

**ASX RELEASE**

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Company Announcements Office  
ASX Limited

**By electronic lodgement**

**Change to the Peruvian Income Tax Act**

Latin Gold Limited ("Latin Gold" or the "Company") advises that it has received advice that the Peruvian Income Tax Act has been amended following the publication, on 15 February 2011, of Law 29663 in the Peruvian Official Gazette.

The new tax, which is to be levied at a rate of 30%, became effective on 16 February 2011 and captures gains arising from the indirect transfer of Peruvian shares. According to the law, "An indirect alienation (transfer) will be deemed to arise whenever there is a transfer of shares ... issued by a non resident company, which owns (directly or through an intermediary) shares ... issued by Peruvian legal entities..."

It is expected that this new tax will be applied to the consideration to be received from the proposed sale to Coronet Metals Inc (Coronet) of the Paron Gold Project, mining and exploration information and related assets.

Unfortunately, at this stage no regulations have been published by the Peruvian taxation authorities. Accordingly, the lack of clarity with respect to being able to calculate the taxable cost base makes it impossible to determine the quantum of tax that may be payable.

Latin Gold considers that if the new tax is applied in accordance with conventional and generally accepted standards and principles, then the tax payable following the receipt from Coronet of the initial consideration of US\$7.5 million is expected to be minimal. This, however, can only be ascertained following publication by the Peruvian taxation authorities of the relevant regulations.

Latin Gold further considers that the balance of the consideration to be received from Coronet, which is milestone linked (US\$6.5 million), is likely to be taxable at the rate of 30%.

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