



Corona Gold Limited
ABN 95 105 161 644
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West Perth WA 6005
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c.hughes@coronagold.net
www.coronagold.net

31 December 2010

ISSUE OF OPTIONS

The Directors of Corona Gold Limited wish to advise that following the annual general meeting of shareholders held today, the following options have been issued:

- 5,000,000 options in total to directors, Messrs T Allen, Mr M Wright and Mr T Middleton (or their nominee(s))

Terms and conditions of the options are attached as Attachment A

The Directors further advise that the 1,000,000 options have been issued to geologist Mr C Hughes.

Terms and conditions of these options are attached as Attachment B

On behalf of the Board

Michael Wright
Company Secretary



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ANNEXURE A

TERMS & CONDITIONS OF OPTIONS ISSUED TO DIRECTORS

(a) Expiry Date

Options (“Options”) are exercisable on or before 31 December 2014. Options not exercised by that date shall lapse.

(b) Exercise Price

Each Option shall entitle the Optionholder to acquire one ordinary fully paid share (“Share”) in Corona Gold Limited (“Company”) upon payment of A\$0.05 per Share (“Exercise Price”) to the Company.

(c) Notice of Exercise

Each Option may be exercised by notice in writing to the Company on the Exercise Dates. Any notice of exercise of an Option received by the Company with payment in full of the Exercise Price will be deemed to be a notice of the exercise of that Option as at the date of receipt.

(d) Issue of Options to Nominee

The Optionholder may elect to have his/her Options issued to a nominee (i.e. another person, a company, etc.). If the Optionholder elects to do this, he/she acknowledges that the tax consequences of doing so may not be the same as if he/she elected to apply for the Options directly.

(e) Transferability of Options and Shares

Options may be transferred and/or sold to another person at any time after issue and before expiry. Shares resulting from the exercise of Options are also the Optionholder’s to deal with as he/she sees fit.

(f) Participation Rights or Entitlements

There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of securities offered to Shareholders during the currency of the Options. However, subject to clause (c) above, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 business days after the issue is announced so as to give Optionholders the opportunity to exercise any Options before the date for determining entitlements to participate in any issue.



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(g) Shares Allotted on Exercise

Shares allotted pursuant to the exercise of Options will be allotted following receipt of all the relevant documents and payments and will rank equally with other issued ordinary Shares.

(h) Reconstruction/Issue of Share Capital

In the event of a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, or a major rights issue, placement or other equity raising, all rights of the Optionholder shall be reconstructed as specified in the listing Rules of ASX Limited ACN 008 624 691 ("ASX Listing Rules") (whether or not the Company is listed on the ASX at the time)..

(i) Bonus Issues

If, from time to time, before the expiry of the Options the Company makes a bonus issue of Shares to Shareholders for no consideration, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Optionholder would have received if the Option had been exercised before the date for calculating entitlements to the bonus issue.

(j) Change in Exercise Price

If there is a pro-rata issue (other than a bonus issue), to the holders of Shares during the currency of, and prior to the exercise of any options, the Exercise Price of an option will be reduced according to the formula provided for in the ASX Listing Rules (whether or not the Company is listed on the ASX at the time).



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ANNEXURE B

TERMS & CONDITIONS OF OPTIONS ISSUED TO MR C HUGHES

(a) Expiry Date

Subject to (c) below, Options ("Options") are exercisable on or before 31 December 2014. Options not exercised by that date shall lapse.

(b) Exercise Price

Each Option shall entitle the Optionholder to acquire one ordinary fully paid share ("Share") in Corona Gold Limited ("Company") upon payment of A\$0.05 per Share ("Exercise Price") to the Company.

(c) Vesting of Options

Subject to (d) below, Options will vest (i.e. be available to be exercised, transferred or sold) as follows:

- 31 December 2011 - 500,000 Options
- 31 December 2012 - 500,000 Options

If Mr Hughes terminates employment with the Company for any reason, any Options that have not vested at the time of that termination shall lapse.

(d) Early Exercise of Options

Notwithstanding clause (c), all options may be exercised and/or sold by the Optionholder:

- (i) in the event a takeover bid (as defined in the Corporations Act) for the Shares in the Company is declared to be unconditional, irrespective of whether the takeover bid extends to Shares issued and allotted after the date of the takeover bid or not; or
- (ii) at any time after a Change of Control Event has occurred; or
- (iii) if a merger by way of scheme of arrangement under the Corporations Act has been approved by the Court under section 411(4)(b) of the Corporations Act 2000.
- (iv) Any other circumstances where the Directors in their absolute discretion, consider it reasonable to allow early exercise and/or sale of the Options.
For the purposes of this clause a "Change of Control Event" means a shareholder, or group of associated shareholders, being entitled to sufficient shares in the



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Company to give it or them the ability, and that ability is successfully exercised, in a general meeting, to replace all or a majority of the Board.

(e) Notice of Exercise

Each Option may be exercised by notice in writing to the Company, subject to the Options having vested. Any notice of exercise of an Option received by the Company with payment in full of the Exercise Price will be deemed to be a notice of the exercise of that Option as at the date of receipt.

(f) Issue of Options to Nominee

The Optionholder may elect to have his/her Options issued to a nominee (i.e. another person, a company, etc.). If the Optionholder elects to do this, he/she acknowledges that the tax consequences of doing so may not be the same as if he/she elected to apply for the Options directly.

(g) Transferability of Options and Shares

Subject to (c) above, Options may be transferred and/or sold to another person at any time after issue and before expiry. Shares resulting from the exercise of Options are also the Optionholder's to deal with as he/she sees fit.

(h) Participation Rights or Entitlements

There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of securities offered to Shareholders during the currency of the Options. However, subject to clause (c) above, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 business days after the issue is announced so as to give Optionholders the opportunity to exercise any Options before the date for determining entitlements to participate in any issue.

(i) Shares Allotted on Exercise

Shares allotted pursuant to the exercise of Options will be allotted following receipt of all the relevant documents and payments and will rank equally with other issued ordinary Shares.

(j) Reconstruction/Issue of Share Capital

In the event of a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, or a major rights issue, placement or other equity raising, all rights of the Optionholder shall be reconstructed as specified in the listing Rules



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of ASX Limited ACN 008 624 691 ("ASX Listing Rules") (whether or not the Company is listed on the ASX at the time).

(k) Bonus Issues

If, from time to time, before the expiry of the Options the Company makes a bonus issue of Shares to Shareholders for no consideration, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Optionholder would have received if the Option had been exercised before the date for calculating entitlements to the bonus issue.

(l) Change in Exercise Price

If there is a pro-rata issue (other than a bonus issue), to the holders of Shares during the currency of, and prior to the exercise of any options, the Exercise Price of an option will be reduced according to the formula provided for in the ASX Listing Rules (whether or not the Company is listed on the ASX at the time).