



ABN 43 059 457 279

# ANNUAL REPORT

AND FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

## CONTENTS

## PAGE

CORPORATE DIRECTORY	2
CHAIRMAN'S REPORT	3
OPERATIONS REPORT	4
DIRECTORS' REPORT	8
AUDITOR'S INDEPENDENCE DECLARATION	15
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	16
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	17
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	18
CONSOLIDATED STATEMENT OF CASH FLOWS	19
NOTES TO THE FINANCIAL STATEMENTS	20
DIRECTORS' DECLARATION	42
INDEPENDENT AUDIT REPORT	43
CORPORATE GOVERNANCE STATEMENT	45
ASX ADDITIONAL INFORMATION	54

## **CORPORATE DIRECTORY**

### **DIRECTORS**

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

### **COMPANY SECRETARY**

Michael Higginson

### **REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS**

103 Abernethy Road  
Belmont, WA, 6104

Telephone: +618 9277 9489

Facsimile: +618 9277 6818

Email: [mike.higginson@inet.net.au](mailto:mike.higginson@inet.net.au)

Website: [www.latingold.com.au](http://www.latingold.com.au)

### **AUDITOR**

Stantons International  
Level 2  
1 Walker Avenue  
West Perth  
Western Australia 6005

### **SHARE REGISTRY**

Advanced Share Registry Services  
150 Stirling Highway  
Nedlands Western Australia 6009

Telephone: +618 9389 8033

Facsimile: +618 9389 7871

### **STOCK EXCHANGE LISTING**

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

## CHAIRMAN'S REPORT

This report is written as a prelude to a likely significant change in the operations of Latin Gold. Subject to completion of a \$1 million capital raising, your Company will shortly complete the acquisition of Manjaro Resources Pty Ltd (**Manjaro**) which will give Latin Gold an immediate 60% interest in the Buhemba gold project located in Tanzania and with the right to increase that equity to 80% prior to a decision to mine.

This potential acquisition is the culmination of a concerted project review process carried out during the 2013 financial year, in which around 16 projects were advanced from the initial review stage to a more detailed assessment for potential acquisition by your Company.

This review process was significantly aided by John Macdonald, who agreed to join the Board in November 2012. John brought to the Company significant equities, geology and project experience and his efforts have been invaluable over the past nine months.

The likely acquisition of Manjaro could be a game changer for Latin Gold because if the Buhemba project lives up to the potential that the project appears to have, coupled with the enthusiasm for the project that the two incoming Directors, Chris Lalor and Faris Cassim demonstrate, then Latin Gold shareholders can expect plenty of positive exploration news over the coming year.

Your Company still actively explored the Narracoota project during the year and believes the project still offers much potential. The project area is strategically placed for a De Grussa type discovery but requires methodical and careful exploration as the majority of the project area is covered by transported soils.

With the strong likelihood that the Manjaro transaction will proceed, I will be shortly retiring as Chairman and Director of Latin Gold. At the same time, our founding Director, Jim Malone, who was previously the Company's Managing Director, will also be retiring from the Board.

During Jim's and my time with Latin Gold, we have certainly given it our best shot. Along the way we have explored, reviewed and acquired a large range of projects and carried out many drilling programmes. One could always ponder that in a number of instances if luck, circumstance and timing had been a little different, then possibly shareholders may have witnessed a better return for their investment than the current share price records.

With that said, however, the Company has nevertheless been a survivor through some pretty tough times in the resource sector and it is a testament to all that have worked or been on the board of Latin Gold that the Company is still in a strong cash position and able to consider an acquisition such as Manjaro.

We are confident that the Buhemba project is the way forward for Latin Gold and wish Chris and Faris, along with Mike Higginson and John Macdonald who will remain Directors, all the best.

Jim and I would also like to thank all shareholders for their support over the last 12 years and also acknowledge the efforts during that time of our previous operations Director, the late Simon Titchener and previous Chairman, Peter "Pixie" McAleer.

Kind regards

Howard Dawson  
Chairman

## OPERATIONS REPORT

### Buhemba Project (Tanzania)

On 24 April 2013 Latin Gold entered into a Binding Heads of Agreement to acquire up to an 80% interest in the Buhemba gold project (Buhemba) located in the Lake Victoria Gold Region of Tanzania.

Under the terms of the agreement, Latin Gold will acquire 100% of the issued capital of Manjaro Resources Pty Limited (Manjaro), an Australian registered company whose major asset is the right to a 60% interest in Buhemba and the right to acquire an additional 20% interest in Buhemba prior to a decision to mine.

The proposed acquisition, which is subject to a number of conditions precedent, was approved by Latin Gold shareholders in accordance with ASX Listing Rule 11.1.2 on 6 September 2013. In addition to a \$500,000 option fee, which has already been paid, should the acquisition proceed it will result in the potential issue to Manjaro shareholders of up to 350 million shares in Latin Gold.

Buhemba was explored by Tanganyika Gold NL (a former ASX listed company) in the mid 1990s and that company delineated six main mineralised zones where significant shallow gold discoveries were made.

A number of these discoveries were subsequently mined as a multiple open cut operation during 2003-2007 by a South African registered mining company.

The mine was closed down prematurely in 2007 with a reported 274,000 ozs of gold having been produced.

Based on the historic pre-mining JORC estimations available over the project area, Buhemba has a remaining near surface exploration target of between 6.5 million tonnes and 8.5 million tonnes grading between 1.9-2.2 g/t (between 400,000 - 600,000 ozs of gold insitu).

Further, there is potentially a significant tailings inventory contained within the project area. Historic evaluation drilling over the tailings at Buhemba indicates an exploration target of between 900,000 and 1,000,000 tonnes grading between 1.4-1.7 g/t (between 40,000 - 50,000 ozs of gold insitu).

In addition to these exploration targets, initial evaluation work by Manjaro has determined that considerable potential exists for the discovery of additional mineralisation, both down dip and proximal to the known mineralisation.

The Buhemba project area would also appear to have significant higher grade depth potential as it covers the historic Nyasenero mine, which anecdotal information indicates produced up to 350,000 ozs of gold at a grade of around 13.5g/t between 1930 and 1970.

The potential quantity and grade of the exploration targets referred to above are conceptual in nature, there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource. The exploration targets have been determined through a review of the historic exploration work carried out over Buhemba and it is considered that this work, which contained the results of several drilling campaigns, was competent and of a modern standard.

It is the intention of Latin Gold, should the acquisition proceed, to undertake an active exploration program over Buhemba within the coming 12 month period.

This exploration will include confirmation drilling, over historic resource blocks and tailings, as well as drilling to test a number of step up exploration targets within the project area.

### Buhemba Ownership

Manjaro holds its interest in Buhemba through an agreement with the Tanzanian State Mining Company (Stamico). Pursuant to this agreement, a special purpose vehicle is to be incorporated which will be owned 60% by Manjaro and 40% by Stamico.

Manjaro paid Stamico US\$500,000 on execution of this agreement earlier this year.

The key payment terms of the agreement Manjaro has with Stamico covering Buhemba are:

1. US\$1.0 million on decision to mine the tailings resource;
2. US\$1.5 million on the confirmation of a JORC indicated resource of 500,000 ozs of gold; and
3. US\$3.0 million on the confirmation of an additional JORC indicated resource of 500,000 ozs of gold (for a total of 1.0 million ozs).

Manjaro has an option to acquire an additional 20% interest in Buhemba from Stamico at a market rate prior to a decision to mine.

#### **Details of Proposed Transaction**

The consideration to be paid by Latin Gold to Manjaro shareholders will be:

1. 100 million fully paid ordinary shares in Latin Gold;
2. 100 million class A performance shares in Latin Gold to be vested on the confirmation a JORC resource of 250,000 ozs of gold;
3. 100 million class B performance shares in Latin Gold to be vested on the confirmation of a JORC resource of 500,000 ozs of gold; and
4. 50 million class C performance shares in Latin Gold to be vested on the confirmation of a JORC resource of 1,000,000 ozs of gold.

The performance shares will have an expiry date of five years from date of issue and (if vested) each performance share will convert into one fully paid ordinary share in Latin Gold.

Latin Gold also paid Manjaro \$500,000 for a due diligence period of 3 months and exclusivity during that period.

