

31 October 2011

**Quarterly Activities Report
for the period ending 30 September 2011**

Highlights

- **Revised settlement terms agreed for sale of Paron Gold Project.**
- **Drilling at Narracoota confirms gold anomaly and also intersects highly anomalous first pass nickel results.**
- **Continued assessment of advanced project opportunities.**

Sale of Paron and Mining Information

On 20 December 2010, Latin Gold Limited (Latin or the Company) announced to the ASX that it had reached agreement with Coronet Metals Inc (Coronet), a British Columbia, Canadian registered company, for the sale of 100% of its interest in the Paron Gold Project located in Peru and certain mining information on other projects located within South America.

Coronet is a public company, is listed on the TSX Venture Exchange Inc in Toronto, Canada (code/symbol CRF.H) and its sole activity was that of investigating business opportunities and mineral properties for potential acquisition and subsequent exploration and development.

Pursuant to the Agreement, US\$3.75 million of the purchase consideration was placed in escrow (**Escrow Amount**) pending receipt by Latin and Coronet of a tax certificate issued by the Peruvian government.

Following receipt of the tax certificate Coronet was required to release the Escrow Amount to Latin.

The Directors of Latin advise that instead of releasing the Escrow Amount, Coronet sought to renegotiate the Agreement as a result of some post-closing issues relating to the Paron Gold Project.

Settlement terms

Following extensive negotiations, the parties agreed that it was in the best interests of the shareholders of Latin and Coronet to resolve the matter and a settlement deed has now been executed.

Pursuant to the settlement, Coronet has agreed to:

- immediately pay US\$1,500,000 to Latin; and
- issue such number of shares as is equal to US\$1,000,000, based on Coronet's 30 day VWAP following the initial gold pour from the Paron Gold Project.

Pursuant to the settlement, Latin has agreed to:

- place 3,261,183 Coronet shares in escrow until 2 October 2012; and
- place a further 3,261,183 Coronet shares in escrow until 2 October 2013.

Consideration received and to be received

The total consideration received, or to be received, by Latin pursuant to the Share Purchase Agreement and the Asset Sale Agreement with Coronet is as follows:

- | | |
|---|------------------|
| • Cash received: | US\$1.75 million |
| • Coronet shares held: | 6,522,366 |
| • Cash to be received pursuant to settlement: | US\$1.5 million |

The balance of the sale consideration, being US\$7.5 million, is milestone linked with US\$1.5 million payable within 5 days of commencement of construction of site works (directly related to the installation of a mine or mill) and a bonus of US\$1.0 million payable at the same time if the JORC resource exceeds 275,000 ounces of gold. US\$1.0 million (in Coronet shares) is payable on the initial gold pour, US\$2.0 million is then payable within 5 days of the 12 month anniversary of the initial gold pour and US\$2.0 million is payable within 5 days of the 24 month anniversary of the initial gold pour.

In addition to the sale consideration, Coronet shares to the value of US\$2.5 million will be issued within 5 days of a JORC inferred resource of equal to or greater than 250,000 ounces of gold being defined within the Paron Deeps exploration target (the Paron Deeps target is the undrilled potential hanging wall extension to the existing Paron resource).

An overriding 1.0% gross royalty on all production from Paron in excess of 200,000 ounces is also payable.

Pursuant to Listing Rule 11.2, the sale was subject to and conditional upon approval by Latin shareholders. Latin shareholders approved the sale on 2 April 2011.

Exploration Activities

Within Australia, Latin has two joint ventures over advanced exploration projects within Western Australia. At Narracoota, a drilling programme to test a gold anomaly below transported cover and also provide regional stratigraphic information was completed in early September.

The Loongana joint venture was terminated, with the mutual consent of the tenement owner, as a result of ground conditions not permitting field access during the required exploration period.

Narracoota (Latin earning 50%)

The Narracoota project is located about 80 kilometres north of Meekatharra, Western Australia. The project covers part of the southern section of the Palaeoproterozoic Bryah Basin (a sub-basin of the Glengarry Basin) and has been explored for epigenetic gold and VHMS-style base and precious metals by previous explorers.

