



ABN 43 059 457 279

First Quarter Activities Report **for the period ending 30 September 2006**

The Directors of Latin Gold Limited ("Latin Gold") wish to report the following activities occurred during the quarter ending 30 September 2006;

HIGHLIGHTS

- **Latin Gold continues to advance the Paron gold project in Peru with the exploration campaign accelerating during the September quarter.**
- **Drilling at Paron commenced 18 October 2006. Three diamond drill holes completed to date.**
- **Latin Gold consortium announces its intension to bid for Michiquillay copper project in Peru.**
- **Capital raising of \$1.5 million.**
- **Name changed to *Latin Gold Limited*.**

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Paron gold project looking ENE.

1. Operational Report

1.1 Paron gold project Peru.

Latin Gold's exploration campaign at its Paron gold project accelerated significantly during the September quarter. Drilling commenced on 18 October and to date three of the proposed 20 diamond drill holes had been completed.

Logging has been completed on the first two holes and is currently being carried out on the third hole. In the first two holes, core recoveries have averaged >90% which is a critical improvement of some 50% above the historic drilling recoveries in the comparable zones.

The geological logging of the core from the holes completed to date has noted extensive sericite and siliceous alteration, development of stockworks and zones of crackle breccia. Sulphides (pyrite) and boxworks after pyrite are pervasive and range between trace and up to 8%.

The high level of core recovery is considered of great importance as our review of previous drilling indicated that in approximately 40% of the drill holes that intercepted near surface mineralisation, core recoveries ranged between 20% and 40%, and that this poor core recovery may have negatively biased the previous gold and silver assay results.

The diamond drilling programme, which will comprise 20 holes for an estimated 1,300 – 1,500 metres, has been designed to comprehensively test the potential of the Paron project to host a near surface/outcropping zone of gold mineralization as well as test for potential repetitions or extensions at depth.

The objectives of the drilling programme are summarised in Figure 1 with a prime focus on the following targets:

1. **Test the near surface continuity and grade of the existing zone of outcropping gold mineralization.** Based upon work completed in 1994-1996 this zone has the potential to host a gold resource of 200-300,000 ounces. Holes to test this zone will be drilled to around 30-40 metres in depth. Historic drill intersections within this zone include the following:
 - DDH – 1, 16.5 metres @ 3.3 g/t gold from surface, and
 - DDH – 3, 36.0 metres @ 3.2 g/t gold from surface, and
 - DDH – 4, 10.5 metres @ 3.1 g/t gold from surface.

