



ABN 43 059 457 279

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2008

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CORPORATE DIRECTORY

DIRECTORS

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

AUDITORS

Stantons International
Level 1
1 Havelock Street
West Perth
Western Australia 6005

COMPANY SECRETARIES

Jim Malone
Martin Stein

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2
45 St George's Terrace
Perth
Western Australia 6000
Telephone: +618 9323 2000
Facsimile: +618 9323 2033

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

103 Abernethy Road
Belmont, WA, 6104
Telephone: +618 9277 9489
Facsimile: +618 9277 6818
Email: jim.malone@iinet.net.au
Website: www.latingold.com.au

STOCK EXCHANGE LISTING

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

PERU OFFICE

Calle El Rosario 359-B, Miraflores,
Lima 18, Peru
Telephone: +511446 5522
Facsimile: +511 447 1225
Email: simon.titchener@iinet.net.au

CHAIRMAN'S REPORT

Dear Shareholder,

During the year the Company continued to develop its Paron Gold project in Peru.

Highlights of the year were:

1. The successful completion of the pre-feasibility study in July 2007 which demonstrated the financial viability of the Paron Gold project.
2. Latin Gold paying the final US\$960,000 instalment to the vendors to secure 100% of the Paron Gold project.
3. The commencement of the Definitive Feasibility Study; and
4. Completion of the Social baseline study and the environmental baseline study.

Despite the fact we believe we have a solid gold project that demonstrates, at a pre-feasibility study stage, viable economics as well as untested exploration upside, we were very disappointed not to have been able to advance the project at a greater rate during the year.

There were a number of reasons for the delays which occurred:

1. It is a continual challenge for a company with the limited financial capacity of Latin Gold to promote a compelling story when you only have one project. Despite an extensive search within the South American region and the review of many promoted projects, we have been unable to locate any other projects that at the very least match the potential of Paron. Remaining a single project Company leaves us very vulnerable to any delays at Paron.
2. As it happens, we did experience significant delays at Paron during the year. These delays were caused through a variety of events including problems in the local area as well as Peru in general with local community groups and the resources/mining sector in general. One specific delay occurred as a result of an unexpected restructuring of the various mining departments in Peru which resulted in us not being granted our Category two permit within the scheduled period. Without this category two permit we were unable to commence our planned follow-up drilling programme which included the exploration drilling for any potential down faulted extension of the mineralisation.
3. The recent deterioration of global equity markets has made life extremely difficult for junior resource companies such as Latin Gold. It has also affected the ability of Latin Gold to raise sufficient capital to develop Paron and to bring new projects into the company.

As a consequence, your board is reviewing the options available to Latin Gold. We remain confident that the Paron Gold project is worth a lot more than the current market capitalisation of the company and will be working hard in the new financial year to realise this value and see it reflected in the share price.

Yours sincerely,



Peter McAleer
Chairman
25 September 2008

OPERATIONS REPORT

OPERATIONS REPORT

During the year ended 30 June 2008, Latin Gold (“Latin Gold” or the “Company”) continued an active exploration programme within Peru. In particular the Company focused on our 100% owned Paron Gold project (“Paron” or the “Project”), located in the Department of Ancash 470km from Lima.

The Company also continued an extensive search for additional mineral properties. This search focused on South America with projects of at least a similar in size and comparable economics to that of Paron, targeted.

Paron Gold Project

In October 2006 an initial 25 hole diamond drilling campaign was undertaken at Paron. The results of this programme, together with those of the previous two historic drilling campaigns confirmed that Paron hosted a near surface economic gold deposit. As part of the drilling programme an initial inferred JORC resource of 3,040,000 tonnes at 2.2 g/t for a contained 21,5,000 ounces of gold was calculated. Silver grades were determined to be 7.4 g/t, equivalent to an insitu silver resource of 733,000 ounces.

This drilling programme also highlighted the possibility of an increased tonnage to the north-west of Paron where the current boundary of the mineralised zone remains open.

Unfortunately, because of drilling rig constraints we were unable to test for the potential porphyry source of the Paron mineralization at depth as well as for the possible faulted extension to the outcropping mineralization. Both of these targets are high priority and it means that the exploration upside of the Paron project remains significantly untested.

Following the drilling programme and initial resource estimation, the Board of Latin Gold decided in early 2007 to undertake an in-house “scoping study” to determine the potential economics of the development of Paron. The results of this study were very encouraging and as a result the Board commissioned an independent Peruvian based consulting group to undertake a pre-feasibility study.

This pre-feasibility study was completed in June 2007. This study included extensive new metallurgical test work, a detailed mine planning study, financial modeling and a review of various development options and their potential demographic and environmental impact.

As part of the study a new geological model and resource estimation was also completed.

Based on a 0.8 g/t gold cut-off the diluted JORC resources at Paron were estimated to be:

Cut off grade	Measured and Indicated	Inferred	Total
0.8 g/t	5,576,500 @ 1.60 g/t gold, 7.0 silver	623,450 tonnes @1.6 g/t gold, 7.0 g/t silver	6,200,000 tonnes @ 1.6 g/t gold, 7.0 g/t silver
Metal content	286,341 oz gold 1,252,743 oz silver	32,013 oz gold 140,056 oz silver	318,354 oz gold 1,392,799 oz silver

The financial modeling that was undertaken used the following parameters:

- Mine production at Paron using a heap leach operation
- Treatment rate of 3,000 tonnes per day (1.06 million tonnes per annum)
- Mine Life of 6 years
- Diluted head grade of 1.6 g/t gold and 7g/t silver
- Gold recoveries of 80%, silver recoveries of 40%
- Annual Production rate of 43,000 ozs gold and 92,000 ozs silver
- Waste to Ore ratio of 1:1
- Capital Expenditure (“Capex”) of \$US30 million (includes a 25% contingency) and a company owned plant and mining fleet

Based on this modeling and a gold price of \$US625/oz the Paron project has an IRR of 35% and will return an estimated EBITDA of around \$US13.2 million (\$A15.9 Million) on an annual basis for 6 years.

OPERATIONS REPORT

Attached is a table showing the IRR and NPV of the project at various gold prices

Gold Price/oz	Annualised EBITDA	IRR	NPV
\$US850	\$US22.6m	57.3%	\$US45.6m
\$US800	\$US20.5m	52.5%	\$US40.5m
\$US750	\$US18.4m	47.6%	\$US35.4m
\$US700	\$US16.3m	42.7%	\$US30.3m
\$US650	\$US14.2m	37.7%	\$US25.2m
\$US600	\$US12.2m	32.5%	\$US20.1m

The study identified cash production costs to be an estimated \$US223/oz (\$A269/oz) gold equivalent and total production costs (including all capital expenditure) \$US324/oz (\$A390/oz) gold equivalent.

We remain very encouraged by the results of the pre feasibility study as it confirmed the potential of Paron to be a highly profitable gold and silver operation. In addition there appears to be considerable upside from the study completed in that metallurgical recoveries could be higher and the estimated capex is based on the purchase of all new equipment and a company operated mining fleet and processing plant, as well as US\$6 million contingency for mine rehabilitation. Clearly, the use of contractors and a better understanding of the mine rehabilitation costs could reduce this estimate significantly.

On 12 December 2007, Latin Gold paid the final option payment of USD\$960,000 to the owners of Paron. This payment secured for Latin Gold 100% of the Project.

To expedite the development of Paron, Latin Gold commenced in late 2007 the definitive feasibility study ("DFS") with the engagement of various Peru based consultants and the calling of drill tenders.

During the year completed June 2008, progress at Paron has been far slower than we expected. The main reasons for this were as follows;

- The difficult conditions currently being experienced in Peru with respect to relationships between mining/exploration companies and local communities. Despite these conditions Latin Gold nevertheless held a number of highly successful assembly meetings with representatives of the community including the 21 Presidents of the local comunidads that make up the Cruz de Mayo Collective. The Cruz de Mayo Collective ("Collective") is the name for the 21 different communities that occupy the valley that surrounds the town of Caraz in the department of Ancash which is where the Paron Gold project is located.

During these meetings the Collective was informed of the progress of the project and were provided with presentations on the progress of the social and baseline studies.

