

LATIN AMERICAN MINERALS INC.

CONSOLIDATED FINANCIAL STATEMENTS
(An Exploration Stage Enterprise)
(Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

LATIN AMERICAN MINERALS INC.
(An Exploration Stage Enterprise)
CONSOLIDATED BALANCE SHEETS
(Expressed in Canadian Dollars)
AS AT MARCH 31, 2008 AND DECEMBER 31, 2007
(Unaudited)

Nature of Operations and Going Concern *(Note 1)*

	March 31 2008	December 31 2007
ASSETS		
Current		
Cash and cash equivalents	\$ 5,645,374	\$ 7,923,701
Accounts receivable	409,643	397,616
Prepaid expenses	<u>176,340</u>	<u>174,259</u>
	6,231,357	8,495,576
Other long-term asset <i>(Note 9h)</i>	139,831	139,831
Field & Office Equipment <i>(Note 7)</i>	654,446	493,216
Mineral Properties <i>(Note 6)</i>	<u>5,614,217</u>	<u>3,539,854</u>
	<u>\$ 12,639,851</u>	<u>\$ 12,668,477</u>
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities	\$ 601,140	\$ 424,865
Due to related parties <i>(Note 9d)</i>	<u>71,110</u>	<u>185,224</u>
	672,250	610,089
Non-Controlling Interest	<u>32,407</u>	<u>19,173</u>
	<u>704,657</u>	<u>629,802</u>
Shareholders' Equity		
Share capital <i>(Note 8)</i>	13,986,549	13,876,560
Contributed surplus <i>(Notes 8c and 8d)</i>	5,922,186	5,431,515
Deficit	<u>(7,973,541)</u>	<u>(7,269,400)</u>
	<u>11,935,194</u>	<u>12,038,675</u>
	<u>\$ 12,639,851</u>	<u>\$ 12,668,477</u>

Subsequent Events *(Note 11)*

On behalf of the Board:

"David Wahl" Director _____ *"Paul Fornazzari"* Director _____

The accompanying notes are an integral part of these consolidated financial statements.

LATIN AMERICAN MINERALS INC.*(An Exploration Stage Enterprise)***CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS, AND DEFICIT**

(Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2008 and 2007

(Unaudited)

	2008	2007
EXPENSES		
Amortization and depreciation	\$ 35,378	11,058
Business development	154,417	-
Capital tax	6,425	4,459
Consulting fees <i>(Notes 9a, 9f and 9g)</i>	84,602	97,915
Corporate administration fees <i>(Note 9b)</i>	-	15,000
Directors fees <i>(Note 9c)</i>	18,255	(4,444)
Office and general	72,360	26,906
Professional fees <i>(Notes 9d and 9e)</i>	212,802	294,755
Property investigation	-	20,043
Salaries and staff costs	117,915	24,513
Shareholder relations	4,092	2,460
Stock based compensation <i>(Note 8b)</i>	436,945	83,333
Telecommunications	4,465	1,777
Transfer and filing fees	5,682	6,697
Travel	6,327	48,822
	<u>1,159,665</u>	<u>633,294</u>
OTHER ITEMS		
Interest income	(56,432)	(15,136)
Foreign exchange (gain) loss	(400,324)	49,906
	<u>(456,756)</u>	<u>34,770</u>
Loss before non-controlling interest	702,909	668,064
Non-controlling interest	<u>1,232-</u>	<u>(4,210)</u>
Net loss and comprehensive loss	704,141	663,854
Deficit, beginning of the year	<u>7,269,400</u>	<u>1,565,136</u>
Deficit, end of the year	<u>\$ 7,973,541</u>	<u>\$ 2,228,990</u>
Loss per share (basic and diluted)	\$ 0.015	\$ 0.02
Weighted average number of shares outstanding	47,149,955	30,621,000

The accompanying notes are an integral part of these consolidated financial statements.

