

ASX Code: LCD

ABN 23 080 939 135

#### Corporate Structure

Issued Capital: ~279M

Options Issued: ~16M

Share price: \$0.028 (21 October 2020)

#### CORPORATE DIRECTORY

##### Non-Executive Directors

Timothy Moore (Chairman)

Morgan Barron

Nick Castleden

Roger Steinepreis

##### Company Secretary

Harry Miller

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## Quarterly Activities Report

### For the Period Ended 30 September 2020

#### HIGHLIGHTS

- Due diligence completed and settlement of option to acquire 100% of the Skye Gold Project in the Gawler Craton satisfied
- Exploration Licence Application ELA2019/128 granted as Exploration Licence EL6492 (Skye Gold Project)
- Preparations underway to commence initial exploration (Skye Gold Project) – planned activities include auger and RAB drilling to further define new and existing bedrock mineralisation
- Skye Gold Project offers an excellent exploration address – multiple greenfield targets near several large-scale gold systems in a proven million-ounce gold terrain near to Marmota Limited's (ASX: MEU) Aurora Tank 'Goshawk Zone' discovery
- Exploration progressing at Circle Valley Gold Project in WA – project strategically located along the Albany-Fraser Mobile Belt in WA
- Auger geochemical assays at Circle Valley Gold Project in WA confirm extension of Anomaly A Prospect to ~1.2km strike, and high-resolution airborne magnetics completed to refine geological interpretation
- Latitude considers that the two bedrock gold occurrences at Circle Valley in otherwise completely unexplored terrain is an excellent indicator to potential broader gold mineralisation
- Reconnaissance aircore geochemical drilling completed at Gecko North
- Exploration programs across WA projects will run alongside initial work at Skye Gold Project as Latitude continues to systematically screen its project portfolio
- Cash of ~A\$3m as at September 30

**Latitude Consolidated Limited (ASX: LCD)** ("Latitude" or "the Company") is pleased to provide its Quarterly Activities Report for the period ended 30 September 2020.

#### September Quarter Management Commentary:

**Latitude's Chairman, Timothy Moore, commented,** "Good progress was made during the quarter across the Latitude portfolio, highlighted by the completion of the Skye Gold Project acquisition and increased activity at our prospective Circle Valley and Gecko North Projects in WA.

The addition of the Skye Gold Project to Latitude's portfolio fits perfectly with our existing strategy of low-cost, potentially high-impact, exploration across underexplored terrains situated within proven gold producing regions.

Our team has already mapped out our initial exploration program for Skye Gold, which will include auger sampling and RAB drilling, and will commence as soon as we receive the necessary land access approvals.

The other key focus for Latitude in the near-term is advancing exploration across our WA gold portfolio and I am pleased to report considerable inroads were made on this front during the quarter. Work is continuing at the Circle Valley Gold Project, with geochemical assays extending the strike of Anomaly A to 1.2km. This early work has been very encouraging and greatly improves our geological understanding of the Circle Valley project area, and we look forward to rolling out further work programs this quarter.

Although activity has increased, we have retained the flexibility to continue our evaluation of potential investment opportunities in Australia, and in other favourable jurisdictions globally, so we are well-placed to move quickly to assess quality opportunities should they arise.”

#### **Skye Gold Project, Gawler Craton, South Australia**

In August, Latitude exercised its Option to acquire 100% of the Skye Gold Project following confirmation that the Exploration Licence Application ELA2019/128 had been granted as Exploration Licence EL6492 (**Tenement**), known as the **Skye Gold Project (Skye Gold)**.

The Project (first announced to the ASX on 22 June 2020) provides the Company with a low-cost, yet highly strategic, entry point into a proven and low-risk gold mining jurisdiction, which hosts several large-scale gold systems. Latitude plans to commence exploration as soon as possible once land access process is complete. Correspondence and documentation with the relevant Native Title party is progressing well ahead of heritage clearance work to allow first programs.

