LATIN GOLD LIMITED

ABN 43 059 457 279

Announcement to the Australian Stock Exchange 7 June 2007.

Completion of Pre-feasibility Study of PARON Gold project identifies robust economics and development potential.

- **Annual production 43,000 ozs of Gold, 92,000 ozs silver**
- **Heap leach operation with 6 year mine life**
- **IRR of 35%, NPV of US$22.6 million and annual EBITDA of $US13.2 million**
- **Cash costs $US223/oz and total costs of $US324/oz gold equivalent**
- **Total resources (JORC Measured, Indicated and Inferred) increased to 318,000 ozs gold and 1,393,000 ozs silver.**

Key Results

Overview

Latin Gold has been presented with the Pre-feasibility study for the development of the Paron gold project in Peru. Whilst originally intended as an external scoping study, the

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level of work completed and the confidence levels placed upon the data generated have resulted in the study being elevated to a pre-feasibility by the consultants.

The study, which has been generated by independent consultants to the company has been based on the exploration and drilling completed by Latin Gold and previous explorers over Paron and 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.

Resources

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

Based on a 0.8 g/t gold cut-off the diluted JORC resources at Paron were estimated to be:

Cut off grade	***Measured and Indicated***	***Inferred***	***Total***
0.8 g/t	5,576,500 @ 1.60 g/t gold, 7.0 silver	623,450 tonnes @1.6 g/t gold, 7.0 g/t silver	6,200,000 tonnes @ 1.6 g/t gold, 7.0 g/t silver
Metal content	286,341 oz gold 1,252,743 oz silver	32,013 oz gold 140,056 oz silver	318,354 oz gold 1,392,799 oz silver

Financial modeling

The financial modeling has been based on the following parameters:

- Heap leach operation
- Treatment rate of 3,000 tonnes per day (1.06 million tones per annum)
- Mine Life of 6 years
- Diluted head grade of 1.6 g/t gold and 7g/t silver

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- Gold recoveries of 80%, silver recoveries of 40%
- Annual Production rate of 43,000 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 $US625/oz the Paron project has an IRR of 35% and will return an estimated EBITDA of around $US13.2 million ($A15.9 Million) on an annual basis for 6 years.

Cash production costs are estimated at a gold equivalent $US223/oz ($A269/oz) and total production costs (including all capex) at a gold equivalent $US324/oz ($A390/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

Exploration upside

Unfortunately, Latin Gold were unable, as a result of equipment failure, to complete the exploration drill holes testing for a high grade Paron repetition at depth or a possible fault extension at depth during the drilling campaign of last year. The potential therefore remains for the Paron project resources to be expanded by exploration.

It is the intention of Latin Gold to review the pre feasibility study over the short term to determine the best development option for the project. It is expected that as part of this review a second drilling campaign to test the potential targets at depth will be undertaken.

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Summary

The pre feasibility study of Paron has confirmed the potential of the project to be a highly profitable gold and silver operation.

There is considerable upside from the study completed in that metallurgical recoveries could be higher and the estimated capex number is based on the purchase of all new equipment and a company operated mining fleet and processing plant, as well as US$6 million contingency for mine rehabilitation.

The low strip ratio (1:1) assists the robust economics and the fact that the resource outcrops on the side of a hill makes pit design and mining relatively easy.

Latin Gold intends to now fast track a review of the development options for Paron.

Capital raising

Latin Gold would also like to announce that it has completed under Section 708(8) of the Corporations Act a capital raising by agreeing to issue 10 million shares at a price of 4 cents per share to raise $376,000 after costs. These funds were raised to cover the cost of the fourth option payment for the Paron project.

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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.

The resource estimation was prepared by Thomas Guerrero Mendez, who is registered with the Lima stock exchange as a qualified person to sign geological reports under the JORC code.

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Paron Project Background

Ownership

Latin Gold has an option to purchase 100% of the Paron project, including a royalty, with total payments of $US1, 758,000 due by 13 December 2007. To date (including a payment due on 13 June 2007) $US583, 000 has been paid.

The group has the right to purchase a 5% net smelter royalty over the property for an additional $US200, 000, payable on the commencement of production.

Location and Access

The Paron project is located in north-central Peru in the department of Ancash, approximately 16km east of the town of Caraz.

It is located 40 km to the north and 120 km south respectively of Barrick Gold's ("Barrick") Pierina (210 MT @ at 1.1 g/t for 7.5 million ounces) and Alto Chicama/Lagunas Norte (255 MT @ 1.1 g/t for 9.1 million ounces) gold mines.

