



A.B.N. 43 059 457 279

INTERIM SIX MONTH FINANCIAL REPORT

31 DECEMBER 2006

LATIN GOLD LIMITED

ACN 059 457 279

CORPORATE DIRECTORY

DIRECTORS

Peter McAleer (Non-Executive Chairman)
Jim Malone (Managing Director)
Simon Titchener (Executive Operations Director)
Howard Dawson (Non-Executive Director)

COMPANY SECRETARIES

Jim Malone
Bryan Dixon

**REGISTERED OFFICE & PRINCIPAL
PLACE OF BUSINESS**

Level 1
89 St George's Terrace
Perth, Western Australia 6000
Telephone: +618 9481 3000
Facsimile: +618 9481 2200
Email: jim.malone@iinet.net.au
Website: www.latingold.com.au

SOUTH AMERICAN OFFICE

Calle Lord Cochrane 511, Miraflores
Lima 18, Peru
Telephone: +51 1 2224022
Facsimile +51 1 2224135

AUDITORS

Stantons International
Level 1, 1 Havelock Street
Perth WA 6005

SHARE REGISTRY

Computershare Investor Services
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000
Tel: +618 9323 2000
Facsimile: +618 9323 2033

LATIN GOLD LIMITED

DIRECTORS' REPORT

The Directors present their report together with the financial statements of Latin Gold Limited and its controlled entities ("Latin Gold"), for the half year ended 31 December 2006.

DIRECTORS

The following persons held office as a director of Latin Gold Limited at the end of the half year:

Peter McAleer (Non Executive Chairman)

Jim Malone (Managing Director)

Simon Titchener (Executive Operations Director)

Howard Dawson (Non Executive Director)

All the Directors shown were in office from the beginning of the half-year until the date of this report.

RESULTS

The net loss of the economic entity for the half year ended 31 December 2006 was \$671,818 (2005: \$1,430,223).

No dividends were paid or declared by the company during the half-year.

REVIEW OF OPERATIONS

The following is a summary of the activities of Latin Gold Ltd during the period 1 July 2006 to 31 December 2006. It is recommended that this half yearly report be read in conjunction with the 30 June 2006 Annual Report and any public announcements made by the Company during the year. In accordance with the continuous disclosure requirements, readers are referred to the announcements lodged with the Australian Stock Exchange regarding the activities of the Company.

Change of Name

On 28 August 2006, the Company changed its name from Westmag Limited to Latin Gold Limited to better reflect the activities of the group.

Paron

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 initial programme, brings the number of completed diamond drillholes to 87.

Significant intersections of gold were intersected in the majority of the 25 diamond drill holes as reported in our announcement of 30 January 2007. As part of the current programme, a JORC Inferred gold resource of the Paron Project has been calculated as 3,040,000 tonnes @ 2.2g/t gold, equivalent to a contained 220,000 ounces of gold. The average grade of silver under this resource has now been determined as 7.4 g/t, equivalent to an insitu silver resource of 733,000 ounces. 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.

Coyhaique

Latin Gold has commenced a re-study of the 100% controlled Coyhaique project in region XI of the highly prospective Patagonian region of Chile.

LATIN GOLD LIMITED

DIRECTORS' REPORT

This project has always been a gold target because of outcropping epithermal vein and stockwork systems. Whilst a number of gold targets remain to be tested preliminary results from this new study has recognised the potential for the project area to host possible base metal and uranium mineralisation. This is based on both the interpretation of the likely rock lithologies under shallow cover, as well a number of remote sensing surveys, in particular a suite of geophysical data including airborne EM and radiometrics.

Patagonia is rapidly becoming the "hot-spot" for uranium exploration for both geological reasons as well as the fact it is virtually unexplored in terms of uranium mineralisation and given the dramatic increase in the price of uranium in the past two years the Directors of Latin Gold believe that further studies of the project for uranium potential is warranted.

Michiquillay copper project-Peru

During the quarter, Latin Gold 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\$700 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, has subsequently been delayed twice now but the final date for the auction has now been set for the end of April 2007. As yet the final governing terms of the bid and qualification criteria have yet to be finalised.

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, 0.15 gpt gold and 2.5 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 comunidades. 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 comunidades and mining companies in Peru.

SIGNIFICANT CHANGES

There have been no changes in the state of affairs of the economic entity that occurred during the half-year under review not otherwise disclosed in this report.

