



ABN 43 059 457 279

**HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED
31 DECEMBER 2009**

LATIN GOLD LIMITED

ABN 43 059 457 279

CORPORATE DIRECTORY

DIRECTORS

Peter McAleer (Non-Executive Chairman)
Jim Malone (Managing Director)
Simon Titchener (Executive Operations Director)
Howard Dawson (Non-Executive Director)

COMPANY SECRETARIES

Jim Malone
Michael Higginson

**REGISTERED OFFICE & PRINCIPAL
PLACE OF BUSINESS**

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AUDITORS

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Level 1, 1 Havelock Street
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SHARE REGISTRY

Security Transfer Registrars Pty Ltd
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Applecross, WA, Australia, 6153
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LATIN GOLD LIMITED

DIRECTORS' REPORT

The Directors present their report together with the financial statements of Latin Gold Limited and its controlled entities ("Latin Gold"), for the half-year ended 31 December 2009.

DIRECTORS

The following persons held office as a director of Latin Gold Limited at the end of the half-year:

Peter McAleer (Non-Executive Chairman)

Jim Malone (Managing Director)

Simon Titchener (Executive Operations Director)

Howard Dawson (Non-Executive Director)

All the Directors shown were in office from the beginning of the half-year until the date of this report.

RESULTS

The net loss of the economic entity for the half-year ended 31 December 2009 was \$307,818 (2008: \$338,788).

No dividends were paid or declared by the company during the half-year.

REVIEW OF OPERATIONS

The following is a summary of the activities of Latin Gold during the period 1 July 2009 to 31 December 2009. It is recommended that this half-yearly report be read in conjunction with the 30 June 2009 Annual Report and any public announcements made by the Company during the half-year. In accordance with the continuous disclosure requirements, readers are referred to the announcements lodged with the Australian Securities Exchange regarding the activities of the Company.

During the half-year, the Company continued to progress studies at the Paron Gold project located in Peru. Highlights included the awarding of the Category Two permit in late July 2009 and the staking of additional claims located 16 kilometres from the Paron deposit for use as the ore processing area.

The Paron Gold project (100%) is located in the Department of Ancash 470km from Lima, in Peru.

In October 2006 a 25 hole diamond drilling campaign was completed over Paron. The results of this programme, together with those of the previous two historic drilling campaigns formed part of the data base used to carry out a pre-feasibility study during 2007 and 2008.

As part of the pre-feasibility study, a geological model and resource estimation was completed. Based on a 0.8 g/t gold cut-off the diluted JORC resources at Paron are estimated to be:

Cut off grade	Measured	Indicated	Inferred	Total
0.8 g/t	4,918,200 tonnes @ 1.57 g/t Au, 7.0g/t Ag	658,350 tonnes @ 1.81 g/t Au, 7.0 g/t Ag	623,450 tonnes @ 1.6 g/t Au, 7.0 g/t Ag	6,200,000 tonnes @ 1.6 g/t Au, 7.0 g/t Ag
Metal content	248,282 oz gold 1,106,990 oz silver	38,316 oz gold 148,182 oz silver	32,013 oz gold 140,056 oz silver	318,354 oz gold 1,392,799 oz silver

The Category Two permit is a significant achievement for the Company as this permit effectively allows Latin Gold to carry out all of the required activities up to commencement of mining and has therefore added significant value to the project.

The additional permits that have been staked provide a alternate processing site for the Company and are in an

LATIN GOLD LIMITED

DIRECTORS' REPORT (continued)

area which is expected to reduce the time required for social and environmental approvals.

During the half-year, Latin Gold also commissioned an update of the pre-feasibility study in light of the higher gold price and the recovery in the global financial markets.

Latin Gold continues to maintain a high level of dialogue with the local Paron community to ensure that all parties that could be affected by a mining development are kept fully engaged.

Latin Gold is committed to the development of Paron and it is hoped that the improving financial markets will allow the Company to raise the necessary capital to develop Paron as a 40,000 oz per annum gold producer in the shortest time possible.

Potential financing options are being explored, together with planning for an additional drilling programme to raise the status of the current Measured Resources to mineable. In addition, planning is well advanced for the same drilling programme to conduct a test of the Paron Deeps model. This model, which hypothesises that a significant amount of the outcropping Paron deposit has been down faulted from its current position is expected to be tested in the June 2010 half-year period. It is a potential multi-million oz gold target.