LATIN AMERICAN MINERALS INC.
(An Exploration Stage Enterprise)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE THREE MONTHS ENDED MARCH 31, 2008 and 2007
(Unaudited)

	2008	2007
OPERATIONS:		
Net loss for the period	\$ (704,141)	\$ (663,854)
Adjust for non-cash items:		
Amortization and depreciation	35,378	11,058
Stock based compensation	436,945	83,333
Foreign exchange loss (gain)	(400,323)	-
Non-controlling interest	<u>(1,232)</u>	<u>(4,210)</u>
	(633,373)	(573,673)
Change in non-cash working capital:		
Increase in accounts receivable	(12,027)	196,046
Increase in prepaid expenses	(2,082)	(60,703)
Increase (decrease) in accounts payable and accrued liabilities	176,275	39,956
Increase (decrease) in due to related parties	<u>(114,114)</u>	<u>(44,000)</u>
	<u>(585,321)</u>	<u>(442,374)</u>
FINANCING:		
Exercise of stock options and warrants	<u>8,850</u>	<u>68,750</u>
INVESTING:		
Acquisition of equipment	(196,608)	(13,893)
Acquisition of mineral properties	-	(97,424)
Deferred exploration and development costs	<u>(1,919,498)</u>	<u>(284,663)</u>
	<u>(2,116,106)</u>	<u>(395,980)</u>
Effect of exchange rate change on cash and cash equivalents	<u>414,250</u>	<u>-</u>
Decrease in cash and cash equivalents during the year	(2,278,327)	(769,604)
Cash and cash equivalents, beginning of the year	<u>7,923,701</u>	<u>2,940,146</u>
Cash and cash equivalents, end of the year	\$ 5,645,374	\$ 2,170,542
OTHER SUPPLEMENTARY INFORMATION		
Interest expense paid in cash	\$ -	\$ 3,292
Income taxes paid in cash	-	-

Refer to Note 10 for additional information on non-cash transactions.

The accompanying notes are an integral part of these consolidated financial statements.

LATIN AMERICAN MINERALS INC.
(An Exploration Stage Enterprise)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE THREE MONTHS ENDED MARCH 31, 2008 and 2007
(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Latin American Minerals Inc. (“Latin” or the “Company”) was incorporated under the Canada Business Corporations Act on December 9, 2003. Effective April 4, 2006, the Company graduated from a Capital Pool Company (“CPC”) listing to a Tier 2 Mining Issuer on the TSX Venture Exchange (the “TSX-V” or “Exchange”). Its principal business activities are the exploration and development of resource properties. The Company has a 95% owned subsidiary in Argentina known as Latin American Minerals Argentina S.A. and a 100% owned subsidiary in Paraguay known as Latin American Minerals Paraguay S.A., and a 100% owned subsidiary in Colombia known as Latin American Minerals Colombia S.A.

The Company is in the process of exploring and developing its resource properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for resource properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. Certain conditions, described below, currently exist which cast doubt upon the validity of this assumption.

During the quarter ended March 31, 2008, the Company incurred a loss of \$704,141 (2007 - \$663,854) and at March 31, 2008, the Company has working capital of \$5,559,109 (2007 - \$7,885,487) and an accumulated deficit of \$7,973,541 (2007 - \$2,228,990). The Company has incurred losses since inception. The Company’s continuing operations are dependent upon the continued support of related parties and the ability of the Company to raise equity financing. Should the Company not be able to continue to operate as a going concern, adjustments might be necessary to the carrying values of assets and liabilities and the reported results from operations.

The recoverability of amounts shown as mineral properties and deferred charges is dependent upon the discovery of economically recoverable reserves, the Company’s ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of properties. These and other uncertainties could adversely affect the future carrying value of mineral properties and deferred charges.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflected the following significant accounting policies:

a) Principles of Consolidation

These consolidated financial statements include the accounts of the Company’s subsidiaries, Latin American Minerals Argentina S.A., Latin American Minerals Paraguay S.A., and Latin American Minerals Colombia S.A.

These subsidiaries earn no revenue and can only be sustained by receiving funds from the Company. In accordance, the Company uses the temporal method of foreign currency translation (Note 2k) to account for its integrated subsidiaries. All material intercompany transactions and balances have been eliminated.

b) Cash and Cash Equivalents

Cash consists of deposits in banks and term deposits with an original maturity of less than three months.

LATIN AMERICAN MINERALS INC.
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Reclamation and Closure Costs

The Company recognizes liabilities for statutory, contractual or legal obligations associated with the retirement of property, plant and equipment when those obligations result from the acquisition, construction, development or normal operations of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement cost is added to the carrying amount of that asset and the cost is amortized as an expense over the economic life of the related asset. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the amount or timing of the underlying cash flows needed to settle the obligation. The present value of the reclamation liabilities may be subject to change based on management's current estimates, changes in remediation technology, or changes to the applicable laws and regulations by regulatory authorities, which affects the ultimate cost of remediation and reclamation.