The acquisition is subject to:

- satisfactory due diligence by Latin Gold, which has been completed;
- satisfactory due diligence by Manjaro key shareholders on Latin Gold, which has been completed;
- approval by Latin Gold shareholders of the issue of the 100 million shares and the 250 million performance shares, which has been received;
- all Manjaro shareholders and option holders accepting Latin Gold's offer to acquire their Manjaro shares and options (as applicable), which has been received;
- Latin Gold entering into a Director service agreement with each of Messrs Chris Lalor (Chairman) and Faris Cassim (Executive Director), which is to be finalised;
- ASX approving the terms of the 250 million performance shares, which has occurred;
- the change of name of the Company to Manjaro Resources Limited;
- Latin Gold raising \$1.0 million by way of a share placement of around 66.7 million shares at an issue price of \$0.015 per share. The Company is awaiting receipt of the funds in order to satisfy this condition precedent; and
- Latin Gold shareholders approving the replenishment of the Company's 15% share placement capacity, which occurred on 6 September 2013.

#### **Narracoota Project (Latin Gold earning 90%)**

Latin Gold is the operator of the Narracoota joint venture. Under the terms of this joint venture Latin Gold can earn a 90% equity interest in the project through the expenditure of \$500,000. When that expenditure level has been reached the tenement holder's (Nevada Iron Ltd) interest will revert to a 10% free carried interest through to completion of a feasibility study or the cumulative expenditure of \$2 million.

A detailed review of the Narracoota project was completed during the year in review. This review focused on a complete review of all historical exploration data as well a re-interpretation of the geological data to better understand the geology and structure within the project area.

A particular focus of the review was on the stratigraphic units and their position within the Narracoota Volcanics that underlay the large majority of the project area.

As a result of this review it was considered that the Narracoota project contained a number of areas of high exploration potential.

The study identified a number of new gold and volcanic massive sulphide target areas, based on both geology and interpreted structure. In addition, a number of previously defined but undrilled VTEM anomalies were re-analysed and shown to be valid and high priority massive sulphide drill targets.

It was proposed that these target areas be tested in a two or three phase drilling programme.

Part of these drilling programmes would be funded through an approved \$65,000 grant under the Royalties for Region Co-Funded Government-Industry Drilling Programme, which Latin Gold was successful in receiving.

### **Narracoota Overview**

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 is interpreted to contain extensive widths of Narracoota Volcanics in at least three structural repetitions and contain a range of stratigraphic units including ultramafic intrusives, flows and fragmentals, black shales and hyaloclastite basalts ± jasperoidal cherts.

The review completed has identified six main target areas within the Narracoota project area, for follow up exploration. These target areas are summarised below and are shown in Figure 1 (below).

**Lower Narracoota Volcanics – De Grussa target area:** The type location for De Grussa style mineralisation is at the base of the Narracoota Volcanics on the northern limb of a syncline. The southern part of the Narracoota project area contains basal Narracoota Volcanics in an analogous structural setting albeit it covers the southern limb of the same syncline. The target horizon, which is approximately 8.5 kms long and up to 1 km wide also has four first order VTEM anomalies, as defined during the geophysical survey undertaken during 2010. A core drilling and soil geochemistry will be an effective first pass of this target zone with deeper RC drilling to follow up an anomalies and to test at depth the VTEM anomalies.

**Dolerite, variably magnetised gold target.** Discovered in 2010, this is a completely blind gold anomaly within a dolerite which in fresh rock is brecciated, pyritic and locally hydrothermally altered. The dolerite can be traced for around 3km using the magnetic data and only around 400 metres of strike has been tested to date with previously announced intersections including 20 metres @ 0.23g/t, 10 metres @ 0.12g/t, 10 metres @ 0.35g/t and 10m @ 1.6g/t.

A programme of aircore drilling along both strike directions has been recommended to test this dolerite for high tenor zones of gold mineralisation.

**1<sup>st</sup> Order VTEM Target:** The project review identified this VTEM anomaly as a high priority target. This VTEM anomaly was identified as part of the 2010 survey but was not drilled as it was interpreted to lie within quartzites of the Narracoota Volcanics. The project review has, however, determined that the adjacent outcropping quartzite may be a thin sequence which disconformably overlies the prospective Narracoota Volcanics. The drill holes planned to test this anomaly should therefore enter the targeted Narracoota Volcanics at a reasonably shallow depth and test the VTEM conductor at a depth of around 100-120 metres.

**Sulphidic Black Shale in Narracoota Volcanics:** Intersected during drilling of a VTEM anomaly, this target contains a black shale unit that is sulphidic and associated with volcanic rocks. This association presents a possible volcanogenic massive sulphide target .

**Silcrete Disconformity over or within Narracoota Volcanics;** This target was generated as the result of an aircore hole drilled in 2012 that unexpectedly intersected a chert or silcrete at around 34 metres in depth. The drill rig was unable to penetrate the siliceous unit but it was noted at the time that it was well below the usual depth for silcrete in the area. It was also noted that it appeared to underlie weathered Narracoota Volcanics. At De Grussa, a chert/silica/jasperoid unit is associated with hydrothermal alteration. As a consequence, this silcrete is a priority target area.

**Lower Narracoota Volcanics - De Grussa Target** To the west of the Narracoota project area, the magnetics indicate a significant structural change in the orientation of the Narracoota Volcanics. This area could represent a further fold in the basin where the Lower Narracoota Volcanics underlay Recent sediments.

The first phase of the proposed exploration programme was carried out in late July where 34 aircore holes were drilled primarily to provide stratigraphic and geochemical information across part of the lower Narracoota and sulphidic black shale target areas.

Whilst the geochemical results from this drilling were flat, the drilling did provide important stratigraphic information with regards to the geology and weathering profile of the Lower Narracoota target in particular.

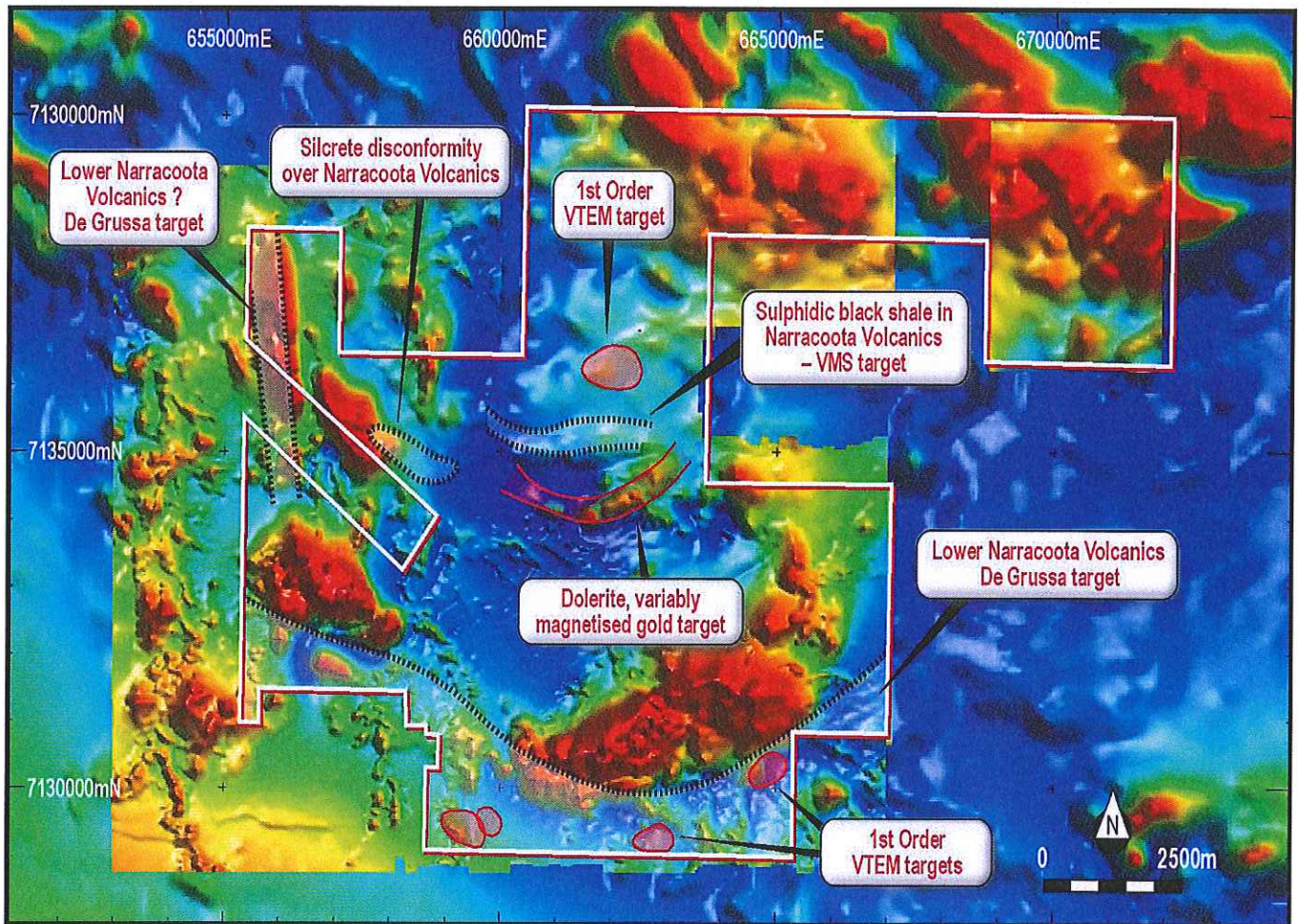


Figure 1

### Competent Person Statement

Information in this report to which this statement is attached that relates to Exploration Results and Exploration Targets 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.