#### **Skye Gold Project Summary**

The Skye Gold Project is in the Gawler Craton, South Australia a proven million-ounce terrain some 700km northwest of Adelaide (Figure 1). The tenement area is adjacent to Marmota Limited’s (ASX: MEU) **Aurora Tank Gold Project** and reported significant high-grade gold intercepts at the **Goshawk Zone** (*refer to recent ASX: MEU announcements*). The project lies only 50km from the **Challenger Gold Mine** (Figure 2) that has produced more than 1Moz of gold, including open pit mining before an underground production history to end 2016 of 4.38Mt @ 6.26g/t Au for 881,000oz<sup>1</sup>. In addition, the presence of the 119,000oz **Golf Bore** JORC compliant Mineral Resource<sup>2</sup> within 2km of the tenement boundary (Figure 3) further attests to the underlying gold prospectivity within the region.

Gold Deposits in the “Challenger terrain”, including the million-ounce Challenger Gold Mine, had all been initially identified as shallow, modest grade gold deposits. Once controls on gold mineralisation have been defined at depth, Challenger, Aurora Tank and Golf Bore are understood to include very-high “bonanza” grade gold shoots with very predictable NE plunge.

The Skye Gold Project includes several prospects where near-surface gold mineralisation has been identified in shallow drilling by previous explorers. The Company intends to carry out a multi-pronged exploration approach, with prospect-specific drilling at the existing **Skye** and **Birdie** prospects (Figure 3) to better define near surface gold mineralisation to **6m @ 2.95g/t Au** (Skye) and **14m @ 0.43g/t Au** (Birdie) and to target these gold systems for high grade plunging gold shoots, as well as step-out exploration into the largely unexplored remainder of the tenement holding.

Initial work programs will include infill and extensional auger sampling, first-pass and infill RAB or aircore drilling and RC drilling of advanced prospects.

At the existing prospects Latitude will test an exploration model whereby existing gold anomalism in the oxide profile may potentially represent the top of a system of high grade plunging gold shoots as exemplified within 2kms of the Project at Golf Bore (TYX), and at Aurora Tank (MEU) and Challenger (Barton Gold).

Structural targeting is underway in the unexplored areas, with an expectation that a varied and undulating transported profile will require geochemical drilling for effective exploration. Reconnaissance aircore drilling will be led by structural interpretation as well as evaluation around multiple areas of magnetic complexity (Figure 3).

**The potential for the tenure to hold completely new bedrock gold mineralisation is considered excellent**, with prospectivity reinforced by the proximity of the Gold Bore mineralised system.



Figure 1: Skye Gold Project Location Map

Note 1. Refer to ASX: WPG 25<sup>th</sup> October 2016.

Note 2. Refer to ASX: TYX 30<sup>th</sup> May 2018.