The project area lies some 75 kilometres southwest of the DeGrussa discovery which is hosted by rock units of the Narracoota Volcanics. The Narracoota project contains extensive widths of Narracoota Volcanics which are interpreted to occur in at least three structural repetitions, providing a target zone of approximately 20 kilometres in length.

A drilling programme in 2010 by the tenement owner, Richmond Mining Limited, intersected highly anomalous gold values in an alluvial covered area described as lying over a bullseye magnetic feature which is bounded by a number of prominent magnetic breaks and lineaments.

Hole	Interval	Description	Au	Cu	Ni	Zn
NRC5	10-20m	Mafic dyke?, highly magnetic	0.33	105	74	107
NRC5	20-30m	Mafic dyke?, variably magnetic	0.12	127	96	111
NRC5	40-50m	Mafic dyke?, variably magnetic, minor pyrite	0.35	147	108	80

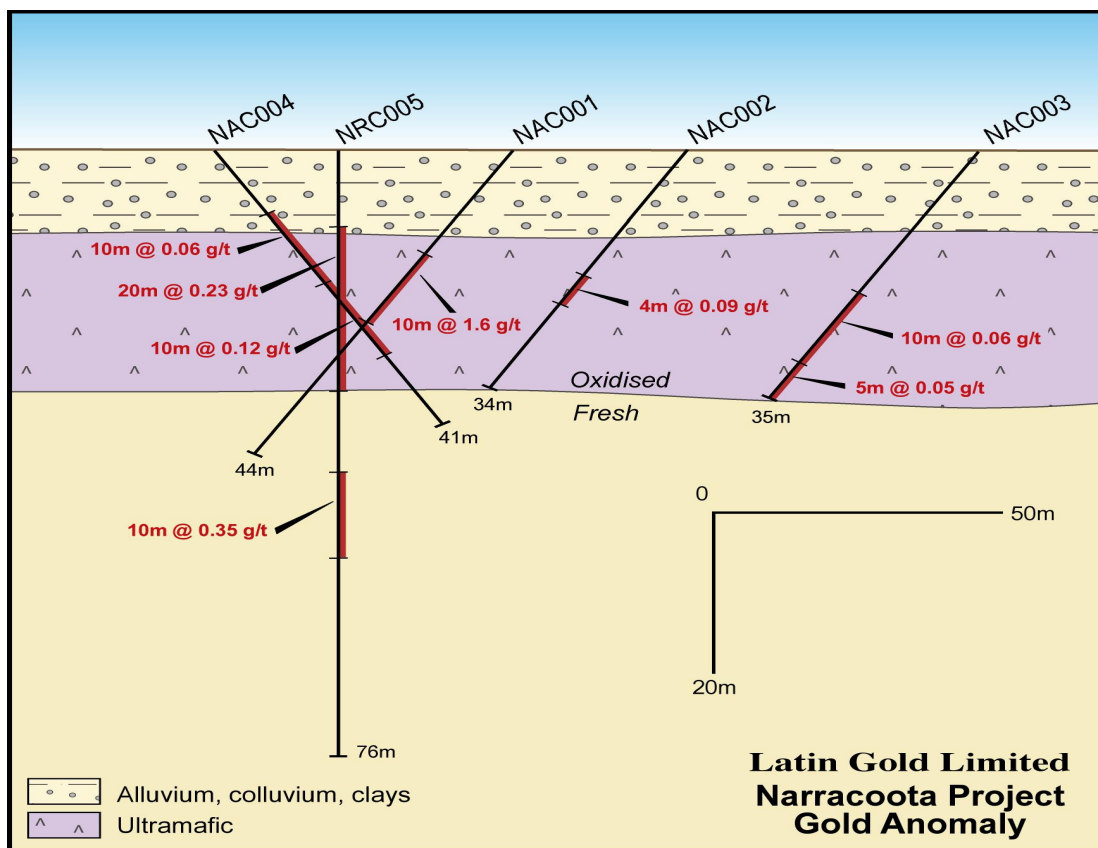
Au results in g/t, all other results in ppm, Au assayed by FA30, Cu, Ni and Zn assayed by AAS.