## DIRECTORS' REPORT

---

The Directors present their report on Latin Gold Limited and its controlled entity for the year ended 30 June 2013.

### 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, Malone and Higginson were in office for this entire period. Mr Macdonald was appointed on 19 November 2012 and remains in office as at the date of this report.

#### **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 20 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 25 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:* Australian-American Mining Corporation Limited - Executive Director  
Mongolian 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  
Quest Petroleum NL - Non-Executive Chairman  
Exalt Resources Limited - Non-Executive Director

## DIRECTORS' REPORT

---

### **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 25 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, corporate governance, corporate compliance and financial management of the Company.

*Directorships:* Cape Range Limited  
Discovery Capital Limited

*Past directorships:* Nil

### **John Macdonald** (*Non-Executive Director- appointed 19 November 2012*)

Mr Macdonald is a Geologist by training and also holds a Graduate Diploma in Business Finance.

Mr Macdonald commenced his career as an exploration geologist before moving into the securities industry with CIBC Eyres Reed where he spent 15 years as a mining analyst and subsequently head of the research department. During that period, John gained extensive experience across the full range of minerals and bulk commodities as well as a strong understanding of project exploration and development.

For the past 10 years Mr Macdonald has been involved in independent mining and resource research and is currently principal of Green Leader Equities Research.

*Qualifications:* Bachelor of Science (Geology). Graduate Diploma in Business (Finance). Member AusIMM.

*Responsibilities:* Project review, risk identification, technical and financial overview of promoted projects.

*Directorships:* Nil

*Past directorships:* Nil

## 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 nil employees as at 30 June 2013 (2012: nil employees).

## REVIEW OF OPERATIONS

The principal activity of the Group during the year was the continued exploration of the Narracoota project, and additional project investigation.

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

## DIRECTORS' REPORT

---

### RESULTS OF OPERATIONS

The operating loss after income tax of the Group for the year ended 30 June 2013 was \$41,043 (2012: loss of \$1,640,611).

The Group's basic earnings per share for the year was (0.013) cents (2012: loss of 0.5 cents).

No dividend has been paid during or is recommended for the financial year ended 30 June 2013.

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

On 6 September 2013, shareholders approved the acquisition of all of the issued capital of Manjaro Resources Pty Ltd (whose major asset is the right to a 60% interest in the Buhemba Project in Tanzania). For details of the consideration payable and status of the transaction, please refer to the Operations Report.

There has been no other matter or circumstance that has arisen since 30 June 2013 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 increased by \$53,222 from \$3,759,342 at 30 June 2012 to \$3,812,564 at 30 June 2013.

The Group's working capital, being current assets less current liabilities, has decreased from \$3,296,680 in 2012 to \$3,062,200 at 30 June 2013.

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	7	7	1	1
Jim Malone	5	7	-	-
Mike Higginson	7	7	1	1
John Macdonald	6	6	-	-

### ENVIRONMENTAL ISSUES

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.

## DIRECTORS' REPORT

---

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 (2012: nil) unissued ordinary shares under option.

### 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 is 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.

## DIRECTORS' REPORT

### 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
2008	\$33,625	\$650,527	\$3,390,162	3.7c
2009	\$15,787	\$422,049	\$3,650,372	3.0c
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
2013	\$63,087	41,043	\$3,812,564	1.2c

### Details of Remuneration for Year Ended 30 June 2013

The remuneration for each Director of the Group during the year ended 30 June 2013 was as follows:

#### Directors and Executive Officers' Emoluments

2013 Names	Annual Emoluments			Performance Related		Total \$	% of Remuneration consisting of Options
	Salary & Fees \$	Non- Monetary Benefits \$	Super- annuation \$	Options Granted	Options Amortised \$		
<b>Directors</b>							
<b>Emoluments</b>							
J Malone	24,000	-	-	-	-	24,000	-
H Dawson	107,121	-	-	-	-	107,121	-
M Higginson	53,380	-	-	-	-	53,380	-
J Macdonald	22,500	-	-	-	-	22,500	-
<b>Total</b>	<b>207,001</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>207,001</b>	<b>-</b>
<b>Executive</b>							
<b>Emoluments</b>							
	-	-	-	-	-	-	-

## DIRECTORS' REPORT

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

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

### Performance Income as a Proportion of Total Remuneration

No options were issued for the 30 June 2013 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 2013.

### Compensation Options: Granted and vested during the year ended 30 June 2013

During the year ended 30 June 2013, no options were granted and no options vested in the current year.

### Options granted as part of remuneration in the year ended 30 June 2013

There were no options granted as part of remuneration in the year ended 30 June 2013.

### 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 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:

Directors	Ordinary Shares			Options			
	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	5,235,800	1,000,000	6,235,800	-	-	-	-
J Malone	3,340,000	-	3,340,000	-	-	-	-
M Higginson	-	-	-	-	-	-	-
J Macdonald	-	-	-	-	-	-	-
	<b>8,575,800</b>	<b>1,000,000</b>	<b>9,575,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Further details on options can be found in Note 15(d).

## DIRECTORS' REPORT

---

### 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 2013 was nil (2012: \$nil).

### NON-AUDIT SERVICES

No fees for non-audit services were paid to the external auditors during the year (2012: \$nil).

### AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2013 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  
Director

Perth, Western Australia  
27 September 2013

27 September 2013

Board of Directors  
Latin Gold Limited  
103 Abernethy Road  
Belmont WA 6104

Dear Directors

**RE: LATIN GOLD LIMITED**

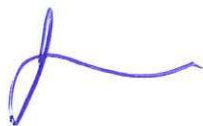
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Latin Gold Limited.

As Audit Director for the audit of the financial statements of Latin Gold Limited for the year ended 30 June 2013, 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)**  
**(An Authorised Audit Company)**



**John Van Dieren**  
Director



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2013**

	Note	Consolidated	
		2013	2012
		\$	\$
<b>Current Assets</b>			
Cash and cash equivalents	6	2,599,548	3,331,414
Trade and other receivables	7	521,083	11,249
Total Current Assets		3,120,631	3,342,663
<b>Non-Current Assets</b>			
Plant and equipment	8	-	-
Exploration and evaluation expenditure	9	279,864	85,523
Investments	26	470,500	377,139
Total Non-Current Assets		750,364	462,662
<b>TOTAL ASSETS</b>		<b>3,870,995</b>	<b>3,805,325</b>
<b>Current Liabilities</b>			
Trade and other payables	10	58,431	45,983
Total Current Liabilities		58,431	45,983
Total Non-Current Liabilities		58,431	-
<b>TOTAL LIABILITIES</b>		<b>58,431</b>	<b>45,983</b>
<b>NET ASSETS</b>		<b>3,812,564</b>	<b>3,759,342</b>
<b>Equity</b>			
Contributed equity	11	13,269,603	13,269,603
Reserves	12	637,665	543,400
Accumulated losses	13	(10,094,704)	(10,053,661)
<b>TOTAL EQUITY</b>		<b>3,812,564</b>	<b>3,759,342</b>

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
For the Year Ended 30 June 2013

