



Announcement to the Australian Stock Exchange 14 August 2006

Paron Gold Project - Peru.

In the quarterly report for the period ended 30 June 2006 Westmag made the following statement regarding the Paron Gold project:

“Based on estimations completed in 1994 and 1996 the Paron gold project has an existing non-JORC resource of between 200,000 and 250,000 ounces grading around 3g/t Au and Ag credits of +8g/t.”

This statement was made to keep the market fully informed of the past work completed on the Paron gold project and the potential of the mineralised zone.

The Paron gold project was last actively explored in the period 1994-1996 in which 62 diamond drill holes were completed as well as extensive rock chip, channel and adit sampling. In addition preliminary metallurgical was also carried out.

On the basis of this work two independent resource estimations were completed and termed, according to pre JORC nomenclature, indicated reserves . It is on the basis of this work that Westmag made the resource statement in the June quarterly report.

Westmag are aware of its reporting obligations and note again that the resource reported is not JORC compliant. We therefore retract the statement and provide attached a revised version of the June quarterly report.

Yours faithfully

Jim Malone
Managing Director

1

Westmag Limited: ACN 059 457 279 ABN 43 059 457 279

Australia:

Level 1, 89 St. George's Tce. Perth, Western Australia 6000

Mailing Address; G.P.O Box 2508, Perth, Western Australia, 6001

Telephone 61-8-9481 3000; Facsimile: 61-8-9481 2200; Mobile 61-419 537 714; Email:jim.malone@iinet.net.au

Peru:

Calle Lord Cochrane 511, Miraflores, Lima 18, Peru

Telephone 51-1-2224022; Facsimile 51-1-2224135; Mobile 51-1-97888855;

Email:simon.titchener@iinet.net.au.

Background

Westmag has been operating in Latin America since 2002, exploring for gold, copper and other base and precious metals. Our Peruvian operations are overseen by Executive Director, Simon Titchener who resides in Lima. The Exploration programme is in-house as well as consultant lead field teams, both of which are led by experienced, local geologists with many years of Andean gold/base metal exploration experience.

For further information contact:

Jim Malone
Managing Director
Westmag Limited
+61 8 9481-3000 (Office Perth)
+61 (0) 419 537 714 (Cell)

ENDS

Westmag Limited: ACN 059 457 279 ABN 43 059 457 279

Australia:

Level 1, 89 St. George's Tce. Perth, Western Australia 6000

Mailing Address: G.P.O Box 2508, Perth, Western Australia, 6001

Telephone 61-8-9481 3000; Facsimile: 61-8-9481 2200; Mobile 61-419 537 714; Email:jim.malone@iinet.net.au

Peru:

Calle Lord Cochrane 511, Miraflores, Lima 18, Peru

Telephone 51-1-2224022; Facsimile 51-1-2224135; Mobile 51-1-97888855;

Email:simon.titchener@iinet.net.au.



Fourth Quarter Activities Report **for the period ending 30 June 2006**

The Directors of Westmag Limited (“Westmag”) wish to report the following activities occurred during the quarter ending 30 June 2006;

HIGHLIGHTS

- **Westmag continues to advance the Paron gold project in Peru with the exploration campaign accelerated rapidly during the June quarter.**
- **Exploration office and camp established on site.**
- **Access agreement with local comunidad completed.**
- **An extensive sampling programme of surface soils, rock chips and existing adits and tunnels has commenced.**
- **Drilling permitting is progressing with the first drilling campaign scheduled to commence in the second half of September 2006.**
- **Digitising of the historic drill information and preparation of a 3 D model of the mineralised zone has commenced.**
- **Old drill core re-logged and sampled.**
- **Placement to raise approximately \$800,000 completed in May 2006.**
- **Joint venture partner to assess and bid for advanced projects in Peru finalised.**
- **Name change to *Latin Gold Limited* proposed to better reflect company direction.**

1

Westmag Limited: ACN 059 457 279 ABN 43 059 457 279

Australia:

Level 1, 89 St. George's Tce. Perth, Western Australia 6000

Mailing Address: G.P.O Box 2508, Perth, Western Australia, 6001

Telephone 61-8-9481 3000; Facsimile: 61-8-9481 2200; Mobile 61-419 537 714; Email:jim.malone@iinet.net.au

Peru:

Calle Lord Cochrane 511, Miraflores, Lima 18, Peru

Telephone 51-1-2224022; Facsimile 51-1-2224135; Mobile 51-1-97888855;

Email:simon.titchener@iinet.net.au.



