



ABN 43 059 457 279

Second Quarter Activities Report **for the period ending 31 December 2006**

The Directors of Latin Gold Limited (“Latin Gold”) wish to report the following activities occurred during the quarter ending 31 December 2006;

HIGHLIGHTS

- **Latin Gold successfully completes diamond drilling programme at Paron gold project in Peru.**
- **Initial JORC compliant inferred resource of 3.04 Mt at 2.2 g/t for 220,000 ounces announced.**
- **In-house scoping study commenced to evaluate development options.**
- **Evaluation of potential of Coyhaique project in highly prospective Chilean Patagonia for base metal and uranium mineralisation commenced.**

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Paron gold project looking ENE.

1. Operational Report

1.1 Paron gold project Peru.

- *The Paron drilling programme has been completed and the results confirm the existence of an outcropping and near surface zone of disseminated gold and silver mineralisation within the target area.*
- *Gold intersections were recorded in the majority of holes and the drilling has demonstrated strong lateral continuity to the mineralised zone.*
- *The drilling programme has highlighted a central core to the mineralised zone where intersections grading over 5g/t gold are common and bulk intersections average greater than 20 metres at +2.5 g/t from surface.*

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- *The drilling programme has also indicated some additional potential for near surface mineralization to extend to the northwest of the mineralised zone.*
- *Due to difficult ground conditions the deeper porphyry and faulted extension targets were not adequately tested and will require an additional drilling programme with a more powerful rig.*

Overview

Latin Gold Limited (“Latin Gold”) is pleased to advise that the diamond drilling programme at the Paron gold project, located in the Department of Ancash, 470 kilometres north of Lima in Peru has been completed and has confirmed the potential of the project to host a near surface economic gold deposit. This is the third campaign of drilling at Paron and with the inclusion of the 25 holes completed by Latin Gold in this current campaign, brings the number of completed diamond drillholes to 88.

Significant intersections of gold were intersected in the majority of the 25 diamond drill holes including;

Hole	Drill location			From	To	Interval	Assay Result
	mN	mE					
PA-01	9001060	198853		18 metres	47 metres	29 metres	1.85 g/t
PA-03	9000930	199210		0	21 metres	21 metres	1.38 g/t
PA - 04	9000900	199156		0	22 metres	22 metres	1.87 g/t
PA-06	9000893	199226		0	6 metres	6 metres	1.55 g/t
PA-07	9000854	199138		12 metres	18 metres	6 metres	1.05 g/t
PA-08	9000826	199073		6 metres	14 metres	8 metres	2.5 g/t
PA-09	9000880	199195		0	31 metres	31 metres	2.26 g/t
			including	3 metres	23 metres	20 metres	3.55 g/t
PA-10	9000814	199283		0	10 metres	10 metres	0.89 g/t
PA-11	9000776	199210		0	26 metres	26 metres	1.0 g/t

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Hole	Drill location		From	To	Interval	Assay Result
	mN	mE				
PA-14	9000729	199221	0	9 metres	9 metres	2.4 g/t
PA-15	9000711	199184	0	14 metres	14 metres	0.73 g/t
PA-16	9000671	199230	0	5 metres	5 metres	1.47 g/t
PA-17	9000654	199196	0	10 metres	10 metres	2.1 g/t
PA-19	9000620	199238	0	3 metres	3 metres	2.02 g/t
PA-20	9000610	199167	0	2 metres	2 metres	3.47 g/t

Silver assays have been delayed but are expected to be available within two weeks.

The drilling also highlighted the possibility of increasing tonnage to the north-west where the boundary of the mineralised zone remains open.

As a result of difficult drilling conditions caused by excessive clays within the fault zone and the overlying scree on the footwall zone the drill holes designed to test for a porphyry at depth as well as a potential faulted extension to the outcropping mineralization, were unable to be completed.

These targets, along with the north-western boundary of the mineralised zone, require an additional drilling programme to test.

Drilling Programme

The diamond drilling programme, which comprised 25 holes for 1,468 metres, was designed to comprehensively test the potential of the Paron project to host a near surface/outcropping zone of gold mineralization as well as test for potential repetitions or extensions at depth.

The prime focus was on the following targets:

1. Test the near surface continuity and grade of the existing zone of outcropping gold mineralization.

This was successfully tested. The initial JORC compliant resource calculation has now been released to the market and totalled 3.04 Mt at 2.2 g/t for 220,000 ounces

2. Test beneath the existing area of gold mineralization for potential sub parallel repetitions to the outcropping zone.

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Two holes were drilled to depths of greater than 100 metres to test for sub parallel repetitions to the outcropping zone. No significant mineralisation was intersected to these depths so our conclusion is the existence of parallel repetitions at economic depths is unlikely and therefore this is no longer a relevant exploration model.

