

ASX RELEASE

20 December 2010

Company Announcements Office
ASX Limited

By electronic lodgement

Proposed Sale of Paron Gold Project - Peru

Latin Gold Limited ("Latin Gold" or the "Company") advises that it has reached agreement with Coronet Metals Limited ("Coronet"), a British Columbia, Canada registered company, for the sale of 100% of Latin Gold's interest in the Paron Gold Project.

The sale consideration is a total of US\$14.0 million with an overriding 1.0% gross royalty on all production in excess of 200,000 ozs.

Of the total consideration, US\$7.5 million is payable on settlement with US\$6.5 million being in cash and US\$1.0 million in Coronet shares. The balance is milestone linked with US\$1.5 million payable within 5 days of commencement of construction and a bonus of US\$1.0 million payable at the same time if the JORC resource exceeds 275,000 ozs of gold. US\$2.0 million is then payable within 5 days of the 12 month anniversary of the initial gold pour and US\$2.0 million is payable within 5 days of the 24 month anniversary of the initial gold pour.

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

Pursuant to Listing Rule 11.2, the sale is subject to and conditional upon approval by Latin Gold shareholders. An explanatory memorandum will be prepared and forwarded to shareholders in early January 2011. It is anticipated that the shareholders meeting will be held in or around the week commencing 14 February 2011. The sale is also conditional on Coronet receiving the approval of the Toronto Stock Exchange.

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Latin Gold considers that Coronet has the required expertise within Peru to ensure that the full potential of the Paron Gold Project can be realised. The Company will work closely with Coronet over the next few months to ensure an orderly transition of ownership.

During and post the sales process Latin Gold will continue to seek new and additional resource opportunities.

Yours sincerely

Peter McAleer
Chairman

Australia

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