The major area of concern to the Collective was the potential for water contamination. As a consequence during the various meetings the Latin Gold management and consultants focused on the explanation and demonstration of how the Company could actually enhance the quality and quantity of water to the communities using modern irrigation and boring technologies.

Overall, the project has been well received by the leaders of the Collective.

- Difficulties in obtaining a Category Two exploration permit

Despite having spent the past 10 months in application we have yet to obtain this permit. A consequence of this delay is that the Company was not able to conduct our planned exploration/resource drilling programme in June 2008 as previously reported.

The reasons for the delay in granting the Category Two permit include:

- New and more stringent requirements were distributed by the Government for both Category B & C exploration permits in early 2008.
- INRENA and other related government departments are being incorporated into a new "Environmental Ministry" in what appears to be a major bureaucratic re-shuffle. This has resulted in significant delays in issuing permits.

OPERATIONS REPORT

- A dramatic increase in the number of exploration permits being sought in Peru by various exploration companies. This has overloaded the permitting system to a significant degree.

Although of little consolation the delays that Latin Gold has experienced during the past year are not unique to the Company.

In looking to the year ahead we will continue to press for the earliest possible granting of the Category Two permit. With the Social Baseline Study and the Environmental Baseline Studies now completed we expect a positive decision shortly. The immediate benefit of the granting of this permit is that it will allow Latin Gold to complete the drilling activities required to convert the current JORC resource into reserve status as well as to undertake our planned exploration programme.

Corporate

We reported in early April 2008 that it had come to the attention of Latin Gold Directors that approximately 10 million shares in the Company were held within the Opes Prime Group ("Opes") margin facility.

This holding was the equivalent to approximately 6% of the issued capital of the Company.

These shares were disposed of on market shortly after we reported their situation to the ASX.

Latin Gold also advises that no Directors or executives of the Company have any margin arrangements secured by the Company's shares.

The company had cash holdings of \$674,000 as at 31 June 2008.

Latin Gold's currently has 161,576,434 shares on issue and its market capitalisation as at 30 June 2008 was AUD\$4.8 million.

DIRECTORS' REPORT

DIRECTORS REPORT

The Directors present their report on Latin Gold Limited and its controlled entities for the year ended 30 June 2008.

BOARD OF DIRECTORS

The names and details of the Latin Gold Ltd ("Company") directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period.

Peter McAleer (Non-Executive Chairman)

Mr McAleer joined the Board as Chairman in 2001. Mr McAleer has over 40 years involvement in the natural resources sector including minerals, oil and gas in Australia, Chile, Europe and North America, through board and senior management level involvement.

Responsibilities: Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee and has responsibilities for risk identification, strategic direction and performance evaluations.

Qualifications: Mr McAleer has an honours degree in Commerce and is a Barrister at Law.

Directorships: Kingsgate Consolidated Ltd
Kenmare Resources PLC (Dublin)

Jim Malone (Managing Director)

Mr 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 21 years.

Mr. Malone, a Commerce graduate from the University Of Western Australia worked for Arthur Anderson 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 seven 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 21 years Mr Malone has lived and worked in Perth, Melbourne, London and Santiago, Chile.

Responsibilities: Ongoing business development, all capital raisings, investor relations, ASX liaison, 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 an Associate of the Australian Society of CPAs.

Directorships: Richmond Mining Limited – Non Executive Director
Nuenco NL –Non Executive Director
Atlantic Limited- Non Executive Director
Monaro Mining N.L - Non Executive Director

Past directorships: Livingstone Petroleum Limited - Non Executive Chairman
Catalyst Metals Limited – Non Executive Director
Discovery Capital Limited - Non Executive Director
Uranium King Limited – Non Executive Director

DIRECTORS' REPORT

Simon Titchener (Executive Director)

Mr Titchener is also a founding director of the Company. Mr Titchener has 22 years experience in exploration and project development in the minerals industry including extensive drill program management, project management of precious and industrial mineral developments and the securing, joint venturing and exploration management of mining tenements. Mr Titchener is currently based full-time in our South American office.

Responsibilities: His role encompasses the management of all mineral exploration, identification and operational functions of the company. Simon has resided in South America for the past 5½ years and heads up our Lima operations office. His responsibilities also include health, safety and environment management.

Qualifications: Mr Titchener has a Bachelor of Arts degree (Honours) from UWA majoring in Industrial Relations

Howard Dawson (Non-Executive Director)

Mr 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 17 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 Morgan Limited.

Mr Dawson brings to the Board of Latin Gold additional technical, financial and corporate skills which are used to assist the Company in its existing projects as well as its anticipated expansion into additional exploration and development projects.

Responsibilities: Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee. Mr Dawson also has responsibilities for assisting with capital raising, risk identification and the independent technical and financial review of projects.

Qualifications: Bachelor of Science (Geology)
SFFINSIA, MAIG

Directorships: Discovery Capital Limited - Executive Chairman
Richmond Mining Limited- Non Executive Chairman
DVM International Limited – Non Executive Director

Past directorships: Comet Resources Limited
Bounty Industries Limited
Uranium King Limited – Non Executive Chairman
Catalyst Metals Limited – Non Executive Chairman
Lunalite International Limited - Non Executive Director

Martin Stein (Company Secretary)

Mr Stein is a Chartered Accountant and Chartered Secretary and has held senior positions in Australia and Europe, including with PricewaterhouseCoopers and Anvil Mining Limited. Mr Stein is the Director of Aspire Corporate Consultants Pty Ltd, a Company that specialises in the provision of corporate advisory, financial management and company secretarial services to a number of ASX listed companies involved in the resource industry.

Qualifications: Chartered Accountant
Chartered Secretary
Bachelor of Business

DIRECTORS' REPORT

CORPORATE STRUCTURE

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

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was the development of the Paron gold project in Peru.

EMPLOYEES

The Group employed 4 employees as at 30 June 2008 (2007: 4 employees).

REVIEW OF OPERATIONS

The principal activity of the Group during the year was the development of the Paron gold project in Peru.

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

RESULTS OF OPERATIONS

The operating loss after income tax of the Group for the year ended 30 June 2008 was \$650,527 (2007: \$1,133,803). The operating loss included expensed exploration and evaluation expenditure of \$10,253 (2007: \$283,702).

The Group's basic loss per share for the year was 0.5 cents (2007: 1.2 cents).

No dividend has been paid during or is recommended for the financial year ended 30 June 2008.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no 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 Report. Other than as referred to in this report, further information as to likely developments in the operations of the Group and expected results of those operations would, in the opinion of the Directors, be speculative and prejudicial to the interests of the Group and its shareholders.

SUBSEQUENT EVENTS

There has not been any events material to the Group subsequent to the year ended 30 June 2008.

FINANCIAL POSITION

The net assets of the Group have increased by \$1,530,533 from \$1,860,094 at 30 June 2007 to \$3,390,627 in 2008. This largely was a result of capitalising the exploration expenditure incurred on the Paron project in Peru.

The Group's working capital, being current assets less current liabilities, has increased from \$379,418 in 2007 to \$646,681 at 30 June 2008.

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' REPORT

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
Peter McAleer	6	5	1	1
Jim Malone	6	5	-	-
Simon Titchener	6	5	-	-
Howard Dawson	6	5	1	1

One meeting of the Audit Committee of the Group was held during the financial year.

ENVIRONMENTAL ISSUES

The Group's operations are subject to significant environmental regulation under the laws of Peru. Details of the Group performance in relation to environmental regulation are as follows:

The Group entities exploration activities are subject to the mining acts in the countries it operates. The Company has a policy of complying with or exceeding its environmental performance obligations. The Board believes that the Company has adequate systems in place for the management of its environmental requirements. The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Company are not aware of any breach of environmental legislation for the financial year under review.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

SHARE OPTIONS

As at the date of this report, there were 13,750,000 (2007: 6,650,000) unissued ordinary shares under option. Refer to Note 14 of the Financial Statements for further details of the options outstanding.

No person entitled to exercise any option referred to above have or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

DIRECTORS' REPORT

REMUNERATION REPORT

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 Remuneration and Nomination Committee. In determining competitive remuneration rates the Committee 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 appointment of non-executive Director remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director.