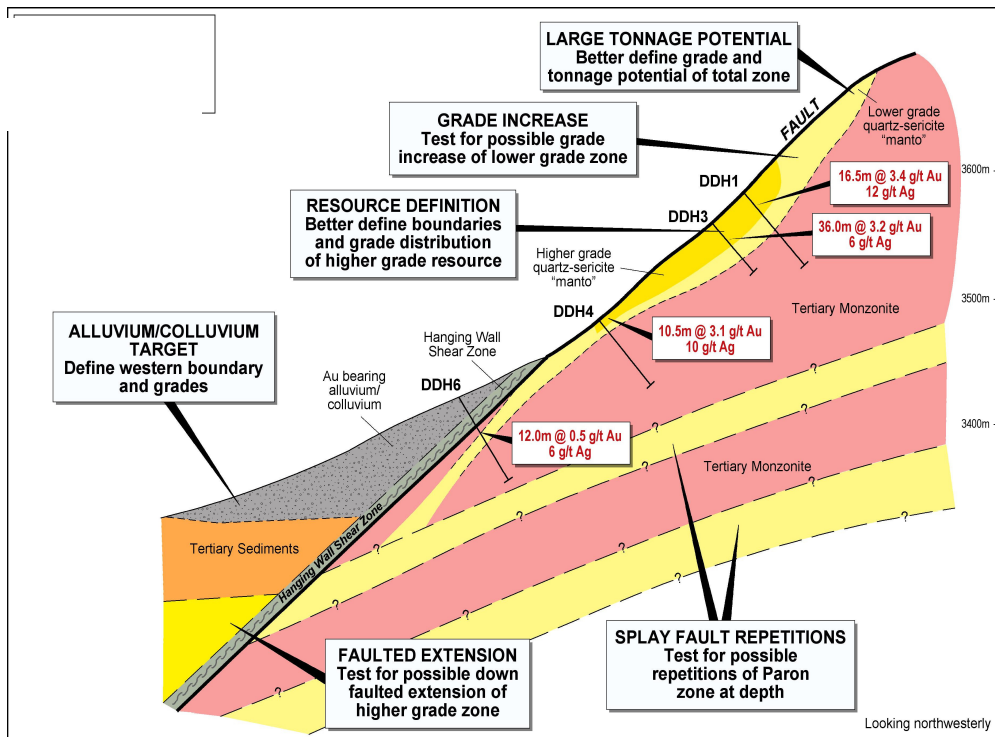


Figure 1: Diagram showing the exploration targets for the diamond drill programme at Paron gold project.

2. **Test within the hanging wall the potential for it to host a down-faulted extension to the existing outcropping zone of mineralization.** The Paron mineralization is situated on the face of a normal fault with a scarp dipping at around 38 degrees. Holes to test this target will be drilled to around 150 metres in depth.
3. **Test beneath the existing area of gold mineralization for potential sub parallel repetitions to the outcropping zone.** The Paron mineralization is epithermal in origin and appears to be structurally controlled. Should the surface structure have repetitions at depth then they could also be mineralised. The holes to test these targets will be drilled to around 150 metres in depth.
4. **Test for a porphyry source to the Paron mineralization.** A historic drill hole, DDH-6 which was spudded in the hanging wall and drilled east through the fault zone into the footwall, intersected 12.0 metres @ 0.5 g/t gold from

45 metres in depth. Latin Gold geologists have logged the remnant core and interpreted the intersection as being in porphyritic material. This could potentially be the mineralised source to the existing mineralization, albeit, possibly of lower grade. Holes to test this target will be sited on the hanging wall and will test to around 150 metres in depth.

Background

The Paron gold project is an advanced gold-silver low sulphidation epithermal project located proximal to the Barrick Gold Pierina (7.5Moz @ 1.1 g/t) and Alto Chicama/Lagunas Norte (8 Moz @ 1.3g/t) gold mines.

Paron is located on the western edge of the Andes, sits at 3,500m and field access is available year round.

The Paron gold project contains gold workings dating back to the 17th century and includes over 100 adits, although all are collapsed. Modern exploration commenced in the early 1990's with a drilling programme comprising 62 holes completed during 1994 and 1995.

Latin Gold have secured the Paron project under an option with a total consideration payable of \$US1.9 million to secure a 100% interest (including purchase of a 5% royalty currently held by Barrick Gold).

To date Latin Gold has paid \$US255, 000 and the next option payment of \$300,000 is due on 21 February 2007

The results of the 1994-1996 exploration programme identified significant gold potential with intersections including:

| Hole No. | From (m) | To (m) | Interval (m) | Gold (g/t) |
|----------|----------|--------|--------------|------------|
| DDH -1 | 0 | 16.5 | 16.5 | 3.3 |
| DDH-3 | 0 | 36.0 | 36.0 | 3.2 |
| DDH-5 | 0 | 37.5 | 37.5 | 5.5 |
| DDH-7 | 0 | 31.5 | 31.5 | 4.6 |
| 00-7 | 0 | 45.0 | 45.0 | 1.0 |
| 335-10 | 58.5 | 110 | 51.5 | 1.3 |
| 200-4 | 0 | 25.5 | 25.5 | 1.4 |
| 560-5 | 16.5 | 33.0 | 16.5 | 4.5 |
| 300-4 | 0 | 24 | 24 | 2.1 |

Current Programme

Work completed by Latin Gold since the option agreement includes detailed geology and alteration mapping, channel sampling, limited adit sampling, digitising of the historic and currently generated data base, application for drilling permits and community liaison.

