

30 July 2010

Quarterly Activities Report for the period ending 30 June 2010

Highlights

Updated pre-feasibility study confirms the robust economics for a potential development of the Paron gold deposit.

- Revised cash costs of US\$271 per oz;
- Minimum 6.5 year mine life;
- Estimated capex expected to be around US\$23 million; and
- Annual production of 43,000 ozs Au and 92,000 ozs of Ag.

Tenders called for new diamond drilling programme at Paron.

- Planned drilling will infill existing holes to allow measured resources to be converted to ore reserves;
- Drilling will also test “Paron Deeps” target, a potential multi-million oz down faulted extension of the outcropping mineralisation; and
- Drilling expected to commence early-mid September.

Discussions commenced with potential financiers for Paron development.

Preparations for final feasibility study initiated.

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Overview

The Paron gold project (100%) is located in the Department of Ancash 470km from Lima, in Peru.

In mid 2008, an independent pre-feasibility study which included extensive metallurgical test work, a detailed mine planning study, financial modelling, a review of various development options and their potential demographic and environmental impact was completed.

In April 2010, this study was updated to reflect 2010 costs and a revision in plant layout and location.



Paron gold project - Distal view

Based on a 0.8 g/t gold cut-off, the diluted JORC resources at Paron are calculated to be (with a waste to re ratio of less than 1):

Cut off grade	Measured	Indicated	Inferred	Total
0.8 g/t	4,918,200 @ 1.57 g/t gold, 7.0g/t silver	658,350 @ 1.81 g/t gold, 7.0g/t silver	623,450 tonnes @ 1.6 g/t gold, 7.0 g/t silver	6,200,000 tonnes @ 1.6 g/t gold, 7.0 g/t silver
Metal content	248,282 oz gold 1,106,990 oz silver	38,316 oz gold 148,182 oz silver	32,013 oz gold 140,056 oz silver	318,354 oz gold 1,392,799 oz silver

There is additional exploration potential for between 25,000 - 75,000 ozs of gold on or near surface and for a multi-million oz gold target at depth (**Note: these are exploration targets and whilst based on sound geological principles are purely speculative and should be considered as such**).

A US\$250,000 diamond drilling programme is scheduled to commence late in the current quarter to test these various targets.

The pre-feasibility study determined that Paron could be commissioned as a 6-7 year heap leach operation producing 43,000 ozs of gold per annum, at a cash cost of US\$272 per oz.

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Major features of the pre-feasibility study were:

- Heap leach operation;
- Treatment rate of 3,000 tonnes per day (1.06 million tonnes per annum);
- Mine life of +6 years;
- Diluted head grade of 1.6 g/t gold and 7g/t silver;
- Gold recoveries of 80%, silver recoveries of 40%;
- Annual production rate of 43,000 ozs gold and 92,000 ozs silver; and
- Waste to ore ratio of 1:1

The capital required to develop the project is estimated at US\$23 million and it is projected that the first gold pour should occur within 18 months - 24 months of development approval.

Based on a gold price of US\$1,000/oz the Paron gold project has a net present value of US\$60.9 million, an internal rate of return of 71% and it is expected to generate EBITDA of \$29 million per annum.

Based on the average market valuation of US\$80 per oz of gold for undeveloped projects, Paron has a valuation of US\$25.5 million.

The various studies completed to date have confirmed the potential of the Paron project to be a highly profitable gold and silver operation. The project has upside through the potential for increased metallurgical recoveries, with additional studies indicating a 5-7% improvement to the average of 80% which was used in the pre-feasibility study.



Paron Gold Project – Outcropping mineralisation

The Category Two permit was awarded in late July 2009 and this is regarded as a major achievement for the Company. This permit effectively allows all required activities up to commencement of mining and has added significant value to the project.

Corporate

It was with deep sadness that we advised on 4 June 2010 of the sudden death in Lima, Peru of one our Directors, Mr Simon Titchener.

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Simon was a founding Director of Latin Gold Ltd and had been based in Peru since 2007, working on the exploration and feasibility study of the Paron gold project.

During that period Simon worked diligently on behalf of shareholders in advancing the Paron project to its current pre-development status. Even during his recent illness and hospitalisation he maintained a strong commitment to the project by continuing to supervise all activities, including planning for the proposed drilling programme.

Simon will be sorely missed as a work colleague and a friend.

The Company is in the final stages of negotiation to secure the services of a suitably qualified professional to undertake the roles performed by Mr Titchener in Peru.

Cash Reserves

The Company had cash holdings of approximately \$1.19 million as at 30 June 2010.

Yours faithfully

Peter McAleer
Chairman

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.

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