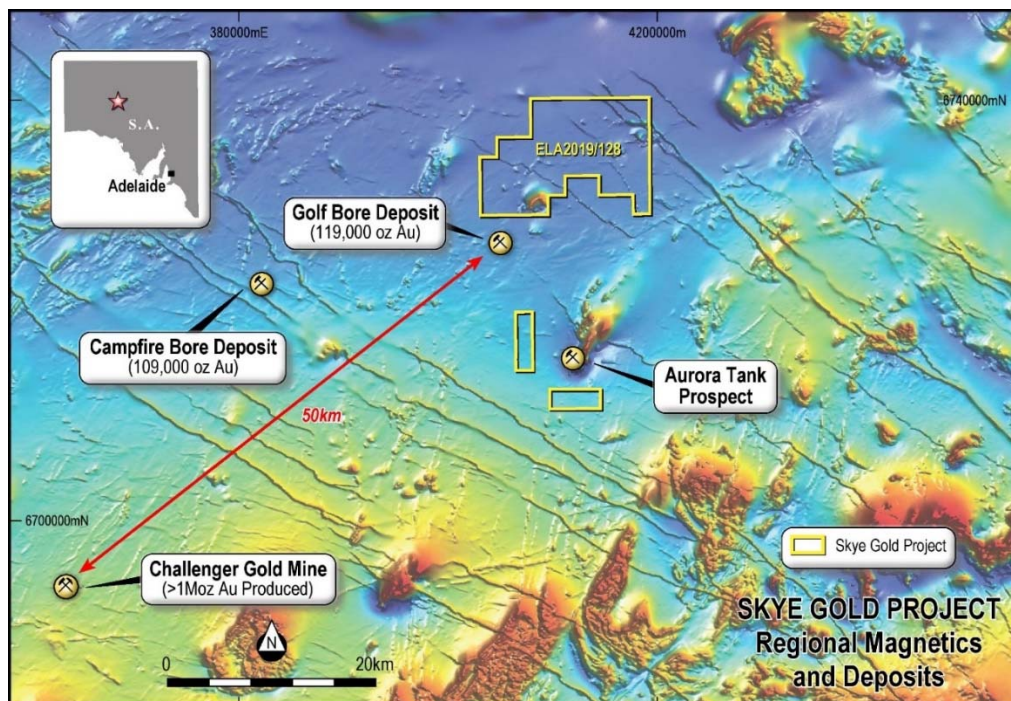


Figure 2: Skye Gold Project Regional TMI and Deposit Location Map

Refer to the Company's announcements *Latitude Secures Option to Acquire Skye Gold Project* dated 22 June 2020, *Investor Stream Interview – Skye Gold Project* dated 24 June 2020 and *Skye Gold Exploration Licence Granted and Option Exercised* dated 4 August 2020 for further detail on the project geology.