Latin Gold owns 100% of the Paron Gold project. Work completed to date indicates that the project has significant potential to be developed as a gold and silver operation with very attractive financials.

SIGNIFICANT CHANGES

There have been no changes in the state of affairs of the economic entity that occurred during the half-year under review not otherwise disclosed in this report.

SUBSEQUENT EVENTS

There has not been any matter or circumstance that has arisen since 31 December 2009, which has significantly affected, or may significantly affect the operations of the economic entity, the result of those operations, or the state of affairs of the economic entity in the subsequent financial year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

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



Jim Malone
Managing Director
Date: 16 March 2010
Perth, Western Australia

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16 March 2010

Board of Directors
Latin Gold Limited
103 Abernethy Road,
BELMONT, WA, 6984

Dear Sirs

RE: LATIN GOLD LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Latin Gold Limited.

As Audit Director for the review of the financial statements of Latin Gold Limited for the six months ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL
(Authorised Audit Company)



J P Van Dieren
Director

LATIN GOLD LIMITED
CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Notes	Consolidated 31 December 2009 \$	Consolidated 30 June 2009 \$
Current Assets			
Cash and cash equivalents		1,410,153	191,969
Receivables		26,986	22,900
Prepayments		1,907	10,217
Total Current Assets		<u>1,439,046</u>	<u>225,086</u>
Non Current Assets			
Exploration and evaluation expenditure	10	3,155,335	3,451,263
Plant and equipment		13,959	20,810
Total Non Current Assets		<u>3,169,294</u>	<u>3,472,073</u>
Total Assets		<u>4,608,340</u>	<u>3,697,159</u>
Current Liabilities			
Trade and other payables		57,332	46,787
Total Current Liabilities		<u>57,332</u>	<u>46,787</u>
Total Liabilities		<u>57,332</u>	<u>46,787</u>
Net Assets		<u>4,551,008</u>	<u>3,650,372</u>
Equity			
Issued capital	3	13,269,603	11,742,396
Reserves		185,923	504,676
Accumulated losses		(8,904,518)	(8,596,700)
TOTAL EQUITY		<u>4,551,008</u>	<u>3,650,372</u>

The above condensed consolidated statements of financial position should be read in conjunction with the accompanying notes.

LATIN GOLD LIMITED
CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Consolidated 31 December 2009 \$	Consolidated 31 December 2008 \$
Revenue from continuing activities	11,594	12,222
Project costs	-	(1,492)
Corporate costs	(115,576)	(53,774)
Occupancy costs	(8,351)	(7,512)
Employee costs	(71,132)	(67,609)
Administration costs	(114,159)	(141,412)
Depreciation	(10,477)	(6,621)
Foreign exchange gains / (losses)	283	(72,590)
	<hr/>	<hr/>
Loss from continuing activities before income tax expense	(307,818)	(338,788)
Income tax expense relating to continuing activities	-	-
	<hr/>	<hr/>
Net loss for the period	(307,818)	(338,788)
Other comprehensive income for the period		
Exchange differences on translation of foreign operations	(328,885)	1,087,609
	<hr/>	<hr/>
Total comprehensive (loss)/income for the period	(636,703)	748,821
	<hr/>	<hr/>
Net loss attributable to the parent entity	(307,818)	(338,788)
	<hr/>	<hr/>
Total comprehensive (loss)/income attributable to the parent entity	(636,703)	748,821
	<hr/>	<hr/>
Basic earnings per share (cents per share)	(0.14)	(0.2)
Diluted earnings per share (cents per share)	(0.14)	(0.2)

Diluted earnings per share are the same as basic earnings per share as none of the options on issue are considered dilutive.

The above condensed consolidated statements of comprehensive income should be read in accordance with the accompanying notes.

