



Fourth Quarter Activities Report **for the quarter ended 30 June 2008**

The Directors of Latin Gold Limited ("Latin Gold") present the following activities report for the quarter ended 30 June 2008:

- **Feasibility study on Paron Gold project advances.**
- **Social Baseline Study completed.**
- **Environmental Baseline Study completed.**
- **Successful assembly meeting conducted with the 21 presidents of the various community groups that make up the Cruz de Mayo collective communities.**
- **Planned date to submit Category Two application to Ministry for approval end of August 2008.**

During the quarter ended 30 June 2008, Latin Gold continued to progress its Feasibility Study for the Paron gold project ("the project") with a goal of bringing the project into production by calendar 2010.

The Social Baseline Study and the Environmental Baseline Studies were completed during the quarter. Both of these studies are important steps in acquiring the Category Two permit which will allow us to complete the drilling activities required to convert the current JORC compliant resource into reserve status as required under the bankable feasibility study as well as to complete our exploration drilling.

With regard to the exploration drilling, the company intends to undertake a deeper drilling programme at Paron to explore for the targets not tested during the 2006 programme. This new programme will require the drilling of +150 metre deep holes spudded at or near the footwall contact to test the potential for both a down-faulted extension of the outcropping mineralised zone as well as porphyry style mineralisation at depth.

It is likely that this programme will be best achieved by reverse circulation drilling and rig availability is being investigated. It is anticipated that this programme will commence towards the end of calendar 2008, subject to rig availability and drill permitting.

Despite difficult conditions being currently experienced in Peru with respect to relationships between mining/exploration companies and local communities, Latin Gold held a highly successful assembly meeting on 20 July 2008 with the 21 Presidents of the local comunidades that make up the Cruz de Mayo collective. The Cruz de Mayo collective is the name for the 21 different communities that occupy the valley that surrounds the town of Caraz in the department of Ancash which is where the Paron gold project is located.

As well as the 21 presidents of Cruz de Mayo, in attendance were officers of the major authorities (water, electricity, agriculture, transport) as well as representatives of the local print and electronic media. During the meeting the collective were informed of the progress of the project and were presented with the social and baseline studies.

The major area of concern presented by the collective is the potential for water contamination. At the meeting Latin Gold management and consultants were able to successfully explain and demonstrate how we could actually enhance the quality and quantity of water to the communities using modern irrigation and boring technologies.

Latin Gold management and consultants also invited the community leadership to tour modern mining projects in the area including BHP Billiton's Antamina mine which is relatively close to Paron.

Overall, the project was well received by the leaders of the Cruz de Mayo collective and the assembly was considered a great success by our consultants (who are leaders in the field of community relationships in Peru). This relationship is extremely important because, before an exploration company can submit its application for the Category Two permit (which is the ultimate exploration permit required in Peru and can be viewed as a major step towards obtaining a mining permit) to the Ministry responsible for mining permit approval, in addition to having the Social Baseline and Environmental Baseline studies completed, there needs to be an acceptance of the project by a majority of the local community leaders.

We are planning to submit our application for Category Two permit to the authorities by the end of August 2008. Based on current timing, if we meet this timetable we should receive our Category Two permit by the end of October 2008.

Once received, this is a considerable milestone for the development of Paron as the Category Two permit is not only required to conduct further drilling, it is the ultimate permit required until the mining permit and its granting is considered the passing of the major hurdle in the environmental and social considerations (which tend to be the most difficult components in the permitting process in Peru) required to obtaining the ultimate Mining permit.

Paron Gold project refresher

The Paron Gold project, which 100% is owned by Latin Gold is located near the town of Caraz in the department of Ancash in north central Peru. It is approximately 450kms from Lima.

Latin Gold completed a Pre-feasibility on the Paron Gold project in June 2007. The study showed that the project had very robust economics at the then prevailing gold price of US\$625 per ounce. Applying a current gold price of US\$930 per ounce the economics are significantly enhanced.

Gold Price/oz	Annualised EBITDA	IRR	NPV
\$US850	\$US22.6m	57.3%	\$US45.6m
\$US800	\$US20.5m	52.5%	\$US40.5m
\$US750	\$US18.4m	47.6%	\$US35.4m
\$US700	\$US16.3m	42.7%	\$US30.3m
\$US650	\$US14.2m	37.7%	\$US25.2m
\$US600	\$US12.2m	32.5%	\$US20.1m

The pre-feasibility study, which was generated by independent consultants to the company, was based on the exploration and drilling completed by Latin Gold and previous explorers. It also included extensive new metallurgical test work, a detailed mine planning study, financial modeling, and a review of various development options and their potential demographic and environmental impact.

As part of the study a geological model and JORC compliant resource estimation was also completed .

Cut-off	Measured		Indicated		Inferred	
0	5,401,200 t	1.49 g/t	967,400 t	1.42 g/t	710,730 t	1.48 g/t
0.8 g/t	4,918,200 t	1.57 g/t	658,350 t	1.81 g/t	653,450 t	1.60 g/t
1.5 g/t	2,243,850 t	2.10 g/t	513,800 t	2.03 g/t		

Note: The number of ounces (ozs) of gold and silver are calculated using the standard industry formula, tonnes multiplied by grade divided by 31.1. For example, the Measured gold resource at a cut-off of 0.8g/t is $(4,918,200 * 1.57) / 31.1 = 248,282$ ozs.

In any mining operation at Paron, silver will be mined and processed as a by product of the gold production. At current metal prices the insitu value of the silver is less than 3% of the total insitu value of the Paron resource. The silver grades and indicative production rates are provided for disclosure only, investors should not consider an investment in Latin Gold on the basis of the silver content of Paron.

Financial modeling

The financial modeling contained in the pre-feasibility study was generated using the following parameters:

- 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 42,000 ozs gold and 92,000 ozs silver
- Waste to Ore ratio of 1:1
- Capex of \$US30 million (includes a 25% contingency) and a company owned plant and mining fleet

Based on this modeling and a gold price of \$US800/oz, the Paron project has an IRR of 52.5% and will return an estimated EBITDA of around \$US20.5 million on an annual basis for 6 years.

Cash production costs are estimated at a gold equivalent \$US223/oz and total production costs (including all capital expenditure) at a gold equivalent \$US324/oz.

The project is sensitive to a range of factors such as head grade, gold recoveries, production costs and gold price. Each 5% variation in these variables changes the IRR and EBIT by the following amounts.

- Head Grade: IRR +/- 3.3%, EBITDA +/- \$US1.8 million
- Gold Recoveries: IRR +/- 2.0%, EBITDA +/- \$US0.9 million
- Cash Operating Costs: IRR +/-1.3%, EBITDA +/- \$US0.3 million
- Gold Price: IRR +/- 3.1%, EBITDA +/- \$US1.7 million

The company had cash holdings of \$674,000 as at 30 June 2008.

Latin Gold's currently has 161,576,434 shares on issue and its market capitalisation is AUD\$4.8 million.

For information on the Paron gold project, please see previous announcements at www.latingold.com.au

Yours faithfully,

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.