



ABN 43 059 457 279

## **Second Quarter Activities Report** **for the period ending 31 December 2007**

The Directors of Latin Gold Limited (“Latin Gold”) present the following activities for the quarter ending 31 December 2007;

### Highlights

- **Latin Gold exercises option to purchase Paron Gold project**
- **Latin Gold now own 100% of Paron Gold project**
- **Feasibility study commenced and is being fast tracked.**
- **Community agreements renewed.**
- **Successful capital raising completed.**

### Overview

During the quarter ended 31 December 2007, Latin Gold 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. As a result of this payment Latin Gold now owns 100% of the project.

In addition, Latin Gold has the right but not obligation to purchase an outstanding 5% net smelter royalty over the Paron project for \$US200,000.

The feasibility study has commenced with a goal of bringing the project into production by the first quarter 2010 at a production rate of around 40,000 ounces of gold and 90,000 ozs of silver, per annum.

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## **Paron Feasibility Study**

Since the exercise of the option for the purchase of Paron our staff in Peru, headed by our Executive Director, Simon Titchener, have commenced the feasibility study.

This feasibility study will build on the results from the pre-feasibility study completed in mid 2007 and is to be fast tracked as much as possible.

The following is a summary of a number of the activities undertaken.

- Discussion with the local community at Caraz has been held and Latin Gold has successfully renewed previous agreements to enable the continuation of exploration and development activities at Paron. This is an important achievement because in Peru all resource projects require an agreement between the mining/exploration company and the local community at all stages of exploration and development, but in particular, especially as the project nears production. Latin Gold staff and consultants have worked diligently towards developing a close, trusting and sustainable relationship with the local community surrounding the Paron project and will continue to do so throughout the feasibility study, construction period and life of mine. As part of this process and our community relations we approached the Municipality of Caraz and requested they contribute US\$1,000, to match our contribution of the same (which they did) in order to build a grain storage facility for the community.
- We have been out to bid (and received bids) for suitable companies to undertake the 'Baseline Environmental Study'. Our intention is to review, negotiate, adjudicate and award a contract by the middle of February 2008.
- We have been out to bid (and received bids) for suitable companies to undertake the 'Social Baseline Study'. Our intention is to similarly review, negotiate, adjudicate and award a contract by the middle of February 2008.
- We have commenced the application process for a Category C drill and exploration permit. This permit is required as we have already reached the number of drill holes permitted under our existing permit. Our next round of drilling will be designed to increase the confidence level of the existing JORC measured and indicated resources to reserves. This will entail mostly in-fill drilling although there are a number of locations along the edges of the ore zone where drilling has the potential to provide an increase in resources. This permitting will also provide approvals for our second round of exploration drilling which will be a number of deep holes to test for a faulted extension of the ore zone as well as a possible mineralized porphyry at depth (see below under Paron Exploration)
- We have commenced the surface rights acquisition process for the land required for the proposed plant, leach pads, waste dumps and tailings footprint, followed by the identification of the owners and ultimately a valuation by the ministry.
- We have commenced discussions with our consultants to define the parameters required for the next round of metallurgical testwork.
- We have commenced preparation of the engineering tender and plan to put this out for bid early in February 2008.

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## **Paron Exploration**

The Paron gold resource is epithermal in origin and outcrops on the side of a hill. This hill is a fault scarp with a dip of around 38-40 degrees.

The geomorphology of the Paron resource indicates that the top part of it, that is the part contained in the hanging wall, has been faulted away.

Analysis of the fault scarp suggests that the fault is normal, in other words the movement of the hanging wall has been down rather than up.

This indicates that part of the Paron resource is buried under the scarp sediments although how deep and how much is the great unknown.

We originally intended to test this target with our diamond drilling programme carried out in late 2006 but the rig had insufficient power to drill through the scarp sediments. It is now intended to drill the target using a reverse circulation rig and discussions have commenced with a suitable contractor.

3-5 holes will be drilled as part of this programme.

The second exploration objective at Paron is to test for a possible porphyry source to the mineralization, at depth. Previous historic drilling near the fault scarp intersected elevated gold values within a monzonite and it is postulated that this may be part of a porphyry source to the Paron mineralization, which used the pre-fault structure as a conduit for the transport of mineralizing fluids.

Only 3-5 holes averaging around 200 metres in depth will be required in this programme to test these combined targets.

## **Corporate**

During the December 2007 quarter the company undertook the following capital raisings

- October: 4,849,875 shares at 4 cents to raise \$193,995 before costs.
- December: 40,000,000 at 5 cents to raise \$2 million before costs.

The monies raised by these capital raisings were used to exercise the final option payment on the Paron Gold project (US\$960,000), the feasibility study, the drilling and for working capital.

The company currently has 161,576,434 shares on issue and at 31 December 2007 had cash reserves of \$1,274,000.

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.*

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