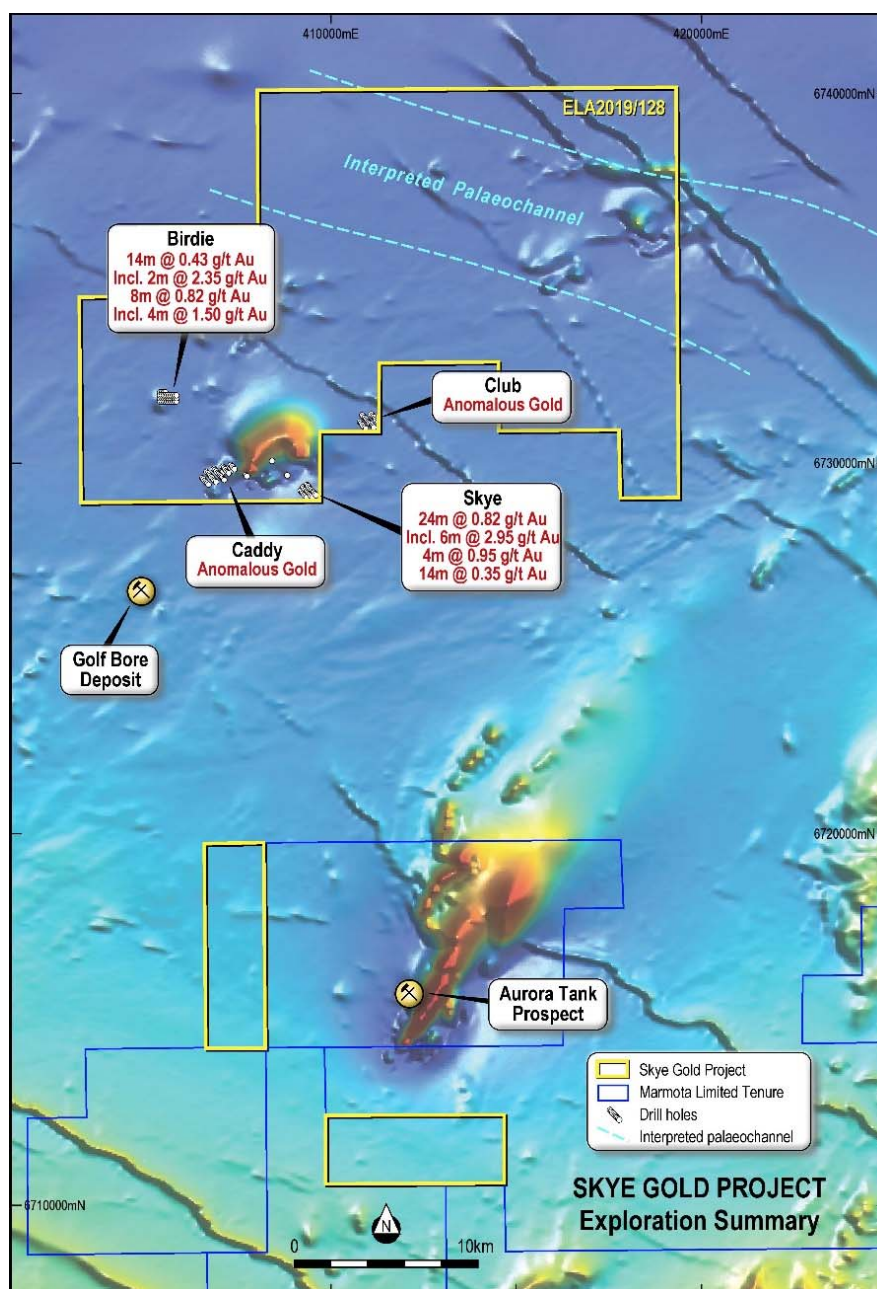


Figure 3: Skye Gold Project All Drill Collars and Gold Results on TMI Imagery. Note, drilling is restricted to a small portion of prospective area

#### Western Australian Tenement Portfolio:

##### Circle Valley Gold Project Exploration Update

The **Circle Valley Gold Project**, a greenfield exploration project which is located 85km south of Norseman (Figure 6) in Western Australia. This update followed the granting of Exploration Licence E63/2007 and an initial field visit completed by Latitude geologists.

During the quarter, Latitude reported that exploration activities at the Circle Valley Gold Project were continuing to progress steadily (ASX: LCD 7<sup>th</sup> September 2020 "Gold portfolio exploration update"). Initial work was focused on generating a clearer understanding of the geological controls within the soil-covered project area, with a view to defining priority drill targets for follow-up testing.

Results were received from trial auger geochemical sampling (Figure 4) and extended the Anomaly A Prospect to ~1.2km strike, well beyond the pattern of wide-spaced previous drill holes and associated >0.10g/t Au bedrock anomalism. Areas of interest were also identified in the NE area of the auger grid, with local anomalism aligning with underlying magnetic trends. Aircore drilling will be required to test for potential bedrock gold mineralisation in these areas.

In addition, the Company has completed a high-resolution airborne magnetic survey over the >1.2km Anomaly A target to identify local geological controls, providing excellent resolution and identifying gently-folded broadly east-west trending magnetic fabrics in the core of a more magnetic fold closure (Figure 5).

Latitude's compilation of the past drilling in the Anomaly A area has shown that the depth of cover is variable over short distances, reflecting an undulating paleo-topography, and confirming that aircore drilling will remain the primary first-pass exploration tool. Importantly, geological mapping has also shown that the shallow and wide-spaced historic drilling at Anomaly A was drilled down-dip and this prospect is now ready for correctly-oriented aircore traverses as soon as access becomes available at the end of the cropping season (likely to be December 2020).