As this anomaly is covered by transported sediments it is not possible to carry out any reliable surface sampling. Consequently, an aircore drilling programme to provide a first pass test of this anomaly was carried out during the September quarter. The drilling was designed to test across the gold anomaly to a depth of around 50 metres or drill refusal.

In addition, holes were also drilled to refusal in the general area to provide information on the bedrock situated below the transported alluvial cover. The drilling across the gold anomaly confirmed the previous anomalous results with a best intersection of 6 metres grading 2.35g/t. Initial petrological work suggests the host rock to this gold anomaly could be a high magnesium ultramafic rather than a mafic intrusive as originally identified.

Hole	Co-ordinates	Azimuth/Inclination	Interval	Au assay (g/t)
NRC 5	66100mE 7133990mN	Vertical	10-20m	0.33
			20-30m	0.12
			40-50m	0.35
NAC 001	661605mE 7134004mN	60/180	15-17m	0.41
			17-23m	2.35
			23-25	0.52
NAC 002	661604mE 7134019mN	60/180	18-22m	0.09
NAC 003	661605mE 7134044mN	60/180	20-30m	0.06
			30-35m	0.05
NAC 004	661616mE 7133979mN	60/360	12-20m	0.06
			20-30m	0.12

These drill results are very encouraging as the intersection in NAC 001 which bulks out at 10 metres grading 1.6g/t is open along strike and down dip. It also appears to be surrounded by a wide but low grade halo which could indicate a larger mineralised zone is present.



As discussed, a large part of the 25 hole aircore programme was directed towards providing stratigraphic information in areas of transported alluvial

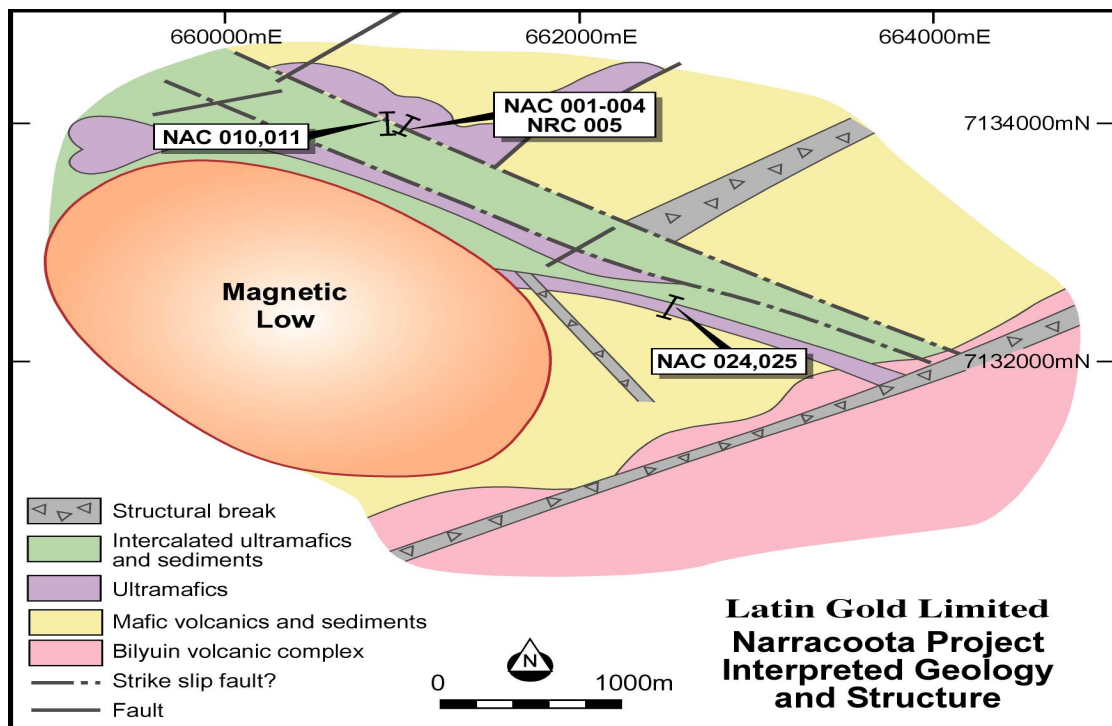
cover. In the central part of the Narracoota project area there is zero outcrop over the interpreted and prospective Narracoota Volcanics.