Paron gold project looking ENE.

1. Operational Report

1.1 Paron gold project Peru.

Westmag's exploration campaign at its Paron gold project has accelerated rapidly in this last quarter. At the time of this report going to press, the following has been achieved at the Paron Gold project;

- An exploration office and field camp has been established at the project.
- An access agreement with the local comunidad has been finalised and signed, which allows Westmag to conduct exploration on the project including the initial drilling campaign. In return Westmag has agreed to employ a number of locals to assist with our exploration program.
- An intensive sampling programme has commenced and samples are currently being assayed for gold and other base metals. The programme includes the sampling over three metre intervals of soils, rock chips and existing underground adits and tunnels.
- The permitting process for drilling has been advanced and we are currently awaiting the final clearance and permits for our drilling campaign which we are confident will commence in the second half of September 2006.

- The digitisation of old drill data as well as a 3 D model of the mineralised zone is currently being undertaken. This will assist in better understanding the resource model and also will assist in finalising some of the targets for the initial drilling campaign.
- The old core from the drilling campaign that was carried out by previous owners Acuarios Minera y Exploradora has been re-logged and in some cases, re-sampled. Between 1994 and 1996, Acuarios Minera y Exploradora completed regional and prospect sampling, reopened some of the historic adits and tunnels developed 3 new adits and completed 62 diamond drill holes, as well as completing preliminary metallurgical testing and undertaking two resource calculations.

The Project

Westmag have an option to purchase 100% of the project, including a royalty, with total payments of US\$1.9 million over a 16 month period with the final payment due in August 2007.

Location and Access

The Paron project is located in north-central Peru in the department of Ancash, approximately 16km east of the town of Caraz.

It is located 40 km to the north and 120 km south respectively of Barrick Gold's ("Barrick") Pierina (210 MT @ 1.1 g/t for 7.5 million ounces) and Alto Chicama/Lagunas Norte (255 MT @ 1.1 g/t for 9.1 million ounces) gold mines.

Access to the project is via 448kms of paved highway from Lima to Caraz. From Caraz to Paron the road is unsealed but suitable for 2 wheel drive vehicles.

Westmag are currently employing a work crew to undertake manual improvements to this track.

Physiography and Climate

Paron lies on the western flank of the Cordillera Blanca with the highest section of the resource at around 3,700 metres. Caraz is situated at 2,500 metres and the mountains to the east of the project rise to 6,000 metres.

In the project area topography is steep with hillsides between 38-45 degrees in gradient. The local vegetation consists of brush and cactus, which is indicative of a semi-arid environment.

The rainy season, which extends from November through to April, is not severe enough to restrict exploration and potential mining activities.

Exploration History

Paron has over 100 small artisanal pits and short tunnels (adits) up to 15 metres in length distributed over the prospect area. There is at least one additional adit of more substantial length which has caved but will be re-opened by Westmag if possible.

Local knowledge suggests that much of this artisanal work began with Portuguese miners in the 1600's and continued to the late 1890's.

No production records are available but production is assumed to be small and was concentrated on the exploitation of high grade pockets of gold mineralisation.

Between 1994 and 1996 Paron was explored by Compania Acuarios Minera y Exploradora who completed regional and prospect sampling, reopened some of the historic adits, developed 3 new adits and completed 7 diamond drill holes in 1994 and 55 diamond holes in 1995.

Some metallurgical test works was also completed, and show that the ore leaches in conventional circuits with recoveries of +88% in fresh rock.

In 2000 Compania Mineraria Barrick (Barrick) reviewed the project area.

Regional Geology

Paron is contained within a northwest trending belt of complexly folded and faulted, Late Mesozoic marine sediments intruded by Tertiary batholithic rocks of granodioritic composition. The oldest rocks in the region are Cretaceous quartzites, shales, and minor coal seams.

The Paron mineralisation is hosted by a batholith of monzo-granitic composition, and the emplacement of this batholith has been structurally controlled with intense mylonitic textures adjacent to the faulted contacts.