	Note	Consolidated	
		2013	2012
		\$	\$
<b>Revenue</b>	2	63,087	1,463,405
Project costs		(60,782)	-
Employee costs		-	(74,000)
Occupancy costs		(30,740)	(27,099)
General and administration costs		(22,843)	(163,305)
Corporate and legal costs		(201,599)	-
Depreciation	3(a)	-	-
Foreign exchange gains / (losses)	3(b)	211,834	83,074
Impairment of investment in Coronet shares	3(b)	-	(1,556,978)
(Loss)/Gain on deconsolidation of subsidiaries		-	(1,365,708)
<b>Profit/(Loss) before income tax expense</b>		<b>(41,043)</b>	<b>(1,640,611)</b>
Income tax expense	5	-	-
<b>Net profit/(loss) for the year</b>	13	<b>(41,043)</b>	<b>(1,640,611)</b>
<b>Other comprehensive income</b>			
<b>Items that may be classified subsequently to profit or loss</b>			
Exchange differences on translation of foreign operations	12	42,910	1,457,966
Gain on Coronet shares		51,355	-
<b>Items that will not be reclassified to profit and loss</b>		-	-
<b>Total other comprehensive income/(loss)</b>		<b>94,265</b>	<b>1,457,966</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>53,222</b>	<b>(182,645)</b>
Net profit/(loss) attributable to the members of the parent entity		(41,043)	(1,640,611)
<b>Total comprehensive income / (loss) attributable to members of parent entity</b>		<b>53,222</b>	<b>(182,645)</b>
Basic profit/( loss) per share (cents per share)	4	(0.013)	(0.5)
Diluted profit/(loss) per share (cents per share)	4	(0.013)	(0.5)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the Year Ended 30 June 2013**

	Contributed Equity \$	Reserves \$	Accumulated losses \$	Total Equity \$
<b>As at 1 July 2011</b>	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	-	-	-	-
<b>Balance at 30 June 2012</b>	<b>13,269,603</b>	<b>543,400</b>	<b>(10,053,661)</b>	<b>3,759,342</b>
<b>As at 1 July 2012</b>	13,269,603	543,400	(10,053,661)	3,759,342
Net loss for the year	-	-	(41,043)	(41,043)
Other comprehensive income for the year	-	94,265	-	94,265
Total comprehensive income for the year	-	94,265	(41,043)	53,222
Equity based payments	-	-	-	-
<b>Balance at 30 June 2013</b>	<b>13,269,603</b>	<b>637,665</b>	<b>(10,094,704)</b>	<b>3,812,564</b>

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 2013**

---

		Consolidated	
	Note	2013 \$	2012 \$
<b>Cash Flows from Operating Activities</b>			
Payments to suppliers, contractors and employees		(306,242)	(262,255)
Interest received		32,068	16,833
Other receipts		24,815	-
Net cash flows used in operating activities	14	<u>(249,359)</u>	<u>(245,422)</u>
<b>Cash Flows from Investing Activities</b>			
(Increase) / decrease in other financial assets		-	1,651,751
Deposits paid to acquire project	7	(500,000)	-
Proceeds from sale of Golden Eagle Resources Peru S.A.C.		-	1,444,948
Payments for exploration and evaluation	9	<u>(194,341)</u>	<u>(85,523)</u>
Net cash flows used in investing activities		<u>(694,341)</u>	<u>3,011,176</u>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of shares		-	-
Share issue expenses		<u>-</u>	<u>-</u>
Net cash flows from financing activities		<u>-</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents		(943,700)	2,765,754
Cash and cash equivalents at the beginning of the financial year		3,331,414	565,660
Effect of exchange rate movements on cash		<u>211,834</u>	<u>-</u>
Cash and cash equivalents at the end of the financial year	6	<u>2,599,548</u>	<u>3,331,414</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

## For the year ended 30 June 2013

---

### 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 22.

##### *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 2012 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 2013 was authorised for issue in accordance with a resolution of the Directors on 27 September 2013.

#### (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 25 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 Profit or Loss and other 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.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2013

---

**(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 comprised 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.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2013

---

**(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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2013

---

#### *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 parent and its subsidiary 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 and only on consolidation transferred to the foreign currency translation reserve in the statement of financial position.

##### *(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;



## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2013

---

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 2013 the carrying value of capitalised exploration and evaluation expenditure is \$279,864.

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.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2013

#### (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.

		Consolidated	
		2013	2012
		\$	\$
<b>2.</b>	<b>Revenue</b>		
	Recovery of amount due from Coronet Metals Inc, previously provided for in full	-	1,444,948
	Sundry income	31,019	1,624
	Interest received	32,068	16,833
		<u>63,087</u>	<u>1,463,405</u>
<b>3.</b>	<b>Expense and Losses and Gains from Ordinary Activities</b>		
(a)	Expenses		
	Depreciation	-	-
	Exploration and evaluation costs	<u>(60,782)</u>	-
(b)	Losses and Gains		
	Net foreign currency gain/(loss)	<u>211,834</u>	<u>83,074</u>
	Impairment of Coronet Metals Inc shares	<u>-</u>	<u>(1,556,978)</u>
<b>4.</b>	<b>Earnings per Share</b>	<b>2013</b>	<b>2012</b>
		<b>No. of Shares</b>	<b>No. of Shares</b>
	Weighted average number of ordinary shares outstanding during the year used in calculation of earnings per share	<u>323,152,868</u>	<u>323,152,868</u>
	Weighted average number of potential ordinary shares outstanding during the year used in calculation of diluted earnings per share	<u>323,152,868</u>	<u>323,152,868</u>
<b>5.</b>	<b>Income taxes</b>	<b>2013</b>	<b>2012</b>
		<b>\$</b>	<b>\$</b>
(a)	<b>Income tax recognised in profit or loss</b>		
	Prima facie tax on operating profit (loss) before income tax at 30%	(12,313)	(492,183)
	Tax effect of permanent and temporary differences not recognised	<u>12,313</u>	<u>492,183</u>
	Income tax attributable to operating loss	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2013**

	Consolidated	
	2013	2012
	\$	\$
<b>(b) Deferred tax balances</b>		
Deferred tax assets and liabilities at 30 June not brought to account:		
Exploration expenditure	(83,959)	(25,657)
Accruals	17,140	4,500
Deferred tax (asset)/liability not brought to account	66,819	21,157
Net deferred tax balances excluding tax losses	<u>-</u>	<u>-</u>
<b>(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.</b>		
Income tax losses	1,446,102	1,433,789
Net deferred tax (liability)/asset	<u>(66,819)</u>	<u>(21,157)</u>
Net deferred tax asset not brought to account	<u>1,379,283</u>	<u>1,412,632</u>

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 \$4,820,341 (2012: \$4,779,898) 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 laws; and
- (c) no changes in tax legislation adversely affect the Company in realising the benefit from the deduction for the loss.

**6. Cash and cash equivalents**

Cash at bank	<u>2,599,548</u>	<u>3,331,414</u>
--------------	------------------	------------------

**7. Trade and other receivables**

**Current Receivables**

Deposits paid to acquire Manjaro Resources Pty Ltd (i)	500,000	-
GST	14,879	-
Sundry debtors	6,204	11,249
	<u>521,083</u>	<u>11,249</u>

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

- (i) This deposit is refundable if the terms and conditions to acquire Manjaro Resources Limited are not fulfilled as agreed to by the Company and the vendor.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2013**

		Consolidated	
		2013	2012
		\$	\$
<b>8.</b>	<b>Plant and equipment</b>		
	Cost - opening	5,118	5,118
	Additions	-	-
	Cost - closing	<u>5,118</u>	<u>5,118</u>
	Accumulated depreciation - opening	(5,118)	(5,118)
	Depreciation	-	-
		<u>(5,118)</u>	<u>(5,118)</u>
	Written down value - closing	<u>-</u>	<u>-</u>
<b>9.</b>	<b>Exploration and Evaluation Expenditure</b>		
	Written down value - opening	85,523	-
	Exploration expenditure	194,341	85,523
	Exchange differences	-	-
	Written down value - closing	<u>279,864</u>	<u>85,523</u>

The Group has entered into a farm in agreement with third parties in Australia, whereby the Group can earn an interest (90%) in exploration areas by spending \$500,000 on the exploration stage. At this time, the Group has not yet earned an interest in the project.