SUBSEQUENT EVENTS

There has not been any matter or circumstance that has arisen since 31 December 2006, which has significantly affected, or may significantly affect the operations of the economic entity, the result of those operations, or the state of affairs of the economic entity in subsequent financial year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the Board of Directors:

Jim Malone
Managing Director
Date: 14 March 2007
Perth, Western Australia

Stantons International

ABN 41 103 088 697

LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
www.stantons.com.au

14 March 2007

Board of Directors
Latin Gold Limited
Level 1,
89 St Georges Terrace
PERTH WA 6005

Dear Sirs

RE: LATIN GOLD LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Latin Gold Limited.

As Audit Director for the review of the financial statements of Latin Gold Limited for the six months ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

STANTONS INTERNATIONAL
(Authorised Audit Company)



Keith Lingard
Director

LATIN GOLD LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2006

	Notes	Consolidated 31 December 2006 \$	Consolidated 30 June 2006 \$
Current Assets			
Cash and cash equivalents		1,122,316	1,033,462
Receivables		49,948	31,993
Total Current Assets		<u>1,172,264</u>	<u>1,065,455</u>
Non Current Assets			
Exploration and evaluation expenditure		863,923	194,892
Plant and equipment		64,991	70,173
Total Non Current Assets		<u>928,914</u>	<u>265,065</u>
Total Assets		<u>2,101,178</u>	<u>1,330,520</u>
Current Liabilities			
Trade and other payables		165,030	86,604
Provisions		6,236	30,530
Total Current Liabilities		<u>171,266</u>	<u>117,134</u>
Non Current Liabilities			
Provisions		15,655	18,821
Total Non Current Liabilities		<u>15,655</u>	<u>18,821</u>
Total Liabilities		<u>186,921</u>	<u>135,955</u>
Net Assets		<u>1,914,257</u>	<u>1,194,565</u>
Equity			
Issued capital	3	9,072,825	7,660,036
Reserves		(96,429)	(75,150)
Accumulated losses		(7,062,139)	(6,390,321)
TOTAL EQUITY		<u>1,914,257</u>	<u>1,194,565</u>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

LATIN GOLD LIMITED
INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Consolidated 31 December 2006 \$	Consolidated 31 December 2005 \$
Revenue from continuing activities	34,341	62,250
Project costs	(142,988)	(251,742)
Project write offs	(1,453)	(786,622)
Occupancy costs	(17,291)	(25,125)
Employee costs	(160,757)	(230,425)
Administration costs	(251,421)	(191,066)
Provision for doubtful tax receivable	(122,650)	-
Depreciation	(9,599)	(7,493)
	<hr/>	<hr/>
Loss from continuing activities before income tax expense	(671,818)	(1,430,223)
Income tax expense relating to continuing activities	-	-
	<hr/>	<hr/>
Net loss attributable to members of Latin Gold Limited	<u>(671,818)</u>	<u>(1,430,223)</u>
Basic earnings per share (cents per share)	(0.8)	(2.2)
Diluted earnings per share (cents per share)	(0.8)	(2.2)

Diluted earnings per share are the same as basic earnings per share as none of the options on issue are considered dilutive.

The above consolidated income statement should be read in accordance with the accompanying notes.

LATIN GOLD LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Contributed equity	Reserves	Accumulated losses	Total Equity
As at 1 July 2005	6,285,676	87,124	(4,194,917)	2,177,883
Issue of shares	615,591			615,591
Equity based payments	-	32,585	-	
Foreign currency translation	-	(1,039)	-	-
Loss for the period	-	-	(1,430,223)	(1,430,223)
As at 31 December 2005	6,901,267	118,670	(5,625,140)	1,394,797
As at 1 July 2006	7,660,036	(75,150)	(6,390,321)	1,194,565
Issue of shares	1,500,000	-	-	1,500,000
Share issue costs	(87,211)	-	-	(87,211)
Equity based payments		17,353		17,353
Foreign currency translation	-	(38,632)	-	(38,632)
Loss for the period	-	-	(671,818)	(671,818)
As at 31 December 2006	9,072,825	(96,429)	(7,062,139)	1,914,257

The above consolidated statement of changes in equity should be read in accordance with the accompanying notes.