The faulting at Paron is thought to have provided the conduit for the hydrothermal mineralising solutions. This is supported by additional gold bearing systems located northwest and southeast of Paron.

Prospect Geology and Mineralisation

The Paron gold resource lies on the side of a 38-42 degree dipping hillside which reflects a low angle normal fault. This fault zone has been intersected by drilling at the base of the scarp where it consists of a heavily gouged zone some 15 metres thick.

The mineralisation at Paron is low sulphidation epithermal with alteration characterised by multi-stage silicification and chalcedonic to cryptocrystalline quartz veining and sericitisation of the monzonite host. Silica crackle breccias and microbreccias which are also characteristic of epithermal gold systems occur throughout the project area.

The alteration is tabular in shape and extends over an area 550 metres long with widths ranging between 80 and 350 metres. The thickness ranges from 2 metres to greater than 40 metres.

The quartz sericite alteration hosts the ore grade gold intersections. Where the alteration assemblage grades to quartz-sericite-chlorite and then chlorite-hematite, the grades of mineralisation decrease significantly and range between 10ppb and 500ppb.

The mineralised area contains up to 5% pyrite with lesser amounts of sphalerite and occasional chalcopyrite. The gold mineralisation however appears to post date the sulphide mineralisation as photomicrograph studies indicate the gold is contained as sub-micron particles along fractures within the pyrite. This is further supported by metallurgical test work which indicates that the gold is readily leachable, regardless of the sulphide content.

Providing a significant control for mineralisation is northeast fracturing. These fractures appeared to have been followed by the artisanal miners in search for higher grade pockets where oblique structures meet.

Exploration Upside

By modern standards Paron is relatively under explored. Whilst the work completed to date has probably outlined to a reasonable degree the boundaries of the outcropping mineralised zone no work appears to have been carried out to test for upside relating to faulted continuations or indeed repetitions at depth within the hanging wall.

In addition no exploration has been carried out to explore for what is expected to be a significant hydrothermal pipe proximal to the Paron mineralisation.

These targets alone justify a significant exploration effort.

(i) Fault Extension Target

The western extent of the Paron mineralisation is truncated by a normal fault. Although the throw of this fault is not known, exploration to test for the possible down faulted extension within the footwall block is regarded as an easily explored target with significant upside. An exploration analogy is Porgera.

Drilling for this target will be carried out at the base of the scarp with a series of vertical and angle holes stepping back west and drilled easterly to intersect the fault.

At the same time drilling from the base of the scarp will be drilled to the east to test for potential repetitions of the Paron zone within the hanging wall and contained within splay faults off the main fault.

A secondary target of this drill programme will be the testing of the grade and westerly extent of the colluvium/alluvium mineralised zone.

(ii) Depth (Splay Fault) Extensions

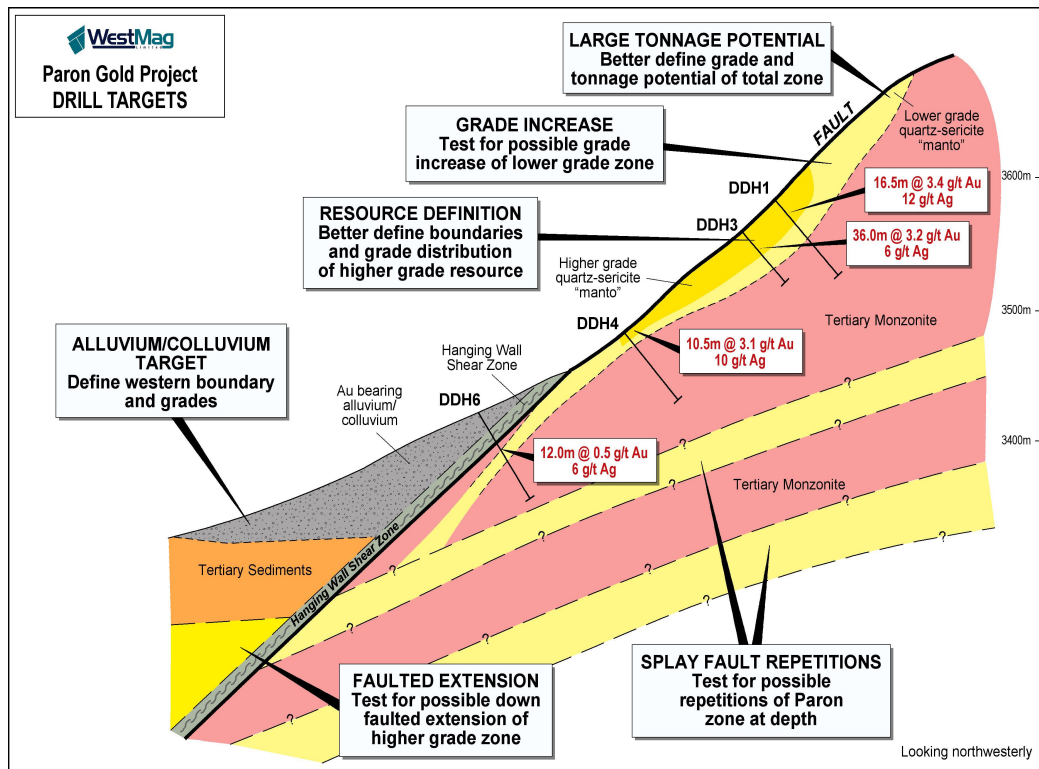
There has been limited drilling through the alteration zone to test for repeats of the mineralised zones at depth. Epithermal systems can often show sub parallel

