company issued 1,666,666 Class A Performance Rights and 3,333,334 Class B Performance Rights as part of incentives to the Company's Directors (refer to Note 5 of the Interim Financial Report). The terms of the performance rights are as follows:

- a. Class A Performance Rights – converting 1:1 into fully paid ordinary shares upon the delineation of an additional 100,000 ounce JORC resource on the by the Company at a minimum grade cut-off of 1.0 g/t Au, expiring on 12 December 2019; and
- b. Class B Performance Rights – converting 1:1 into fully paid ordinary shares upon the Company completing its first commercial 'gold pour' from mining production at the tenements expiring on 12 December 2021.

EVENTS AFTER THEIR REPORTING DATE

On 23 January 2017, the Board of Directors approved a Share Purchase Plan (the SPP) to enable eligible shareholders to apply for new, fully-paid ordinary shares in the Company. The funds raised under the SPP will be used to advance exploration activities at the Group's Mt Ida South and Quinn Hills Gold Project in the highly prospective Mt Ida greenstone belt of WA and for general working capital requirements.

The SPP was underwritten up to the value of \$850,000. In addition, the Company has agreed to grant the underwriter the right to facilitate an offer of shares to be issued at the same price as those under the SPP (Top Up Placement).

On 28 February 2017, the Company announced that applications for \$517,500 were made by existing shareholders under the SPP and 19,166,707 shares were allotted on that day, at a price of \$0.027 per share.

Further, on 3 March 2017 the Company announced that as per terms announced in the SPP document, the shortfall of the offer of \$332,500 and a further top up placement of \$375,866.60 were raised and issued 26,235,800 shares at a price of \$0.027.

No other matter or circumstance has arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

**DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The Auditor's Independence Declaration is set out on page 6 and forms part of the Directors' Report for the half year ended 31 December 2016.

Signed in accordance with a resolution of the Directors.



Timothy Moore
Non-Executive Chairman
15 March 2017

Competent Person Statement

The information in this document that relates to Mineral Resources is based on, and fairly represents, information and supporting documentation compiled by or under the supervision of Mr Michael Edwards, a Competent Person who is a member of the Australian Institute of Geoscientists a "Recognized Professional Organization" (RPO) included in a list that is posted on the ASX website from time to time. Mr Edwards has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 and 2012 editions of the Australian Code for Reporting Exploration Results Mineral Resources and Ore Reserves. Latitude Consolidated confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, all material assumptions and technical parameters underpinning the estimates in the initial announcement continue to apply and have not materially changed. Latitude Consolidated confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this document that relates to exploration results is based upon information compiled by Mr Alan Downie, a Consultant to Latitude Consolidated Limited. Mr Downie is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Downie consents to the inclusion in the report of the matters based upon the information in the form and context in which it appears.

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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 review of Latitude Consolidated Limited for the half-year ended 31 December 2016, 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 review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M A Petricevic
Partner - Audit & Assurance

Perth, 15 March 2017

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**DIRECTORS' DECLARATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

In the Directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 *'Interim Financial Reporting'*, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5) of the Corporations Act 2001.

Signed in accordance with a resolution of the Board of Directors.



Timothy Moore
Non-Executive Chairman

15 March 2017

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

	Consolidated	
	31-Dec-16	31-Dec-15
	\$	\$
Other income	20,003	32,555
Directors' benefit expense	(47,636)	(46,031)
Consulting and professional fees	(186,097)	(68,785)
Employee benefits expense	(20,250)	-
Share based payments	(67,355)	-
Travel expenses	(19,780)	(1,505)
Corporate costs	(59,743)	(38,948)
Finance costs	(1,164)	(4,506)
Other expenses	(26,300)	(1,255)
Doubtful debt expense	-	(229,798)
Total Expenses – continuing operations	(428,325)	(390,828)
Loss from continuing operations	(408,322)	(358,273)
Income tax expense	-	-
Loss after income tax for the half year – continuing operations	(408,322)	(358,273)
Loss from discontinued operations	-	-
	11	-
Loss after income tax for the half year	(408,322)	(358,273)
Other comprehensive income for the half-year:		
Other comprehensive income for the half year, net of income tax	-	-
Total comprehensive loss for the half year attributed to members of Latitude Consolidated Limited	(408,322)	(358,273)
Loss per share for the half year attributable to the members of Latitude Consolidated Limited*		
Basic and Diluted Loss per share – cents per share	(0.59)	(1.13)
Basic and Diluted Loss per share – cents per share – continuing operations	(0.59)	(1.13)
Basic and Diluted Loss per share – cents per share – discontinued operations	-	-

*The previous corresponding period amounts have been restated to account for the 1-for-6.67 consolidation that occurred during the previous period.