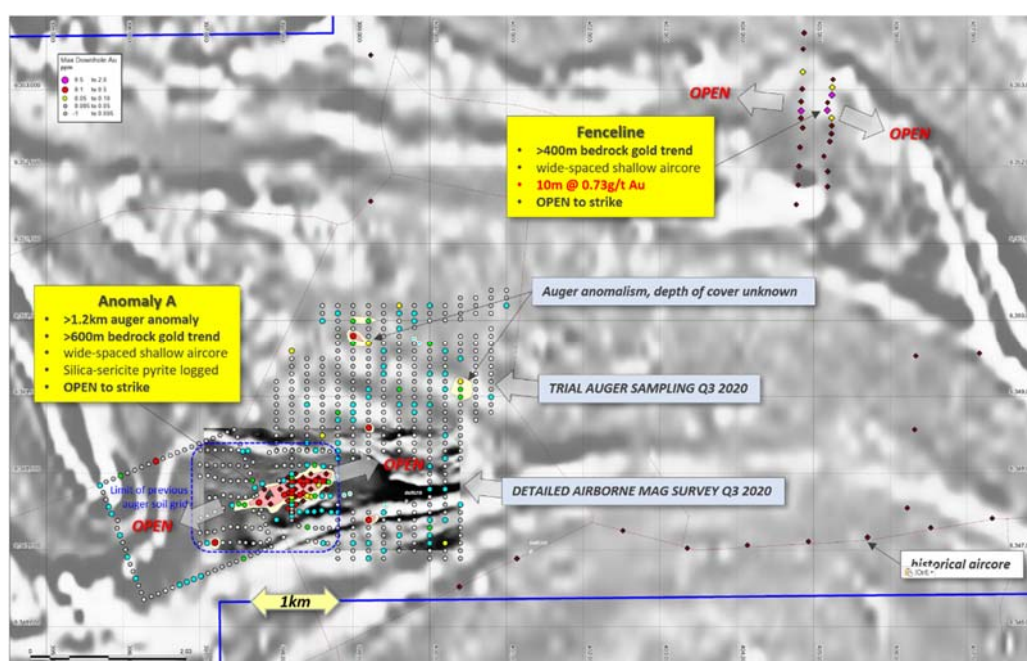


Figure 4: Auger geochemical sampling

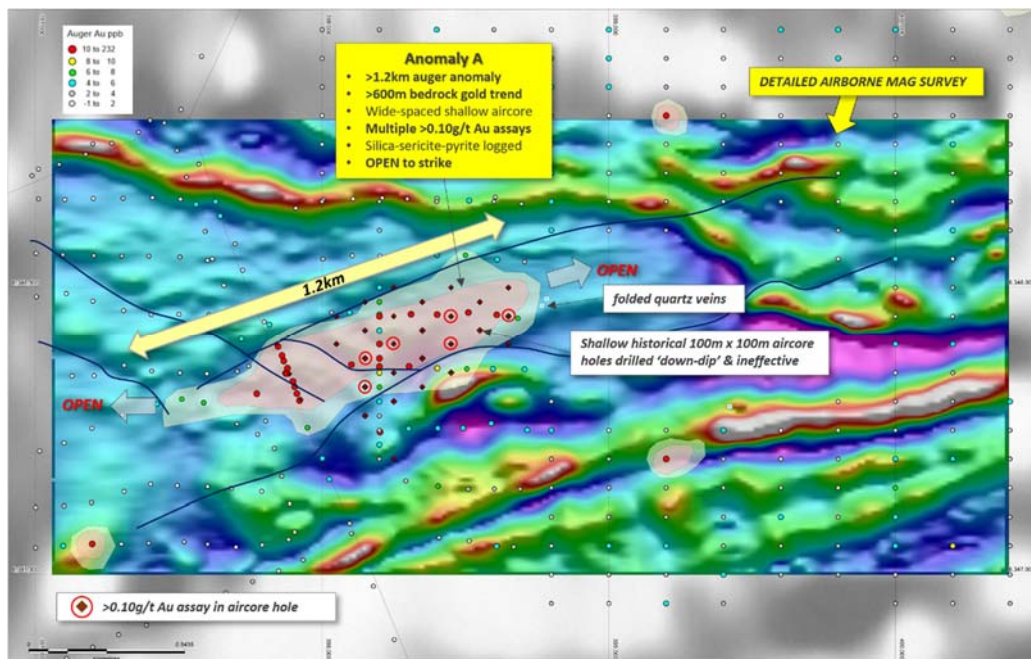


Figure 5: High-resolution magnetics completed over Circle Valley Gold Project

### Circle Valley Gold Project Background

Circle Valley covers a soil-covered section of the southwestern Albany-Fraser Mobile Belt where limited past reconnaissance-style aircore (AC) drilling had located primary gold mineralisation in two separate locations: **Anomaly A** and **Fenceline** (see past exploration details in ASX: LCD 6<sup>th</sup> March 2020 "Priority Gold Targets Identified at Circle Valley").

Despite the positive indications, no systematic gold exploration has been undertaken to date. Multiple kilometers of unexplored magnetic features extend from each of these prospects (Figure 7).

Latitude considers that two bedrock gold occurrences in otherwise unexplored terrain is an excellent indicator and suggests broader gold exploration potential. The potential prize in this type of target could be a new gold 'camp'. Gold exploration along the western edge of the Albany Fraser Mobile Belt has met with considerable success as highlighted by the discovery and development of the **7.1Moz Tropicana** gold mine (AngloGold Ashanti and IGO Limited Joint Venture).



Figure 6: Location Circle Valley Project

Geological reconnaissance in the **Anomaly A** area located several local 'windows' of exposed felsic and mafic gneissic rocks through the transported cover profile, demonstrating that parts of this prospect are only shallowly-covered and potentially suitable for wider auger geochemical sampling.

Significantly these 'windows' lie up to 1km along strike from previous drilling and **show evidence of fold deformation, quartz veining and alteration** (see photos below), that is consistent with observed silicification and sulphides noted within anomalous drill intervals at this prospect.

Historical drilling<sup>1</sup> at Anomaly A comprised a 100m x 100m pattern of shallow AC holes over a local auger anomaly (Figure 4). Despite the wide drill pattern, the aircore holes encountered multiple composite intersections of greater than 0.10g/t Au over some 600m strike. The bedrock anomaly remains open-ended (Figure 5).



