

ASX RELEASE

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Company Announcements Office
ASX Limited

By electronic lodgement

Dear Sir/Madam,

- **Latin Gold commits to development of the Paron Gold project.**
- **Projected annual production of 42,000 ozs of gold and 92,000 ozs of silver for six years.**
- **Cash costs of \$US223 per oz, gold equivalent.**
- **Robust economics with targeted production in 24 months.**
- **Placement of 40 million shares to raise \$2 million to fund final option payment and commencement of final feasibility.**

Summary

Latin Gold is pleased to advise that on the basis of the review of the pre-feasibility study completed in June 2007, the Company has committed to the development of the Paron Gold project. This decision will see the final US\$960,000 option payment paid in December 2007 which will result in Latin Gold owning 100% of the project.

The pre-feasibility study indicated that the Paron project has a potential a mine life of 6 years with an annual production rate of 42,000 ozs of gold and 92,000 ozs of silver.

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In the study cash production costs were estimated at \$US223/oz gold equivalent and total costs, which includes all capital expenditure, at \$US324/oz.

At current gold prices of \$US800/oz the project is budgeted to provide an annualised EBITDA of \$US20.4 million with an Internal Rate of Return of 52%.

The Net Present Value of the project, at a gold price of \$US800/oz, is \$US40 million.

To expedite the development of the Paron project, Latin Gold has already commenced the definitive feasibility study ("DFS") with the engagement of various Peru based consultants and the calling of drill tenders. It is expected that an engineering group to manage the DFS will be appointed during the coming quarter.

At this stage it is expected that initial production will commence by the first quarter of 2010, although the company will seek and investigate opportunities to bring this date forward.

The company also intends to undertake a deeper drilling programme at Paron to explore for the targets not tested during the 2006 programme. This new programme will require the drilling of +150 metre deep holes spudded at or near the footwall contact to test the potential for both a down-faulted extension of the outcropping mineralised zone as well as porphyry style mineralisation at depth.

It is likely that this programme will be best achieved by reverse circulation drilling and rig availability is being investigated. It is anticipated that this programme will commence during the second quarter of calendar 2008, subject to rig availability.

Pre-feasibility Study

Latin Gold completed a Pre-feasibility on the Paron Gold project in June 2007. The study showed that the project had very robust economics at the then prevailing gold price of US\$625 per ounce. Applying a current gold price of US\$800 per ounce the economics are significantly enhanced.

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

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The pre-feasibility study, which was generated by independent consultants to the company, was based on the exploration and drilling completed by Latin Gold and previous explorers. It also 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 geological model and JORC compliant resource estimation was also completed using a 0.8 g/t gold cut-off.

Measured and Indicated	Inferred	Total
5,576,500 tonnes @ 1.60 g/t gold, 7.0 g/t 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
Containing ... 286,341 oz gold 1,252,743 oz silver	Containing... 32,013 oz gold 140,056 oz silver	Containing ... 318,354 oz gold 1,392,799 oz silver

Financial modeling

The financial modeling contained in the pre-feasibility study was generated using the following parameters:

- 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 42,000 ozs gold and 92,000 ozs silver
- Waste to Ore ratio of 1:1
- 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 \$US800/oz, the Paron project has an IRR of 52.5% and will return an estimated EBITDA of around \$US20.5 million on an annual basis for 6 years.

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Cash production costs are estimated at a gold equivalent \$US223/oz and total production costs (including all capital expenditure) at a gold equivalent \$US324/oz.

The project is sensitive to a range of factors such as head grade, gold recoveries, production costs and gold price. Each 5% variation in these variables changes the IRR and EBIT by the following amounts.

- Head Grade: IRR +/- 3.3%, EBITDA +/- \$US1.8 million
- Gold Recoveries: IRR +/- 2.0%, EBITDA +/- \$US0.9 million
- Cash Operating Costs: IRR +/-1.3%, EBITDA +/- \$US0.3 million
- Gold Price: IRR +/- 3.1%, EBITDA +/- \$US1.7 million

Share Placement

The Board of Latin Gold is pleased to announce that the board of directors have today resolved to issue 40,000,000 ordinary fully paid shares at \$0.05 per share, to raise \$2,000,000.

The placement will be in two tranches, which will be subject to a number of conditions being met.

The first tranche will be for the issue of 18,236,465 ordinary fully paid shares at \$0.05 per share, and is subject to Resolution 4 and Resolution 5 contained in the 2007 Notice of Annual General Meeting being passed at the Annual General Meeting ("AGM") to be held on 30 November 2007.

The first tranche is expected to be issued immediately following the AGM. The funds from this tranche will be used to meet the Company's final option payment to purchase the Paron gold project, at which time Paron will become 100% owned by Latin Gold.

The second tranche will be for the issue of 21,763,535 ordinary fully paid shares at \$0.05 per share, and is subject to the following conditions being met:

- the first tranche as outlined above being issued; and
- shareholders ratifying the allotment of the first tranche referred to above at a General Meeting to be held on 28 December 2007; and
- shareholders approving the issue of this second tranche at the General Meeting referred to above.

The funds from the second tranche will be used for ongoing development of the Paron gold project and for meeting the ongoing working capital requirements of Latin Gold, including the DFS.

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Upon the successful completion of the capital raising the Company will have on issue 161,576,434 ordinary fully paid shares.

Conclusion

The commitment to develop the Paron gold project is a significant milestone for Latin Gold. Whilst final development is still subject to completion of the DFS and successful permitting, the pre-feasibility study and subsequent review have identified no impediments to the proposed development.

We look forward to providing regular updates over 2008.

Yours sincerely,

Jim Malone
Managing Director

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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 who is a member of the Australian Institute of Geoscientists, with over 25 years experience in the mining industry and who has sufficient experience in mineral resource estimation relevant to the style of the 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.

The resource estimation was prepared by Thomas Guerrero Mendez, who is registered with the Lima stock exchange as a qualified person to sign geological reports under the JORC code.