The above consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

		Consolidated	
	Note	31 December 2016 \$	30 June 2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents		566,632	260,831
Trade and other receivables		-	7,396
Total Current Assets		566,632	268,227
Non-Current Assets			
Exploration and evaluation expenditure	4	1,658,201	-
Property and equipment		4,650	-
Total Non-Current Assets		1,662,851	-
TOTAL ASSETS		2,229,483	268,227
LIABILITIES			
Current Liabilities			
Trade and other payables	6	317,444	275,041
Financial liabilities	7	-	266,971
Total Current Liabilities		317,444	542,012
TOTAL LIABILITIES		317,444	542,012
NET ASSETS/(DEFICIENCY)		1,912,039	(273,785)
EQUITY			
Issued capital	5	32,310,440	30,046,121
Reserves	5	329,827	23,164
Accumulated losses		(30,728,228)	(30,343,070)
TOTAL EQUITY		1,912,039	(273,785)

The above consolidated statement of financial position is to be read in conjunction with the attached notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

	Note	Share Capital \$	Share Based Payment Reserve \$	Accumulated Losses \$	Total Equity \$
Consolidated 31 December 2015					
Total Equity at 1 July 2015		30,046,121	23,164	(29,780,465)	288,820
Total Comprehensive Loss for the Half Year					
Loss for the half year		-	-	(358,273)	(358,273)
Total other comprehensive income		-	-	-	-
Total Comprehensive Loss for the Half Year		-	-	(358,273)	(358,273)
Total Equity at 31 December 2015	5	30,046,121	23,164	(30,138,738)	(69,453)
Consolidated 31 December 2016					
Total Equity at 1 July 2016		30,046,121	23,164	(30,343,070)	(273,785)
Total Comprehensive Loss for the Half Year					
Loss for the half year		-	-	(408,322)	(408,322)
Total other comprehensive income		-	-	-	-
Total Comprehensive Loss for the Half Year		-	-	(408,322)	(408,322)
Transactions with Equity Holders					
Capital raising		1,386,093	-	-	1,386,093
Transaction costs		(21,910)	-	-	(21,910)
Conversion of notes payable		268,136	-	-	268,136
Shares issued as consideration for acquisitions		632,000	262,472	-	894,472
Share based payments		-	67,355	-	67,355
Expiry of options		-	(23,164)	23,164	-
Total Equity at 31 December 2016	5	32,310,440	329,827	(30,728,228)	1,912,039

The above consolidated statement of changes in equity is to be read in conjunction with the attached notes.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	1,821	2,311
Payments to suppliers and employees	(252,297)	(97,075)
Payments relating to project analysis and due diligence - Yatango	-	(197,706)
Net cash (used) in discontinued operations	-	(15,570)
Net cash used in operating activities	(250,476)	(308,040)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration expenditure	(763,729)	-
Proceeds from sale of mining tenements	18,182	-
Net cash used in investing activities	(745,547)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares (net of costs)	1,301,824	-
Proceeds from issue of Convertible Notes	-	250,000
Payments received from loan holder	-	32,534
Net cash provided by financing activities	1,301,824	282,534
Net increase / (decrease) in cash and cash equivalents	305,801	(25,506)
Cash and cash equivalents at the beginning of the half year	260,831	359,634
Cash and cash equivalents at the end of the half year	566,632	334,128

The above consolidated statement of cash flows is to be read in conjunction with the attached notes.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

NOTE 1: GENERAL INFORMATION

Latitude Consolidated Limited (formerly Integrated Resources Group Limited) is a public company listed on the Australian Stock Exchange (trading under the symbol 'LCD'), incorporated and operating in Australia. Latitude Consolidated Limited's registered office and its principal place of business are as follows:

Registered Office & Principal Place of Business

Ground Floor, 16 Ord Street
West Perth WA 6005

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year consolidated financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 'Interim Financial Reporting'. The half-year consolidated financial report does not include full disclosure notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial reports and any public announcements made by Latitude Consolidated Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The half-year consolidated financial report has been prepared on the basis of historical cost. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-yearly consolidated financial report are consistent with those adopted and disclosed in the Group's 2016 consolidated financial report for the financial year ended 30 June 2016. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations and issued during the interim period, therefore no accounting policies have changed in the current interim period. Any new, revised or amended accounting standards or interpretations that are not mandatory have not been early adopted by the Group.