LATIN GOLD LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Contributed equity	Reserves	Accumulated losses	Total Equity
	\$	\$	\$	\$
As at 1 July 2008	11,742,396	(177,118)	(8,174,651)	3,390,627
Net loss for the period	-	-	(338,788)	(338,788)
Other comprehensive income for the period	-	1,087,609	-	1,087,609
Total comprehensive income for the period	-	1,087,609	(338,788)	748,821
Equity based payments		27,019		27,019
As at 31 December 2008	11,742,396	937,510	(8,513,439)	4,166,467
As at 1 July 2009	11,742,396	504,676	(8,596,700)	3,650,372
Net loss for the period	-	-	(307,818)	(307,818)
Other comprehensive loss for the period	-	(328,885)	-	(328,885)
Total comprehensive loss for the period	-	(328,885)	(307,818)	(636,703)
Issue of shares	1,615,764	-	-	1,615,764
Share issue costs	(88,557)	-	-	(88,557)
Equity based payments	-	10,132	-	10,132
As at 31 December 2009	13,269,603	185,923	(8,904,518)	4,551,008

The above condensed consolidated statements of changes in equity should be read in accordance with the accompanying notes.

LATIN GOLD LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Consolidated 31 December 2009 \$	Consolidated 31 December 2008 \$
Cash flows related to operating activities		
Payments to suppliers, contractors and employees	(302,264)	(272,653)
Interest received	11,594	12,222
	<hr/>	<hr/>
Net cash flows (used in) operating activities	(290,670)	(260,431)
	<hr/>	<hr/>
Cash flows related to investing activities		
Payments for exploration and evaluation	(20,129)	(91,312)
	<hr/>	<hr/>
Total cash flows (used in) investing activities	(20,129)	(91,312)
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from issue of shares	1,615,764	-
Share issue costs	(88,557)	-
	<hr/>	<hr/>
Net cash flows from financing activities	1,527,207	-
	<hr/>	<hr/>
Net increase in cash and cash equivalents	1,216,408	(351,743)
Effect of exchange rate changes on cash	1,776	42,727
Cash and cash equivalents at beginning of the period	191,969	673,805
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	1,410,153	364,789
	<hr/> <hr/>	<hr/> <hr/>

The above condensed consolidated statements of cash flows should be read in conjunction with the accompanying notes.

LATIN GOLD LIMITED
CONDENSED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

The half-year financial report is a general purpose financial report that has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that this report be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made by Latin Gold Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

A summary of the material accounting policies adopted by the Company in the preparation of the financial report can be found in the annual financial report for the year ended 30 June 2009. The accounting policies have been consistently applied, except for the adoption of the following new and revised Accounting Standards.

Accounting Standards not previously applied

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of income statement with statement of comprehensive income, items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the statement of changes in equity;
- the adoption of the single statement approach to the presentation of the statement of comprehensive income;
- other financial statements are renamed in accordance with the Standard; and
- presentation of a third statement of financial position as at the beginning of a comparative financial year where relevant amounts have been affected by a retrospective change in accounting policy or material reclassification of items.

Operating Segments

From 1 July 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the statement of comprehensive income and statement of financial position.

Business Combinations and Consolidation Procedures

Revised AASB 3 is applicable prospectively from 1 July 2009. Changes introduced by this Standard, or as a consequence of amendments to other Standards relating to business combinations which are expected to affect the Group, include the following:

- All business combinations, including those involving entities under common control, are

LATIN GOLD LIMITED
CONDENSED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

accounted for by applying the acquisition method which prohibits the recognition of contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability. Costs incurred that relate to the business combination are expensed instead of comprising part of the goodwill acquired on consolidation. Changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments and are recognised through profit or loss unless the change relates to circumstances which existed at acquisition date.

- Unrecognised deferred tax assets of the acquiree may be subsequently realised within 12 months of acquisition date on the basis of facts and circumstances existing at acquisition date with a consequential reduction in goodwill. All other deferred tax assets subsequently recognised are accounted for through profit or loss.
- The proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interests were allocated to the parent entity.
- If the Group holds less than 100% of the equity interests in an acquiree and the business combination results in goodwill being recognised, the Group can elect to measure the non-controlling interest in the acquiree either at fair value ('full goodwill method') or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ('proportionate interest method'). The Group elects which method to adopt for each acquisition.
- Where control of a subsidiary is lost, the balance of the remaining investment account shall be remeasured to fair value at the date that control is lost.

(b) Going Concern

The consolidated financial statements have been prepared on a going concern basis. The Directors are of the opinion that the going concern basis is appropriate as the Company expects to be in a position to meet its cash requirements for the next 12 months.