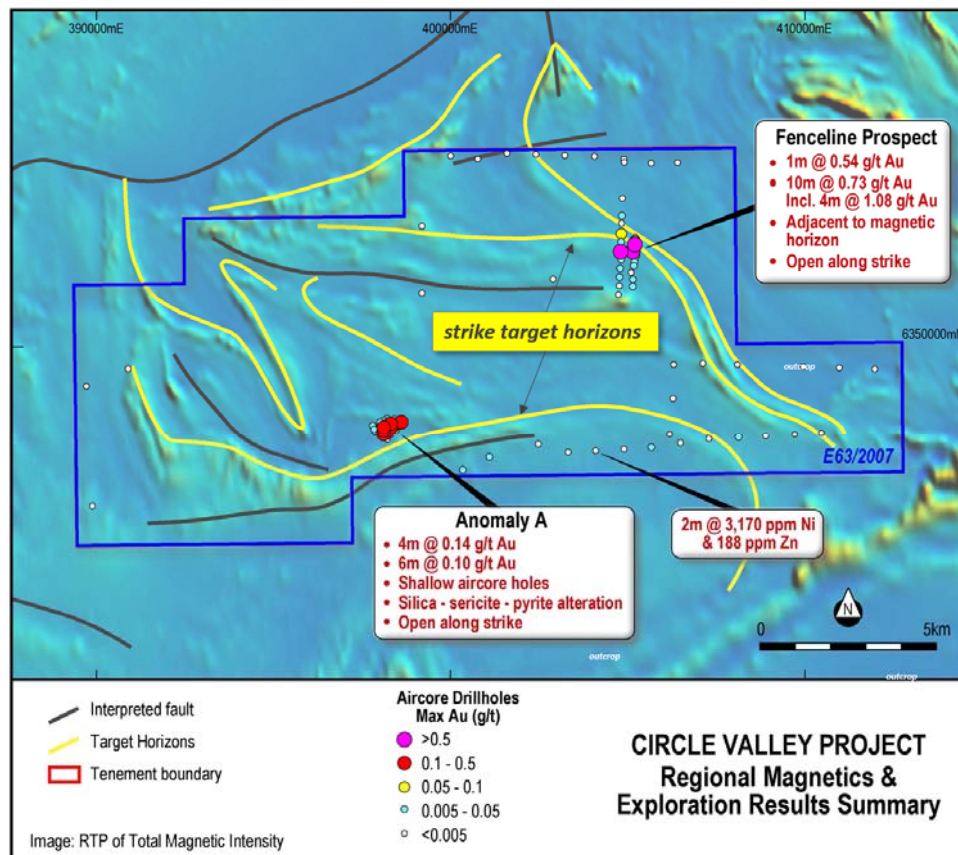


Figure 7: Regional aeromagnetic image showing **all previous gold drilling** and gold results at the key Fenceline and Anomaly A target prospects. Note strike-extensive magnetic and structural corridors remain unexplored.

#### Gecko North Project Exploration Update

Gecko North E15/1587 is situated north west of Coolgardie in the WA Goldfields and covers unexplored paleochannel positions similar to that in production at the Jaurdi Gold Project (ASX: BCN) 5km to the north-east of the Project.

Latitude carried out reconnaissance aircore geochemical drilling at the project during the quarter to test paleochannels in the north-eastern part of the tenement that have potential for gold accumulation sourced from the western side of the Jaurdi Range, and for bedrock gold deposits in underlying structural positions.

A total of 29 vertical aircore holes were drilled on five traverses, with holes at 100m to 200m spacing for 1,012m. Predominantly basaltic rocks were intersected below variable depths of transported cover materials. No significant assay results were obtained in this first program. Results will be evaluated and compiled ahead of the next phases of work.

Exploration will continue to be led by the search for new channel or structurally hosted gold mineralisation. The proximity of the operating Lost Dog mill (ASX: BCN) within 5km of the tenement (Figure 8) offers excellent opportunity to monetise any new discovery.