Going Concern

For the year ended 31 December 2016, the Group incurred a net loss of \$408,322 (2015: \$358,273) and had net operating cash outflows of \$250,476 (2015: \$308,040). The Directors consider the basis of going concern to be appropriate for the following reasons:

- the Group will be closely managing expenditure, including reduction in staff and office costs;
- the underlying prospects for the Group to raise funds from the capital markets;
- the fact that future exploration and evaluation expenditure is generally discretionary in nature (ie. at the discretion of the Directors having regard to an assessment of the progress of works undertaken to date and the prospects for the same) and may be slowed or suspended as part of the Group's working capital and other forecasted commitments;
- the Group announced a Share Purchase Plan on 23 January 2017 which is underwritten up to the value of \$850,000. As announced on 28 February 2017 the Company received applications for \$517,500 under the SPP. In addition to the underwritten SPP, the Company in consultation with the underwriter elected to undertake a placement of additional shares at the same price as the offer shares under the SPP. This was done under the Company's capacity and raised a further \$708,367 announced 3 March 2017.

**NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (continued)

Going Concern (continued)

The Directors are confident that the Group can continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis. Should the Group be unable to undertake the initiatives disclosed above, there is uncertainty which may cast doubt whether 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 or classification of recorded asset amounts nor to the amounts or classification of liabilities that may be necessary should the company and consolidated entity not be able to continue as a going concern.

Basis of consolidation

Subsidiaries

The consolidated financial statements comprise the assets and liabilities of Latitude Consolidated Limited and its subsidiaries at 31 December 2016 and the results of all subsidiaries for the period then ended. A subsidiary is any entity controlled by Latitude Consolidated Limited.

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

The financial statements of subsidiaries are prepared from the same reporting period as the Parent Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All inter-company balances and transactions, including unrealised profits arising from intra-entity transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Investments in subsidiaries are accounted for at cost in the individual financial statements of Latitude Consolidated Limited.

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. 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.

**NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2016. The only exception is the estimate of the provision for income taxes which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

Share-based payment transactions

The Group measures the cost of equity-settled transaction with employee's y reference to the fair value of the equity instrument at the date oat which they are granted. The fair value is determined with assistance of an external valuer or using management's best estimate. The Group measures the cost of cash settled share-based payments at fair value at the grant date using managements best estimate (performance rights) or the Black-Scholes formula (for options), taking into account the terms and conditions upon which the instruments were granted.

The number of performance rights and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instrument granted is based on the numbers of equity instruments that eventually vest.

During the period, the Group issued a number of performance rights and performance shares which vest subject to achievement of a number of milestones. Refer to Note 5 for further detail. The Group has recognised the share based payment expense by assessing the likelihood of meeting these milestones and applying a probability at measurement date.

New and amended standards adopted by the Group

No new or amended standards became applicable for the current reporting period that impacts the Group. As a result the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Impact of standards issued but not yet applied by the Group

There are no standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Investments in associates and joint arrangements

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

**NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures are accounted for using the equity method. Interests in joint operations are accounted for by recognising the Group's assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly). Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Financial instruments

Recognition, Initial Measurement and Derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

**NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

NOTE 3: DIVIDENDS

No dividends have been declared or paid during the period under review (2015: nil).