Access to the project is via 448kms of paved highway from Lima to Caraz. From Caraz to Paron the road is unsealed but suitable for 2 wheel drive vehicles.

Physiography and Climate

Paron lies on the western flank of the Cordillera Blanca with the highest section of the resource at around 3,700 metres. Caraz is situated at 2,500 metres and the mountains to the east of the project rise to 6,000 metres.

In the project area topography is steep with hillsides between 38-45 degrees in gradient. The local vegetation consists of brush and cactus, which is indicative of a semi-arid environment.

The rainy season, which extends from November through to April, is not severe enough to restrict exploration and potential mining activities.

Exploration History

Paron has over 100 small artisinal pits and short tunnels (adits) up to 15 metres in length distributed over the prospect area.

Local knowledge suggests that much of this artisanal work began with Portuguese miners in the 1600's and continued through to the late 1890's.

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No production records are available but production is assumed to be small and was concentrated on the exploitation of high grade pockets of gold mineralisation.

Between 1994 and 1996 Paron was explored by Arequipa Resources Limited who completed regional and prospect sampling, reopened some of the historic adits, developed 3 new adits and completed 7 diamond drill holes in 1994 and 55 diamond holes in 1995.

Some metallurgical test works was also completed, and show that the ore leaches in conventional circuits with recoveries of +88% in fresh rock.

In 2000 Compania Minera Barrick (Barrick) reviewed the project area. Both Arequipa and Barrick reported in their internal reports that the Paron project had a geological potential of 2.4 million ounces of gold in 67.5 million tonnes of mineralization (not JORC compliant).

In 2006 Latin Gold optioned the project and completed the initial exploration programme which comprised an additional 25 diamond drill holes.

Regional Geology

Paron is contained within a northwest trending belt of complexly folded and faulted, Late Mesozoic marine sediments intruded by Tertiary batholithic rocks of granodioritic composition. The oldest rocks in the region are Cretaceous quartzites, shales, and minor coal seams.

The Paron mineralisation is hosted by a batholith of monzo-granitic composition, and the emplacement of this batholith has been structurally controlled with intense mylonitic textures adjacent to the faulted contacts. The faulting at Paron is thought to have provided the conduit for the hydrothermal mineralising solutions. This is supported by additional gold bearing systems located northwest and southeast of Paron.

Prospect Geology and Mineralisation

The Paron gold resource lies on the side of a 38-42 degree dipping hillside which reflects a low angle normal fault. This fault zone has been intersected by drilling at the base of the scarp where it consists of a heavily gouged zone some 15 metres thick.

The mineralisation at Paron is low sulphidation epithermal with alteration characterised by multi-stage silicification and chalcedonic to cryptocrystalline quartz veining and sericitisation of the monzonite host. Silica crackle breccias and

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microbreccias which are also characteristic of epithermal gold systems occour throughout the project area. The alteration is tabular in shape and extends over an area 550 metres long with widths ranging between 80 and 350 metres. The thickness ranges from 2 metres to greater than 40 metres.

The quartz sericite alteration hosts the ore grade gold intersections.

The mineralised area contains up to 5% pyrite with lesser amounts of sphalerite and occasional chalcopyrite. The gold mineralisation however appears to post date the sulphide mineralisation as photomicrograph studies from previous exploration indicate the gold is contained as sub-micron particles along fractures within the pyrite. This is further supported by the historic and current metallurgical test work which indicates that the gold is readily leachable, regardless of the sulphide content.

Providing a significant control for mineralisation is northeast fracturing. These fractures appeared to have been followed by the artisanal miners in search for higher grade pockets where oblique structures meet.

Metallurgy

As part of the pre-feasibility study the following test work was carried out.

- Flotation – natural and bulk flotation and direct selective flotation
- Gravity pre-concentration
- Agitation and column leaching with sodium cyanide solutions

The results indicate leaching with sodium cyanide with will recoveries of, on average, greater than 90% over 30 days for gold and greater than 60% for silver.

For the purpose of the financial study a conservative recovery rate of 80% and 40% respectively have been used.

The test work also showed that the ore has a work index of 10.89 which is very acceptable.

It was noted that the diamond drill samples that were crushed to 100% -10 mesh had a very low content of fines. This characteristic further endorses percolation leaching as the preferred treatment method.

ENDS

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