LATIN GOLD LIMITED

ABN 43 059 457 279

ANNUAL REPORT
AND FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2012

CONTENTS	PAGE

CORPORATE DIRECTORY

DIRECTORS

Howard Dawson (Non-Executive Chairman)
Jim Malone (Non-Executive Director)
Michael Higginson (Non-Executive Director)

COMPANY SECRETARY

Michael Higginson

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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AUDITOR

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Western Australia 6005

SHARE REGISTRY

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STOCK EXCHANGE LISTING

Australian Securities Exchange Limited
Home Exchange – Perth
ASX Code: LAT

DIRECTORS' REPORT

The Directors present their report on Latin Gold Limited and its controlled entities for the year ended 30 June 2012.

BOARD OF DIRECTORS

The names and details of Latin Gold Ltd's ("Company") directors in office during the financial year and until the date of this report are as follows. Messrs Dawson and Malone were in office for this entire period. Mr Higginson was appointed on 31 August 2011 and remains in office as at the date of this report. Mr P McAleer (a founding director) resigned on 4 July 2011. Messrs I Middlemas and M Pearce were in office for the period commencing 5 July 2011 and ending 31 August 2011.

Howard Dawson ***(Non-Executive Chairman)***

Howard Dawson was appointed to the Board in December 2003. Mr Dawson had an 11 year career as a geologist before entering the securities industry as a research analyst in 1987. Over the subsequent 19 years he fulfilled a number of complimentary roles within the securities industry including research, corporate advisory, business development and management for firms including Hartley Poynton, McIntosh Securities, Merrill Lynch and ABN AMRO Morgans Limited.

Responsibilities:	Chairman of the audit committee. Mr Dawson is responsible for capital raisings, risk identification and the independent technical and financial overview of promoted projects.
Qualifications:	Bachelor of Science (Geology) SFFINSIA, MAIG
Directorships:	Discovery Capital Limited - Executive Chairman
Past directorships:	Tangiers Petroleum Limited – Non-Executive Director Nevada Iron Limited – Non-Executive Chairman

Jim Malone *(Non-Executive Director)*

Jim Malone is a founding director of the Company.

Mr Malone has worked successfully as an accountant, stockbroker, business analyst and CEO of a medium sized business for the past 25 years.

Mr Malone, a Commerce graduate from the University of Western Australia worked for Arthur Andersen accountants, Hartley Poynton stockbrokers, CSFB and Lehman Brothers merchant banks in London and for the West Coast Eagles and Richmond Football Clubs, the latter as CEO from 1994 to 2000.

Since 2000, Mr Malone has worked in the resources industry and has been involved with the start up, successful listing and ongoing management and development of eight ASX listed and two non-listed resource companies with a diverse range of commodities including gold, base metals, uranium, oil and gas and industrial minerals. These companies have operated projects in Latin America, Europe, Africa, the USA and Australia. Over the past 24 years Mr Malone has lived and worked in Perth, Melbourne, London and Santiago, Chile.

Responsibilities:	Ongoing business development, capital raisings, investor relations, risk identification, corporate governance and financial management of the Company.
Qualifications:	Mr Malone has a Bachelor of Commerce degree from the University of Western Australia and is a Member of the Australian Society of CPAs.
Directorships:	Quest Petroleum NL – Non-Executive Chairman Australian-American Mining Corporation Limited – Executive Director Exalt Resources Limited – Non-Executive Director
Past directorships:	Atlantic Limited – Non-Executive Director NSL Consolidated Limited – Non-Executive Director Nevada Iron Limited – Non-Executive Chairman Forge Resources Limited – Non-Executive Director

Michael Higginson ***(Non-Executive Director appointed 31 August 2011 and Company Secretary)***

Mr Higginson is the holder of a Bachelor of Business Degree and was appointed as Non-Executive Director on 31 August 2011 and Company Secretary on 12 June 2009.

Mr Higginson was formerly an executive officer with the Australian Securities Exchange and has, over the last 24 years, held numerous company secretarial and directorship roles with a range of public listed companies both in Australia and the UK.

Qualifications:	Bachelor of Business with majors in Finance & Administration
Responsibilities:	Member of the Audit Committee
Directorships:	Cape Range Limited Discovery Capital Limited

Ian Middlemas *(Non-Executive Director– appointed 5 July 2011 and resigned 31 August 2011)*

Mark Pearce *(Non-Executive Director– appointed 5 July 2011 and resigned 31 August 2011)*

Peter McAleer *(resigned 4 July 2011)*

CORPORATE STRUCTURE

Latin Gold Ltd is a company limited by shares that is incorporated and domiciled in Australia. Latin Gold Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, being the wholly-owned entity, Westmag Resources Limited (collectively the "Group").

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was mineral exploration and project investigation.

EMPLOYEES

The Group has no employees as at 30 June 2012 (2011: 0 employees).

REVIEW OF OPERATIONS

The principal activity of the Group during the year was the continued exploration of the Narracoota project, project investigation and finalising the settlement of the sale of the Paron Gold Project in Peru.

A more detailed review of the Group's operations during the financial year is set out in the Operations Report.

RESULTS OF OPERATIONS

The operating loss after income tax of the Group for the year ended 30 June 2012 was $1,640,611 (2011: profit of $701,525).

The Group's basic loss per share for the year was 0.5 cents (2011: profit of 0.2 cents).

No dividend has been paid during or is recommended for the financial year ended 30 June 2012.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 22 November 2011, the Company announced the receipt of US$1,500,000 from Coronet Metals Inc, being the balance of the consideration for the sale of the Paron Gold Project.

There were no other significant changes in the state of affairs of the Group during the financial year not otherwise dealt with in this report and the financial statements.

