

Third Quarter Activities Report **for the quarter ended 31 March 2008**

The Directors of Latin Gold Limited (“Latin Gold”) present the following activities report for the quarter ended 31 March 2007:

- **Feasibility study on Paron Gold project advances.**
- **Major consultant for permitting, environmental and social approvals appointed.**
- **Drilling permit likely to be delayed until later in the year.**

During the quarter ended 31 March 2008, Latin Gold continued to progress its Feasibility Study with a goal of bringing the project into production by the first quarter of 2010.

1. Feasibility study progressed

During the quarter we progressed our feasibility study for the Paron gold project (“the project”). Consultants responsible for the environmental and social studies/agreements as well as overseeing land acquisitions and all permitting issues were appointed.

Consultants overseeing all engineering studies as well as consultants to oversee exploration and resource/reserve delineation have been appraised and we are expecting to make these appointments in the June quarter.

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Social baseline and environmental baseline studies have commenced at the site of the project and a two year water access agreement at the project has been signed along with general access agreements with the local comunidades. Members of the local comunidad have been involved in all aspects of our development at the project site to date.

2. Appointment of permitting, environmental social study consultant's Gestora de Negocios e Inversiones S.A.

A significant step towards our project's development was taken when we appointed Peruvian company Gestora de Negocios e Inversiones S.A. ("Gestora") as our consultants who will oversee and manage the vitally important areas of the project including:

- Environmental Evaluation of the project; and
- The base social-economic and cultural study of the project; and
- The land acquisition for the development of the project; and
- Obtaining the relevant permits and licenses required for the construction, implementation, improvement, mine operation, highway and electrical transmission line relating to the project.

Gestora has significant experience and has been successful in this area of project development in Peru. Importantly, their people, headed by highly respected Peru mining industry leader, Augusto Baertl, have been successfully involved over a number of years in managing and obtaining the social and environmental permits and approvals required in accordance with Peruvian law to advance mining and exploration activities and projects in Peru. Mr Baertl, who was President of Compania Minera Antamina, the company who bid for, won and successfully developed and operated the massive Antamina base metal mine in central Peru, oversaw the myriad of permits, licenses and agreements that were required of Antamina in developing their mine and, in particular, the 302 km long slurry pipe (known as the Mineroducto) that runs from the mine to the coast through many comunidades, farms and environmentally sensitive areas.

Latin Gold's management team in Peru has worked with Gestora in the past and is delighted to have such an experienced, competent team assisting us in this very complex area.

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3. Delay in drilling permits expected

Every country has its own particular sensitive requirements that need to be addressed in order to develop mineral projects. Environmental issues are universal. In Australia, we have native title issues to negotiate and work through and in Peru, in addition to the very sensitive environmental issues that exist with any project located in the Andes close to farming and water catchment areas, the issue of community relations is essential.

This involves including the local communities and all the different interest groups that make up the greater comunidads (church, agriculture, schools, politicians etc.) in the process of development.

It is essential that we initiate and develop the specific activities on the social, environmental and legal front (community relations, permits that allow the construction of the mining facilities and continuation of the activities). Also, it is required to acquire the land surrounding the project from various members of the comunidad for the purpose of exploitation of the mineralised deposit and the construction of the mining facilities. This is a major responsibility of mining companies as not only are you purchasing the farms of the local people, but you are also acquiring their food and water sources and taking away their occupation. Not only does this often require retraining and relocation of these people, it also requires forming a partnership with the local comunidad so together we can develop a strategic alliance with a long term vision so everyone is better off as a result of the project being developed.

Crucial to this is the granting of an Environmental Authorization Category C Exploration Permit ("Category C permit"). Up until now we have been able to conduct exploration , including our previous drilling campaigns, under lesser permits but given we are now entering the final feasibility studies with a view to exploitation of the project, we are now required to obtain a Category C permit to continue our activities.

The awarding of Category C permits is taken very seriously by INRENA, the government body responsible for issuing these permits. This is because a Category C is far more important than a normal drilling permit; it is considered the first and indeed a major step towards development and the issuing of all the future required permits that lead to the establishment of a responsible mining operation.

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No major work (construction, earth works, drilling) is permitted until we have obtained this permit. Despite having spent the past 4 months attempting to obtain this permit at a meeting held recently between Latin Gold management and our consultants Gestora, it was the opinion of Gestora, after reviewing the situation and holding discussions with various parties, that this permit will take a further 5-6 months to obtain. A consequence of this is that we will not be able to be in a position to commence our planned exploration/resource drilling programme in June 2008 as previously reported and it is likely that we will not be in a position to drill until September/October 2008 at the earliest.

Reasons for this delay include:

- In the past month new and more stringent requirements were distributed by the Government for both Category B & C exploration permits.
- INRENA and other related government departments are being incorporated into a new "Environmental Ministry" in what appears to be a major bureaucratic re-shuffle that will result in delays on issuing permits.
- There has also been a dramatic increase in exploration permits being sought in Peru by various exploration companies. The system is heavily overloaded and the delays in permitting are not unique to Latin Gold. Our management in Lima have spoken to many other companies in Peru who are experiencing the same delays.

4. Corporate

We reported in early April 2008 that it had come to the attention of Latin Gold Directors that approximately 10 million shares in the Company were held within the Opes Prime Group ("Opes") margin facility.

This holding is equivalent to approximately 6% of the issued capital of the Company.

These shares were disposed of on market shortly after we reported their situation to the ASX. The company is not aware of any further Latin Gold shares being held within the Opes group.

Latin Gold also advises that no Directors or executives of the Company have any margin arrangements secured by the Company's shares.

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The company had cash holdings of \$903,000 as at 31 March 2008.

Latin Gold's currently has 161,576,434 shares on issue and its market capitalisation is AUD\$6.6 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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