As at March 31, 2008, the Company did not have any asset retirement obligations.

d) Mineral Properties

The Company is in the exploration stage and defers all expenditures related to its mineral properties until such time as the property is put into commercial production, sold or abandoned. Under this method, the amounts reported represents costs incurred to date less amounts amortized and/or written off, and do not necessarily represent present or future values.

If the property is put into commercial production, the expenditures will be depleted based upon the proven reserves available. If the property is sold or abandoned, then the expenditure will be charged to operations. The Company does not accrue the estimated future costs of maintaining in good standing its mineral properties.

In the event that reserves are determined, the carrying values of mineral property interests, on a property-by-property basis, will be reviewed by management at least annually to determine if they have become impaired. If impairment is deemed to exist, then the mineral property will be written down to its net recoverable value. The ultimate recoverability of the amounts capitalized is dependent upon the identification of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete their development and to realize profitable production and proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment will be based on current conditions. However, it is possible that changes could occur in the near term, which could adversely affect management's estimates and may result in future write-downs of the capitalized property carrying values.

e) Loss per Share

Loss per share is calculated using the weighted average number of shares outstanding during the year. Diluted loss per share is determined using the treasury method. All outstanding options and warrants are anti-dilutive, and therefore have no effect on determination of loss per share.

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(An Exploration Stage Enterprise)
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(Expressed in Canadian Dollars)
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial Instruments

The Company's financial instruments consist of cash or cash equivalents, receivables, prepaid expenses, payables, and amount due to related parties. All of the Company's cash and equivalents are designated as held to maturity investments. The Company's interest and other receivables and accounts payable and accrued liabilities are classified as loans and receivables.

The fair values of cash and cash equivalents, interest and other receivables and accounts payable and accrued liabilities approximate their carrying value due to their short term nature.

g) Use of Estimates and Measurement Uncertainty

Estimates by management represent an integral component of financial statements prepared in conformity with Canadian generally accepted accounting principles. The estimates made in these financial statements reflect management's judgement based on past experiences, present conditions, and expectation of future events. Where estimates were made, the reported amounts for assets, liabilities, revenues and expenses may differ from the amounts that would otherwise be reflected if the ultimate outcome of all uncertainties and future events were known at the time these financial statements were prepared. Significant estimates include the recoverability of mineral properties and deferred charges, the physical and economic lives of equipment, and the variables in calculating the fair value of stock based compensation.

h) Income Taxes

Income taxes are calculated using the liability method. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheets are used to calculate future income tax liabilities or assets. Future income tax liabilities or assets are calculated using substantively enacted tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. The effect of a change in a tax rate is recognized in income in the period that includes the date of enactment or substantive enactment. The recognition of future benefits is limited to the extent that the realization of such benefits is more likely than not.

i) Long-Lived Assets Impairment

Long-lived assets of the Company are reviewed when changes in circumstances suggest their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the future projected cash flows from related operations (undiscounted and without interest charges). If impairment is deemed to exist, the assets will be written down to their fair value.

j) Stock-Based Compensation

The Company has an incentive stock option plan. The Company has adopted the recommendation of CICA Handbook Section 3870 – "Stock Based Compensation and Other Stock Based Payments" to account for stock based transactions with employees, directors, and outside consultants. Accordingly, the fair value of stock options is charged to operations as appropriate, with an offsetting credit to contributed surplus. The fair value of stock options which vest immediately is recorded at the date of grant; the fair value of options that vest in future is recognized on a graded basis over the vesting period. Any consideration received on exercise of stock options together with the related portion of contributed surplus is credited to share capital. The fair value of stock options is assessed using the Black-Scholes Options Pricing Model.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Foreign Currency Translation

The Company uses the temporal method of foreign currency translation to account for its integrated subsidiaries. Balances denominated in foreign currencies are translated into Canadian dollar equivalents as follows:

- i. Monetary assets and liabilities at year-end rates
- ii. All other assets and liabilities at historical rates;
- iii. Revenue and expense transactions at the average rate of exchange prevailing during the year, except for amortization which is translated at historical rates.

Exchange gains or losses arising on these translations are charged to operations as incurred.

l) Field & Office Equipment

Field and office equipment are amortized on a straight line basis over the estimated useful life of the asset.

m) Comparative Figures

Certain comparative figures for the period ended March 31, 2008 have been reclassified to conform with the current year's presentation.