FUTURE DEVELOPMENTS

Likely future developments in the operations of the Group are referred to in the Chairman's and Operations Reports. Other than as referred to in this report, further information as to likely developments in the operations of the Group and expected results of those operations would, in the opinion of the Directors, be speculative and prejudicial to the interests of the Group and its shareholders.

SUBSEQUENT EVENTS

There has been no matter or circumstance that has arisen since 30 June 2012 which has 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.

FINANCIAL POSITION

The net assets of the Group have decreased by $182,645 from $3,941,987 at 30 June 2011 to $3,759,342 at 30 June 2012.

The Group's working capital, being current assets less current liabilities, has increased from $2,054,304 in 2011 to $3,296,680 at 30 June 2012.

In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

DIRECTORS' MEETINGS

The number of meetings attended by each of the Directors of the Company during the financial year was:

	Board Meetings		Audit Committee Meetings	
	Number held and entitled to attend	Number Attended	Number held and entitled to attend	Number Attended
Howard Dawson	6	6	1	1
Jim Malone	6	6	-	-
Mike Higginson	4	4	1	1
Peter McAleer	1	1	-	-
Ian Middlemas	-	-	-	-
Mark Pearce	-	-	-	-

ENVIRONMENTAL ISSUES

The Group's operations which are subject to significant environmental regulations under the laws of Peru ceased in June 2011 on the sale of Golden Eagles Resources Peru SAC and the related mining assets. Details of the Group performance in relation to environmental regulation are as follows:

The Group's exploration activities are subject to the mining acts in the countries in which they operate. The Company has a policy of complying with or exceeding its environmental performance obligations. The Board believes that the Company has adequate systems in place for the management of its environmental requirements.

The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation.

The Directors of the Company are not aware of any breach of environmental legislation for the financial year under review.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

SHARE OPTIONS

As at the date of this report, there were nil (2011: 1,000,000) unissued ordinary shares under option. Refer to Note 12 of the Financial Statements for further details of the options that lapsed during the year. No person entitled to exercise any option referred to above have or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

REMUNERATION REPORT (AUDITED)

This report details the type and amount of remuneration for each Director of Latin Gold Limited, and for the executives receiving the highest remuneration.

Remuneration Policy

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board by remunerating Directors fairly and appropriately with reference to relevant employment market conditions. To assist in achieving the objective the Board links the nature and amount of executive Directors' emoluments to the Company's financial and operational performance. The expected outcomes of this remuneration structure are:

- Retention and motivation of Directors
- Performance rewards to allow Directors to share the rewards of the success of Latin Gold Limited

The remuneration of an executive Director will be decided by the full Board. In determining competitive remuneration rates the Board reviews local and international trends among comparative companies and the industry generally. It also examines terms and conditions for the employee share option plan.

The maximum remuneration of non-executive Directors is the subject of shareholder resolution in accordance with the Company's Constitution, and the Corporations Act as applicable. The apportionment of non-executive Director remuneration, within that maximum, will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director.

The Board may award additional remuneration to non-executive Directors called upon to perform extra services or make special exertions on behalf of the Company.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive Directors.

All equity based remuneration paid to Directors and executives is valued at the cost to the Company and expensed. Options are valued using the Black-Scholes methodology.

Performance Based Remuneration

The issue of options to Directors in accordance with the Company's employee share option plan to encourage the alignment of personal and shareholder returns. The intention of this program is to align the objectives of Directors/executives with that of the business and shareholders. In addition, all Directors and executives are encouraged to hold shares in the Company. The Company has not paid bonuses to Directors or executives to date.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy has been tailored to maximise the commonality of goals between shareholders and Directors and executives. The method applied in achieving this aim to date being the issue of options to Directors to encourage the alignment of personal and shareholder interests. The Company believes this policy will be the most effective in increasing shareholder wealth.

The following table shows the gross revenue, operating (profit)/loss, net assets and share price at the end of the respective financial years.

Year	Revenue	Net loss / (profit)	Net assets	Share price
2007	$82,972	$1,133,803	$1,860,094	5.1c
2008	$33,625	$650,527	$3,390,162	3.7c
2009	$15,787	$422,049	$3,650,372	3.0c
Year	Revenue	Net loss / (profit)	Net assets	Share price
2010	$42,284	$517,875	$4,570,298	1.7c
2011	$3,287,406	($701,525)	$3,941,987	3.6c
2012	$1,463,405	$1,640,611	$3,759,342	1.3c

Details of Remuneration for Year Ended 30 June 2012

The remuneration for each Director of the Group during the year ended 30 June 2012 was as follows:

Directors and Executive Officers' Emoluments

2012	Annual Emoluments			Performance Related		Total	% of Remuneration consisting of Options
Names	Salary & Fees $	Non-Monetary Benefits $	Super-annuation $	Options Granted	Options Amortised $	$	
Directors Emoluments							
J Malone	24,000	-	-	-	-	24,000	-
H Dawson	30,000	-	-	-	-	30,000	-
M Higginson	55,247	-	-	-	-	55,247	-
P McAleer	-	-	-	-	-	-	-
I Middlemas	-	-	-	-	-	-	-
M Pearce	-	-	-	-	-	-	-
Total	109,247	-	-	-	-	109,247	-
Executive Emoluments	-	-	-	-	-	-	-

The remuneration for each Director and of the one executive officer of the Group during the year ended 30 June 2011 was as follows:

2011	Annual Emoluments			Performance Related		Total	% of Remuneration consisting of Options
Names	Salary & Fees $	Non-Monetary Benefits $	Super-annuation $	Options Granted	Options Amortised $	$	
Directors Emoluments							
J Malone	36,088	-	-	-	(14,900)	21,188	-
H Dawson	108,000	-	-	-	(14,900)	93,100	-
P McAleer	28,000	-	-	-	(5,960)	22,040	-
Total	172,088	-	-	-	(35,760)	136,328	-
Executive Emoluments							
M Higginson	59,011	-	-	-	-	59,011	-

Performance Income as a Proportion of Total Remuneration

No options were issued for the 30 June 2012 financial year. Amounts vesting in respect of options issued during prior financial periods represented nil of total Directors' emoluments for the year ended 30 June 2012.