As a first pass regional test of this area and prospective lithologies, vertical aircore holes to blade refusal were drilled across 2.5 kms of strike focusing on areas where the magnetic suggested significant structural dislocation and/or possible magnetite destruction.

Subject to final petrological examination the large majority of these regional holes bottomed in ultramafic rocks with a number of intersections returning highly anomalous nickel values. These values ranged as high as 3113 ppm Ni (0.31%) and were all in the saprolite zone or weathered basement rocks where there were no obvious signs of any secondary enrichment.

Hole	Interval	Description	Nickel assay (ppm)
NAC 006	23-33m	Saprolite clay, minor ultramafic chips	1003
	33-43m	Ditto	1026
NAC 010	40-47m	Ditto	3009
NAC 011	37-54.5m	Ditto	1313
NAC 024	40-50m	Ditto	1091
	50-60m	Ditto	1965
	60-63m	Ditto	1346
NAC 025	20-30m	Ditto	1369
	30-35m	Ditto	3113

From the assay data the background nickel values for the ultramafics in this part of the project area are in the range 250-300ppm.



Under the terms of the Narracoota joint venture, Latin has the right to earn a 50% interest in Narracoota by expending \$500,000 by no later than 31 December 2012.

Latin was required to expend a minimum of \$75,000 by 30 September 2011 and this condition has been met.

New Projects

In addition to the existing exploration activities Latin continues to seek the acquisition of projects with established resources and near term development potential. During the quarter a number of gold projects were reviewed but failed to reach either the Company's technical or financial hurdles.

Board Changes

Mr Peter McAleer, the Company's chairman since its ASX listing in 2001 retired as Chairman and a Director effective from close of business 4 July 2011. The Board acknowledges the effort Mr McAleer expended in his role as Chairman and Director and wishes him all the best in his future endeavours.

As a result of Mr McAleer's retirement from the Board, Latin appointed Mr Ian Middlemas as a Non Executive Director and Chairman and Mr Mark Pearce as a Non Executive Director, effective from 5 July 2011.

Mr Middlemas and Mr Pearce subsequently resigned as Directors on 31 August 2011 and on the same date Mr Michael Higginson was appointed as a Director.

Mr Higginson holds a Bachelor of Business degree with majors in finance and corporate administration. Mr Higginson was formerly an executive officer with the Australian Securities Exchange. He has over 20 years expertise in public company administration, corporate finance and law, corporate governance, capital raisings, ASX Listing Rules and company secretarial duties.

Mr Higginson has held board, company secretarial and senior management positions with a number of resource exploration companies.

Proposed Share Placement

As a consequence of the resignation of Mr Middlemas and Mr Pearce the proposed share placement of 100,000,000 fully paid ordinary shares at \$0.022 per share, together with a 1 for 2 free attaching option (exercisable at \$0.04 each on or before 30 June 2015), to raise \$2,200,000, was cancelled.

Cash Reserves

The Company had cash holdings of approximately \$2.2 million as at 30 September 2011, with an additional US\$1.50 million forthcoming from Coronet.

Information in this report to which this statement is attached that relates to Exploration Results is based on information compiled by Howard Dawson, who is a Member of the Australian Institute of Geoscientists. Mr Dawson is an officer of the Company, is self-employed and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Dawson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.