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

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

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

Performance Based Remuneration

The issue of options to directors in accordance with the Company's employee share option plan to encourage the alignment of personal and shareholder returns. The intention of this program is to align the objectives of directors/executives with that of the business and shareholders. In addition all directors and executives are encouraged to hold shares in the Company.

The Company has not paid bonuses to directors or executives to date.

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

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

The following table shows the gross revenue, operating loss, net assets, number of mineral properties and share price at the end of the respective financial years.

	2002	2003	2004	2005	2006	2007	2008
Revenue	\$63,124	\$184,073	\$102,510	\$94,506	\$170,155	\$82,972	\$33,625
Net loss	\$999,920	\$731,978	\$1,064,404	\$1,055,863	\$2,195,404	\$1,133,803	\$650,527
Net assets	\$2,016,737	\$293,587	\$1,870,263	\$2,177,883	\$1,194,565	\$1,860,094	\$3,390,162
No. of projects	1	1	1	22	19	2	1
Share price	5.1c	8.0c	12.5c	7.2c	7.0c	5.1c	3.7c

DIRECTORS' REPORT

The current focus of the group is the Paron Gold project which the Directors believe has the potential to add significant value to the Company.

Details of Remuneration for Year Ended 30 June 2008

The remuneration for each director of the Group during the year ended 30 June 2008 was as follows:

Directors and Executive Officers' Emoluments

2008 Names	Annual Emoluments		Performance Related		Total \$	% of Remuneration consisting of options
	Salary & Fees \$	Super- annuation \$	Options Granted	Options Amortised \$		
Directors Emoluments						
P McAleer (a)	15,000	-	600,000	14,319	29,319	49%
J Malone	26,750	-	1,500,000	30,677	57,427	53%
S Titchener	99,968	-	1,500,000	30,677	130,645	23%
H Dawson	21,000	-	1,500,000	26,762	47,762	56%
Total	162,718	-	5,100,000	102,435	265,153	39%
Executive Emoluments						
	-	-	-	-	-	-

The remuneration for each director and of the one executive officer of the Group during the year ended 30 June 2007 was as follows:

Directors and Executive Officers' Emoluments

2007 Names	Annual Emoluments		Performance Related		Total \$	% of Remuneration consisting of options
	Salary & Fees \$	Super- annuation \$	Options Granted	Options Amortised \$		
Directors Emoluments						
P McAleer (a)	61,905	-	-	5,180	67,085	8%
J Malone	87,309	5,361	-	7,830	100,500	8%
S Titchener	93,990	-	-	7,830	101,820	8%
H Dawson	60,814	2,756	-	3,915	67,485	6%
Total	304,018	8,117	-	24,755	336,890	7%
Executive Emoluments						
B Dixon (b)	34,770	-	-	2,650	37,420	7%

(a) Fees paid to Norwest Mining Consultants Limited, a company which Mr McAleer is a director and officer.

(b) Fees paid to Warrior Strategic Pty Ltd ATF the Warrior Strategic Trust an entity controlled by Mr Dixon.

Performance Income as a Proportion of Total Remuneration

5,100,000 options were issued for the 30 June 2008 financial year. Amortisation of options issued during the year ended 30 June 2008 and prior financial periods represented 39% of total directors' emoluments for the year ended 30 June 2008.

DIRECTORS' REPORT

Compensation Options: Granted and Vested During the Year (Consolidated)

30 June 2008	Granted		Terms and Conditions for Each Grant				Vested		
	No.	Grant Date	Fair Value per Option at Grant Date	Exercise Price Per Option	Expiry Date	First Exercise Date	Last Exercise Date	No.	%
Directors									
P McAleer	600,000	28 December 2007	\$0.0298	\$0.08	31 December 2010	28 December 2007	31 December 2010	200,000	33%
J Malone	1,500,000	28 December 2007	\$0.0298	\$0.08	31 December 2010	28 December 2007	31 December 2010	500,000	33%
S Titchener	1,500,000	28 December 2007	\$0.0298	\$0.08	31 December 2010	28 December 2007	31 December 2010	500,000	33%
H Dawson	1,500,000	28 December 2007	\$0.0298	\$0.08	31 December 2010	28 December 2007	31 December 2010	500,000	33%
Executives									
	-	-	-	-	-	-	-	-	-
Total	5,100,000							1,700,000	

The options issued during the year ended 30 June 2008 were valued using the Black-Scholes valuation model using the following assumptions:

Volatility:	65%
Risk free rate:	6.75%
Share price at grant date:	\$0.068

Options granted as part of remuneration

	Value of options granted during the year	Value of options exercised during the year	Value of Options lapsed during the year	Total value of Options granted, exercised and lapsed during the year	Remuneration consisting of options for the year
	\$	\$	\$	\$	%
Directors					
P McAleer	17,880	-	-	17,880	100%
J Malone	44,700	-	-	44,700	53%
S Titchener	44,700	-	-	44,700	23%
H Dawson	44,700	-	-	44,700	56%
Executives					
	-	-	-	-	-
Total	151,980	-	-	151,980	

There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

There were no options exercised, lased or forfeitures during the year.

No options were granted as part of remuneration in the year ended 30 June 2007

Employment Contracts of Directors and Senior Executives

The Executive Director employment contracts have expired and the Executive Directors continue to provide their services on the same terms and conditions as per the original contracts. There are no employment contracts for the Chairman and non executive Directors.

DIRECTORS' REPORT

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/(Sold)	Balance at date of Directors' Report	Balance at beginning of year	Exercised	Issued	Balance at date of Directors' Report
P McAleer	1,382,539	-	1,382,539	1,000,000	-	600,000	1,600,000
J Malone	1,120,000	550,000	1,670,000	1,500,000	-	1,500,000	3,000,000
S Titchener	1,150,000	-	1,150,000	1,500,000	-	1,500,000	3,000,000
H Dawson	881,000	872,000	1,753,000	750,000	-	1,500,000	2,250,000
	<u>4,533,539</u>	<u>1,422,000</u>	<u>5,955,539</u>	<u>4,750,000</u>	<u>-</u>	<u>5,100,000</u>	<u>9,850,000</u>

Further details on options can be found in Note 14.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company currently has an insurance policy in place for Directors and Officers insurance. The total premium paid by the Company during the year ended 30 June 2008 was \$8,547.

NON-AUDIT SERVICES

No fees for non-audit services were paid to the external auditors during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2008 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 for the Company. The Company's corporate governance statement and disclosures are contained in the annual report.

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



Jim Malone
Managing Director

Perth, Western Australia
25 September 2008

BALANCE SHEETS

As at 30 June 2008

	Note	Consolidated		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
Current Assets					
Cash and cash equivalents	6	673,805	430,849	576,806	329,818
Trade and other receivables	7	10,349	11,382	5,603	-
Prepayments	8	1,916	1,200	-	723
Total Current Assets		686,070	443,431	582,409	330,541
Non-Current Assets					
Receivables	7	-	-	-	-
Other financial assets	9	-	-	-	-
Plant and equipment	10	28,104	51,157	1,077	4,260
Exploration and evaluation expenditure	11	2,729,309	1,445,027	-	-
Total Non-Current Assets		2,757,413	1,496,184	1,077	4,260
TOTAL ASSETS		3,443,483	1,939,615	583,486	334,801
Current Liabilities					
Trade and other payables	12	36,571	54,215	30,314	40,126
Provisions	13	2,817	9,798	2,817	9,798
Total Current Liabilities		39,388	64,013	33,131	49,924
Non-Current Liabilities					
Provisions	13	13,468	15,508	13,468	15,508
Total Non-Current Liabilities		13,468	15,508	13,468	15,508
TOTAL LIABILITIES		52,856	79,521	46,599	65,432
NET ASSETS		3,390,627	1,860,094	536,887	269,369
Equity					
Contributed equity	14	11,742,396	9,451,137	11,742,396	9,451,137
Reserves	15	(177,118)	(66,919)	289,615	148,931
Accumulated losses	16	(8,174,651)	(7,524,124)	(11,495,124)	(9,330,699)
TOTAL EQUITY		3,390,627	1,860,094	536,887	269,369

The above balance sheet should be read in conjunction with the accompanying notes.