Compensation Options: Granted and vested during the year ended 30 June 2012

During the year ended 30 June 2012, no options were granted. None of the options vested in the current year.

Options granted as part of remuneration in the year ended 30 June 2012

There were no options granted as part of remuneration in the year ended 30 June 2012.

Employment Contracts of Directors and Senior Executives

There are no employment contracts for the Chairman, non-executive Directors or Company Secretary.

All Directors are currently receiving monthly Directors fees of $2,000. This position will, however, be reviewed from time to time and it is expected that fees will be paid at commercial rates at some stage during the current financial year.

Additional remuneration was paid throughout the year for additional services provided by the Directors at normal commercial rates agreed by the Board.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

As at the date of this report, the interests of the Directors in the shares and options of the Company are:

	Ordinary Shares			*Options*			
Directors	*Balance at beginning of year*	*Purchased*	*Balance at date of Directors' Report*	*Balance at beginning of year*	*Expired*	*Issued*	*Balance at date of Directors' Report*
H Dawson	3,941,000	1,294,800	5,235,800	-	-	-	-
J Malone	3,340,000	-	3,340,000	-	-	-	-
M Higginson	-	-	-	-	-	-	-
	7,281,000	1,294,800	8,575,800	-	-	-	-

Further details on options can be found in Note 16(d).

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company currently does not have an insurance policy in place for Directors and officers insurance. The total premium paid by the Company during the year ended 30 June 2012 was nil (2011: $nil).

NON-AUDIT SERVICES

No fees for non-audit services were paid to the external auditors during the year (2011: $nil).

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2012 has been received and immediately follows the Directors' Report.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Latin Gold support and have adhered to the principles of sound corporate governance.

The Board recognises the recent recommendations of the Australian Securities Exchange Corporate Governance Council and considers that Latin Gold is in compliance with those guidelines which are of critical importance to the commercial operation of a junior listed resources company. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy adopted by the Company. The Company's corporate governance statement and disclosures are contained in this annual report.

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

Michael Higginson
Chairman

Perth, Western Australia
28 September 2012

Stantons International Audit and Consulting Pty Ltd
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28 September 2012

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

Dear Directors

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 the Audit Director for the audit of the financial statements of Latin Gold Limited for the year ended 30 June 2012, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully
STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(Authorised Audit Company)

John Van Dieren
Director

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2012

	Note	Consolidated 2012 $	Consolidated 2011 $
Current Assets			
Cash and cash equivalents	6	3,331,414	565,660
Other financial assets	8	-	1,651,751
Trade and other receivables	7	11,249	14,552
Total Current Assets		3,342,663	2,231,963
Non-Current Assets			
Plant and equipment	9	-	-
Exploration and evaluation expenditure	10	85,523	-
Investments	27	377,139	1,887,683
Total Non-Current Assets		462,662	1,887,683
TOTAL ASSETS		3,805,325	4,119,646
Current Liabilities			
Trade and other payables	11	45,983	177,659
Total Current Liabilities		45,983	177,659
Total Non-Current Liabilities		-	-
TOTAL LIABILITIES		45,983	177,659
NET ASSETS		3,759,342	3,941,987
Equity			
Contributed equity	12	13,269,603	13,269,603
Reserves	13	543,400	(914,566)
Accumulated losses	14	(10,053,661)	(8,413,050)
TOTAL EQUITY		3,759,342	3,941,987

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 30 June 2012

	Note	Consolidated 2012 $	Consolidated 2011 $
Revenue	2	1,463,405	3,287,406
Project costs		-	(199,130)
Employee costs		(74,000)	(82,088)
Occupancy costs		(27,099)	(22,208)
General and administration costs		(163,305)	(406,586)
Depreciation	3(a)	-	(4,328)
Foreign exchange gains / (losses)	3(b)	83,074	(24,409)
Share based payments income		-	46,040
Exploration expenditure written off		-	(138,646)
Provision for non-recoverability of receivable		-	(3,539,405)
Impairment of investment in Coronet shares	3(b)	(1,556,978)	-
(Loss)/Gain on deconsolidation of subsidiaries		(1,365,708)	1,784,879
Profit/(Loss) before income tax expense		(1,640,611)	701,525
Income tax expense	5	-	-
Net profit/(loss) for the year	14	(1,640,611)	701,525
Other comprehensive income			
Exchange differences on translation of foreign operations	13	1,457,966	(1,283,796)
Fair value reserve movements	13	-	-
Total other comprehensive income/(loss)		**1,457,966**	**(1,283,796)**
Total comprehensive (loss)/profit for the year		(182,645)	(582,271)
Net profit/(loss) attributable to the members of the parent entity		(1,640,611)	701,525
Total comprehensive (loss)/profit attributable to members of parent entity		(182,645)	(582,271)
Basic profit/(loss) per share (cents per share)	4	(0.5)	0.2
Diluted profit/(loss) per share (cents per share)	4	(0.5)	0.2