3. CHANGES IN ACCOUNTING POLICIES

On January 1, 2008 the Company adopted *CICA Handbook Sections 3862, Financial Instrument Disclosures; 3863, Financial Instruments-Presentation; 1535, Capital Disclosures and 1400, General Standards of Financial Statement Presentation*. The impact of these standards on the Company's interim consolidated financial statements for the three month period ended March 31, 2008 was additional required disclosures.

4. RECENT ACCOUNTING PRONOUNCEMENTS

.As of January 31, 2009, the Company will be required to adopt *CICA Handbook Section 3064, Goodwill and Intangible Assets which replaces CICA Handbook Sections 3062 Goodwill and Other Intangible Assets and Section 3450 Research and Development Costs*. The Company does not anticipate any material impact from adopting these policies on its consolidated financial statements.

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4. RECENT ACCOUNTING PRONOUNCEMENTS (continued)

Convergence with International Financial Reporting Standards (IFRS)

In 2006, Canada's Accounting Standards Board ratified a strategic plan that will result in Canadian GAAP, as used by public companies, being evolved and converged with International Financial Reporting Standards (IFRS) over a transitional period to be complete by 2011. The Company will be required to report using the converged standards effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Canadian GAAP will be converged with IFRS through a combination of two methods: as current joint-convergence projects of the United States' Financial Accounting Standards Board and the International Accounting Standards Board are agreed upon, they will be adopted by Canada's Accounting Standards Board and may be introduced in Canada before the complete changeover to IFRS. Also the United States' Financial Accounting Standards Board and the International Accounting Standards Board have completed a joint-project on business combinations and non-controlling interests. As the International Accounting Standards Board currently, and expectedly, has projects underway that should result in new pronouncements that continue to evolve IFRS, and as this Canadian convergence initiative is in an early stage as of the date of these consolidated financial statements, it is premature to currently assess the impact of the Canadian initiative on the Company.

5. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes cash and cash equivalents and shareholders' equity. As described in Note 1 significant amounts of capital will be required to fund the costs to complete the exploration of its mineral properties, and to define and develop the resources. The Company prepares short term project funding requirements which are reviewed by management periodically and taken in to account in determining the funding activities required to meet the Company's objectives.

6. MINERAL PROPERTIES

A summary of resource properties and deferred exploration costs is as follows:

	December 31, 2007	Acquisition Cost	Deferred Exploration	March 31, 2008
La Carolina (i)	\$ -	\$ -	\$ 594	\$ 594
Tendal La Rioja (iii)	1,145,716	-	677,214	1,822,930
Paso Yobai (iv)	2,371,379	99,310	1,068,769	3,539,458
La Esmeralda (v)	22,759	-	228,476	251,235
	\$ 3,539,854	\$ 99,310	\$ 1,975,053	\$ 5,614,217

(i) La Carolina

Pursuant to an agreement (the "La Carolina Agreement") dated November 9, 2005 with Geocom Resources Inc. ("Geocom"), TNR Gold Corp. ("TNR") and Compania Minera Solitario Argentina S.A. ("Solitario"), known collectively as the Optionors, the Company has the right to earn a 75% interest, subject to a 1% NSR, in the La Carolina Property located in the San Luis Province, Argentina.

LATIN AMERICAN MINERALS INC.
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(Unaudited)

6. MINERAL PROPERTIES (continued)

Effective April 4, 2006, the La Carolina Agreement received Exchange approval to serve as the Company's Qualifying Transaction for the purposes of the policies of the TSX-V. As a result, the Company's classification on the TSX-V has been changed from a Capital Pool Company to a Tier 2 Mining Issuer.

Under the La Carolina Agreement, the Company earned a 75% interest in the La Carolina Property by:

- (a) making exploration expenditures on the La Carolina property totalling US \$1.0 million (CAD \$991,300) (performed) by the fifth anniversary date of exchange approval for the Qualifying Transaction
- (b) making cash payments totalling US \$225,000 and issuing 225,000 common shares of the Company (the "Shares") as follows, each divided equally between Geocom and TNR:
 - i) US \$25,000 (paid) and 25,000 shares (issued) upon receipt of TSX-V approval;
 - ii) an additional US \$25,000 (paid) and 25,000 shares (issued) by the first anniversary of TSX-V approval;
 - iii) an additional US \$175,000 and 175,000 shares to complete the transaction which payments were made subsequent to the period end.

