

## Quarterly Activities Report for the period ending 31 March 2010.

### Summary

During the March quarter the Company continued to progress studies at the Paron Gold project located in Peru.

This work included the completion of an engineering, metallurgical and financial review of the project by external consultants and the commencement of a more detailed geological modelling of the ore body to elevate, in conjunction with a drilling programme, the resources to reserves.

Latin Gold continued to maintain a high level of dialogue with the local Paron community to ensure that all parties that could be affected by a mining development are kept fully engaged.

### The Paron Gold Project

The Paron Gold project (100%) is located in the Department of Ancash 470km from Lima, in Peru.

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

Cut off grade	Measured	Indicated	Inferred	Total
0.8 g/t	4,918,200 tonnes @ 1.57 g/t Au, 7.0g/t Ag	658,350 tonnes @ 1.81 g/t Au, 7.0 g/t Ag	623,450 tonnes @ 1.6 g/t Au, 7.0 g/t Ag	6,200,000 tonnes @ 1.6 g/t Au, 7.0 g/t Ag
Metal content	248,282 oz gold 1,106,990 oz silver	38,316 oz gold 148,182 oz silver	32,013 oz gold 140,056 oz silver	318,354 oz gold 1,392,799 oz silver

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#### **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 El Rosario 359-B, Miraflores, Lima 18, Peru  
 Telephone 51-1-446 5522; Facsimile 51-1-447 1225; Mobile 51-1-97888855;  
 Email:simon.titchener@iinet.net.au

A detailed financial model of Paron was undertaken as part of the pre-feasibility study. This study was based on the following operational parameters:

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

The study commissioned in the December quarter has reviewed the pre-feasibility study and updated the input numbers to reflect 2010 costs.

This review has confirmed the pre-feasibility study as being robust in its preparation and has determined an updated IRR of 67.1% based on a gold price of \$US900 per oz.

This IRR is based on a revised cash cost of \$271 per oz which reflects additional trucking costs associated with relocating the planned processing site away from the mine area.

Estimated EBITDA is around \$US18.3 million per annum and the Net Present Value is \$47.9 million.

Under this revised study the estimated capex is \$US26.9 million, which includes a \$3 million provision for mine closure costs. Construction and commissioning is projected to take 12 months.

The various studies completed to date have confirmed the potential of the Paron project to be a highly profitable gold and silver operation. The project has upside through the potential for increased metallurgical recoveries with additional studies indicating a 5-7% improvement to the average of 80% used in the pre-feasibility study.

The Category Two permit was awarded in late July 2009 and this is regarded as a major achievement for the Company. This permit effectively allows all required activities up to commencement of mining and has added significant value to the project.

Subject to drill and personnel availability, Latin Gold plans to undertake a new diamond drilling programme over the known mineralisation at Paron during the June or September quarters. This programme will be designed to elevate the confidence level of the existing resources to reserve status as well as test the Paron Deeps target.

2

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## Corporate

The Company had cash holdings of approximately \$1.3 million as at 31 March 2010.

Yours faithfully

Peter MacAleer  
Chairman

### For further information contact:

**Jim Malone**  
**Director**  
**Latin Gold Limited**  
**+61 8 9 277-9489 (Office Perth)**  
**+61 (0) 419 537 714 (Cell)**

**Simon Titchener**  
**Director**  
**Latin Gold Limited**  
**+51 1 446-5522 (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 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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