

**ASX RELEASE**

19 December 2007

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Company Announcements Office  
Australian Securities Exchange Limited

**By electronic lodgement**

Dear Sir/Madam,

- **Latin Gold exercises option to purchase Paron Gold project**
- **Final payment of US\$960,000 made**
- **Latin Gold now own 100% of Paron Gold project**
- **Feasibility study has commenced and is being fast tracked.**
- **Targeted annual production of 42,000 ozs of gold and 92,000 ozs of silver for six years, commencing around Q1, 2010.**
- **Cash costs of \$US223 per oz, gold equivalent.**
- **IRR 51%, NPV US\$40 million at current gold price.**
- **Market cap of Latin Gold is currently AUD\$9 million.**

## Summary

Latin Gold is pleased to advise that it has exercised its option to purchase the Paron Gold project in Peru. The final US\$960,000 option payment was paid to the vendors in Lima on Wednesday 12 December and this means Latin Gold owns 100% of the project.

Latin Gold completed a pre-feasibility study this year that highlighted that the Paron project has the potential for;

- ***A mine life of 6 years.***
- ***Resource of 318,354 ounces of gold, 1,392,799 ounces of silver at 1.6 g/t.***
- ***Annual production rate of 42,000 ozs of gold and 92,000 ozs of silver.***
- ***Cash production costs estimated at \$US223/oz gold equivalent.***
- ***Total costs, which includes all capital expenditure, of \$US324/oz gold equivalent.***
- ***Annualised EBITDA of \$US20.4 million.***
- ***Internal Rate of Return of 51%.***
- ***Net present value of \$US40 million.***
- ***Exploration potential for fault repetition and porphyry host to be tested early in 2008 subject to drill availability.***

(The above figures using gold prices of \$US800/oz)

Latin Gold's current market capitalisation is AUD\$9 million.

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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. An engineering group to manage the DFS will be appointed during the March 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.

We would like to take this opportunity to wish all our shareholders "*Feliz Navidad y prospero Ano Nuevo*" and 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.*