



ABN 43 059 457 279

Third Quarter Activities Report **for the period ending 31 March 2007**

The Directors of Latin Gold Limited ("Latin Gold") wish to report the following activities for the quarter ending 31 March 2007;

- **An Independent scoping study commenced over Paron gold project in Peru after positive results from in-house study.**
- **Preliminary results suggest a robust project with a likely increase in the current JORC compliant inferred resources of 3.04 Mt at 2.2 g/t for 220,000 ounces of gold.**
- **Office evaluation of the potential of the Coyhaique project for base metal and uranium mineralisation completed and reconnaissance field programme carried out in April.**
- **The Latin Gold Consortium application to bid for the Michiquillay copper project rejected by the Peru government.**

1

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.

Operational Report

1.1 Paron gold project Peru.

- *The Paron drilling program, completed in the December quarter confirmed the existence of significant near surface disseminated and vein gold and silver mineralisation within the target area.*
- *Gold and silver intersections were recorded in the majority of holes and the drilling demonstrated strong lateral continuity to the mineralised zone.*
- *An initial JORC compliant inferred resource of 3.04 million tonnes grading 2.2 g/t gold and 7.4 g/t silver announced.*



Paron gold project looking ENE.

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Overview

The Paron gold project is located in the Department of Ancash, 470 kilometres north of Lima in Peru.

The diamond drilling programme completed by Latin Gold is the third campaign of drilling at Paron. With the inclusion of the 25 holes completed by Latin Gold in this campaign, a total of 88 diamond holes have now been drilled over Paron by Latin Gold and other explorers since 1994.

The drilling by Latin Gold confirmed that the Paron project contains a near surface zone of disseminated and vein hosted gold – silver mineralisation.

The mineralisation displays good lateral continuity and a significant section of the mineralisation outcrops.

Based on the results of this drilling programme Latin Gold commenced an in-house scoping study to determine the potential economics of the development of Paron.

As part of this scoping study an independent study on the potential resource was commissioned. This study resulted in a JORC inferred resource of 3,040,000 tonnes grading 2.2 g/t being announced to the share market on 29 January 2007.

This resource is equivalent to 220,000 ounces of insitu gold.

Subsequent to this announcement the final silver assays from the drilling were received. These results were incorporated into the existing data and the silver grade of the Paron resource calculated to be 7.4 g/t.

The results of the in-house study were very encouraging and as a result, in early February, an independent Peruvian based consulting group was commissioned to undertake a full scoping study over Paron.

This scoping study is to review the existing resource and metallurgy including additional test work, as well as the economics of a mining operation.

Although results are still preliminary the work completed to date indicates that the potential mining resource will be higher than the current JORC resources and that recoveries by conventional heap leach processing will be greater than 85%.

This scoping study is scheduled to be presented to the board of Latin Gold during the fourth week of May.

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The potential economics of any development of Paron have a number of significant mining points in its favour.

- A large amount of the mineralization outcrops. As a result the strip ratio under any mining operation would be expected to be less than 1.
- The mineralization is located on the side of a hill making pit design relatively simple.
- The mineralization shows good lateral and vertical continuity.

1.2 Chile-Coyhaique Project

During the December quarter Latin Gold commenced a re-study of the 100% controlled Coyhaique project in region XI of the highly prospective Patagonian region of Chile.

This project has always been a gold target because of outcropping epithermal vein systems and the Directors consider that the potential for a significant discovery are still very high.

However, because of the obvious epithermal targets much of the other geology in the project area has been historically ignored. The focus of the most recent study was therefore to review these areas using available geophysics such as airborne EM and radiometrics as well as applying a structural interpretation.

This study identified a number of areas with a geophysical signature that could indicate base metal or uranium mineralisation. As the majority of these target areas are under recent ash cover a reconnaissance programme was designed to obtain geochemical samples to allow more precise modelling to be completed.

This reconnaissance programme was undertaken during April and results will be incorporated into a new field programme to commence later this year.

1.3 Michiquillay copper project-Peru

During the previous quarter, Latin Gold announced its intention to lead a consortium consisting of Latin Gold, leading Peruvian mining identity Augusto Baertl and an ASX listed mid tier company with a market capitalisation of greater than A\$700 million in bidding for the Michiquillay copper project in the Cajamarca department in Northern Peru.

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During the current quarter the final governing terms of the bid and qualification criteria were announced with pre qualification required by 16 April and bids to be lodged on 30 April 2007 (Peru time).

The project, which is owned by the Peru government controlled Minero Peru, is a porphyry copper deposit that according to Pro-Inversion (the Peruvian government instrumentality commissioned to undertake the sale) contains “reserves” of 544 Mt grading 0.69% copper, 0.1-0.5 gpt gold and 2-4 gpt silver using a 0.4% cut-off.

Latin Gold have closely monitored the progress of the Michiquillay project for over three years and have completed significant due diligence on the project including site visits, data review and discussions with the local comunidades.

This knowledge, in conjunction with balance sheet strength and mining expertise of our Australian partner made us confident of having a sound chance of winning in the bidding process.

On 27 April 2007 Latin Gold announced to the market that the Company had made application to prequalify for the bid.

In this announcement we stated that:

“To pre-qualify a consortium must demonstrate to Proinversion, the Peruvian government instrumentality that is supervising the bid that it fulfils both the technical and financial requirements. These are:

Technical requirement

- Metallurgical mining operations of greater than 10,000 tonnes per day, or
- Annual production of greater than 100,000 tonnes of concentrate, or
- Annual production of at least 150,000 tonnes of metal.

Financial requirement

- Net assets of at least US\$100 million

The Michiquillay consortium easily qualifies on both the technical and financial criteria.

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However, although the Michiquillay Consortium has lodged all the necessary documentation and, on the basis of international bid documentation has satisfied all the bid requirements, Proinversion are yet to confirm that pre-qualification has been granted.

The Michiquillay Consortium are currently in discussions with Proinversion and hope to have the situation rectified at the earliest possible moment”

On 28 April we were advised that Proinversion had rejected our application to pre-qualify on the basis that the net asset test of the Consortium failed the \$US100 million requirement.

We were advised that to reach this decision Proinversion used the Consortium financial accounts for the year ending 30 June 2006 and the AUD:USD exchange rate prevailing at that time. Under that measure the net financial assets of the consortium were \$US 98.2 million compared to \$US109 million if the current exchange rate were used.

We considered the application of an exchange rate nearly 10 months old most unreasonable and noted that it was applied without any previous advice. We also noted that it disadvantaged Australian based bidders because competitors based in Europe, Canada and the United States, were, as we understand, determined for inclusion based on their 31 Decemeber 2006 balance sheets.

If Latin Gold had been allowed a similar benefit then the net assets of the Consortium would have been determined as \$US128 million.

Despite representation to Proinversion their decision is final leaving little recourse to Latin Gold.

In the opinion of the Directors, the Latin Gold Consortium satisfied all conditions of the pre qualification as required by the bid documentation. The decision therefore to exclude our Consortium from the bid process is without any legal or commercial justification.

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2. Corporate Report

As at the completion of the March quarter cash reserves were \$649,000.

For further information, please contact;

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

Simon Titchener
Director
Latin Gold Limited
+51 1 222 4022 (Office Lima)
+51 1 97888855 (Cell)

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 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.

Howard Dawson is a non-executive Director of Latin Gold and holds through related entities 1,081,000 ordinary shares in the Company.

ENDS

7

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