INCOME STATEMENTS

For the Year Ended 30 June 2008

	Note	Group		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
Revenue	2	33,625	82,972	33,625	82,972
Project costs	3	(10,253)	(283,702)	(4,976)	(44,101)
Employee costs		(245,943)	(215,344)	(179,170)	(167,911)
Occupancy costs		(16,340)	(11,988)	(16,341)	(11,512)
Administration costs		(402,111)	(862,149)	(164,380)	(427,606)
Depreciation	3	(3,183)	(9,900)	(3,183)	(5,709)
Foreign exchange gains / (losses)		(3,405)	166,308	(687,800)	(407,878)
Interest expense		(2,917)	-	(2,917)	-
Provisions for diminution	3	-	-	(1,139,283)	(1,443,444)
Loss before income tax expense		(650,527)	(1,133,803)	(2,164,425)	(2,425,189)
Income tax expense	5	-	-	-	-
Net loss attributable to members of parent entity	16	(650,527)	(1,133,803)	(2,164,425)	(2,425,189)
Basic loss per share (cents per share)	4	(0.5)	(1.2)		
Diluted loss per share (cents per share)	4	(0.5)	(1.2)		

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

STATEMENTS OF CHANGES IN EQUITY

For the Year Ended 30 June 2008

Group	Issued Capital	Accumulated losses	Reserves	Total
	\$	\$	\$	\$
Balance at 30 June 2006	7,660,036	(6,390,321)	(75,150)	1,194,565
Profit/(loss) attributable to members of parent entity	-	(1,133,803)	-	(1,133,803)
Issue of shares	1,903,000	-	-	1,903,000
Issue of options	-	-	34,706	34,706
Share issue costs	(111,899)	-	-	(111,899)
Foreign currency translation	-	-	(26,475)	(26,475)
Balance at 30 June 2007	9,451,137	(7,524,124)	(66,919)	1,860,094
Profit/(loss) attributable to members of parent entity	-	(650,527)	-	(650,527)
Issue of shares	2,400,000	-	-	2,400,000
Issue of options	-	-	140,684	140,684
Share issue costs	(108,741)	-	-	(108,741)
Foreign currency translation	-	-	(250,883)	(250,883)
Balance at 30 June 2008	11,742,396	(8,174,651)	(177,118)	3,390,627

Company	Issued Capital	Accumulated losses	Reserves	Total
	\$	\$	\$	\$
Balance at 30 June 2006	7,660,036	(6,905,510)	114,225	868,751
Profit/(loss) attributable to members of parent entity	-	(2,425,189)	-	(2,425,189)
Issue of shares	1,903,000	-	-	1,903,000
Issue of options	-	-	34,706	34,706
Share issue costs	(111,899)	-	-	(111,899)
Balance at 30 June 2007	9,451,137	(9,330,699)	148,931	269,369
Profit/(loss) attributable to members of parent entity	-	(2,164,425)	-	(2,164,425)
Issue of shares	2,400,000	-	-	2,400,000
Issue of options	-	-	140,684	140,684
Share issue costs	(108,741)	-	-	(108,741)
Balance at 30 June 2008	11,742,396	(11,495,124)	289,615	536,887

CASH FLOW STATEMENTS

For the Year Ended 30 June 2008

	Note	Group		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
Cash Flows from Operating Activities					
Payments to suppliers, contractors and employees		(563,226)	(1,396,111)	(250,813)	(661,936)
Interest received		33,625	-	33,625	-
Sundry revenue		-	103,583	-	100,518
Net cash flows used in operating activities	17	(529,601)	(1,292,528)	(217,188)	(561,418)
Cash Flows from Investing Activities					
Payments for exploration and evaluation		(1,488,852)	(1,270,794)	-	-
Payments for plant and equipment		(1,328)	-	-	-
Proceeds from sale of plant and equipment		-	9,116	-	-
Loans to controlled entities		-	-	(1,827,083)	(1,851,322)
Net cash flows used in investing activities		(1,490,180)	(1,261,678)	(1,827,083)	(1,851,322)
Cash Flows from Financing Activities					
Proceeds from issue of shares		2,400,000	1,903,000	2,400,000	1,903,000
Share issue expenses		(108,741)	(111,899)	(108,741)	(111,899)
Proceeds from borrowings		100,000	-	100,000	-
Repayment of borrowings		(100,000)	-	(100,000)	-
Net cash flows from financing activities		2,291,259	1,791,101	2,291,259	1,791,101
Net increase / (decrease) in cash and cash equivalents		271,478	(763,105)	246,988	(621,639)
Cash and cash equivalents at the beginning of the financial year		430,849	1,033,462	329,818	951,457
Effects of exchange rate changes on cash		(28,522)	160,492	-	-
Cash and cash equivalents at the end of the financial year	6	673,805	430,849	576,806	329,818

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Reporting Framework

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 and the financial report of the Company comply with International Financial Reporting Standards and Interpretations adopted by the International Accounting Standards Board.

The financial report covers the consolidated entity of Latin Gold Limited and controlled entities, and Latin Gold Limited as an individual parent entity. Latin Gold Limited is a listed public company, incorporated and domiciled in Australia.

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

Going concern

The financial report has been prepared on the basis of the Group being a going concern. This assumption is based on the ability of the Directors of the Company to raise the appropriate funds for the Company and Group to continue to operate as such, on a timely basis. In the Directors' opinion there are reasonable grounds to assume they will be able to raise these funds when they are required.

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.

(b) Statement of compliance

Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 30 June 2008 because they do not require a change to accounting policies and therefore have no impact or they are not applicable to the Group (refer to note 27).

(c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Latin Gold Ltd ("parent company") from time to time during the year and at 30 June 2008 and the results of all controlled entities for the year then ended. Latin Gold Ltd and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated income statement from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control exists.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

(d) Revenue

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Impairment

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

(f) Cash and cash equivalents

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

(g) Trade and other receivables

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

(h) Investments

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

(i) Property, plant and equipment

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

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

(j) Exploration and Evaluation Expenditure

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

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

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration activities in an area of interest have not, at balance 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 income statement.

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 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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 balance sheet date.

(m) Employee entitlements

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

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

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

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

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

(n) Income tax

Current tax

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

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Income tax (cont'd)

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

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

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, 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 income statement. 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.

(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 income statement.

(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 balance sheet presented are translated at the closing rate at the date of the balance sheet;
- Income and expenses for each income statement are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Earnings per share

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

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

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

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

(r) Goods and services tax (GST)

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

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

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

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.

	Group		Company	
	2008 \$	2007 \$	2008 \$	2007 \$
2. Revenue				
Interest received	33,625	32,573	33,625	32,573
Sundry revenue	-	50,399	-	50,399
	<u>33,625</u>	<u>82,972</u>	<u>33,625</u>	<u>82,972</u>
3. Expense and Losses and Gains from Ordinary Activities				
(a) Expenses				
Depreciation	(3,183)	(9,900)	(3,183)	(5,709)
Exploration and evaluation costs	(10,253)	(283,702)	(4,976)	(44,101)
Interest expense	(2,917)	-	(2,917)	-
Employee share based payments	(140,684)	(34,706)	(140,684)	(34,706)
Diminution in loans to controlled entities	-	-	(1,139,283)	(1,443,444)
	<u>-</u>	<u>-</u>	<u>(1,139,283)</u>	<u>(1,443,444)</u>
(b) Losses and Gains				
Net foreign currency gain/(loss)	(3,405)	(398,913)	(687,800)	(407,878)
	<u>(3,405)</u>	<u>(398,913)</u>	<u>(687,800)</u>	<u>(407,878)</u>
(c) Net gain/ (loss) on disposal of plant and equipment				
Proceeds	-	9,116	-	-
Net book value of disposals	-	(9,116)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4. Earnings per Share			2008	2007
			No. of Shares	No. of Shares
Weighted average number of ordinary shares outstanding during the year used in calculation of earnings per share			<u>140,274,650</u>	<u>93,173,900</u>
Weighted average number of potential ordinary shares outstanding during the year used in calculation of diluted earnings per share			<u>140,274,650</u>	<u>99,823,900</u>

As the Group is in a loss making position no shares are considered dilutive as this would reduce the loss per share..