<b>10.</b>	<b>Trade and other payables</b>		
	<b>Current Payables</b>		
	Trade creditors	1,297	28,483
	Accruals	57,134	17,500
		<u>58,431</u>	<u>45,983</u>

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

		2013	2012	2013	2012
		Number	Number	\$	\$
<b>11.</b>	<b>Contributed Equity</b>				
	<i>Ordinary Shares</i>				
	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	<u>323,152,868</u>	<u>323,152,868</u>	<u>13,269,603</u>	<u>13,269,603</u>

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 2013 there were nil options to subscribe for ordinary shares.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2013**

		Consolidated	
		2013	2012
		\$	\$
<b>12.</b>	<b>Reserves</b>		
	<i>Options reserve</i>		
	Balance at beginning of year	317,877	317,877
	Issued	-	-
	Directors' options vested	-	-
	Reversal of expense booked in prior years	-	-
	Balance at end of year	317,877	317,877
	<i>Foreign currency translation reserve</i>		
	Balance at beginning of year	225,523	(1,232,443)
	Currency translation differences arising during the year and transfers to income statement on deconsolidation of subsidiaries	42,910	1,457,966
	Balance at end of year	268,433	225,523
	<i>Foreign currency translation reserve</i>		
	Balance at the beginning of the year	-	-
	Net fair value gain/(loss) available for sale assets - Coronet Metals Inc Shares	51,355	(1,556,978)
	Transfer to profit and loss as an impairment loss	-	1,556,978
	Balance at the end of the year	51,355	-
	Total Reserves	637,665	543,400
<b>13.</b>	<b>Accumulated Losses</b>		
	Balance at the beginning of this year	(10,053,661)	(8,413,050)
	Profit / (Loss) for the year	(41,043)	(1,640,611)
	Balance at the end of the year	(10,094,704)	(10,053,661)

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2013**

<b>14. Notes to the Cash Flow Statement</b>	<b>Consolidated</b>	
<i>(a) Reconciliation of net cash used in operating activities to operating profit/(loss) after income tax</i>	<b>2013</b>	<b>2012</b>
	\$	\$
Operating profit / (loss) after tax	(41,043)	(1,640,611)
<i>Add non cash items:</i>		
Foreign exchange gains	(210,930)	-
Exploration expenditure written off	-	-
Loss/(profit) on deconsolidation	-	1,365,708
Impairment of investment in Coronet Metals Inc	-	1,556,978
Impairment expense on amount due from Coronet Metals Inc	-	-
Gain on sale of Golden Eagle Resources Peru S.A.C.	-	(1,444,948)
Net foreign currency (gain) / loss	-	45,825
<i>Changes in net assets and liabilities net of disposal of subsidiary</i>		
Decrease/(increase) in receivables	(9,834)	3,303
(Decrease) / increase in payables	12,448	(131,677)
	<hr/>	<hr/>
Net cash outflow from operating activities	(249,359)	(245,422)
	<hr/>	<hr/>
<i>(b) Non-cash financing and investing activities</i>		
<i>There were no non-cash financing and investing activities during the year (2012: nil).</i>		

**15. 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 Macdonald	Non-Executive Director (appointed 19 November 2012)

	<b>Consolidated</b>	
	<b>2013</b>	<b>2012</b>
	\$	\$
<i>(b) Remuneration of Directors and key management personnel</i>		
Short term	207,001	109,247
Share-based payments	-	-
	<hr/>	<hr/>
	207,001	109,247
	<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

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

During the financial year ended 30 June 2013, 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 2013**

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	-	-	-	-	-	-
J Macdonald	-	-	-	-	-	-
	-	-	-	-	-	-

**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	-	-	-	-	-	-
	-	-	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

### (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 2013

Name	Balance at beginning of year	Purchased	At date of resignation	Balance at end of year
H Dawson	5,235,800	1,000,000	-	6,235,800
J Malone	3,340,000	-	-	3,340,000
M Higginson	-	-	-	-
J Macdonald	-	-	-	-
	<u>8,575,800</u>	<u>1,000,000</u>	<u>-</u>	<u>9,575,800</u>

30 June 2012

Name	Balance at beginning of year	Purchased	At date of resignation	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	-	-	-	-
	<u>10,046,078</u>	<u>1,294,800</u>	<u>(2,765,078)</u>	<u>8,575,800</u>

### (f) Directors and officers payables

Consolidated

2013      2012  
\$            \$

Amounts payable to Directors and officers and related entities at the end of the financial year, included in current liabilities

23,778      25,356

## 16. 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 2013 amount to \$2,383,772 (June 2012: \$2,170,710). These loans have been provided for in full.

### Key Management Personnel

Transactions between the Group and key management personnel are disclosed in Note 15 and in the Remuneration Report.

During the financial year ended 30 June 2013, an amount of \$39,799 (2012: \$47,531) 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.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

### 17. 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.

	2013		2012	
	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
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	(1,000,000)	\$0.035
Outstanding at year-end	-	-	-	-
Exercisable at year-end	-	-	-	-

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.

### 18. Auditors' Remuneration

Amounts received or due and receivable by Stantons International for:

	Consolidated	
	2013 \$	2012 \$
Auditing and reviewing accounts	22,545	25,039
Other auditors	-	-
	<u>22,545</u>	<u>25,039</u>

### 19. Commitments

There were no outstanding commitments, which are not disclosed in the financial statements as at 30 June 2013 other than:

#### *Rental commitments*

No later than 1 year	10,000	30,000
Later than 1 year but not later than 5 years	-	12,500
	<u>10,000</u>	<u>42,500</u>

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2013

#### 20. Financial Instruments

	Notes	Floating Interest Rate \$	1 year or less \$	Over 1-5 years \$	Non interest bearing \$	Total \$
<b>Consolidated 2013</b>						
Financial assets						
Cash and cash equivalents	6	2,599,548	-	-	-	2,599,548
Trade and other receivables	7	-	-	-	521,083	521,083
Investments	26	-	-	-	470,500	470,500
Total financial assets		<u>2,599,548</u>	<u>-</u>	<u>-</u>	<u>991,583</u>	<u>3,591,131</u>
Financial liabilities						
Trade and other payables	11	-	-	-	58,431	58,431
Total financial liabilities		<u>-</u>	<u>-</u>	<u>-</u>	<u>58,431</u>	<u>58,431</u>
<b>Net financial assets</b>		<u>2,599,548</u>	<u>-</u>	<u>-</u>	<u>933,152</u>	<u>3,532,700</u>

Weighted average interest rate on cash and cash equivalents is 0.21%

#### 2012

Financial assets						
Cash and cash equivalents	6	1,174,812	-	-	2,156,602	3,331,414
Trade and other receivables	7	-	-	-	11,249	11,249
Investments	26	-	-	-	377,139	377,139
Total financial assets		<u>1,174,812</u>	<u>-</u>	<u>-</u>	<u>2,544,990</u>	<u>3,719,802</u>
Financial liabilities						
Trade and other payables	11	-	-	-	45,983	45,983
Total financial liabilities		<u>-</u>	<u>-</u>	<u>-</u>	<u>45,983</u>	<u>45,983</u>
<b>Net financial assets</b>		<u>1,174,812</u>	<u>-</u>	<u>-</u>	<u>2,499,007</u>	<u>3,673,819</u>

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

	Consolidated	
	2013	2012
Reconciliation of net financial assets to net assets		
Consolidated	\$	\$
Net Financial Assets	3,532,700	3,673,819
Exploration and evaluation expenditure	279,864	85,523
Net Assets	<u>3,812,564</u>	<u>3,759,342</u>

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

### 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 2013, 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 \$59,309 (2012: \$23,496) and an increase in equity by \$59,309 (2012: \$23,496).

#### Foreign Currency Risk Sensitivity Analysis

At 30 June 2013, the effect on profit and equity as a result of a 5% (2012: 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 \$112,543 (2012: \$107,247) and equity would increase/decrease by \$112,543 (2012: \$107,247). 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 \$47,050 (2012: \$37,714).

### 21. Segment Information

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 profit and loss and other comprehensive income and statement of financial position. The Group operates only in the exploration industry in Australia. Westmag Resources Limited (incorporated in the Bahamas) has as its only asset shares in Coronet Metals Inc and for reporting purposes is not considered a separate segment.

Reportable segments:	Australia	Consolidated
	\$	\$
Segment revenue		
2013	63,087	63,087
2012	1,463,405	1,463,405
Segment result		
2013	(41,043)	(41,043)
2012	(1,640,611)	(1,640,611)
Segment assets		
2013	3,870,995	3,870,995
2012	3,805,325	3,805,325
Segment liabilities		
2013	58,431	58,431
2012	45,983	45,983
Depreciation and amortisation expense		
2013	-	-
2012	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2013**

**22. Parent Entity Disclosures**

	2013	2012
	\$	\$
<b>Current Assets</b>		
Cash and cash equivalents	2,599,312	3,331,217
Trade and other receivables	521,083	11,249
<b>Total Current Assets</b>	<u>3,120,395</u>	<u>3,342,466</u>
<b>Non-Current Assets</b>		
Exploration and evaluation expenditure	279,864	85,523
<b>Total Non-Current Assets</b>	<u>279,864</u>	<u>85,523</u>
<b>TOTAL ASSETS</b>	<u>3,400,259</u>	<u>3,427,989</u>
<b>Current Liabilities</b>		
Trade and other payables	58,431	45,068
<b>Total Current Liabilities</b>	<u>58,431</u>	<u>45,068</u>
<b>TOTAL LIABILITIES</b>	<u>58,431</u>	<u>45,068</u>
<b>NET ASSETS</b>	<u>3,341,828</u>	<u>3,382,921</u>
<b>Equity</b>		
	2013	2012
	\$	\$
Contributed equity	13,269,603	13,269,603
Reserves	317,877	317,877
Accumulated losses	(10,245,652)	(10,204,559)
<b>TOTAL EQUITY</b>	<u>3,341,828</u>	<u>3,382,921</u>
<b>Financial performance</b>		
	2013	2012
	\$	\$
Profit / (loss) for the year	(41,093)	2,960,254
Other comprehensive income	-	-
<b>Total comprehensive profit/(loss)</b>	<u>(41,093)</u>	<u>2,960,254</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2013**

---

**22. Parent Entity Disclosures**

	2013	2012
	\$	\$
Shares in controlled entities	252,382	252,382
Diminution in shares in controlled entities	(252,382)	(252,382)
	<u>-</u>	<u>-</u>
Loans to controlled entities	2,383,772	2,170,710
Diminution in loans to controlled entities	(2,383,772)	(2,170,710)
	<u>-</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2013

---

#### 23. Subsequent Events

On 6 September 2013, shareholders approved the acquisition of all of the issued capital of Manjaro Resources Pty Ltd (whose major asset is the right to a 60% interest in the Buhemba Project in Tanzania pursuant to an agreement with the Tanzanian State Mining Company).