3. Test within the footwall wall at depth for the potential for it to host a down-faulted extension to the existing outcropping zone of mineralization, and;
4. Test within the hanging wall adjacent to the fault for the potential for it to host a porphyry source to the Paron mineralization.

The Paron mineralization is situated on the face of a normal fault with a scarp dipping at around 38 degrees. One hole to test this target was drilled to around 131 metres in depth but as a consequence of adverse hole conditions, it was plugged and abandoned 19 metres short of its target depth. As a result of permitting conditions and site clearance we were unable to relocate the hole under the current drilling programme.

Future programme including in-house scoping study and further drilling.

Latin Gold has commenced an in-house scoping study to determine the broad parameters of any potential mining operation at Paron. In this regard, Paron has a number of positive characteristics.

- Previous studies of the Paron mineralisation have shown it to be leachable with base recovery rates in the sulphide zone of +88% and averaging around 92% in the oxide zone.
- 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 within the ore envelope and this will bode well for any future mining operation.

In addition a second drilling programme to be undertaken by Latin Gold is under review and will be designed upon completion of the scoping study. This drilling programme is likely to:

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- Include resource drilling to advanced the current resource from inferred status to at least an indicated status,
- Include a number of drill holes to test the potential for near surface mineralisation to the north-west where the mineralisation remains open; and
- Include 1-2 deep (150-200 metres) holes to test within the footwall wall at depth for the potential for it to host a down-faulted extension to the existing outcropping zone of mineralization and test within the hanging wall adjacent to the fault for the potential for it to host a porphyry source to the Paron mineralization.

Initial JORC compliant resource calculated

As a result of the successful completion of the recent diamond drilling programme at Latin Gold's Paron Gold Project in Peru the Company engaged consultants to calculate the gold resource within the drilled area.

As part of this study Latin Gold commissioned Mr. D. J. Holden of Shackelton Capital Pty Ltd, a "competent person" as defined under the "Australian Code for Reporting of Mineral Resources and ore Reserves" to review the historic resource calculated by Acuarios Minera y Exploradora and reviewed by Andrew Swarhout; as well as an independent review conducted by Mr Louis Oviedo of SAMSA, to ensure that it is in accordance with the Joint Ore Reserves Committee (JORC) guidelines for the reporting of resources and reserves 2004.

As a result the JORC Inferred resource gold resource of the Paron Project has been calculated at:

**3,040,000 tonnes @ 2.2g/t, equivalent to contained
220,000 ounces of gold.**

This resource estimate is supported by a total of 88 diamond drill holes and is contained within a broad mineralized zone of approximately 550 metres in strike length and a width up to 250 metres. A significant amount of the mineralisation occurs from surface.

In addition to the gold mineralization Paron also contains significant silver credits – a 1995 study estimated the average grade to be 8g/t. The silver assay results from the recently completed diamond drilling programme are expected within the following two weeks. Upon receipt of this data these assay results will be incorporated into the data package.

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1.2 Chile- Coyhaique Project

Latin Gold has 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. Whilst a number of gold targets remain to be tested preliminary results from this new study has recognised the potential for the project area to host possible base metal and uranium mineralisation. This is based on both the interpretation of the likely rock lithologies under shallow cover, as well a number of remote sensing surveys, in particular a suite of geophysical data including airborne EM and radiometrics.

Patagonia is rapidly becoming the “hot-spot” for uranium exploration for both geological reasons as well as the fact it is virtually unexplored in terms of uranium mineralisation and given the dramatic increase in the price of uranium in the past two years the Directors of Latin Gold believe that further studies of the project for uranium potential is warranted.

1.3 Michiquillay copper project-Peru

During the quarter, Latin Gold announced its intension 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 with Latin American experience (who for commercial sensitive reasons does not wish to be named) in bidding for the Michiquillay copper project in the Cajamarca department in Northern Peru.

The bid, which was announced in September by Pro-Inversion, has subsequently been delayed twice now and we are currently awaiting notification of the amended date of the auction and adjudication. As yet the final governing terms of the bid and qualification criteria have yet to be finalised.

The project, which is owned by the Peru government controlled Minero Peru, is a porphyry copper deposit that according to Pro-Inversion, 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. Much of this work has been carried out by the consortium leader Mr. Augusto Baertl, one of Peru’s leading mining figures. Mr. Baertl was formerly CEO of Minero Compania Milpo

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and Chairman of Minero Compania Antamina. Apart from his vast experience in managing large resource and mining companies and operations, Mr Baertl is considered one of the leading authorities on social relations between local communities and mining companies in Peru.

2. Corporate Report

2.1 Capital raising completed.

During the quarter (18 October 2006) Latin Gold announced it had completed a placement with a number of Australian based stockbroking firms to raise \$1,500,000 before costs and by issuing 25,000,000 shares at 6 cents per share.

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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 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

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