

**Announcement to the Australian Stock Exchange
("ASX")
16 October 2006**

**Latin Gold led consortium to bid for Michiquillay
copper project, Cajamarca department - Peru.**

- *Pro-Inversion, a ministry of the Peru Government has announced that the Michiquillay copper project which is located in the department of Cajamarca in Northern Peru will be privatised under a tender process with a completion date of 16 December 2006.*
- *Pro-Inversion have advised that the Michiquillay copper project is a porphyry copper deposit that 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. Over 40,000 metres of diamond drilling has been completed and a feasibility study exists for a 40,000 t/d operation.*
- *Latin Gold has been conducting project due diligence and negotiations with the Michiquillay community for over three year and as a result has formed a consortium to bid for this project.*
- *This consortium includes highly respected Peruvian Mining entrepreneur Augusto Baertl, who will be Chairman and lead the consortium as well as an ASX listed mid tier company resources with a market capitalisation of in excess of \$750 million with production experience as well as significant Latin American resource project experience.*

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Background

Latin Gold Limited (“Latin Gold”) today announced that it will lead a consortium consisting of Latin Gold, leading Peruvian mining entrepreneur Augusto Baertl and an ASX listed mid tier company with a market capitalisation of greater than A\$750 million with Latin American experience (who for commercially sensitive reasons cannot be named) in bidding for the Michiquillay copper project in the Cajamarca department in Northern Peru.

The tender process, will take place on December 16 2006. 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
- Independent sampling
- Financial modelling, 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 Compañía Minera Milpo and Chairman of Compañía Minera 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 “comunidades” and mining companies in Peru.

Terms of the tender process will be finalised on 15 November 2006 and qualification date will be 25 November 2006 with the completion date of the tender process being 16 December 2006.

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