Any additional claims staked by the parties within 2 km of the La Carolina Property will automatically become part of the La Carolina Agreement.

After completing the exploration programme in 2007, the Company determined it was unwilling to expand its exploration to further delineate the resource found on the property. Although it was felt that the property could be further developed the Company wrote down the property to \$1 during the year.

Subsequent to the period end, the Company determined to proceed to earn its 75% interest and then option a portion of its interest in the property to a third party (*Note 11b*).

Pursuant to the terms of the La Carolina agreement, the Optionors and the Company are to form a joint venture which shall provide for the Company having a 75% participating interest and the Optionors having a 25% participating interest. The joint venture agreement will provide the Company with the option to purchase the 1% NSR at anytime for USD \$1.0 million.

(ii) Tendal La Rioja

On January 31, 2007, the Company acquired a 100% interest in the Tendal zinc-silver property in La Rioja Province of Argentina for \$52,000 and 200,000 common shares of the Company. The property comprises four concessions covering 24,296 hectares. Subsequently, the Company acquired 2 more concessions with an additional 36 hectares and have made payments totalling US \$90,000 with an additional payment of US \$30,000 due on April 2, 2008 which was paid.

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(Unaudited)

6. MINERAL PROPERTIES (continued)

(iii) Paso Yobai

On February 21, 2007, the Company entered into two option agreements for 70% interests in two mining concessions. The Paso Yobai Project includes the Minera Guira mining concession for which the 70% interest can be earned by payments of US \$2.1 million (CAD \$2.08 million) over 3 years plus 100,000 shares of the company and by expending US \$500,000 (CAD \$495,650) during the first year. As at March 31, 2008, 50,375 shares had been issued. The payment schedule is as follows:

- i) US \$10,000 upon signing of the agreement (paid);
- ii) US \$190,000 when the agreement took effect on April 16, 2007 (paid);
- iii) US \$50,000 on April 16, 2008 (paid);
- iv) US \$350,000 (CAD \$359,275) on April 16, 2009;
- v) US \$350,000 (CAD \$359,275) on October 16, 2009; and
- vi) US \$1,150,000 (CAD \$1,180,475) on April 16, 2010.

The Minas Paraguay concession requires cash payments of US \$2.05 million over 3 years plus company shares valued at US \$50,000 and mining exploration expenditures of US \$750,000 over 2 years. Following is the payment schedule:

- i) US \$5,000 upon signing of the agreement (paid);
- ii) US \$45,000 when the agreement took effect on April 16, 2007 (paid);
- iii) US \$100,000 on April 16, 2008 (paid);
- iv) US \$350,000 (CAD \$359,275) on April 16, 2009;
- v) US \$350,000 (CAD \$359,275) on October 16, 2009; and
- vi) US \$1,150,000 (CAD \$1,180,475) on April 16, 2010.

(iv) La Esmeralda

On October 29, 2007, the Company signed a heads of agreement to option a 100% interest in the 9,639 hectare Esmeralda gold project in the Pasto Department in Southern Colombia by expending US \$250,000 on exploration and making payments totaling US \$442,500 over 5 years. The agreement was finalized on February 18, 2008 and amended to payments of US \$457,500 as follows:

- i) US \$5,000 in 2007 (paid);
- ii) US \$10,000 on February 19, 2008 (paid);
- iii) US \$12,500 (CAD \$12,831) on August 19, 2008;
- iv) US \$15,000 (CAD \$15,398) on February 19, 2009;
- v) US \$15,000 (CAD \$15,398) on August 19, 2009;
- vi) US \$25,000 (CAD \$25,663) on February 19, 2010;
- vii) US \$25,000 (CAD \$25,663) on August 19, 2010;
- viii) US \$50,000 (CAD \$51,325) on February 19, 2011;
- ix) US \$50,000 (CAD \$51,325) on August 19, 2011; and
- x) US \$250,000 (CAD \$256,625) on February 19, 2012.