LATIN GOLD LIMITED
CONDENSED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

2. DIVIDENDS

No dividends were paid or declared by the company during the half-year.

	31 December 2009 \$	30 June 2009 \$
3. ISSUED CAPITAL		
<i>Ordinary shares fully paid</i>		
As at 1 July 2009 – 161,576,434 shares	11,742,396	11,742,396
Movement - 1 for 1 entitlement issue at 1 cent per share – 29 October 2009	1,527,207	-
As at 31 December 2009 – 323,152,868 shares	13,269,603	11,742,396

4. CONTINGENT LIABILITIES

The economic entity does not have any contingent liabilities at balance date and none have arisen in the interval between balance date and the date of this financial report.

5. SEGMENT REPORTING

The Company operates only in the mining industry, both in Australia and overseas. All information relating to this is contained throughout this report.

From 1 July 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the statement of comprehensive income and statement of financial position.

Geographical segments:

	Australia \$	South America \$	Consolidated \$
December 2009			
Segment Revenue	11,594	-	11,594
Segment Result	(239,013)	(68,805)	(307,818)
Segment Assets	1,491,354	3,116,986	4,608,340
December 2008			
Segment Revenue	12,222	-	12,222
Segment Result	(36,219)	(302,569)	(338,788)
Segment Assets	354,813	3,859,406	4,214,219

6. EVENTS SUBSEQUENT TO REPORTING DATE

There has not been any matter or circumstance that has arisen since 31 December 2009, which has significantly affected, or may significantly affect the operations of the economic entity, the result of those operations, or the state of affairs of the economic entity in subsequent financial year.

LATIN GOLD LIMITED
CONDENSED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

7. COMMITMENTS

The consolidated entity does not have any commitments as at 31 December 2009.

8. EQUITY-BASED PAYMENTS

The Company has entered into an Employee Share Option Plan that allows for share options to be granted to eligible employees and officers of the Company. The number of share options that can be issued under the plan cannot exceed 5% of the total number of shares on issue. The terms and conditions of the share option issued under the plan are at the discretion of the Board however, the maximum term of the share option is five years.

During the half-year no share options were granted to subscribe to fully paid ordinary shares.

During the half-year the following share options expired:

- 1,000,000 unlisted options, each exercisable at 8 cents, expired on 5 November 2009; and
- 1,000,000 unlisted options, each exercisable at 7 cents, expired on 31 December 2009.

All options granted to directors and key management personnel are for ordinary shares in Latin Gold Limited, which confer a right of one ordinary share for every option held.

9. RELATED PARTY TRANSACTIONS

Arrangements with related parties continue to be in place. For details of these arrangements, please refer to the 30 June 2009 annual financial report.

Key management personnel continue to receive compensation in the form of short term employee benefits, post employment benefits and share based payments.

Further details of options granted during the period to consultants, key management personnel and employees are shown in note 8.

	31 December 2009	31 December 2008
	\$	\$
10. EXPLORATION AND EVALUATION EXPENDITURE		
Opening balance 1 July 2009	3,451,263	2,729,309
Additions	20,129	91,312
Foreign exchange movement on revaluation	(316,057)	978,546
Closing balance 31 December 2009	3,155,335	3,799,167

LATIN GOLD LIMITED
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Latin Gold Limited, we state that:

The directors of the company declare that:

1. The financial statements and notes thereto set out on pages 5 to 12 are in accordance with the Corporations Act 2001, and:
 - (a) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2009 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink, appearing to read 'Jim Malone', with a long horizontal flourish extending to the right.

Jim Malone
Managing Director

DATED: 16 March 2010
Perth, Western Australia

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF LATIN GOLD LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Latin Gold Limited, which comprises the condensed statement of financial position as at 31 December 2009, and the condensed statement of comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, a condensed statement of accounting policies, other selected explanatory notes and the directors' declaration for Latin Gold Limited (the consolidated entity). The consolidated entity comprises both Latin Gold Limited (the company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Latin Gold Limited (the company) are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 *Review of Interim Financial and Other Financial Reports 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 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 2009 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 Latin Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence


In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Latin Gold Limited on 16 March 2010.

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 Latin Gold 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 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL
(An Authorised Audit Company)

Stantons International


John P Van Dieren
Director

West Perth, Western Australia
16 March 2010