Manjaro paid the Tanzanian State Mining Company (Stamico) US\$500,000 on execution of this agreement earlier this year.

The key payment terms of the agreement Manjaro has with Stamico covering Buhemba are:

- US\$1.0 million on decision to mine the tailings resource;
- US\$1.5 million on the confirmation of a JORC indicated resource of 500,000 ozs of gold; and
- US\$3.0 million on the confirmation of an additional JORC indicated resource of 500,000 ozs of gold (for a total of 1.0 million ozs).

Manjaro has an option to acquire an additional 20% interest in Buhemba from Stamico at a market rate prior to a decision to mine.

The consideration to be paid by Latin Gold to Manjaro shareholders will be:

- 100 million fully paid ordinary shares in Latin Gold;
- 100 million class A performance shares in Latin Gold to be vested on the confirmation a JORC resource of 250,000 ozs of gold;
- 100 million class B performance shares in Latin Gold to be vested on the confirmation of a JORC resource of 500,000 ozs of gold; and
- 50 million class C performance shares in Latin Gold to be vested on the confirmation of a JORC resource of 1,000,000 ozs of gold.

The performance shares will have an expiry date of five years from date of issue and (if vested) each performance share will convert into one fully paid ordinary share in Latin Gold.

Latin Gold also paid Manjaro \$500,000 for a due diligence period of 3 months and exclusivity during that period.

The acquisition of Manjaro is subject to:

- satisfactory due diligence by Latin Gold, which has been completed;
- satisfactory due diligence by Manjaro key shareholders on Latin Gold, which has been completed;
- approval by Latin Gold shareholders of the issue of the 100 million shares and the 250 million performance shares, which has been received;
- all Manjaro shareholders and option holders accepting Latin Gold's offer to acquire their Manjaro shares and options (as applicable), which has been received;
- Latin Gold entering into a Director service agreement with each of Messrs Chris Lalor (Chairman) and Faris Cassim (Executive Director), which is to be finalized;
- ASX approving the terms of the 250 million performance shares, which has occurred;
- the change of name of the Company to Manjaro Resources Limited;
- Latin Gold raising \$1.0 million by way of a share placement of around 66.7 million shares at an issue price of \$0.015 per share. The Company is awaiting receipt of the funds in order to satisfy this condition precedent; and
- Latin Gold shareholders approving the replenishment of the Company's 15% share placement capacity, which occurred on 6 September 2013.

There has been no other matter or circumstance that has arisen since 30 June 2013 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.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2013

#### 24. Contingent Liabilities

The Group does not have any contingent liabilities

#### 25. Subsidiaries

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

Name of Entity	Country of Incorporation	Cost of Parent Entity's Investment		Equity Holding (i)	
		2013 \$	2012 \$	2013 %	2012 %
Westmag Resources Limited	Bahamas	252,382	252,382	100%	100%

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

During the prior 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	
2013	2012
\$	\$

#### 26. Investments

Available-for-sale securities (i)	470,500	377,139
-----------------------------------	---------	---------

- (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\$0.07 per share, being the closing price on the Toronto Stock Exchange as at 30 June 2013. During the months of July, August and September 2013 the shares were trading mainly in the range of CAD\$0.06 to CAD\$0.08 per share.

#### 27. 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 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', and AASB 2012-6 'Amendments to Australian Accounting Standards-Mandatory Effective date of AASB 9 and Transition Disclosures'	1 January 2015	30 June 2016
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2013

AASB 12 'Disclosure of Interests in Other Entities'	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 127 'Separate Financial Statements (2011), AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011), AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 2012-2 'Amendments to Australian Accounting Standards- Disclosures-Offsetting Financial Assets and Liabilities' (Amendments to AASB 7)	1 January 2013	30 June 2014
AASB 2012-3 'Amendments to Australian Accounting Standards- Disclosures-Offsetting Financial Assets and Liabilities' (Amendments to AASB 132)	1 January 2014	30 June 2015
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements cycle'	1 January 2013	30 June 2014
AASB 2012-6 'Amendments to Australian Accounting Standards- Mandatory Effective date of AASB 9 and Transition Disclosures'	1 January 2013	30 June 2014
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 and AASB 2012-6: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010). 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



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

---

- 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 (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.

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 (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 2011-4: Amendments to Australian Accounting Standards to remove the individual key management Personnel Disclosure Requirements ((applicable for annual reporting periods commencing on or after 1 January 2013).

This standard makes amendments to AASB 124: Related Party Disclosures to remove the individual key management personnel disclosure requirements (including paras Aus 29.1 to Aus 29.9.3). These amendments serve a number of purposes, including furthering the trans-Tasman conversion, removing differences from IFRSs, and avoiding any potential confusion with the equivalent Corporations Act 2001 disclosure requirements.

This standard is not expected to significantly impact the Group's financial report as a whole.

AASB 119 (September 2011) includes changes to the accounting for termination benefits.

This standard is not expected to significantly impact the Group's financial report as a whole.

AASB 2012-2 'Amendments to Australian Accounting Standards- Disclosures-Offsetting Financial Assets and Liabilities' (Amendments to AASB 7); AASB 2012-3 'Amendments to Australian Accounting Standards- Disclosures-Offsetting Financial Assets and Liabilities' (Amendments to AASB 132); AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements cycle'; AASB 2012-6

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

---

'Amendments to Australian Accounting Standards-Mandatory Effective date of AASB 9 and Transition Disclosures'; and 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'.

These standards are not expected to impact the Group.

### 28. New and Amended Standards Adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, amendments made to AASB 101 *Presentation of Financial Statements effective 1 July 2012* now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

## 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 2013 and of the performance 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**  
Director

Dated at Perth this 27<sup>th</sup> day of September 2013

**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 2013, the consolidated statement of profit or loss and other 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 1(a), 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 2013 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 1(a).


**Report on the Remuneration Report**

We have audited the remuneration report included in pages 11 to 13 of the directors' report for the year ended 30 June 2013. 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 2013 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 15/9/13*  


**John Van Dieren**  
Director

West Perth, Western Australia  
27 September 2013

## CORPORATE GOVERNANCE STATEMENT

---

The Board of Directors of Latin Gold Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board recognises the need for the Company to operate with the highest standards of behaviour and accountability. The Company has adopted the ASX Corporate Governance Principles and Recommendations, with some amendments where applicable after giving consideration to the Company's size and the resources it has available.

A summary of the Company's key policies is set out below:

### BOARD OBJECTIVES

The Board is responsible for developing strategies for the Company, reviewing strategic objectives and monitoring the performance against those objectives. The overall goals of the corporate governance process are to:

- drive shareholder value;
- assure a prudential and ethical base to the Company's conduct and activities; and
- ensure compliance with the Company's legal and regulatory obligations.

Consistent with these goals, the Board assumes the following responsibilities;

- developing initiatives for profit and asset growth;
- reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- acting on behalf of and being accountable to shareholders;
- identifying business risks and implementing actions to manage and mitigate those risks; and
- developing and effecting management and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in Board discussions on a fully informed basis.

### COMPOSITION OF THE BOARD

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board should comprise at least three Directors;
- the Board should comprise Directors with an appropriate range of qualifications and expertise; and
- the Board shall meet at regular intervals and follow meeting guidelines set down to ensure all Directors are made aware of and have available all necessary information to participate in an informed discussion on all agenda items.

The Board accepts the ASX Corporate Governance Council's definition of an Independent Director.