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

	Group		Company	
	2008 \$	2007 \$	2008 \$	2007 \$
5. Income taxes				
(a) Income tax recognised in profit or loss				
Prima facie tax on operating loss before income tax at 30%	(195,158)	(340,141)	(649,328)	(727,557)
Tax effect of permanent and temporary differences	244,573	72,970	591,509	548,325
Tax loss / (revenue) not brought to account	(49,415)	267,171	57,819	179,232
Income tax attributable to operating loss	-	-	-	-
(b) Deferred tax balances				
Deferred tax assets and liabilities at 30 June not brought to account as realisation of the benefit is not probable comprise:				
Other receivables	-	18,429	-	-
Employee benefits	(9,021)	7,509	(9,021)	7,509
Exploration and evaluation	-	-	-	-
Provision for diminution of investments	-	-	-	95,420
Provision for diminution of intercompany loans	-	-	1,139,282	1,323,723
Other	(59,238)	4,800	(923)	5,160
Deferred tax asset not brought to account	68,259	(30,738)	(1,129,38)	(1,431,812)
Losses brought to account	-	-	-	-
Net deferred tax balances	-	-	-	-
(c) Deferred tax assets arising from unconfirmed tax losses and capital losses not brought to account at balance date as realisation of the benefit is not probable.				
Income tax losses	1,581,113	1,633,678	1,148,522	1,093,853
Capital losses	-	-	-	-
Net timing difference	10,260	30,738	1,770,614	1,431,812
Net deferred tax asset not brought to account	1,591,373	1,664,416	2,919,136	2,525,665

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 \$5,270,000 (2007: \$5,446,000) 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:

- 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;
- the Group continues to comply with the condition of deductibility imposed by Australian, Peruvian and Chilean laws; and
- no changes in tax legislation adversely affect the Company in realising the benefit from the deduction for the loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

	Group		Company	
	2008 \$	2007 \$	2008 \$	2007 \$
6. Cash and cash equivalents				
Cash at bank	673,805	430,849	576,806	329,818
Short term deposits	-	-	-	-
	<u>673,805</u>	<u>430,849</u>	<u>576,806</u>	<u>329,818</u>
7. Trade and other receivables				
Current Receivables				
Sundry debtors	10,349	11,382	5,603	-
Provision for doubtful debtors	-	-	-	-
	<u>10,349</u>	<u>11,382</u>	<u>5,603</u>	<u>-</u>
Non Current Receivables				
Loans to controlled entities	-	-	5,551,692	4,412,410
Diminution in loans to controlled entities	-	-	(5,551,692)	(4,412,410)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8. Prepayments				
Sundry prepayments	1,916	1,200	-	723
	<u>1,916</u>	<u>1,200</u>	<u>-</u>	<u>723</u>
9. Other financial assets				
Shares in controlled entities	-	-	318,068	318,068
Diminution in shares in controlled entities	-	-	(318,068)	(318,068)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Name of Entity	Country of Incorporation	Cost of Parent Entity's Investment		Equity Holding	
		2008 \$	2007 \$	2008 %	2007 %
Westmag Resources Limited	Bahamas	252,382	252,382	100%	100%
Black Eagle Resources Limited	Bahamas	65,686	65,686	100%	100%
Black Eagle Resources Peru SAC	Peru	-	-	100%	100%
Golden Eagle Resources Peru SAC	Peru	-	-	100%	100%
Inversiones Fortuna Recursos Limitada	Chile	-	-	100%	100%

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2008

	Group		Company	
	2008 \$	2007 \$	2008 \$	2007 \$
10. Plant and Equipment				
Cost – opening	100,267	101,611	27,140	27,140
Additions	1,328	-	-	-
Exchange differences	(17,188)	7,772	-	-
Disposal	-	(9,116)	-	-
Cost – closing	<u>84,407</u>	<u>100,267</u>	<u>27,140</u>	<u>27,140</u>
Accumulated depreciation - opening	(49,110)	(31,438)	(22,880)	(17,171)
Disposals	-	-	-	-
Exchange differences	(4,010)	-	-	-
Depreciation	(3,183)	(9,900)	(3,183)	(5,709)
Accumulated depreciation - closing	<u>(56,303)</u>	<u>(49,110)</u>	<u>(26,063)</u>	<u>(22,880)</u>
Written down value - opening	<u>51,157</u>	<u>70,173</u>	<u>4,260</u>	<u>9,969</u>
Written down value - closing	<u>28,104</u>	<u>51,157</u>	<u>1,077</u>	<u>4,260</u>
11. Exploration and Evaluation Expenditure				
Written down value - opening	1,445,027	194,892	-	-
Exploration expenditure	1,488,852	1,270,794	-	-
Exchange differences	(204,570)	(20,659)	-	-
Write downs	-	-	-	-
Written down value - closing	<u>2,729,309</u>	<u>1,445,027</u>	<u>-</u>	<u>-</u>
12. Trade and other payables				
Current Payables				
Trade creditors	10,071	38,215	3,814	24,126
Accruals	26,500	16,000	26,500	16,000
	<u>36,571</u>	<u>54,215</u>	<u>30,314</u>	<u>40,126</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

	Group		Company	
	2008 \$	2007 \$	2008 \$	2007 \$
13. Provisions - Current				
Employee entitlements	2,817	9,798	2,817	9,798
Provisions - Non-Current				
Employee entitlements	13,468	15,508	13,468	15,508
	No.	No.	No.	No.
Number of employees at year end	5	7	2	2
	2008 Number	2007 Number	2008 \$	2007 \$
14. Contributed Equity				
<i>Ordinary Shares</i>				
Ordinary shares at beginning of year	111,576,434	76,501,434	9,451,137	7,660,036
Share placement at 6 cents	-	25,000,000	-	1,500,000
Share placement at 4 cents	10,000,000	10,075,000	400,000	403,000
Share placement at 5 cents	40,000,000	-	2,000,000	-
Less Capital raising costs	-	-	(108,741)	(111,899)
Ordinary shares at end of year	161,576,434	111,576,434	11,742,396	9,451,137

On 21 September 2007, the Company completed a capital raising of \$400,000 through a share placement and issued 10,000,000 shares at 4 cents per share.

On 13 December 2007, the Company completed a capital raising of \$911,823 through a share placement and issued 18,236,465 shares at 5 cents per share.

On 28 December 2007, the Company completed a capital raising of \$1,088,177 through a share placement and issued 21,763,565 shares at 5 cents per share.

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 2008 the following options to subscribe for ordinary shares existed:

- (i) 4,400,000 unlisted options exercisable on or before 11 October 2008 at \$0.10 per share. At year end 4,400,000 of these options had vested.
- (ii) 2,250,000 unlisted options exercisable on or before 27 November 2008 at an exercise price of 20 cents each. At year end 2,250,000 of these options had vested.
- (iii) 1,000,000 unlisted options exercisable on or before 5 September 2009 at an exercise price of 8 cents each. At year end 1,000,000 of these options had vested.
- (iv) 5,100,000 unlisted options exercisable on or before 31 December 2010 at an exercise price of 8 cents each. At year end 1,700,000 of these options had vested.
- (v) 1,000,000 unlisted options exercisable on or before 31 December 2009 at an exercise price of 7 cents each. At year end 1,000,000 of these options had vested.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2008

	Group		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
15. Reserves				
<i>Options reserve</i>				
Balance at beginning of year	148,931	114,225	148,931	114,225
Issued	-	-	-	-
Directors' options vested	102,434	34,706	102,434	34,706
Consultant options vested	38,250	-	38,250	-
Balance at end of year	<u>289,615</u>	<u>148,931</u>	<u>289,615</u>	<u>148,931</u>
<i>Foreign currency translation reserve</i>				
Balance at beginning of year	(215,850)	(189,375)	-	-
Currency translation differences arising during the year	(250,883)	(26,475)	-	-
Balance at end of year	<u>(466,733)</u>	<u>(215,850)</u>	<u>-</u>	<u>-</u>
Total Reserves	<u>(177,118)</u>	<u>(66,919)</u>	<u>289,615</u>	<u>148,931</u>
16. Accumulated Losses				
Balance at the beginning of this year	(7,524,124)	(6,390,321)	(9,330,699)	(6,905,510)
Loss for the year	(650,527)	(1,133,803)	(2,164,425)	(2,425,189)
Balance at the end of the year	<u>(8,174,651)</u>	<u>(7,524,124)</u>	<u>(11,495,124)</u>	<u>(9,330,699)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