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2012

	Contributed Equity $	Reserves $	Accumulated losses $	Total Equity $
As at 1 July 2010	13,269,603	415,270	(9,114,575)	4,570,298
Net profit for the year	-	-	701,525	701,525
Other comprehensive income for the year	-	(1,283,796)	-	(1,283,796)
Total comprehensive loss for the year	-	(1,283,796)	701,525	(582,271)
Equity based payments	-	(46,040)	-	(46,040)
Balance at 30 June 2011	13,269,603	(914,566)	(8,413,050)	3,941,987
As at 1 July 2011	13,269,603	(914,566)	(8,413,050)	3,941,987
Net loss for the year	-	-	(1,640,611)	(1,640,611)
Other comprehensive income for the year	-	1,457,966	-	1,457,966
Total comprehensive loss for the year	-	1,457,966	(1,640,611)	(182,645)
Equity based payments	-	-	-	-
Balance at 30 June 2012	13,269,603	543,400	(10,053,661)	3,759,342

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2012

	Note	Consolidated 2012 $	Consolidated 2011 $
Cash Flows from Operating Activities			
Payments to suppliers, contractors and employees		(262,255)	(447,900)
Interest received		16,833	46,014
Other receipts		-	91,346
Net cash flows used in operating activities	15	(245,422)	(310,540)
Cash Flows from Investing Activities			
(Increase) / decrease in other financial assets		1,651,751	(1,651,751)
Proceeds from sale of Golden Eagle Resources Peru S.A.C.		1,444,948	1,630,030
Payments for exploration and evaluation		(85,523)	(315,269)
Net cash flows used in investing activities		3,011,176	(336,990)
Cash Flows from Financing Activities			
Proceeds from issue of shares		-	-
Share issue expenses		-	-
Net cash flows from financing activities		-	-
Net increase / (decrease) in cash and cash equivalents		2,765,754	(647,530)
Cash and cash equivalents at the beginning of the financial year		565,660	1,213,190
Cash and cash equivalents at the end of the financial year	6	3,331,414	565,660

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Reporting Framework

The financial report covers the consolidated entity of Latin Gold Limited and controlled entities (the "Group"). Latin Gold Limited (the "Company") is a listed public company, incorporated and domiciled in Australia.

Separate financial statements for the Company as an individual entity are no longer presented as a consequence of a change to the Corporations Act 2001, however, required information for the Company as an individual entity is included in Note 23.

Statement of compliance
The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards ('IFRS'). The consolidated financial report of the Group complies with International Financial Reporting Standards and Interpretations adopted by the International Accounting Standards Board.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Cost is based on the fair values of the consideration given in exchange for assets.

The adoption of new amendments to standards and interpretations that became mandatory for the financial year beginning 1 July 2011 did not have any impact in the current year or the prior year.

The financial report of Latin Gold Limited for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the Directors on 28 September 2012.

(b) Significant accounting policies

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Latin Gold Limited at the end of the reporting period. A controlled entity is any entity over which Latin Gold Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 26 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interest, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

(d) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(e) Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(f) Cash and cash equivalents

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions and investments in money market instruments with less than 30 days to maturity.

(g) Trade and other receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

(h) Investments

Non-current investments are measured at cost. The carrying amount of non-current investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for listed investments or the underlying net assets for other non-listed investments. The expected net cash flows from investments have been discounted to their present value in determining the recoverable amounts.

(i) Property, plant and equipment

Plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment loss.

Depreciation is provided on plant and equipment. Depreciation is calculated on a reducing balance basis so as to write off the net costs of each asset over the expected useful life. The rates vary between 20% and 40% per annum.

(j) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure. Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration expenditure for each area of interest is written off as incurred, except that it may be carried forward provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration activities in an area of interest have not, at reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

The Group performs impairment testing when facts and circumstances suggest the carrying amount has been impaired. If it was determined that the asset was impaired it would be immediately written off to the statement of comprehensive income.

Expenditure is not carried forward in respect of any area of interest unless the Group's right of tenure to that area of interest is current. Expenditures incurred before the Group has obtained legal rights to explore a specific area are expensed as incurred. Amortisation is not charged on areas under development, pending commencement of production.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

(m) Employee entitlements

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liabilities, are used.

Employees benefit expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave and other leave benefits; and
- other types of employee benefits are recognised against profits on a net basis in their respective categories.

(n) Income tax

Current tax
Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax
Deferred tax is accounted for using the comprehensive statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period
Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(o) Equity-based payments

The Company determines the fair value of options issued to employees as remuneration and recognises the expense in the statement of comprehensive income. This policy is not limited to options and also extends to other forms of equity based remuneration.

Fair value is measured using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period.

(p) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Latin Gold Limited's functional and presentation currency.

The functional currencies of the Company's subsidiaries are as follows:
Australia – AUD; Bahamas – USD

(ii) Transactions and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(iii) Group companies
The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income.

(q) Earnings per share

Basic earnings per share is determined by dividing the profit/(loss) from ordinary activities after related income tax expense by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated as net profit/(loss) attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(r) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financial activities, which are recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(s) Comparative amounts

When required by accounting standards, comparative figures have been re-stated to conform to changes in the current year.

(t) Critical accounting estimates and judgments

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Examples of those areas which require accounting estimates and judgments include provision for write-down of loans; carrying values of exploration expenditure and share-based payments.

Impairment of capitalised exploration and evaluation expenditure
The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation assets through sale. At 30 June 2012 the carrying value of capitalised exploration and evaluation expenditure is $85,523.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

Share-based payment transactions
The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined through an option valuation model, taking into account the terms and conditions upon which the instruments were granted.

Provision for intercompany loans
Due to the uncertainty as to if and when the intercompany loans will be repaid, the loans have been provided for in full.

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and addressing performance of the operating segments, has been identified as the full Board of Directors.

The Group has adopted AASB 8 Operating Segments which requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. 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.

The Group operates only in the exploration industry, both in Australia and overseas. There has been no change in the number of reportable segments presented to comply with this standard.

