

## **Announcement to the Australian Stock Exchange 18 October 2006**

- ***Broker commitments received for placement of 25 million shares to raise approximately \$1.4 after costs.***
- ***Diamond drilling programme at Paron for up to 1,500 metres in 20 holes has commenced.***
- ***Directors believe that the Paron Gold project, with previous exploration that includes over 60 drill holes with results including 37.5 metres @ 5.5 g/t and 31.5 metres @ 4.6 g/t from the surface, and excellent exploration upside, has potential to be a company making gold project.***
- ***Latin Gold has also announced that it will lead a consortium consisting of Latin Gold, leading Peruvian mining identity Augusto Baertl and an ASX listed mid tier company with a market capitalisation of greater than A\$750 million with Latin American experience in bidding for the Michiquillay copper project in the Cajamarca department in Northern Peru.***

Latin Gold Limited is pleased to advise that it has agreed to place 25 million ordinary shares at 6 cents per share to raise approximately \$1.5 million ("Placement") with a number of Australian based stockbroking firms. The offer, which is conditional on the Company issuing a short form prospectus, was approved at a shareholders meeting held on 28 August 2006.

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The Company proposes to use the funds raised from the Placement to:

- (a) fund the acquisition and exploration of the Paron gold project;
- (b) provide working capital to complete a tender for the Michiquillay copper project; and
- (c) provide funds for other opportunities that may arise in Latin America that the Directors decide is worthy of attention.

Further information regarding the placement will be set out in the short form prospectus.

### **Paron Gold Project**

Latin Gold entered into an option to purchase 100% equity in the Paron gold project, located in the Department of Ancash, 16 kilometres from the town of Caraz, 470 kilometres north of Lima in Peru.

It is located 40 km to the north of Barrick Gold's ("Barrick") Pierina gold project (210 Mt @ 1.1 g/t for 7.5 million ounces) and 120 km south of Barrick's Alto Chicama/Lagunas Norte gold mine (227 Mt @ 1.1 g/t for 8 million ounces).

The Paron project, which sits at 3,500m with access available all year contains gold workings dating back to the 17<sup>th</sup> century and includes over 100 adits. Modern exploration commenced in the early 1990's with a drilling programme comprising 62 holes completed during 1994 and 1995.

A diamond drilling programme, which will comprise 20 holes for approximately 1,500 metres, has been designed to test the outcropping mineralised zone for grade and continuity as well as test for repetitions at depth, including the potential for a down faulted extension and the porphyry source.

### **Michiquillay Copper Project**

Pro-Inversion, a ministry of the Peru Government has announced that the Michiquillay copper project which is located in the department of Cajamarca in Northern Peru will be privatised under a tender process with a completion date of 16 December 2006.

Pro-Inversion have advised that the Michiquillay copper project is a porphyry copper deposit that contains "reserves" of 544 Mt grading 0.69% copper. 0.1-0.5 gpt gold and 2-4 gpt silver, using a 0.4% cut-off. Over 40,000 metres of diamond drilling has been completed and a feasibility study exists for a 40,000 t/d operation.

Latin Gold has been conducting project due diligence and negotiations with the Michiquillay community for over three year and as a result has formed a consortium to bid for this project.

Much of this work has been carried out by the consortium leader Mr. Augusto Baertl, one of Peru's leading mining figures. Mr. Baertl was formerly CEO of Compañía Minera Milpo and Chairman of Compañía Minera Antamina. Apart from his vast experience in managing large resource and mining companies and operations, Mr Baertl is considered one of the leading authorities on social relations between local "comunidades" and mining companies in Peru.

Terms of the tender process will be finalised on 15 November 2006 and qualification date will be 25 November 2006 with the completion date of the tender process being 16 December 2006.

### **Background**

*Latin Gold has been operating in Latin America since 2002, exploring for gold, copper and other base and precious metals. Our Peruvian operations are overseen by Executive Director, Simon Titchener who resides in Lima. The Exploration programme is in-house as well as consultant led field teams, both of which are led by experienced, local geologists with many years of Andean gold/base metal exploration experience.*

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**ENDS**