17. Notes to the Cash Flow Statement	Group		Company	
	2008 \$	2007 \$	2008 \$	2007 \$
<i>(a) Reconciliation of net cash used in operating activities to operating loss after income tax</i>				
Operating loss after tax	(650,527)	(1,133,803)	(2,164,425)	(2,425,189)
<i>Add non cash items:</i>				
Depreciation	3,183	9,900	3,183	5,709
Net foreign currency (gain) / loss	3,405	(166,308)	687,800	407,878
Share based payments expense	140,684	34,706	140,684	34,706
Diminution in loans to controlled entities	-	-	1,139,282	1,443,444
<i>Changes in net assets and liabilities</i>				
(Increase) / decrease in receivables	1,033	20,611	(5,603)	17,546
(Increase) / decrease in prepayments	(715)	(1,200)	723	(723)
Increase / (decrease) in payables	(17,644)	(32,389)	(9,812)	(20,744)
Increase in other provisions	(9,020)	(24,045)	(9,020)	(24,045)
Net cash outflow from operating activities	<u>(529,601)</u>	<u>(1,292,528)</u>	<u>(217,188)</u>	<u>(561,418)</u>

(b) Non-cash financing and investing activities

None.

18. 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:

P McAleer	Non-Executive Chairman
J Malone	Managing Director & Joint Company Secretary
S Titchener	Executive Director
H Dawson	Non-Executive Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

18. Director and Executive Disclosures (continued)

(b) Remuneration of Directors

Names	Short Term		Share Based Payments		Post Employment	Total	Performance Related
	Salary & Fees \$	Other \$	Number of Options Granted	Options Amortised \$	Super-annuation \$		%
P McAleer (i)							
- 2008	15,000	-	600,000	14,319	-	29,319	49%
- 2007	61,905	-	-	5,180	-	67,085	8%
J Malone							
- 2008	26,750	-	1,500,000	30,677	-	57,427	53%
- 2007	87,309	-	-	7,830	5,361	100,500	8%
S Titchener							
- 2008	99,968	-	1,500,000	30,677	-	130,645	23%
- 2007	93,990	-	-	7,830	-	101,820	7%
H Dawson							
- 2008	21,000	-	1,500,000	26,762	-	47,762	56%
- 2007	60,814	-	-	3,915	2,756	67,485	6%
Total Remuneration							
- 2008	162,718	-	5,100,000	102,435	-	265,153	39%
- 2007	304,018	-	-	24,755	8,117	336,890	7%

(c) Remuneration of Executives

B Dixon (ii)							
- 2008	-	-	-	-	-	-	-
- 2007	34,770	-	-	2,650	-	37,420	7%

- (i) Fees paid to Norwest Mining Consultants Limited, a company for which Peter McAleer is a director and officer.
- (ii) Consulting fees paid to the Warrior Strategic Trust, an entity controlled by Mr Dixon.

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

During the financial year ended 30 June 2008, 5,100,000 options were granted as equity based compensation benefits and 8,350,000 equity based compensation benefit options had vested.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

18. Director and Executive Disclosures (continued)

(e) Option holdings of directors and officers

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

30 June 2008

Name	Balance at beginning of year	Granted as Remuneration	Options Expired	Balance at end of year	Vested at 30 June 2008	Exercisable at 30 June 2008
P McAleer	1,000,000	600,000	-	1,600,000	1,200,000	1,200,000
J Malone	1,500,000	1,500,000	-	3,000,000	2,000,000	2,000,000
S Titchener	1,500,000	1,500,000	-	3,000,000	2,000,000	2,000,000
H Dawson	750,000	1,500,000	-	2,250,000	1,250,000	1,250,000
	4,750,000	5,100,000	-	9,850,000	6,450,000	6,450,000

30 June 2007

Name	Balance at beginning of year	Granted as Remuneration	Options Expired	Balance at end of year	Vested at 30 June 2007	Exercisable at 30 June 2007
P McAleer	1,000,000	-	-	1,000,000	300,000	300,000
J Malone	1,500,000	-	-	1,500,000	300,000	300,000
S Titchener	1,500,000	-	-	1,500,000	300,000	300,000
H Dawson	750,000	-	-	750,000	250,000	250,000
	4,750,000	-	-	4,750,000	1,150,000	1,150,000

(f) 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 2008

Name	Balance at beginning of year	Purchased	Balance at end of year
P McAleer	1,382,539	-	1,382,539
J Malone	1,120,000	550,000	1,670,000
S Titchener	1,150,000	-	1,150,000
H Dawson	881,000	872,000	1,753,000
	4,533,539	1,422,000	5,955,539

30 June 2007

Name	Balance at beginning of year	Purchased	Balance at end of year
P McAleer	1,382,539	-	1,382,539
J Malone	1,120,000	-	1,120,000
S Titchener	1,150,000	-	1,150,000
H Dawson	881,000	-	881,000
	4,533,539	-	4,533,539

(g) Directors payables

	Group	
	2008	2007
	\$	\$
Amounts payable to Directors and Director related entities at the end of the financial year, included in current liabilities	10,500	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

19. 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 2008 amount to \$5,551,692. These loans have been provided for in full. Refer to Note 7.

Key Management Personnel

Transactions between the Group and key management personnel are disclosed in note 18 and in the Remuneration Report.

On 5 September 2007 Discovery Capital Limited ("Discovery"), a company of which Mr Howard Dawson is a director, funded Latin Gold Limited \$100,000 as a short term loan at an interest rate of 8.75% per annum. The loan was repaid in full on 4 January 2008 and \$2,917 was paid in interest.

On 30 November 2007, 1 million options with an exercise price of \$0.08 and expiry date of 5 September 2009 were issued to Discovery as an incentive to provide the loan above of \$100,000. These options had a total fair value at grant date of \$1,800.

On 28 December 2007, 1 million options with an exercise price of \$0.07 and expiry date of 31 December 2009 were issued to Discovery as an incentive to provide the loan above of \$100,000. These options had a total fair value at grant date of \$26,500.

During the financial year ended 30 June 2008, an amount of \$38,019 was paid to Discovery as a recoupment of costs paid by Discovery on behalf of Latin Gold for the provision of office premises and office operating outgoings.

20. 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 5,100,000 share options were granted to directors to accept 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.

	2008		2007	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Outstanding at the beginning of the year	6,650,000	\$0.13	7,650,000	\$0.14
Granted	7,100,000	\$0.08	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	(1,000,000)	\$0.20
Outstanding at year-end	13,750,000	\$0.11	6,650,000	\$0.13
Exercisable at year-end	10,350,000	\$0.11	1,350,000	\$0.20

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

The options outstanding at 30 June 2008 have a weighted average exercise price of \$0.11 and a weighted average remaining life of 1.28 years. Exercise prices range from \$0.07 to \$0.20 in respect of options outstanding at 30 June 2008.

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

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

Included under employee benefits expense in the income statement is \$140,684 (2007: \$34,706) and relates, in full, to equity-settled share-based payment transactions.

