

**Announcement to the Australian Stock Exchange
23 January 2007.**

**Drilling confirms surface resource potential at Paron
Gold Project - Peru.**

- *The Paron drilling programme has been completed and the results confirm the existence of an outcropping and near surface zone of disseminated gold and silver mineralisation within the target area.*
- *Gold intersections were recorded in the majority of holes and the drilling has demonstrated strong lateral continuity to the mineralised zone as well as demonstrating that within the zone itself there is almost continuous mineralisation.*
- *An initial JORC compliant resource is currently being calculated and it is expected that it will be available for release by early next week.*
- *The drilling programme has highlighted a central core to the mineralised zone where intersections grading over 5g/t gold are common and bulk intersections average greater than 20 metres at +2.5 g/t from surface.*
- *The drilling programme has also indicated some additional potential for near surface mineralization to extend to the northwest of the mineralised zone.*
- *Due to difficult ground conditions the deeper porphyry and faulted extension targets were not adequately tested and will require an additional drilling programme with a larger rig.*

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- ***Subsequent to the receipt of the initial JORC resource Latin Gold plan to commence an in-house scoping study to evaluate the development options for the Paron gold project.***

Overview

Latin Gold Limited (“Latin Gold”) is pleased to advise that the diamond drilling programme at the Paron gold project, located in the Department of Ancash, 470 kilometres north of Lima in Peru has been completed and has confirmed the potential of the project to host a near surface economic gold deposit.

This is the third campaign of drilling at Paron and with the inclusion of the 25 holes completed by Latin Gold in this current campaign, brings the number of completed diamond drillholes to 88.

An initial JORC resource estimation is currently being prepared and is expected to be available for release early next week.

Significant intersections of gold were intersected in the majority of the 25 diamond drill holes including;

Hole	Drill location			From	To	Interval	Assay Result
	mN	mE					
PA-01	9001060	198853		18 metres	47 metres	29 metres	1.85 g/t
PA-03	9000930	199210		0	21 metres	21 metres	1.38 g/t
PA - 04	9000900	199156		0	22 metres	22 metres	1.87 g/t
PA-06	9000893	199226		0	6 metres	6 metres	1.55 g/t
PA-07	9000854	199138		12 metres	18 metres	6 metres	1.05 g/t
PA-08	9000826	199073		6 metres	14 metres	8 metres	2.5 g/t
PA-09	9000880	199195		0	31 metres	31 metres	2.26 g/t
			including	3 metres	23 metres	20 metres	3.55 g/t
PA-10	9000814	199283		0	10 metres	10 metres	0.89 g/t
PA-11	9000776	199210		0	26 metres	26 metres	1.0 g/t
PA-14	9000729	199221		0	9 metres	9 metres	2.4 g/t
PA-15	9000711	199184		0	14 metres	14 metres	0.73 g/t
PA-16	9000671	199230		0	5 metres	5 metres	1.47 g/t
PA-17	9000654	199196		0	10 metres	10 metres	2.1 g/t
PA-19	9000620	199238		0	3 metres	3 metres	2.02 g/t
PA-20	9000610	199167		0	2 metres	2 metres	3.47 g/t

Silver assays have been delayed but are expected to be available within 2-3 weeks.

The drilling also highlighted the possibility of increasing tonnage to the north-west where the boundary of the mineralised zone remains open.

As a result of difficult drilling conditions caused by excessive clays within the fault zone and the overlying scree on the footwall zone the drill holes designed to test for a porphyry at depth as well as a potential faulted extension to the outcropping mineralization, were unable to be completed.

These targets, along with the north-western boundary of the mineralised zone, require an additional drilling programme to test.

Drilling Programme

The diamond drilling programme, which comprised 25 holes for 1,468 metres, was 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 prime focus was on the following targets:

1. Test the near surface continuity and grade of the existing zone of outcropping gold mineralization.

This was successfully tested. The initial JORC compliant resource calculation is being prepared at the moment and is expected to be released in the next week.

2. Test beneath the existing area of gold mineralization for potential sub parallel repetitions to the outcropping zone.

Two holes were drilled to depths of greater than 100 metres to test for sub parallel repetitions to the outcropping zone. No significant mineralisation was intersected to these depths so our conclusion is the existence of parallel repetitions at economic depths is unlikely and therefore this is no longer a relevant exploration model.

3. Test within the footwall wall at depth for the potential for it to host a down-faulted extension to the existing outcropping zone of mineralization and;
4. Test within the hanging wall adjacent to the fault for the potential for it to host a porphyry source to the Paron mineralization.

The Paron mineralization is situated on the face of a normal fault with a scarp dipping at around 38 degrees. One hole to test this target was drilled to around 136 metres in depth but as a consequence of adverse hole conditions, it was plugged and abandoned 14 metres short of its target depth. As a result of permitting conditions and site clearance we were unable to relocate the hole under the current drilling programme.

Future Programme

The drilling programme has confirmed the continuity and grades of the Paron gold mineralization. Previous studies have indicated an outcropping and near surface global resource potential of between 200,000 and 250,000 ounces of gold with silver credits.

The results are currently being reviewed by an independent consultant and we expect to be in a position to release an initial JORC resource estimate early next week.

Latin Gold then proposes to commence an in-house scoping study to determine the broad parameters of any potential mining operation at Paron. In this regard, Paron has a number of positive characteristics.

- Previous studies of the Paron mineralisation have shown it to be leachable with base recovery rates in the sulphide zone of +88% and averaging around 92% in the oxide zone.
- A large amount of the mineralization outcrops. As a result the strip ratio under any mining operation would be expected to be less than 1.
- The mineralization is located on the side of a hill making pit design relatively simple.
- The mineralization shows good lateral and vertical continuity within the ore envelope and this will bode well for any future mining operation.

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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 SFFINSIA AIG, 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.

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

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