repetitions at depth, and in the case of Paron this presents a very attractive target as the known alteration is sub tabular and influenced by micro and macro fracturing with a significant fault the likely conduit for the mineralising fluids.

A drilling programme to test the monzonite at depth (+200 metres) beneath the central and lower grade western zone will be an initial priority.

(iii) Hydrothermal Pipe

No exploration has yet been carried out to explore for the pipe providing the mineralisation. This is a secondary target as it will require information from the alteration mapping, planned drilling, and possible geophysics in order to narrow the possible target sites.



Paron gold project exploration model

1.2 Chile- Coyhaique Project

Given it now winter in Chile, and winters tend to be extreme in the Patagonia region of Chile, no further progress has been made on the Coyhaique gold project. Because of our focus on the Paron Gold project in Peru, Westmag intend to recommence the process of joint venturing/ selling the project in spring this year. Rents on the tenements have been paid until March 2007.

2. Corporate Report

2.1 Capital raising completed.

Westmag announced on 29 May 2006 it had completed its placement to raise \$798,276 before costs and by issuing 9,978,448 Shares at 8 cents each.

This raising was completed under ASX Listing Rule 7.1 and was limited to 15% of existing capital. This rule enforces limitations on the capacity of a company to enlarge its capital by issuing shares without shareholder approval. The number of shares allotted by the company was 9,978,448 which was the maximum number of shares we could issue under rule 7.1.

The allottees of the Shares were clients of the following firms;

- Bell Potter Securities
- ASANDAS Limited
- Delta Securities
- Macquarie Bank Limited
- DJ Carmichael & Co
- Taylor Collison Limited
- Tricom Equities
- Argonaut Securities

None of the allottees were related parties of the Company and the shares were allotted for a cash consideration of 8 cents per share. The purpose of the funds raised was as follows;

- To provide funds for the acquisition and exploration of the Paron gold project;
- To provide funds for other opportunities that may arise in Latin America or any other geographic area the Directors decide is worthy of attention; and
- To meet the Company's costs associated with the Prospectus.

2.2 New joint venture agreement finalised

Westmag is pleased to announce that it has finalised a memorandum of understanding with a mid tier ASX listed Resource Company that provides for a joint venture agreement for the purpose of assessing, bidding for and or purchasing advanced projects in Peru.

Due to commercial sensitivity and confidentiality we are unable to provide further details on the agreement.

This JV will enable Westmag to bid for and or secure much larger projects that may become available in the region than we currently have the capacity to do so.

2.3 Proposed name change

Westmag announced on Friday 28 July that it intends to, by way of special resolution at a general meeting of the company on 28 August, change its name. The new name proposed to be adopted is “*Latin Gold Limited*”. The Directors believe that this new name more accurately reflects the proposed future operations of the Company.

ENDS

For further information, please contact;

Jim Malone
Managing Director
Perth Office
+61 8 9481 3000 (office)
+61 (0) 419 537 714 (mobile)

OR

Simon Titchener
Executive Operations Director
Lima Office
+51 1 222 4022 (office)
+51 1 97888855 (mobile)

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.