The options issued during the year ended 30 June 2008 were valued using the Black-Scholes valuation model using the following assumptions:

Volatility:	65%
Risk free rate:	6.75%
Share price at grant date:	\$0.068

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

	Group		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
21. Auditors' Remuneration				
Amounts received or due and receivable by Stantons International for:				
Auditing and reviewing accounts	30,039	27,174	30,039	27,174
Other services	-	-	-	-
Other auditors	2,000	2,000	-	-
	32,039	29,174	30,039	27,174
22. Commitments				
There were no outstanding commitments, which are not disclosed in the financial statements as at 30 June 2008 other than:				
<i>(a) Rental commitments</i>				
No later than 1 year	-	37,683	-	37,683
Later than 1 year but not later than 5 years	-	-	-	-
	-	37,683	-	37,683
<i>(b) Tenement commitments</i>				
No later than 1 year	100,000	1,404,294	-	-
Later than 1 year but not later than 5 years	-	-	-	-
	-	1,404,294	-	-
	100,000	1,441,978	-	37,683

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

23. Financial Instruments

	Notes	Floating Interest Rate \$	1 year or less \$	Over 1-5 years \$	Non interest bearing \$	Total \$
Consolidated 2008						
Financial assets						
Cash and cash equivalents	6	485,821	-	-	187,984	673,805
Trade and other receivables	7	-	-	-	10,349	10,349
Total financial assets		485,821	-	-	198,333	684,154
Financial liabilities						
Trade and other payables	12	-	-	-	(36,571)	(36,571)
Total financial liabilities		-	-	-	(36,571)	(36,571)
Net financial assets/ (liabilities)		485,821	-	-	161,762	647,583

Weighted average interest rate on cash and cash equivalents is 5.43%

2007

Financial assets						
Cash and cash equivalents	6	430,849	-	-	-	430,849
Trade and other receivables	7	-	-	-	11,382	11,382
Total financial assets		430,849	-	-	11,382	442,231
Financial liabilities						
Trade and other payables	12	-	-	-	(54,215)	(54,215)
Total financial liabilities		-	-	-	(54,215)	(54,215)
Net financial assets/ (liabilities)		430,849	-	-	(42,833)	388,016

Weighted average interest rate on cash and cash equivalents 4.40%

	2008	2007
Reconciliation of net financial assets to net assets		
	\$	\$
Consolidated		
Net Financial Assets	647,583	388,016
Prepayments	1,915	1,200
Property, Plant and Equipment	28,104	51,157
Exploration and evaluation expenditure	2,729,309	1,445,027
Provisions	(16,284)	(25,306)
Net Assets	3,390,627	1,860,094
Parent		
Net Financial Assets	552,094	289,692
Prepayments	-	723
Property, Plant and Equipment	1,077	4,260
Provisions	(16,284)	(25,306)
Net Assets	536,887	269,369

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

23. Financial Instruments (cont'd)

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 it has exposures to exchange rate fluctuations arise. Exchange rate exposures are managed by holding all funds in Australian dollars and only remitting funds to foreign subsidiaries as needed to reduce the foreign currency exposure.

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

Credit risk

The maximum exposure to credit risk at balance date is the carrying amount (net of provision of doubtful debts) of those assets as disclosed in the balance sheet 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 balance 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 2008, the effect on loss and equity as a result of a 2% increase in the interest rate, with all other variables remaining constant would be a decrease in loss by \$12,000 (2007: \$15,000) and an increase in equity by \$12,000 (2007: \$15,000).

Foreign Currency Risk Sensitivity Analysis

At 30 June 2008, the effect on loss and equity as a result of a 5% improvement in the value of the Australia dollar to the US dollar, with all other variables remaining constant would be that the loss would be unchanged (2007: approximately decrease of \$8,000) and unchanged equity (2007: approximately increase of \$8,000).

Price Risk Sensitivity Analysis

As the Company does not derive revenue from sale of products, the effect on profit and equity as a result of changes in the price risk is not considered material. The fair value of the mineral projects will be impacted by commodity price changes (predominantly gold) and could impact future revenues once operational. However, management monitors current and projected commodity prices.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

24. Segment Information

The Company operates in the mining industry. All information relating to this is contained throughout this report.

Geographical segments:

	Australia \$	South America \$	Group \$
Segment revenue			
2008	33,625	-	33,625
2007	82,972	-	82,972
Segment result			
2008	(388,444)	(262,083)	(650,527)
2007	(981,747)	(152,056)	(1,133,803)
Segment assets			
2008	583,486	2,859,996	3,443,482
2007	334,801	1,604,814	1,939,615
Segment liabilities			
2008	45,599	6,257	52,856
2007	65,432	14,089	79,521
Depreciation and amortisation expense			
2008	3,183	-	3,183
2007	5,709	4,191	9,900

25. Subsequent Events

There has not been any events material to the Group subsequent to the year ended 30 June 2008.

26. Contingent Liabilities

The Group does not have any contingent liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

27. New Accounting Standards issued but not yet effective

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 8	Operating Segments	New standard – replaces AASB 114	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the company's financial statements. However, the amounts may have an impact on the companies segment disclosures as information included in internal management reports are more detailed than is currently reported under AASB 114 Segment Reporting
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8	Amends AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038 as a result of issue of AASB 8	1 January 2009	Disclosures only

AASB 123	Borrowing Costs	Revised standard – requires borrowing costs directly attributable to qualifying assets to be capitalised, where previously they could be immediately expensed.	1 January 2009	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The company has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the company's financial report.
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123	Amends AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12 as a result of issue of AASB 123	1 January 2009	As above for AASB 123
AASB 101	Presentation of Financial Statements	Further Revised standard	1 January 2009	Disclosures only

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

AASB 2007-8	Amendments to Australian Accounting Standards arising from AASB 101	Amends the majority of standards and Interpretations as a result of issue of AASB 101	1 January 2009	Disclosures only
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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 and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the balance sheet as at 30 June 2008 and of the income statement for the year ended on that date of the Company and 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.



Jim Malone
Managing Director

Dated at Perth this 25 day of September 2008

CORPORATE GOVERNANCE STATEMENT

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

For further information on corporate governance policies adopted by Latin Gold Limited, refer to our website: www.latingold.com.au.

Board Objectives

The Board will develop strategies for the Company, review strategic objectives, and monitor the performance against those objectives. The overall goals of the corporate governance process are to:

- drive shareholders 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 assets growth;
- reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- acting on behalf of, and being accountable to, the Shareholders;
- identifying business risks and implementing actions to manage 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.

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report.

Election of Board members is substantially the province of the Shareholders in general meeting. However, the Company commits to the following principles:

- the Board to comprise of Directors with a blend of skills, experience and attributes appropriate for the Company and its business;
- the principal criterion for the appointment of new Directors being their ability to add value to the Company and its business.

The Board has accepted the ASX Corporate Governance Councils definition of an Independent Director contained in their report titled "The Principles of Good Corporate Governance and Best Practice Recommendations – 2nd Edition".

The Board considers Mr McAleer and Mr Dawson to be Non-Executive Independent Directors. Mr McAleer is considered to be independent as the fees paid to his associated company are not considered a material consultancy.

The current Board structure is considered to best serve the Company in meeting its objectives, given its small capitalisation, limited resources and existing operations. The composition of the Board is reviewed on an annual basis to ensure that the Board has the appropriate mix of expertise and experience.

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.

CORPORATE GOVERNANCE STATEMENT

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

Name	Term in office
Peter McAleer	7 years
Jim Malone	8 years
Simon Titchener	8 years
Howard Dawson	5 years

Remuneration and Nomination Committee

In September 2005, the Board appointed a Remuneration and Nomination Committee which operates under a charter of the Board. Mr McAleer and Mr Dawson, being the Company's only two non-executive independent directors are both members of the Remuneration and Nomination Committee.

Nomination Arrangements

Where a vacancy is considered to exist, the Committee will select an appropriate candidate through consultation with external parties and consideration of the needs of shareholders and the Company. Such appointments will be referred to shareholders for re-election at the next annual general meeting. All Directors, except the Managing Director, are subject to re-election by shareholders at least every three years.

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board will determine the selection criteria for the position based on the skills deemed necessary for the Board to best carry out its responsibilities. The Board will then appoint the most suitable candidate (assuming one is available) who must stand for election at the next annual general meeting.

Performance

During the reporting period the Group did not have a formal process for evaluation of Directors and Executives due to their only being four in total. The Chairman will undertake an annual assessment of the performance of the individual directors and meet privately with each director to discuss this assessment.

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
- 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 Remuneration and Nomination Committee. In determining competitive remuneration rates the Committee 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 appointment of non-executive Director remuneration within that maximum will be made by the Board having regard to the inputs and value of 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.