LATIN AMERICAN MINERALS INC.
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7. FIELD AND OFFICE EQUIPMENT

	Cost	Accumulated Amortization	March 31, 2008 Net Book Value	December 31, 2007 Net Book Value
Field and Office Equipment	\$ 775,362	120,916	\$ 654,446	\$ 493,216

8. SHARE CAPITAL

	Number of Shares	Amount
Authorized:		
Unlimited common shares without par value		
Issued and fully paid:		
Balance as at December 31, 2006	30,209,000	\$ 3,578,600
Acquisition of mineral property - La Carolina	25,000	17,500
Acquisition of mineral property-Tendal La Rioja	200,000	86,000
Acquisition of mineral property-Paso Yobai	50,375	45,338
Exercise of stock options	700,000	111,131
Exercise of warrants	3,887,000	1,706,211
Private placements	12,000,000	12,000,000
Warrants issued under private placements	-	(2,303,030)
Share issue costs	-	(1,365,190)
Balance as at December 31, 2007	47,071,375	\$13,876,560
Acquisition of mineral property -Paso Yobai	114,149	99,309
Exercise of warrants	15,000	10,680
Balance as at March 31, 2008	47,200,524	13,986,549

On May 31, 2007, the Company completed a brokered private placement and issued 12,000,000 units comprised of 12,000,000 common shares and 6,000,000 warrants to acquire one common share at a price of \$1.25 per share, for gross proceeds of \$12,000,000. The warrants are exercisable up to May 31, 2008. A value of \$2,303,030 (\$0.38 per warrant) has been attributed to the warrants based on the Black Scholes pricing model and has been credited to warrants within shareholders equity. As consideration for the underwritten private placement, the company paid a cash commission of \$912,190 and issued 720,000 warrants that are exercisable at a price of \$1.00 for 1 common share until May 31, 2008. A value of \$453,000 (\$0.69 per warrant) has been attributed to the warrants issued as commission using the Black Scholes pricing model and recorded as share issue costs.

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8. SHARE CAPITAL (continued)

(a) Escrow

At March 31, 2008, there are 4,554,000 shares of the Company subject to a TSX-V required escrow agreement (the "Escrow Agreement") that may not be transferred, assigned or otherwise dealt with until they are released from escrow. On each subsequent April and November 4, an additional 1,518,000 shares can be released from escrow.

(b) Incentive Stock Options

The following table summarizes information about stock options outstanding at March 31, 2008:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life
100,000	100,000	\$0.66	April 12, 2011	3.10
590,000	590,000	\$0.25	October 18, 2011	3.60
975,000	488,750	\$0.40	January 5, 2012	3.82
125,000	62,500	\$0.91	May 4, 2012	4.14
1,812,500	1,368,750	\$1.20	June 5, 2012	4.23
150,000	75,000	\$0.81	July 25, 2012	4.37
848,500	-	\$0.65	January 21, 2013	4.85
4,601,000	2,685,000			4.00

A summary of the changes in the Company's stock options during the period is set out below:

	Number of Shares	Weighted Average Exercise Price
Exercisable at December 31, 2007	3,817,500	\$ 0.81
Granted during the year	848,500	\$ 0.65
Cancelled during the year	(65,000)	\$ 1.19
Exercisable at March 31, 2008	4,601,000	\$ 0.77
Issued but not vested	(1,916,000)	\$ 0.86
Total vested	2,685,000	\$ 0.81

On January 5, 2007, the Company granted 1,100,000 incentive stock options to directors and 95,000 incentive stock options to employees at an exercise price of \$0.40 per share. On May 1, 2007, the Company granted 125,000 incentive stock options to an officer of the Company at an exercise price of \$0.91. On June 4, 2007, the Company granted 1,805,000 incentive stock options to directors and officers and 105,000 incentive stock options to employees at an exercise price of \$1.20. On July 25, 2007, the Company granted 150,000 incentive stock options at \$0.81 to a director of the Company. On January 21, 2008 the Company granted 738,500 incentive options to directors and officers of the Company and 110,000 incentive stock options to employees at an exercise price of \$0.65.

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8. SHARE CAPITAL (continued)

The fair value of these options amounts to \$2,815,000; the first set of options vest over 24 months in equal tranches commencing July 7, 2007; the second set of options commenced May 3, 2007 to be vested in 4 equal tranches over 18 months; the third set of options vest over 12 months in equal tranches commencing September 4, 2007 and the fourth set of options commenced July 25, 2007 to vest in 4 equal tranches over 24 months and the fifth set of options vest in 4 equal tranches commencing April 21, 2008. The options are being expensed over their respective vesting periods and credited to contributed surplus within shareholders' equity. For the period ended March 31, 2008, \$436,935 was expensed and \$55,566 was charged to the costs of mineral properties. The weighted average fair value of the options granted is \$0.50 per option.