NOTE 4: EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2016 \$	30 June 2016 \$
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases	1,658,201	-
	<hr/>	<hr/>
Reconciliation:		
A reconciliation of the carrying amounts of exploration and evaluation expenditure is set out below:		
Balance at beginning of the year	-	-
Costs of acquisition of interests and exploration during the period	1,658,201	-
Total Deferred Exploration and Evaluation Expenditure	<hr/> 1,658,201 <hr/>	<hr/> - <hr/>

The Directors' assessment of the carrying amount for the Group's exploration and development expenditure was after consideration of prevailing market conditions; previous expenditure for exploration work carried out on the tenements; and the potential for mineralisation based on the Group's independent geological reports. The recoverability of the carrying amount of the deferred exploration and evaluation expenditure is dependent on successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

**NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

NOTE 5: ISSUED CAPITAL

CONSOLIDATED 31 DECEMBER 2016	No.	\$
(a) Issued and Paid Up Capital		
Fully paid ordinary shares	85,776,495	32,310,440
(b) Movements in fully paid shares on issue		
Balance as at 1 July 2016	31,675,953	30,046,121
Convertible note conversion (i)	7,448,224	268,136
Placement to sophisticated investors (ii)	15,542,725	621,709
Acquisition of MGK Resources Pty Ltd (iii)	10,000,000	550,000
Non-Renounceable Entitlements issue (iv)	17,550,618	702,015
Settlement of liability to related parties (v)	1,558,975	62,359
Acquisition of tenements (vi)	2,000,000	82,000
Share issue costs	-	(21,910)
Balance as at 31 December 2016	85,776,495	32,310,440

- (i) On 18 July 2016, the convertible notes were fully converted to 7,448,224 fully paid ordinary shares at a deemed price of \$0.036 per share which represented a 10% discount to the upfront Placement price per share of \$0.04 (Note 7).
- (ii) On 18 July 2016, the Company issued 4,751,375 fully paid ordinary shares at \$0.04 per share to sophisticated investors to raise \$190,055. An additional 10,791,350 fully paid ordinary shares at \$0.04 per share to sophisticated investors (Tranche 2) were issued on 26 August 2016 to raise a further \$431,654.
- (iii) On 26 August 2016, the Company issued 10,000,000 fully paid ordinary shares at \$0.055 per share as part of the consideration for the acquisition of MGK Resources Pty Ltd (Note 12).
- (iv) On 26 August 2016 closed the offer to issue up to 17,550,618 fully paid ordinary shares to a Non-Renounceable Entitlements issue based on a 2 for every 5 shares held by shareholders registered as at 8 August 2016 at an issue price of \$0.04 per share. On 29 August 2016, 10,053,266 fully paid ordinary shares at an issue price of \$0.04 per share was issued to the subscribers. The shortfall of 7,497,352 shares was issued on 29 September 2016.
- (v) On 26 August 2016, the Company issued 1,558,975 fully paid ordinary shares at an issue price of \$0.04 per share as settlement of a portion of unpaid Directors fees totalling \$62,359 (Note 6).
- (vi) On 5 December 2016, the Company issued 2,000,000 fully paid ordinary shares at an issue price of \$0.04 per share as part of the consideration for the purchase of Mt Ida South Project Tenements (Note 5).

**NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

NOTE 5: ISSUED CAPITAL (CONTINUED)

(c) Share Based Payments Reserve	No. Options	No. Performance Rights	No. Performance Shares	\$
Balance as at 1 July 2016	248,858	-	-	23,164
Acquisition of MGK Resources Pty Ltd (i) (v)	1,250,000	-	4,000,000	45,279
Issued under the Employee Share Option Plan (ii – a,b,c)	3,200,000	-	-	9,280
Issued under the Employee Share Option Plan (ii - d)	988,000	-	-	24,852
Issued for the acquisition of tenements (iii)	6,000,000	-	-	217,192
Issued to a contractor (iv)	250,000	-	-	9,724
Issue of Performance Rights (vii)	-	5,000,000	-	23,500
Expiry of options (v)	(248,858)	-	-	(23,164)
Balance as at 31 December 2016	11,688,000	5,000,000	4,000,000	329,827

- (i) On 1 September 2016, the Company issued 1,250,000 unlisted options with an exercise price of \$0.10 each and expiring on 31 August 2019 as part of the consideration for the acquisition of MGK Resources Pty Ltd. The fair market value of the options were determined using the Black-Scholes method.