2. Revenue

	Consolidated	
	2012 $	2011 $
Gain on sale of Golden Eagle Resources Peru S.A.C.	-	3,150,009
Recovery of amount due from Coronet Metals Inc, previously provided for in full	1,444,948	-
Sundry income	1,624	91,347
Interest received	16,833	46,050
	1,463,405	3,287,406

		Consolidated 2012 $	2011 $
3.	**Expense and Losses and Gains from Ordinary Activities**		
(a)	Expenses		
	Depreciation	-	(4,328)
	Exploration and evaluation costs	-	(138,646)
	Employee share based payments (expense)/reversal	-	46,040
	(b) Losses and Gains		
	Net foreign currency gain/(loss)	83,074	(24,409)
	Impairment of Coronet Metals Inc shares (note 13)	(1,556,978)	-

		2012 No. of Shares	2011 No. of Shares
4.	**Earnings per Share**		
	Weighted average number of ordinary shares outstanding during the year used in calculation of earnings per share	323,156,828	323,156,828
	Weighted average number of potential ordinary shares outstanding during the year used in calculation of diluted earnings per share	323,156,828	323,156,828

		Consolidated 2012 $	2011 $
5.	**Income taxes**		
(a)	**Income tax recognised in profit or loss**		
	Prima facie tax on operating profit (loss) before income tax at 30%	(492,183)	210,458
	Tax effect of permanent and temporary differences not recognised	492,183	(210,458)
	Income tax attributable to operating loss	-	-
(b)	**Deferred tax balances**		
	Deferred tax assets and liabilities at 30 June not brought to account:		
	Exploration expenditure	(25,657)	-
	Accruals	04,500	4,500
	Deferred tax asset/(liability) not brought to account	21,157	(4,500)
	Net deferred tax balances excluding tax losses	-	-
(c)	**Deferred tax assets arising from unconfirmed tax losses and capital losses not brought to account at balance date as realisation of the benefit is not probable.**		
	Income tax losses	1,359,678	1,398,050
	Net deferred tax (liability)/asset	(21,157)	4,500
	Net deferred tax asset not brought to account	1,338,521	1,402,550

No income tax is payable by the Group. The Directors have considered it prudent not to bring to account the future income tax benefit of income tax losses and exploration deductions until there is virtual certainty of deriving assessable income of a nature and amount to enable such benefit to be realised.

The Group has estimated unrecouped income tax losses of $4,532,261 (2011: $$4,755,18) which may be available to offset against taxable income in future years.

The benefit of these losses and timing differences will only be obtained if:

(a) the Group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the loss to be realised;
(b) the Group continues to comply with the condition of deductibility imposed by Australian and Chilean laws; and
(c) no changes in tax legislation adversely affect the Company in realising the benefit from the deduction for the loss.

		Consolidated	
		2012 $	2011 $
6.	**Cash and cash equivalents**		
	Cash at bank	3,331,414	565,660
7.	**Trade and other receivables**		
	Current Receivables		
	Amount due from Coronet Metals Inc	-	3,539,405
	Less: provision for non-recoverability	-	(3,539,405)
	Sundry debtors	11,249	14,552
		11,249	14,552

None of the current trade and other receivables are impaired or past due.

8.	**Other financial assets**		
	Short term money market deposit	-	1,651,751
9.	**Plant and equipment**		
	Cost – opening	5,118	74,902
	Additions	-	-
	Exchange differences	-	-
	Disposals/written off (i)	-	(69,784)
	Cost – closing	5,118	5,118
	Accumulated depreciation - opening	(5,118)	(61,875)
	Disposals/written off	-	61,085
	Exchange differences	-	-
	Depreciation	-	(4,328)
	Accumulated depreciation - closing	(5,118)	(5,118)
	Written down value - opening	-	13,027
	Written down value - closing	-	-

(i) The plant and equipment disposal in 2011 was mainly in relation to the sale of Golden Eagle Resources Peru SAC.

10. Exploration and Evaluation Expenditure

Written down value - opening	-	3,405,495
Exploration expenditure	85,523	-
Exchange differences	-	-
Disposals (i)	-	(3,405,495)
Written down value - closing	85,523	-

(i) In respect of the sale of Golden Eagle Resources Peru SAC and related mining information.

11. Trade and other payables

Current Payables		
Trade creditors	28,483	144,238
Accruals	17,500	15,000
Other	-	18,421
	45,983	177,659

Trade liabilities are non-interest bearing and normally settled on 30-day terms.

	2012 Number	2011 Number	2012 $	2011 $
12. Contributed Equity				
Ordinary Shares				
Ordinary shares at beginning of year	323,152,868	323,152,868	13,269,603	13,269,603
Less Capital raising costs	-	-	-	-
Ordinary shares at end of year	323,152,868	323,152,868	13,269,603	13,269,603

On a show of hands, every member present in person or by proxy shall have one vote and, upon a poll, each share shall have one vote.

Share Options
As at 30 June 2012 there were nil options to subscribe for ordinary shares.

The following options over unissued ordinary shares lapsed during the year:
(i) 1,000,000 unlisted options exercisable on or before 30 June 2012 at an exercise price of 3.5 cents each.
No other options were issued, granted or exercised during the year.