The results of this programme have confirmed the Paron gold project as being low sulphidation epithermal with an outcropping zone averaging around 3 g/t. The mineralised zone lies on the face of a normal fault with a potential porphyry source along the fault zone at depth.

Silicification and sericitisation are pervasive across the majority of the mineralised zone.

Under the channel programme completed by Latin Gold 280 samples were collected, each sample was 3 metres in length and taken over a consistent width and depth. The majority of results have now been received and to date the mean of the assay results with the mineralised zone is 3 g/t.

This average grade compares to the mean of the historic channel and rock chip sampling of 2 g/t. The reason for this difference has not been conclusively established but may be a combination of more careful sampling by Latin Gold to ensure that the friable sections of the mineralised zone were sampled as well as the fire assay technique employed by Latin Gold rather than the historic aqua regia.

The channel sampling has also extended the outcropping mineralised zone to the northeast by approximately 80 metres and the south east by approximately 120 metres which increases the near surface tonnage potential of the project.

As part of the technical review of the historic data the core recovery of the previous drilling has also been evaluated, based on the historic drill logs and core photos as well as visual observation of the remaining core. The results of this review indicate that in around 40% of the drill holes that intersected near surface mineralisation, core recoveries ranged between 20% and 40%. Within these zones the grade of the intersections recorded were significantly lower compared to zones where core recovery was 70-90%.

This observation suggests that the poor core recovery within these zones may have negatively biased the previous drill results.

As a result of the channel sampling and review of the historic drill results Latin Gold will undertake the proposed drilling programme utilising triple tube diamond drilling and the fire assay technique. These parameters have the potential to more accurately determine the grade of the mineralised zone, which, on a comparative basis could be 0.5 g/t to 1 g/t higher.

1.2 Chile- Coyhaique Project

Now that we are at the conclusion of the Chilean winter, and because of our focus on the Paron Gold project in Peru, Latin Gold intends to recommence the process of joint venturing/ selling the project in spring this year. Rents on the tenements have been paid until March 2007.

1.3 Michiquillay copper project-Peru

Latin Gold recently announced its intension to 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 (who for commercial sensitive reasons does not wish to be named) in bidding for the Michiquillay copper project in the Cajamarca department in Northern Peru.

The bid, which was announced in September by Pro-Inversion, will take place on December 16 2006. The project, which is owned by the Peru government controlled Minero Peru, is a porphyry copper deposit that according to Pro-Inversion, 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.

Latin Gold have closely monitored the progress of the Michiquillay project for over three years and have completed significant due diligence on the project including site visits, data review and discussions with the local comunidads. 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 Minero Compania Milpo and Chairman of Minero Compania 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 comunidads and mining companies in Peru.

The bid, which was announced on 22 September 2006, will be conducted by the Peru government agency Pro-inversion. Terms of the bid will be finalised on 15 November 2006 and qualification date will be 25 November 2006 with the date of the bid and adjudication being 16 December 2006.

2. Corporate Report

2.1 Capital raising completed.

Latin Gold announced on Wednesday 18 October 2006 it has agreed a placement with a number of Australian based stockbroking firms to raise \$1,500,000 before costs and by issuing 25,000,000 shares at 6 cents per share.

This offer, which was conditional on the company issuing a short form prospectus (which was lodged on 18 October 2006), was approved at a shareholders meeting held on 28 August 2006.

2.2 Name change

It was resolved by way of special resolution at a general meeting of the company on 28 August that the company change it name from Westmag Limited to Latin Gold Limited. The Directors believe that this new name more accurately reflects the proposed future operations of the Company.

For further information, please contact;

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Information in this report has been reviewed by a Competent Person as defined in the JORC Code, being Mr Howard Dawson B.App.Sc SFFINSLA AIG, who has sufficient experience in mineral resource estimation relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking, and consents to the inclusion in the public release of the matters based on their information in the form and context in which it appears.

Howard Dawson is a non-executive Director of Latin Gold Limited and holds through related entities 1,081,000 ordinary shares in the Company.