There are procedures in place, as agreed by the Board, to enable Directors to seek independent professional advice on issues arising in the course of their duties at the Company's expense.

The term in office held by each Director in office at the date of this report is as follows:

- M Higginson - 2 years and 2 months
- J Malone - 13 years and 6 months
- H Dawson - 9 years and 10 months
- J Macdonald - 10 months

## CORPORATE GOVERNANCE STATEMENT

---

### REMUNERATION AND NOMINATION COMMITTEES

The Company does not have formal remuneration or nomination committees. The full Board attends to the matters normally attended to by a remuneration committee and a nomination committee. Given the composition of the Board and the size of the Company, it is felt that these individual committees are not yet warranted, however, it is expected that as the Company's operations expand that each of these committees will be established.

Remuneration levels are set by the Company in accordance with industry standards to attract suitable qualified and experienced Directors and senior executives.

#### *Remuneration Arrangements*

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; and
- performance rewards to allow Directors to share the rewards of the success of the Company.

The remuneration of an executive Director will be decided by the Board as a whole. In determining competitive remuneration rates, the Board reviews local and international trends among comparative companies and the industry generally.

The maximum remuneration of non-executive Directors is the subject of a shareholder resolution in accordance with the Company's Constitution and the Corporations Act. The allocation of non-executive Director remuneration, within the amount determined by shareholders, will be made by the Board having regard to the inputs and value to the Company and the respective contribution made by each non-executive Director.

The Board may award additional remuneration to non-executive Directors if they are 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 remuneration paid to Directors and executives is valued at the cost to the Company and is expensed. Options that may be issued will be valued using the Black-Scholes methodology.

#### *Nomination Arrangements*

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the service of a new Director with particular skills, the Board selects a candidate or panel of candidates with the appropriate expertise.

The Board then appoints the most suitable candidate, who must stand for election at the next general meeting of shareholders.

### AUDIT COMMITTEE

The shareholders in a general meeting are responsible for the appointment of the external auditors of the Company and the Board, from time to time, will review the scope, performance and fees of those external auditors.

The Board has established an audit committee which operates under a Charter of the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial and non

## CORPORATE GOVERNANCE STATEMENT

---

financial information. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control of the Company to the audit committee.

The members of the audit committee at the end of the year and date of this report are:

- H Dawson (Chairman)
- M Higginson

### *Qualifications of audit committee members*

Mr Dawson is the Chairman of the audit committee and is the holder of a Bachelor of Science (Geology). Mr Dawson has extensive experience in both the securities industry and the natural resources sector holding numerous senior management and board positions within those sectors.

Mr Higginson is the holder of a Bachelor of Business degree with majors in Finance and Administration and has accumulated in excess of 20 years experience in senior management,

The audit committee can also invite a member of its auditor, Stantons International to attend meetings.

### BOARD RESPONSIBILITIES

As the Board acts on behalf of and is accountable to shareholders, it seeks to identify the expectations of shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage and mitigate those risks.

The responsibility for the operation and administration of the Company is currently attended to by the Board.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. It has a number of mechanisms in place to ensure this is achieved, including the following:

- Board approval of a strategic plan, designed to meet shareholder needs and manage business risk;
- implementation of operating plans and budgets by management and Board monitoring progress against those plans and budgets; and
- procedures to allow Directors, in the furtherance of their duties, to seek independent professional advice at the Company's expense.

### MONITORING OF THE BOARD'S PERFORMANCE

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all Directors is to be reviewed annually by the Chairman. Directors whose performance is unsatisfactory will be asked to retire.

### IDENTIFICATION AND MANAGEMENT OF RISK

The Board's collective experience will enable accurate identification of the principal risks which may affect the Company's business. Management of these risks will be discussed by the Board at periodic (at least annual) strategic planning meetings. In addition, key operational risks and their management will be recurring items for deliberation at Board meetings.

### ETHICAL STANDARDS

The Board is committed to the establishment and maintenance of appropriate ethical standards to underpin the Company's operations and corporate practices.



# CORPORATE GOVERNANCE STATEMENT

---

## MANAGEMENT OF THE BOARD

The full Board will hold scheduled meetings on at least a bi monthly basis and any additional meetings at such time as may be necessary to address specific matters that may arise. In between meetings, decisions will be adopted by way of written resolution.

## CHAIRMAN

The Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with its committees.

## ENVIRONMENT

The Company aims to ensure that the highest standard of environmental care is achieved and that it complies with all relevant environmental legislation.

## BUSINESS RISK

The Board monitors areas of operational and financial risk and considers strategies for appropriate risk management and mitigation.

Where necessary, the Board will draw on the expertise of appropriate external consultants to assist in dealing with or mitigating areas of risk which are identified.

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

Control procedures cover management accounting, financial reporting, project appraisal, environment, IT security, compliance and other risk management issues.

## SHAREHOLDERS

The Board aims to ensure that shareholders are, at all times, fully informed in accordance with the spirit and letter of the Australian Securities Exchange's continuous disclosure requirements.

Publicly released documents are made available on the Company's web site at [www.latingold.com.au](http://www.latingold.com.au).

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions.

Shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares to Directors and changes to the Constitution. Copies of the Company's Constitution are available to any shareholder who requests it.

This Corporate Governance Statement sets out Latin Gold's current compliance with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (Best Practice Recommendations). The Best Practice Recommendations are not mandatory, however, the Company is required to provide a statement in its annual report disclosing the extent to which the Company has followed the Best Practice Recommendations and the reasons for departure (if any).

## DIVERSITY

The Board considers that the Company is currently not of a size to justify implementing a Diversity Policy.

## CORPORATE GOVERNANCE STATEMENT

The proportion of women within the whole organisation is as follows:

	<i>Male</i>	<i>Female</i>	<i>Total</i>	<i>% Female</i>
Directors	4	-	4	0%
Senior Executives	-	-	-	-
Other	-	1	1	100%
<b>Total</b>	<b>4</b>	<b>1</b>	<b>5</b>	<b>25%</b>

The Board acknowledges the level of female participation. The Board has determined that the composition of the current Board represents the best mix of Directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management.

The Board seeks to appoint Directors with a suitable skill set for the operations and geographic regions in which the Company operates. Appointments are considered without discriminating against any potential director on the basis of gender, age ethnicity, culture or on any other basis.

The Board has determined that no specific measurable objectives will be established until the number of employees and level of activities of the Company increases to a level sufficient to enable meaningful and achievable objectives to be developed.

	<b>BEST PRACTICE RECOMMENDATION</b>	<b>COMMENT</b>
<b>1</b>	<b>Lay solid foundations for management and oversight</b>	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The Company's Corporate Governance Policy includes a Board Charter, which discloses the specific responsibilities of the Board. The Company has not established the functions delegated to senior executives at this time as there are no other senior executives.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The Board will monitor the performance of senior management, including measuring actual performance against planned performance. The Board has also adopted a policy to assist in evaluating Board performance.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	An evaluation of senior executives did not take place in the financial year as there are no executives, other than the Directors. A copy of matters reserved for the Board, including the Board Charter is maintained at the Company's website. The Company will explain any departures (if any) from best practice recommendations 1.1, 1.2 and 1.3 in its annual reports.
<b>2</b>	<b>Structure the board to add value</b>	
2.1	A majority of the board should be independent directors.	All of the Board are currently independent Directors.
2.2	The chair should be an independent director.	The Chairman, Mr Dawson, is independent.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	The Company's currently does not have a chief executive officer.
2.4	The board should establish a nomination committee.	No formal nomination committee has been adopted by the Company.