	Consolidated 2012 $	Consolidated 2011 $
13. Reserves		
Options reserve		
Balance at beginning of year	317,877	363,917
Issued	-	4,620
Directors' options vested	-	-
Reversal of expense booked in prior years	-	(50,660)

		Consolidated	
		2012	2011
		$	$
13.	**Reserves**		
	Options reserve		
	Balance at beginning of year	317,877	363,917
	Issued	-	4,620
	Directors' options vested	-	-
	Reversal of expense booked in prior years	-	(50,660)
	Balance at end of year	317,877	317,877
	Foreign currency translation reserve		
	Balance at beginning of year	(1,232,443)	51,353
	Currency translation differences arising during the year and transfers to income statement on deconsolidation of subsidiaries	1,457,966	(1,283,796)
	Balance at end of year	225,523	(1,232,443)
	Fair value reserve		
	Balance at the beginning of the year	-	-
	Net fair value loss on available for sale assets – Coronet Metals Inc shares	(1,556,978)	-
	Transfer to profit and loss as an impairment loss	1,556,978	-
	Balance at end of year	-	-
	Total Reserves	543,400	(914,566)
14.	**Accumulated Losses**		
	Balance at the beginning of this year	(8,413,050)	(9,114,575)
	Profit / (Loss) for the year	(1,640,611)	701,525
	Balance at the end of the year	(10,053,661)	(8,413,050)
15.	**Notes to the Cash Flow Statement**		
	(a) Reconciliation of net cash used in operating activities to operating profit/(loss) after income tax		
	Operating profit / (loss) after tax	(1,640,611)	701,525
	Add non cash items:		
	Depreciation	-	4,328
	Exploration expenditure written off	-	138,646
	Loss/(profit) on deconsolidation	1,365,708	(1,784,879)
	Impairment on investment in Coronet Metals Inc	1,556,978	-
	Impairment expense on amount due from Coronet Metals Inc	-	3,539,405
	Exploration expenditure classified as investing	-	199,130
	Gain on sale of Golden Eagle Resources Peru S.A.C.	(1,444,948)	(3,150,009)
	Net foreign currency (gain) / loss	45,825	4,080
	Share based payments expense / (income)	-	(46,040)

15. Notes to the Cash Flow statement (continued)

	Consolidated 2012 $	Consolidated 2011 $
Changes in net assets and liabilities net of disposal of subsidiary		
Decrease/(increase) in receivables	3,303	690
Decrease/(increase) in prepayments	-	4,947
Increase in payables	(131,677)	77,637
Net cash outflow from operating activities	(245,422)	(310,540)

(b) Non-cash financing and investing activities

There were no non-cash financing and investing activities during the year.

16. Director and Executive Disclosures

(a) Directors and Executives

The names and positions held by key management personnel in office at any time during the year are:

H Dawson	Non-Executive Chairman
J Malone	Non-Executive Director
M Higginson	Non-Executive Director
I Middlemas	Non-Executive Director (resigned 31 August 2011)
M Pearce	Non-Executive Director (resigned 31 August 2011)
P McAleer	Non-Executive Chairman (resigned 4 July 2011)

(b) Remuneration of Directors and key management personnel	Consolidated 2012 $	Consolidated 2011 $
Short term	109,247	231,099
Share-based payments	-	(35,760)
	109,247	195,339

(c) Remuneration Options: Granted and Vested during the Year

During the financial year ended 30 June 2012, no options were granted as equity based compensation benefits and no equity based compensation benefit options were vested.

(d) Option holdings of Directors and officers

Aggregate number of share options of Latin Gold Limited held directly, indirectly or beneficially by Directors and officers or their director related entities:

30 June 2012

Name	*Balance at beginning of year*	*Granted as Remuneration*	*Options Expired*	*Balance at end of year*	*Vested at 30 June 2012*	*Exercisable at 30 June 2012*
H Dawson	-	-	-	-	-	-
J Malone	-	-	-	-	-	-
M Higginson	-	-	-	-	-	-
P McAleer	-	-	-	-	-	-
I Middlemas	-	-	-	-	-	-
M Pearce	-	-	-	-	-	-
	-	-	-	-	-	-

30 June 2011

Name	*Balance at beginning of year*	*Granted as Remuneration*	*Options Expired*	*Balance at end of year*	*Vested at 30 June 2011*	*Exercisable at 30 June 2011*
H Dawson	1,500,000	-	(1,500,000)	-	-	-
J Malone	1,500,000	-	(1,500,000)	-	-	-
P McAleer	600,000	-	(600,000)	-	-	-
M Higginson	-	-	-	-	-	-
	3,600,000	-	(3,600,000)	-	-	-

(e) Shareholdings of Directors and officers

Aggregate number of ordinary shares of Latin Gold Limited held directly, indirectly or beneficiary by Directors and officers of their Director related entities:

30 June 2012

Name	*Balance at beginning of year*	*Purchased*	*At date of resignation (i)*	*Balance at end of year*
H Dawson	3,941,000	1,294,800		5,235,800
J Malone	3,340,000	-		3,340,000
P McAleer	2,765,078	-	(2,765,078)	-
M Higginson	-	-		-
	10,046,078	1,294,800	(2,765,078)	8,575,800

30 June 2011

J Malone	3,340,000	-		3,340,000
H Dawson	3,906,000	35,000		3,941,000
P McAleer	2,765,078	-		2,765,078
M Higginson	-	-		-
	10,011,078	-		10,046,078

(i) P McAleer resigned as a director on 4 July 2011

(f) Directors and officers payables

	Consolidated	
	2012	**2011**
	$	**$**
Amounts payable to Directors and officers and related entities at the end of the financial year, included in current liabilities	25,356	95,078

17. Related Party Disclosures

Ultimate Parent
Latin Gold Limited is the ultimate Australian parent company.

Wholly Owned Group Transactions
Loans made by Latin Gold Limited to wholly-owned subsidiaries have no fixed repayment date and are interest free.

Loans made by Latin Gold Limited to wholly-owned subsidiaries still outstanding as at 30 June 2012 amount to $2,170,710 (June 2011: $5,612,114). These loans have been provided for in full.

17. **Related Party Disclosures (continued)**

Key Management Personnel
Transactions between the Group and key management personnel are disclosed in note 16 and in the Remuneration Report.