Notional value calculation assumptions

A Black & Scholes calculation of the notional value of the Options is outlined below based on the following assumptions:

- the options expire on 31 August 2019 and are exercisable at \$0.10 each;
- a share price of \$0.045. This has been based on the share price at grant date;
- a volatility factor of 172% based on historical share price information;
- an interest rate of 1.43%;
- the valuations ascribed to the Options may not necessarily represent the market price of the Options at the date of the valuation; and
- the valuation date for the Options was 1 September 2016.

- (ii) On 25 November 2016, the Company issued the following unlisted options as part of its Employee Stock Option Plan:
- 1,250,000 unlisted options, exercisable at \$0.08 each on or before 24 November 2019, vesting upon delineation of an additional 100,000 ounce JORC resource by the Company at a minimum grade cut-off of 1.0 g/t Au, or change of control event;
 - 1,200,000 unlisted options, exercisable at \$0.15 each on or before 24 November 2020, vesting upon successful completion of a pre-feasibility study, or change of control event;
 - 750,000 unlisted options, exercisable at \$0.25 each on or before 24 November 2021, vesting upon the Company completing its first commercial “gold pour” from mining production, or change of control event; and
 - 988,000 unlisted options, exercisable at \$0.08 each and on or before 24 November 2019. There are no vesting conditions for this portion of the granted options under the ESOP.

The fair value of unlisted options granted in (ii) – a,b,c is \$9,280 as there is a higher degree of uncertainty in achieving the vesting conditions attached to these options, management determined a 90% discount. The fair value of unlisted options granted in (ii) – d was determined using the Black Scholes method.

**NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

NOTE 5: ISSUED CAPITAL (CONTINUED)

Notional value calculation assumptions

A Black & Scholes calculation of the notional value of the Options is outlined below based on the following assumptions:

- a. the options expire on;
 - a. 24 November 2019 and are exercisable at \$0.08 each;
 - b. 24 November 2020 and are exercisable at \$0.15 each;
 - c. 24 November 2021 and are exercisable at \$0.25 each; and
 - d. 24 November 2019 and are exercisable at \$0.08 each;
- b. a share price of \$0.029. This has been based on the share price at grant date;
- c. a volatility factor of 172% based on historical share price information;
- d. an interest rate of:
 - a. 2.17%
 - b. 2.27%
 - c. 2.27%; and
 - d. 2.17%;
- e. the valuations ascribed to the Options may not necessarily represent the market price of the Options at the date of the valuation; and
- f. the valuation date for the Options was 26 November 2015.

(iii) On 5 December 2016, the Company issued the following unlisted options as part of the consideration for the purchase of Mt Ida South Project (Note 5):

- a. 2,000,000 unlisted options, exercisable at \$0.08 each on or before 30 November 2018;
- b. 2,000,000 unlisted options, exercisable at \$0.15 each on or before 30 November 2019; and
- c. 2,000,000 unlisted options, exercisable at \$0.25 each on or before 30 November 2020.

The fair value of the above options were determined using the Black Scholes method.

Notional value calculation assumptions

A Black & Scholes calculation of the notional value of the Options is outlined below based on the following assumptions:

- a. the options expire on:
 - a. 30 November 2018 and are exercisable at \$0.08 each;
 - b. 30 November 2019 and are exercisable at \$0.15 each; and
 - c. 30 November 2020 and are exercisable at \$0.25 each;
- b. a share price of \$0.047. This has been based on the share price at grant date;
- c. a volatility factor of 172% based on historical share price information;
- d. an interest rate of;
 - a. 1.80%;
 - b. 1.94%; and
 - c. 2.08%
- e. the valuations ascribed to the Options may not necessarily represent the market price of the Options at the date of the valuation; and
- f. the valuation date for the Options was 5 December 2016

(iv) On 5 December 2016, the Company issued 250,000 unlisted options to a contractor under a services agreement, exercisable at \$0.08 each on or before 30 November 2019.

**NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

NOTE 5: ISSUED CAPITAL (CONTINUED)

Notional value calculation assumptions

A Black & Scholes calculation of the notional value of the Options is outlined below based on the following assumptions:

- a. the options expire on 30 November 2019 and are exercisable at \$0.08 each;
 - b. a share price of \$0.047. This has been based on the share price at grant date;
 - c. a volatility factor of 172% based on historical share price information;
 - d. an interest rate of 1.94%;
 - e. the valuations ascribed to the Options may not necessarily represent the market price of the Options at the date of the valuation; and
 - f. the valuation date for the Options was 5 December 2016.
- (v) On 31 December 2016, 284,857 unlisted options with exercise price of \$0.20 each expired.
- (vi) On 26 August 2016, the Company issued 2,000,000 Class A Performance Shares and 2,000,000 Class B Performance Shares as part of the consideration for the acquisition of MGK Resources Pty Ltd. The terms of the performance shares are as follows:
- a. Class A Performance Shares – converting 1:1 into fully paid ordinary shares upon the delineation of an additional 100,000 ounce JORC resource on the Project tenements by the Company at a minimum grade cut-off of 1.0 g/t Au, by 31 August 2018; and
 - b. Class B Performance Shares – converting 1:1 into fully paid ordinary shares upon the Company completing its first commercial ‘gold pour’ from mining production at the tenements by 31 August 2019.

No milestones were met during the period and consequently no Performance Shares converted or were redeemed during the period

- (vii) On 31 August 2016, the Company issued 1,666,666 Class A Performance Rights and 3,333,334 Class B Performance Rights as part of incentives to the Company’s Directors. The terms of the performance rights are as follows:
- a. Class A Performance Rights – converting 1:1 into fully paid ordinary shares upon the delineation of an additional 100,000 ounce JORC resource on the by the Company at a minimum grade cut-off of 1.0 g/t Au, expiring on 12 December 2019; and
 - b. Class B Performance Rights – converting 1:1 into fully paid ordinary shares upon the Company completing its first commercial ‘gold pour’ from mining production at the tenements expiring on 12 December 2021.

The fair value of Performance rights granted in (vii) – a and b is \$23,500 as there is a higher degree of uncertainty in achieving the vesting conditions attached to these options, management determined a 90% discount. The fair value of unlisted options granted in (ii) – d was determined using the Black Scholes method.

During the interim period ended 31 December 2016 no options were exercised to take up ordinary shares (2015: nil).

Nature and Purpose of Reserves

- a. Share Based Payments Reserve

The share based payments reserve is used to recognise the fair value of all options, performance rights and performance shares on issue but not yet exercised or vested.

**NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

NOTE 6: TRADE AND OTHER PAYABLES

	31 December 2016	30 June 2016
	\$	\$
Trade creditors	239,963	201,965
Other payables	41,732	41,076
Accruals	35,749	32,000
Total Trade and Other Payables	317,444	275,041

NOTE 7: BORROWINGS

The Group announced on 12 October 2015 that it had issued 140,000 Convertible Notes to sophisticated investors at an issue price of \$1.00 each to raise \$140,000. The Group obtained shareholder approval at the annual general meeting to issue up to a further 110,000 convertible notes to Directors and Related Parties (which were issued 1 December 2015) to raise an additional \$110,000 in order to support the Group, making a total of \$250,000 raised from the issue of convertible notes.

On 18 July 2016, the convertible notes were fully converted to 7,448,224 ordinary shares at a deemed price of \$0.036 per share which represented a 10% discount to the upfront Placement price per share of \$0.04 (Note 5).

Convertible Notes	No.	\$
Balance as at 1 July 2015	250,000	266,971
Issue to non-related parties	140,000	140,000
Issue to related parties	110,000	110,000
Interest accrued for the year	-	16,971
Balance as at 30 June 2016	250,000	266,971
Balance as at 1 July 2016	250,000	266,971
Interest accrued for the period	-	1,165
Conversion to ordinary shares	(250,000)	(268,136)
Balance as at 31 December 2016	-	-

Terms of the convertible notes

The convertible notes are unsecured with 10% interest per annum, calculated daily. The conversion price will be the share price at which the Group places shares under a new issue following the issue of the Convertible Notes less a discount of 10%.

**NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

NOTE 8: SEGMENT REPORTING

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of the Group in order to allocate resources to the segment and to assess its performance.

There has been no change in segment reporting since 30 June 2016.

NOTE 9: CONTINGENT ASSETS AND LIABILITIES

The Directors are not aware of any other contingent assets that may arise from the Group's operations as at 31 December 2016.