LATIN GOLD LIMITED
CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Consolidated	Consolidated
	31 December 2006	31 December 2005
	\$	\$
Cash flows related to operating activities		
Payments for exploration and evaluation	(555,404)	(877,745)
Payments to suppliers, contractors and employees	(540,443)	(420,998)
Interest received	15,599	32,836
Sundry receipts	18,859	20,909
	<hr/>	<hr/>
Net cash flows (used in) operating activities	(1,061,389)	(1,244,998)
	<hr/>	<hr/>
Cash flows related to investing activities		
Payments to acquire exploration properties	(262,226)	-
Payments for plant and equipment	(4,252)	(14,916)
	<hr/>	<hr/>
Total cash flows (used in) investing activities	(266,478)	(14,916)
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from issue of shares	1,500,000	660,999
Share issue costs	(85,411)	(39,544)
	<hr/>	<hr/>
Net cash flows from financing activities	1,414,589	621,455
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	86,722	(638,459)
Effect of exchange rate changes on cash	2,132	(6,930)
Cash and cash equivalents at beginning of the financial period	1,033,462	1,748,059
	<hr/>	<hr/>
Cash and cash equivalents at end of the financial period	1,122,316	1,102,670
	<hr/>	<hr/>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

LATIN GOLD LIMITED
CONDENSED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL STATEMENTS

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that this report be read in conjunction with the annual financial report for the year ended 30 June 2006 and any public announcements made by Latin Gold Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half-year financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards ('IFRS').

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

A summary of the material accounting policies adopted by the Company in the preparation of the financial report can be found in the annual financial report for the year ended 30 June 2006. The accounting policies have been consistently applied, unless otherwise stated.

(a) Statement of compliance

Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the half-year reporting period ending 31 December 2006 because they do not require a change to accounting policies and therefore have no impact or they are not applicable to the Company.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Latin Gold Ltd ("parent company") from time to time during the year and at 31 December 2006 and the results of all controlled entities for the year then ended. Latin Gold Ltd and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the economic entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated income statement from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control exists.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

(c) Going Concern

The consolidated financial statements have been prepared on a going concern basis. However, the ability of the entity to actively explore and continue as a going concern, and to meet their debts and commitments as they fall due, is dependant upon further capital raisings. The Directors are confident that the company will be successful in raising further capital and, accordingly, have prepared the financial report on a going concern basis.

LATIN GOLD LIMITED
CONDENSED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

2. DIVIDENDS

No dividends were paid or declared by the company during the half-year.

	31 December 2006 \$
3. ISSUED CAPITAL	
<i>Ordinary shares fully paid</i>	
As at 1 July 2006 - 76,501,434 shares	7,660,036
25,000,000 shares issued at 6 cents	1,500,000
Capital raising costs	<u>(87,211)</u>
As at 31 December 2006 - 101,501,434 shares	<u><u>9,072,825</u></u>

4. CONTINGENT LIABILITIES

The economic entity does not have any contingent liabilities that are not wholly within the control of the entity.

5. SEGMENT REPORTING

The Company operates in one segment being the mining industry. All information relating to this is contained throughout this report.

Geographical segments:

	Australia	South America	Consolidated
December 2006	\$	\$	\$
Segment Revenue	34,282	59	34,341
Segment Result	(263,867)	(407,951)	(671,818)
Segment Assets	939,117	1,162,061	2,101,178
December 2005	\$	\$	\$
Segment Revenue	49,994	12,256	62,250
Segment Result	(181,719)	(1,248,504)	(1,430,223)
Segment Assets	1,054,859	430,378	1,485,237

6. EVENTS SUBSEQUENT TO REPORTING DATE

There has not been any matter or circumstance that has arisen since 31 December 2006, which has significantly affected, or may significantly affect the operations of the economic entity, the result of those operations, or the state of affairs of the economic entity in subsequent financial year.

LATIN GOLD LIMITED
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Latin Gold Limited, we state that:

The directors of the company declare that:

1. The financial statements and notes thereto set out on pages 8 to 15 are in accordance with the Corporations Act 2001, and:
 - (a) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2006 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Jim Malone
Managing Director

DATED: 14 March 2007
Perth, Western Australia

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF LATIN GOLD LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Latin Gold Limited, which comprises the consolidated condensed balance sheet as at 31 December 2006, and the consolidated condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Latin Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in

accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence


In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Latin Gold Limited on 14 March 2007.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Latin Gold Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL
(An authorised audit company)



K Lingard
Director

West Perth, Western Australia
14 March 2007