During the financial year ended 30 June 2012, an amount of $47,531 (2011: $81,662) was paid to Discovery Capital Limited (Discovery) as a recoupment of costs paid by Discovery on behalf of Latin Gold for the provision of, inter alia, office premises, secretarial support, geological services, telephone, office amenities, computing equipment and office operating outgoings. Discovery is a public unlisted company with over 400 shareholders. Messrs Dawson and Higginson are directors of Discovery.

18. **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 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 year no share options were granted to Directors to acquire ordinary shares.

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.

	2012		2011	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Outstanding at the beginning of the year	1,000,000	$0.035	5,100,000	$0.080
Granted	-	-	1,000,000	$0.035
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	(1,000,000)	$0.035	(5,100,000)	$0.080
Outstanding at year-end	-	-	1,000,000	$0.035
Exercisable at year-end	-	-	1,000,000	$0.035

The options outstanding at 30 June 2012 have a weighted average exercise price of nil (2011: $0.035) and a weighted average remaining life of nil years (2011: 1.0 years). The exercise price in respect of options outstanding at 30 June 2012 is nil each.

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future trends, which may not eventuate.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Included under employee benefits income in the statement of comprehensive income is $nil (expense 2011: $46,040) and relates, in full, to equity-settled share-based payment transactions.

	Consolidated 2012 $	Consolidated 2011 $
19. Auditors' Remuneration		
Amounts received or due and receivable by Stantons International for:		
Auditing and reviewing accounts	25,039	38,596
Other auditors	-	8,229
	25,039	46,825
20. Commitments		
There were no outstanding commitments, which are not disclosed in the financial statements as at 30 June 2012 other than:		
Rental commitments		
No later than 1 year	30,000	21,000
Later than 1 year but not later than 5 years	12,500	29,750
	42,500	50,750

21. Financial Instruments

Consolidated	Notes	Floating Interest Rate $	1 year or less $	Over 1-5 years $	Non interest bearing $	Total $
2012						
Financial assets						
Cash and cash equivalents	6	1,174,812	-	-	2,156,602	3,331,414
Other financial assets	7	-	-	-	-	-
Trade and other receivables	8	-	-	-	11,249	11,249
Investments	27	-	-	-	377,139	377,139
Total financial assets		1,174,812	-	-	2,544,990	3,719,802
Financial liabilities						
Trade and other payables	11	-	-	-	45,983	45,983
Total financial liabilities		-	-	-	45,983	45,983
Net financial assets		1,174,812	-	-	2,499,007	3,673,819

Weighted average interest rate on cash and cash equivalents is 1.80%

Consolidated	Notes	Floating Interest Rate $	1 year or less $	Over 1-5 years $	Non interest bearing $	Total $
2011						
Financial assets						
Cash and cash equivalents	6	335,128	-	-	230,532	565,660
Other financial assets	7	-	-	-	1,651,751	1,651,751
Trade and other receivables	8	-	-	-	14,552	14,552
Investments	27	-	-	-	1,887,683	1,887,683
Total financial assets		335,128	-	-	3,784,518	4,119,646
Financial liabilities						
Trade and other payables	11	-	-	-	177,659	177,659
Total financial liabilities		-	-	-	177,659	177,659
Net financial assets		335,128	-	-	3,606,859	3,941,987

Weighted average interest rate on cash and cash equivalents is 3.47%

Reconciliation of net financial assets to net assets	onsolidated 2012	2011
Consolidated	$	$
Net Financial Assets	3,673,819	3,941,987
Exploration and evaluation expenditure	85,523	-
Net Assets	3,759,342	3,941,987

Interest rate risks
The Group entities exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The Group does not have a formal policy in place to mitigate such risks.

Foreign currency risks
The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed by generally holding all funds in Australian dollars and only remitting funds to foreign subsidiaries as needed to reduce the foreign currency exposure.

The Group has foreign subsidiary companies with a functional currency that differs to the presentation currency of the Group. The financial statements of the foreign subsidiaries are required to be translated from the functional currency to the presentation currency of the Group, being Australian dollars. Any movement in the exchange rates will affect the carrying values of the Group's assets and liabilities where the financial statements of the subsidiary companies are denominated in a currency other than Australian dollars.

Credit risk
The maximum exposure to credit risk at the reporting date is the carrying amount (net of provision of doubtful debts) of those financial assets as disclosed in the statement of financial position and notes to the financial statements. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate values of transactions concluded are spread amongst approved counterparties.

Net fair value
The net fair value of all assets approximates their carrying value.

Interest Rate Risk, Foreign Currency Risk and Price Risk
The Group has performed sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and price risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis
At 30 June 2012, the effect on the profit and equity as a result of a 2% increase in the interest rate on interest bearing financial instruments, with all other variables remaining constant, would be an increase in profit by $23,496 (2011: $6,702) and an increase in equity by $23,496 (2011: $6,702).

Foreign Currency Risk Sensitivity Analysis
At 30 June 2012, the effect on profit and equity as a result of a 5% (2011: 5%) improvement in the value of the Australia dollar to the US dollar, with all other variables remaining constant would be that the profit would increase/decrease by $107,247 (2011: $176,972) and equity would increase/decrease by $107,247 (2011: $176,972). All intercompany loan balances have been provided for in full.

Market Price Risk Sensitivity Analysis
The Group holds available for sale financial assets. A market price movement of 10% based on the available for sale financial assets held at year end would increase/decrease profit by $37,714.

22. Segment Information

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. The Group operates only in the exploration industry in both Australia and overseas.