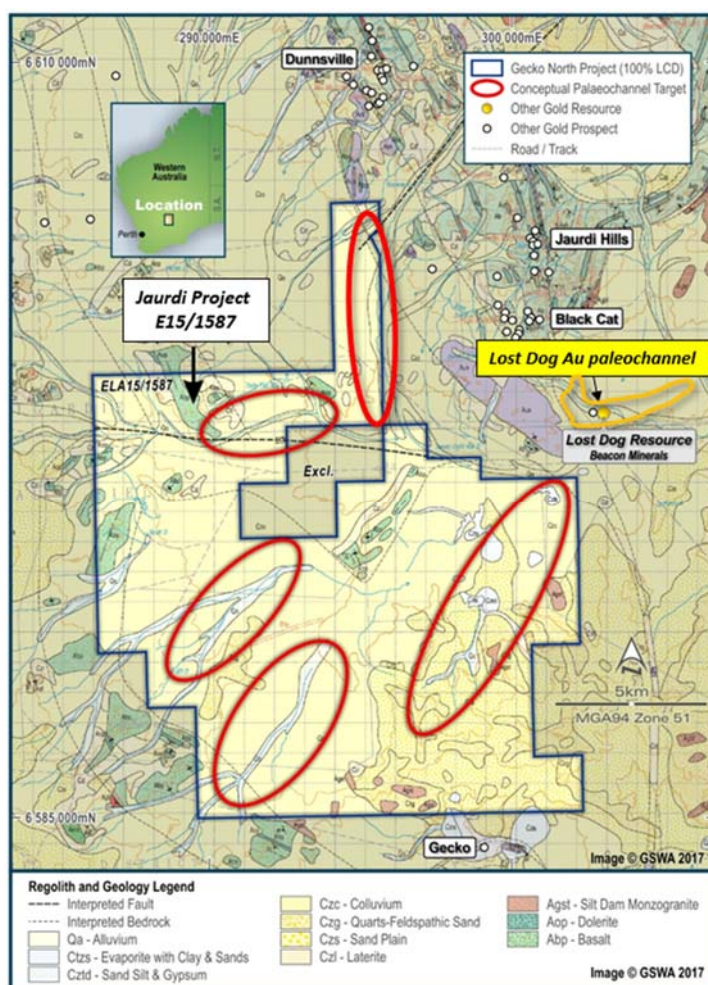


Figure 8: Gecko North E15/1587 location map showing potential paleochannel gold targets

## Corporate Activity Summary:

### Settlement of Skye Gold Project Option Agreement

Post quarter end, Latitude advised that it had achieved settlement of the Agreement to acquire the Skye Gold Project.

In line with the Option Agreement and as outlined in the announcement dated 22 June 2020 *Latitude Secures Option to Acquire Skye Gold Project* and the *Proposed Issue of Securities* – LCD announcement also dated 22 June 2020, Latitude provided the following consideration to the Vendor to reach settlement of the Option Agreement:

- The payment of \$25,000 cash within 5 business days after signing the Option Agreement. This payment occurred on 24 June 2020
- The payment of \$25,000 cash on or after exercise of the Option. This payment occurred on 1 October 2020.
- The issue of 4,411,765 fully paid ordinary shares in the Company at a deemed issue price of \$0.017 (1.7 cents) per share. These shares are subject to a 3-month period of voluntary escrow. The issue of these shares occurred on 1 October 2020. Refer to the Appendix 2A announcement dated 5 October 2020
- The issue of 8,823,529 Class A Performance Shares which were approved by shareholders at the Company's EGM dated 24 September 2020. Refer below for the vesting conditions of these performance shares. The issue of these Performance Shares occurred on 1 October 2020. Refer to the Appendix 3G announcement dated 5 October 2020.



The Performance Shares have been issued on standard terms and conditions with the following milestone:

**Class A Performance Shares** – 8,823,529 performance shares vest on the achievement of a milestone drill intersection reported in accordance with the JORC Code containing greater than 20 g/metres (g/metres drill intersection of greater than 1 metre length, calculated at >0.50g/t gold lower cut-off and allowing a maximum of 2 metres internal dilution at <0.50 g/t gold) from drilling on the Tenement.

The remaining deferred consideration for the acquisition of the Skye Gold Project is as follows:

- The issue of 2,941,176 fully paid ordinary shares (**Deferred Shares A**) on or before 5 months from the settlement date of 1 October 2020.
- The issue of 8,823,529 fully paid ordinary shares (**Deferred Shares B**) as deferred consideration on the 2<sup>nd</sup> anniversary of the date of signing of the Option Agreement, that date being 21 June 2020.

Refer to the announcements dated 22 June 2020 *Proposed Issue of Securities – LCD* for detail on the proposed issue of these securities.

#### Cash Position

As of 30 September 2020, the Company had ~A\$3M in cash and zero debt.

-ENDS-

#### For further information please contact:

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For media enquiries please contact Sam Burns, Six Degrees Investor Relations, M: +61 400 164 067

#### **Competent Persons Statement**

The information in this release that relates to Exploration Results, Minerals Resources or Ore Reserves, as those terms are defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve", is based on information compiled by Mr. Nick Castleden, who is a director of the Company and a Member of the Australian Institute of Geoscientists. Mr. Castleden has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve". Mr. Castleden consents to the inclusion of the matters based on his information in the form and context in which it appears.