## CORPORATE GOVERNANCE STATEMENT

2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	The Chairman reviews the composition of the Board, its committees and the performance of each Director to ensure that it continues to have a mix of skills and experience necessary for the conduct of the Company's activities. A new Director will receive an induction appropriate to his or her experience.
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	<p>The Company provides details of each Director, such as their skills, experience and expertise relevant to their position, together with an explanation of any departures (if any) from best practice recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 in annual reports.</p> <p>A description of the skills and experience of each Director and their period in office is contained within this Annual Report.</p> <p>Messrs Dawson, Malone and Higginson are considered to be independent as they are not substantial shareholders, are not employed by the Company, have not within the last 3 years been a principal of a material professional advisor or a material consultant to the Company, are not material suppliers to the Company or associated with a material supplier and they have no material contractual relationship with the Company.</p> <p>The Company has a procedure in place that enables Directors to take independent professional advice at the expense of the Company.</p> <p>No nomination committee has been established. The Board, as a whole, currently serves as a nomination committee. The Board considers that the Company is not of a size that warrants the establishment of a nomination committee.</p> <p>An evaluation of the Board, its committees and Directors (in accordance with the disclosed process) took place during the reporting period.</p> <p>A description of the procedure for the selection and appointment of new Directors and the re-election of incumbents is contained within the Board Charter which is maintained at the Company's website.</p>
<b>3 Promote ethical and responsible decision-making</b>		
3.1	<p>Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> <li>• the practices necessary to maintain confidence in the company's integrity</li> <li>• the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders</li> <li>• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	The Company's Corporate Governance Policy includes a code of conduct for Directors and key executives. This code of conduct provides a framework for the practices necessary to maintain confidence in the Company's integrity, to take into account the legal obligations and expectations of stakeholders and for reporting any observed breaches of laws or regulations.
3.2	Companies should establish a diversity policy.	The Board considers that the Company is currently not of a size to justify implementing a Diversity

## CORPORATE GOVERNANCE STATEMENT

		Policy.
3.3	Companies should disclose in each Annual Report the measurable objective for achieving gender diversity.	No specific measurable objectives will be established until the number of employees and level of activities increase to a level sufficient to enable meaningful and achievable objectives to be developed.
3.4	Companies should disclose in each Annual Report the proportion of women employees in the whole organisation.	The Company will disclose in each Annual Report the proportion of women employees in the whole organisation.
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	The Company will explain any departures (if any) from best practice recommendations 3.1, 3.2 and 3.3 in its annual reports. The code of conduct and share trading policy are disclosed on the Company's website.
<b>4</b>	<b>Safeguard integrity in financial reporting</b>	
4.1	The board should establish an audit committee.	An audit committee has been established by the Company.
4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> <li>• consists only of non-executive directors</li> <li>• consists of a majority of independent directors</li> <li>• is chaired by an independent chair, who is not chair of the board</li> <li>• has at least three members.</li> </ul>	The audit committee consists only of non-executive Directors, who are independent, and the Company Secretary. It is chaired by Mr Dawson, who is chair of the Board. The audit committee has two members.
4.3	The audit committee should have a formal charter.	The audit committee has adopted an audit committee charter.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	The names and qualifications of those appointed to the audit committee, their attendance at meetings and the number of meetings are set out in the Directors' Report. The audited committee charter is maintained at the Company's website. The Company will explain any departures (if any) from best practice recommendations 4.1, 4.2 and 4.3 in its annual report.
<b>5</b>	<b>Make timely and balanced disclosure</b>	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company has a continuous disclosure program in place designed to ensure the compliance with ASX Listing Rule disclosure and to ensure accountability at a Board level for compliance and factual presentation of the Company's financial position. The continuous disclosure policy is maintained at the Company's website.
5.2	Companies should provide the information indicated in Guide to Reporting on Principle 5.	The Company will provide an explanation of any departures (if any) from best practice recommendation 5.1 in its annual reports.
<b>6</b>	<b>Respect the rights of shareholders</b>	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their	The Company's Corporate Governance Policy includes a shareholder communications policy, which aims to promote effective communication

## CORPORATE GOVERNANCE STATEMENT

	participation at general meetings and disclose their policy or a summary of that policy.	with shareholders, to encourage shareholder participation at AGM's and to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. The shareholder communications policy is maintained at the Company's website.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	The Company will provide an explanation of any departures (if any) from best practice recommendations 6.1 or 6.2 in its annual reports.
<b>7</b>	<b>Recognise and manage risk</b>	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategies and policies, risk mitigation, internal compliance and internal controls. The Company's Corporate Governance Policy includes a risk management policy for the oversight and management of material business risks. The categories of risk reported on include exploration risk, operating risk, resource estimates, commodity price volatility, exchange rate risk, environmental risk, title risk, additional requirements for capital and reliance on key management. The Company's risk management policy is maintained at the Company's website.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	The Board requires management to design and implement continuous risk management and internal control systems to manage the Company's material business risks. The Board requires management to report to it on whether those risks are being managed effectively and management has reported to the Board as to the effectiveness of the Company's management of its material business risks.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	The Board has received assurance from the relevant personnel that the s 295A declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risks.
7.4	Companies should provide the information indicated in Guide to Reporting on Principle 7.	The Board has received the report from management under Recommendation 7.2 and received assurance from the relevant personnel under Recommendation 7.3. The Company will provide an explanation of any departures (if any) from best practice recommendations 7.1, 7.2, 7.3 and 7.4 in its annual reports.
<b>8</b>	<b>Remunerate fairly and responsibly</b>	

## CORPORATE GOVERNANCE STATEMENT

8.1	The board should establish a remuneration committee.	No formal remuneration committee has been established by the Company as it is considered this responsibility can be adequately assumed by the full Board.
8.2	<p>The remuneration committee should be structured so that it;</p> <ul style="list-style-type: none"> <li>• consists of a majority of independent directors</li> <li>• is chaired by an independent chair</li> <li>• has at least three members</li> </ul>	No formal remuneration committee has been established by the Company.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	<p>The Board distinguishes the structure of non executive Director's remuneration from that of executive Directors and senior executives. Relevantly, the Company's Constitution provides that the remuneration of non-executive Directors will be not be more than the aggregate fixed sum determined by a general meeting.</p> <p>The Board is responsible for determining the remuneration of any Director or senior executives (without the participation of the affected Director).</p>
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	<p>The Board, acting without the affected Director participating in the decision making process, currently serves as the remuneration committee.</p> <p>There are no schemes for retirement benefits other than superannuation for any non executive directors.</p> <p>The Company will provide an explanation of any departures (if any) from best practice recommendations 8.1, 8.2 and 8.3 in its annual reports.</p>

## ASX ADDITIONAL INFORMATION

Additional information required by Australian Securities Exchange Limited and not shown elsewhere in this Annual Report is as follows. The information is made up to 11 September 2013.

### DISTRIBUTION SCHEDULE OF SECURITY HOLDERS

	Ordinary Shareholders
1-1,000	37
1,001 - 5,000	16
5,001 - 10,000	70
10,001 - 100,000	238
100,001 and over	232
	<u>593</u>

### HOLDERS OF NONMARKETABLE PARCELS

There are 244 fully paid ordinary shareholders who hold less than a marketable parcel of shares.

### TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of ordinary shares are:

	Number of Shares Held	% Held
1 Sunshore Holdings Pty Ltd	48,920,329	15.14
2 Mohd Idris Bin Jais	16,000,000	4.95
3 Katana Asset Management Limited	12,214,999	3.78
4 Auriferous Mining Limited	10,100,000	3.13
5 Rogue Investments Pty Ltd	10,000,000	3.09
6 JP Morgan Nominees Australia Ltd	6,005,000	1.86
7 Maminda Pty Ltd	6,000,000	1.86
8 Dr Salim Cassim	5,100,000	1.58
9 Richard William Dalglish	5,000,000	1.55
10 Pagodatree Investments Limited	4,955,905	1.53
11 Mohd Idris Bin Jais H	4,933,400	1.53
12 Doogary Investments Limited	4,668,572	1.45
13 Bell Potter Nominees Limited	4,600,000	1.42
14 Tabland Pty Ltd	3,873,800	1.20
15 Katana Equity Pty Ltd	3,800,000	1.17
16 Grant Michael Button	3,540,200	1.10
17 Trayburn Pty Ltd	3,528,260	1.09
18 Mr E Bosio & Mrs C Bosio	3,500,000	1.08
19 Berne No 132 Nominees Pty Ltd	3,495,092	1.08
20 Mining Investments Limited	3,200,000	0.99
	<u>163,435,557</u>	<u>50.57</u>
Total ordinary shares quoted on ASX	<u>323,152,868</u>	

## ASX ADDITIONAL INFORMATION

---

### RESTRICTED SECURITIES

The Company has no Restricted Securities on issue.

### UNQUOTED EQUITY SECURITIES

The Company has non unquoted equity securities on issue.

### SUBSTANTIAL SHAREHOLDERS

Sunshore Holdings Pty Ltd has 48,920,329 fully paid ordinary shares representing 15.14% of the total fully paid ordinary shares on issue.

### ON-MARKET BUY-BACK

There is no current on-market buy-back.

### ACQUISITION OF VOTING SHARES

No issues of securities have been approved for the purposes of Item 7 of section 611 of the Corporations Act 2001.

### VOTING RIGHTS

Ordinary Shares - 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 per share.

### TAX STATUS

The Company is treated as a public company for taxation purposes.

### FRANKING CREDITS

The Company has nil franking credits.

### TENEMENT SCHEDULE

Project	Country	Tenement	Interest
Narracoota	Australia	E52/1496	Earning a 90% interest