The fair value of options granted during the period had been estimated using the Black-Scholes option-pricing model. Assumptions used are as follows: risk-free interest rate of 3.5% to 4%, dividend yield of 0%, volatility of 100% to 134%, and expected life of 3.25 years.

(c) Share Purchase Warrants

The following table summarizes information about share purchase warrants outstanding at March 31, 2008:

Number of Warrants	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life
490,000	\$0.59	April 6, 2008	0.02 years
1,340,200	\$0.25	May 21, 2008	0.14 years
720,000	\$1.00	May 31, 2008	0.17 years
6,000,000	\$1.25	May 31, 2008	0.17 years
177,800	\$0.25	June 2, 2008	0.18 years
8,728,000			0.16 years

A summary of the changes in share purchase warrants during the period is set out below:

	Warrants Outstanding	Weighted Average Exercise Price
Balance as at December 31, 2007	8,743,000	\$ 1.02
Exercised during the year	(15,000)	\$ 0.35
Balance as at March 31, 2008	8,728,000	\$ 1.02

The fair values of warrants issued during the period have been estimated using the Black Scholes option-pricing model. Assumptions used are as follows: risk-free interest rate of 4%, dividend yield of 0%, volatility of 134%, and expected life of 1 year.

The fair value of these warrants amounts to \$2,756,030 and has been credited to contributed surplus within shareholders' equity. The weighted average fair value of the warrants granted is \$0.41 per warrant.

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8. SHARE CAPITAL (continued)

(d) Contributed Surplus

A summary of the changes in contributed surplus is set out below:

Balance as at December 31, 2007	\$ 5,431,515
Contributions from the options expensed	436,935
Contributions from options capitalized to resource properties	55,566
Transfer of fair value of warrants exercised to share capital	(1,830)
<u>Balance as at March 31, 2008</u>	<u>\$ 5,922,186</u>

9. RELATED PARTY TRANSACTIONS

During the period, the Company incurred the following related party transactions:

- (a) \$40,000 (2007 - \$37,500) in consulting and contract related fees pursuant to a services contract paid to Southampton & Associates, a firm controlled by the CEO of the Company.
- (b) In 2007, \$15,000 in management fees was paid to former directors of the Company. Nil was paid in 2008.
- (c) \$28,000 (2007 - \$3,000) in director fees to directors of the Company.
- (c) \$180,611 (2007 - \$200,600) in legal fees to a law firm, Gowling Lafleur Henderson LLP, of which a partner is a director of the Company. At March 31, 2008, a total of \$71,110 (2007 - \$159,658) remained unpaid and was included in due to related parties.
- (d) In 2007 \$42,310 in accounting fees to an accounting firm, Hedden Chong, of which a partner was a director of the Company.
- (e) \$111,395 (2007 - \$35,534) to a director and Senior VP of the Company pursuant to a service contract. At March 31, 2007, \$35,534 was included in due to related parties.
- (f) \$37,500 (2007 - \$18,525) in contract fees pursuant to a service contract paid to the CFO of the Company. At March 31, 2007, \$18,525 was included in due to related parties.
- (g) The Company has advanced a director of the Company \$139,831 (2006 - nil) as funds required to acquire shares of a subsidiary required by the domestic government to be held by a national.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transaction for the period was the Company incurring \$99,310 (\$200,000 in 2007) in mineral property acquisition costs through the issuance of common shares.

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11. SUBSEQUENT EVENTS

- (a) Subsequent to the period end, all the required cash (US \$75,000) was paid and all the required shares (175,000 shares) were issued to complete the acquisition of the 75% interest in the La Carolina property.
- (b) Subsequent to the period end, the Company optioned part of its 75% interest in La Carolina property to CHC Venture Capital S. A.

Under the terms of the option, CHC has the right to acquire a 51% interest from the Company's 75% interest by making escalating cash payments totalling US \$1,090,000 over 4 years and expending US\$750,000 each year over 4 years on exploration of the property. No interest accrues to CHC until all obligations have been satisfied.

The schedule of payments is as follows:

- i) US \$30,000 on April 8, 2008 (paid);
- ii) US \$60,000 (CAD \$61,590) on April 8, 2009;
- iii) US \$200,000 (CAD 205,300) on April 8, 2010;
- iv) US \$300,000 (CAD \$307,950) on April 8, 2011;
- v) US \$500,000 (CAD \$513,250) on April 8, 2012.