As at 31 December 2016, the Company has 4,000,000 Performance Shares on issue (see Note 5), that were issued in relation to the acquisition of MGK Resources Pty Ltd. The value of which cannot be reliably determined as at balance date and is contingent on future milestones being met. The likelihood of meeting these milestones are unable to be determined at the date of this report.

NOTE 10: SIGNIFICANT AFTER BALANCE DATE EVENTS

On 23 January 2017, the Board of Directors approved a Share Purchase Plan (the SPP) to enable eligible shareholders to apply for new, fully-paid ordinary shares in the Company. The funds raised under the SPP will be used to advance exploration activities at the Group's Mt Ida South and Quinn Hills Gold Project in the highly prospective Mt Ida greenstone belt of WA and for general working capital requirements.

The SPP was underwritten up to the value of \$850,000. In addition, the Company has agreed to grant the underwriter the right to facilitate an offer of shares to be issued at the same price as those under the SPP (Top Up Placement).

On 28 February 2017, the Company announced that applications for \$517,500 were made by existing shareholders under the SPP and 19,166,707 shares were allotted on that day, at a price of \$0.027 per share.

Further, on 3 March 2017 the Company announced that as per terms announced in the SPP document, the shortfall of the offer of \$332,500 and a further top up placement of \$375,867 were raised and issued 26,235,800 shares at a price of \$0.027.

No other matter or circumstance has arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

NOTE 11: 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 in prior years' financial reports. These liabilities were settled as at 30 June 2015.

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 in prior years. There were no revenues or expenses relating to this subgroup for the half year ended 31 December 2016.

**NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

NOTE 11: 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:

	31 December 2016	31 December 2015
	\$	\$
Profit / (Loss) from discontinued operations before tax	-	-

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

	31 December 2016	30 June 2016
	\$	\$
Liabilities classified as discontinued operations	-	-

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

	31 December 2016	31 December 2015
	\$	\$
<i>Operating activities</i>		
Zambian operating cash outflows	-	(15,570)
Cash flows from discontinued operations	-	(15,570)

NOTE 12: ACQUISITION OF MGK RESOURCES PTY LTD

On 1 September 2016, Latitude Consolidated Limited acquired 100% of the voting shares of MGK Resources Pty Ltd which held the Mt Ida South and Quinns Gold Project tenements.

The total cost of the acquisition was \$824,561 and comprised the issue of equity instruments and cash. The Company issued 10,000,000 fully paid ordinary shares with a fair value of \$0.055 per share, based on the quoted price of the shares of Latitude Consolidated Limited at the date of exchange. In addition, the Company also issued 1,250,000 unlisted options over fully paid ordinary shares with a fair value of \$45,279, calculated using the Black Scholes option valuation method and 4,000,000 performance shares (refer 6). The acquisition has been treated as an acquisition of assets rather than a business combination.

Consideration transferred:

Acquisition date fair value of the consideration transferred:

	31 December 2016
	\$
Ordinary shares issued at fair value (Note 5 (b))	550,000
Unlisted options (Note 5 (c))	45,279
Performance shares (Note 5 (vi))	-
Cash paid	240,000
Total consideration	835,279

**NOTES TO THE INTERIM FINANCIAL REPORT (CONTINUED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

NOTE 12: ACQUISITION OF MGK RESOURCES PTY LTD (CONTINUED)

Fair value of assets acquired:

	Fair value at acquisition date \$
Deferred exploration and evaluation expenditure	835,279
Total consideration	<u>835,279</u>

NOTE 13: FAIR VALUE INFORMATION

The carrying amounts of the current and non-current receivables, current payables and current borrowings are considered to be a reasonable approximation of their fair value.

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF LATITUDE CONSOLIDATED LIMITED**

We have reviewed the accompanying half-year financial report of Latitude Consolidated Limited (the Company), which comprises the consolidated financial statements being the consolidated statement of financial position as at 31 December 2016, and 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 half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-year Financial Report

The Directors of Latitude Consolidated Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such controls as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Latitude Consolidated Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Latitude Consolidated Limited is not in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty related to Going Concern

We draw attention to Note 2 in the financial report which indicates that the company incurred a net loss of \$408,322 during the year ended 31 December 2016 and the cash outflows from operating activities of \$250,476. 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. Our opinion is not modified in relation to this matter.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M A Petricevic
Partner - Audit & Assurance

Perth, 15 March 2017