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Paron Gold Project - Peru.

Project Update

- *Channel sampling programme completed with average of results within main zone approximately 33% higher than historic data.*
- *Permitting for a 20 hole diamond drill programme to test the mineralised zone as well as upside targets in final stages of approval.*
- *Review of previous work on project indicates poor core recovery across certain holes downgraded assay results.*
- *Digitising of historic data base completed*

Overview

Latin Gold Limited ("Latin Gold") is pleased to advise that the exploration programme over the Paron gold project, located in the Department of Ancash, 470 kilometres north of Lima in Peru is progressing rapidly and is in the final stages of preparation for a 20 hole diamond drilling programme, scheduled to commence in mid October 2006.

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This drilling programme 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.

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.

The results of this 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

Latin Gold have secured the Paron project under an option with a total consideration payable of \$US1.9 million to secure a 100% interest. To date Latin Gold have paid \$US255,000 and the next option payment of \$300,000 is due on 21 February 2007.

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 a drilling permit 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.

Exploration of the Paron project is being supervised by Latin Gold's Exploration Director, Simon Titchener, who has been based in Latin America for the past four years and Lima, Peru for the past two years. Our senior project geologist is Gonzalo Lemuz who has wide experience in epithermal gold systems.

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 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.

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