CORPORATE GOVERNANCE STATEMENT

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 expensed. Options are valued using the Black-Scholes methodology.

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 in July 2001, 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 Group. 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 information. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control of the Group to the audit committee.

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

P McAleer
H Dawson
M Stein

Qualifications of audit committee members

Mr McAleer has an honours degree in Commerce and is a Barrister at Law. Mr McAleer is the Chairman of the both the Board and Audit Committee. He has been Chairman of the Audit Committee since its inception in July 2001.

Mr Dawson brings to the Committee additional technical, financial and corporate skills. Mr Dawson has a Bachelor of Science (Geology) and is a Senior Fellow of FINSIA and MAIG.

Mr Stein holds the office of joint Company Secretary. He was appointed to the Audit Committee in September 2007. Mr Stein has a degree in Business and is a Chartered Accountant and a Chartered Secretary.

The Audit Committee also invites a member of its Auditor, Stanton International to attend its meetings.

For details on the number of meetings of the Audit Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

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

Corporate Governance Disclosures

This Corporate Governance Statement sets out Latin Gold Limited'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 will be required to provide a statement in its future annual reports disclosing the extent to which the Company has followed the Best Practice Recommendations.

Best Practice Recommendation

	BEST PRACTICE RECOMMENDATION	COMMENT
1	<i>Lay solid foundations for management and oversight</i>	
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.
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 <i>Guide to reporting on Principle 1</i> .	The Company will explain any departures (if any) from best practice recommendations 1.1 and 1.2 in its future annual reports.
2	<i>Structure the board to add value</i>	
2.1	A majority of the board should be independent directors.	The Board has two independent directors and two executive directors. The Board does not feel it is cost effective to increase the size for board to meet this recommendation given the size of the company.
2.2	The chair should be an independent director.	The Chairman, Mr Peter McAleer, is considered to be independent.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	The Company has not appointed a Chief Executive Officer at this point in time.
2.4	The board should establish a nomination committee.	No formal nomination committee has been adopted by the Company as yet. The Board, as a whole, currently serves as a nomination committee. The Board considers that the Company is not yet of a size that warrants the establishment of a nomination committee.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	The Chairman will review the composition of the Board 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.

CORPORATE GOVERNANCE STATEMENT

2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	The Company will provide 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 its future annual reports.
3.	<i>Promote ethical and responsible decision-making</i>	
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"> the practices necessary to maintain confidence in the company's integrity the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders the responsibility and accountability of individuals for reporting and investigating reports of unethical practices 	The Company's Corporate Governance Policy includes a Code of Conduct for Directors and Key Executives, which provides a framework for decisions and actions in relation to ethical conduct in employment.
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	The Corporate Governance Policy includes a Share Trading Policy that provides comprehensive guidelines on trading in Company securities.
3.3	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 future annual reports.
4.	<i>Safeguard integrity in financial reporting</i>	
4.1	The board should establish an audit committee.	The Board has established a separate audit committee.
4.2	<p>The audit committee should be structured so that it:</p> <ul style="list-style-type: none"> consists only of non-executive directors consists of a majority of independent directors is chaired by an independent chair, who is not chair of the board has at least three members. 	The Board feels it is not inappropriate, given the Company's size that the Board's Chairman also Chairs the Audit Committee.
4.3	The audit committee should have a formal charter.	The Company's Corporate Governance Policy includes the formal charter for the audit committee.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	The Company will explain any departures (if any) from best practice recommendations 4.1, 4.2 and 4.3 in its future annual reports.

CORPORATE GOVERNANCE STATEMENT

5.	<i>Make timely and balanced disclosure</i>	
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.
5.2	Companies should provide the information indicated in <i>Guide to Reporting on Principle 5</i> .	The Company will provide an explanation of any departures (if any) from best practice recommendation 5.1 in its future annual reports.
6.	<i>Respect the rights of shareholders</i>	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that	The Company's Corporate Governance Policy includes a Shareholder Communications Policy, which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.
6.2	Companies should provide the information indicated in the <i>Guide to reporting on Principle 6</i> .	The Company will provide an explanation of any departures (if any) from best practice recommendation 6.1 in its future annual reports.
7.	<i>Recognise and manage risk</i>	
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 strategy and policies, internal compliance and internal control. The Company's Corporate Governance Policy includes a Risk Management Policy which aims to ensure that material business risks are identified and mitigated.
7.2	The board should require management to design and implement the risk management and internal control systems 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 will require that either the individual performing the role of Chief Executive Officer or the Chief Financial Officer will design and implement risk management and internal control systems and provide a report at the relevant time.

CORPORATE GOVERNANCE STATEMENT

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 will seek this relevant assurance from the individuals performing the role of Chief Executive Officer and the Chief Financial Officer.
7.4	Companies should provide the information indicated in <i>Guide to Reporting on Principle 7</i> .	The Company will provide an explanation of any departures (if any) from best practice recommendations 7.1, 7.2 and 7.3 in its future annual reports.
8.	<i>Remunerate fairly and responsibly</i>	
8.1	The board should establish a remuneration committee.	No formal remuneration committee has been adopted by the Company as yet. The Board, acting without the affected Director participating in the decision making process, currently serves as a remuneration committee.
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The Board will distinguish 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. The Board is responsible for determining the remuneration of any Director or senior executives (without the participation of the affected Director).
8.3	Companies should provide the information indicated in the <i>Guide to reporting on Principle 8</i> .	The Company will provide an explanation of any departures (if any) from best practice recommendations 8.1 and 8.2 in its future annual reports.

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 19 September 2008.

DISTRIBUTION OF SHAREHOLDERS

	Fully Paid Ordinary Shares	
	No. of Holders	No. of Shares
1-1,000	23	5,135
1,001 - 5,000	22	83,002
5,001 - 10,000	102	966,325
10,001 - 100,000	303	13,919,017
100,001 and over	214	146,602,955
	<u>664</u>	<u>161,576,434</u>

HOLDERS OF NONMARKETABLE PARCELS

There are 194 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:

		Listed Ordinary Shares	
		Number of Shares Held	% Held
ANZ Nominees Limited			
1.	Sunshore Holdings Pty Ltd	17,516,667	10.84
2.	Mr Mohd Idris Bin Jais	8,000,000	4.95
3.	Classic Capital Pty Ltd	6,600,000	4.08
4.	Auriferous Mining Limited	5,050,000	3.13
5.	Pagodatree Investments Limited	4,993,062	3.09
6.	Exchange Minerals Pty Ltd	3,200,000	1.98
7.	Mr Mohd Idris Bin Hamed Jais	2,466,700	1.53
8.	Mr Donal Kinsella	2,448,465	1.52
9.	Mr Thomas Napong Lapping Tomavanik	2,030,000	1.26
10.	Dr Salim Cassim	2,000,000	1.24
11.	Maminda Pty Ltd	2,000,000	1.24
12.	Rogue Investments Pty Ltd	2,000,000	1.24
13.	Bell Potter Nominees Limited	1,800,000	1.11
14.	Mr Christopher Selby Lewis + Mrs Jeanette Leonie Lewis	1,750,000	1.08
15.	Berne No 132 Nominees Pty Ltd	1,747,546	1.08
16.	Mr Richard William Dagleish	1,600,000	0.99
17.	Moltoni Corporation Pty Ltd	1,600,000	0.99
18.	Katana Equity Pty Ltd	1,500,000	0.93
19.	Ms Bernadette McAleer	1,471,428	0.91
20.	Balpina Pty Ltd	1,400,000	0.87
		<u>71,173,868</u>	<u>44.06</u>
Total ordinary shares quoted on ASX		<u>161,576,434</u>	

ASX ADDITIONAL INFORMATION

SUBSTANTIAL SHAREHOLDERS

Sunshore Holdings Pty Ltd has 17,516,667 fully paid ordinary shares representing 10.84% of the total fully paid ordinary shares on issue.

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.

TAX STATUS

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

FRANKING CREDITS

The Company has nil franking credits.

TENEMENT SCHEDULE

Project		Tenements	Interest
Monica T	Peru	01-02410-06	100%
Paron Malu 1	Peru	09-01435-x01	100%