Reportable segments:	Australia $	South America $	Consolidated $
Segment revenue			
2012	1,463,405	-	1,463,405
2011	3,287,406	-	3,287,406
Segment result			
2012	(1,640,611)	-	(1,640,611)
2011	556,382	145,143	701,525
Segment assets			
2012	3,805,325	-	3,805,325
2011	4,119,495	151	4,119,646
Segment liabilities			
2012	45,983	-	45,983
2011	159,238	18,421	177,659
Depreciation and amortisation expense			
2012	-	-	-
2011	-	4,328	4,328

23. Parent Entity Disclosures

	2012 $	2011 $
Current Assets		
Cash and cash equivalents	3,331,217	565,509
Trade and other receivables	11,249	16,114
Total Current Assets	3,342,466	581,623
Non-Current Assets		
Exploration and evaluation expenditure	85,523	-
Total Non-Current Assets	85,523	-
TOTAL ASSETS	3,427,989	581,623
Current Liabilities		
Trade and other payables	45,068	158,956
Total Current Liabilities	45,068	158,956

TOTAL LIABILITIES	45,068	158,956
NET ASSETS	3,382,921	422,667

23. Parent Entity Disclosures (continued)

Equity

	2012	2011
	$	$
Contributed equity	13,269,603	13,269,603
Reserves	317,877	317,877
Accumulated losses	(10,204,559)	(13,164,813)
TOTAL EQUITY	3,382,921	422,667

	2012	2011
	$	$
Financial performance		
Profit / (loss) for the year	2,960,254	(670,087)
Other comprehensive income	-	-
Total comprehensive profit/(loss)	2,960,254	(670,087)

Note: Non-current financial assets of the parent entity not disclosed in the parent entity statement of financial position are:

Shares in controlled entities	252,382	318,068
Diminution in shares in controlled entities	(252,382)	(318,068)
	-	-
Loans to controlled entities	2,170,710	5,612,114
Diminution in loans to controlled entities	(2,170,710)	(5,612,114)
	-	-

24. Subsequent Events

There has been no other matter or circumstance that has arisen since 30 June 2012 which has 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.

25. Contingent Liabilities

The Group does not have any contingent liabilities.

26. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results for the following subsidiaries in accordance with the accounting policy described in note 1(c).

	Cost of Parent Entity's Investment	Equity Holding (i)

Name of Entity	Country of Incorporation	2012 $	2011 $	2012 %	2011 %
Westmag Resources Limited	Bahamas	252,382	252,382	100%	100%
Black Eagle Resources Limited	Bahamas	-	65,686	-	100%
Black Eagle Resources Peru SAC	Peru	-	-	-	100%
Golden Eagle Resources Peru SAC	Peru	-	-	-	-

26. Subsidiaries (continued)

The proportion of ownership is equal to the proportion of voting power held.

During the year, application was made for the dissolution of Black Eagle Resources Limited. On 30 July 2012, the Commonwealth of the Bahamas issued a certificate confirming the dissolution of Black Eagle Resources Limited.

	Consolidated 2012 $	2011 $
27. Investments		
Available-for-sale securities (i)	377,139	1,887,683

(i) As partial consideration for the sale of Golden Eagle Resources Peru SAC and mining information and related assets in 2011, the Group received 6,522,366 fully paid ordinary shares in Coronet Metals Inc., a Company listed on the TSX-V together with warrants with an exercise price of CAD $0.50 and an expiry date of 1 June 2013. The shares have been valued at CAD$0.06 per share, being the closing price on the Toronto Stock Exchange as at 30 June 2012. During the months of July, August and September 2012 the shares were traded mainly around CAD$0.06 per share.

28. New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group

At the date of the authorization of the financial statements, the standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', AASB 200911 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013	30 June 2014
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in other Entities'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011)	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011)	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014

AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 19 (2011)'	1 January 2013	30 June 2014
AASB 2010-8 'Amendments to Australian Accounting Standards – Deferred Tax: recovery of Underlying Assets'	1 January 2012	30 June 2013
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014

28. New Accounting Standards for Application in Future Periods (continued)

AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'	1 July 2012	30 June 2013
Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'.	1 January 2013	30 June 2014

The Group has decided not to early adopt any of the new and amended pronouncements. Of the above new and amended Standards and Interpretations the Group's assessment of those new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2. 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

  These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

  The key changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;
  - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
  - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument
  - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
  - requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

  The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting

Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation - Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

28. New Accounting Standards for Application in Future Periods (continued)

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or 'joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the 'special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will only affect disclosures and is not expected to significantly impact the Group.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group.

- AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurements.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are not expected to significantly impact the Group.

- AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is not expected to significantly impact the Group.

AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

(i) for an offer that may be withdrawn – when the employee accepts;

(ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and

(iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The Group has not yet been able to reasonably estimate the impact of these changes to AASB 119.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements, notes and additional disclosures included in the Directors' Report designated as audited are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards (including International Financial Reporting Standards) and the Corporations Regulations 2001; and

   (b) give a true and fair view of the statement of financial position as at 30 June 2012 and of the statement of comprehensive income for the year ended on that date of the consolidated entity;

2. the Managing Director and Chief Financial Officer have each declared that:

   (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act;

   (b) the financial statements and notes for the financial year comply with the International Financial Reporting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view.

3. in the Directors' opinion 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.

Michael Higginson

Michael Higginson
Chairman

Dated at Perth this 28th day of September 2012

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

Report on the Financial Report

We have audited the accompanying financial report of Latin Gold Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Opinion

In our opinion:

(a) the financial report of Latin Gold Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Report on the Remuneration Report

We have audited the remuneration report included in pages 5 to 7 of the directors' report for the year ended 30 June 2012. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Opinion
In our opinion the remuneration report of Latin Gold Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd

John P Van Dieren
Director

West Perth, Western Australia
28 September 2012