

LATIN AMERICAN MINERALS INC.

FINANCIAL STATEMENTS

MARCH 31, 2004

AUDITORS' REPORT

To the Directors of
Latin American Minerals Inc.

We have audited the balance sheets of Latin American Minerals Inc. as at March 31, 2004 and December 31, 2003 and the statements of operations and deficit and cash flows for the three month period ended March 31, 2004 and the period from incorporation on December 9, 2003 to December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2004 and December 31, 2003 and the results of its operations and its cash flows for the three month period ended March 31, 2004 and the period from incorporation on December 9, 2003 to December 31, 2003 in accordance with Canadian generally accepted accounting principles.

“DAVIDSON & COMPANY”

Vancouver, Canada

Chartered Accountants

April 12, 2004
(except as to Note 8 which is
as of October 18, 2004)

A Member of *SC INTERNATIONAL*

LATIN AMERICAN MINERALS INC.
STATEMENTS OF OPERATIONS AND DEFICIT

	Three Month Period Ended March 31, 2004	Period from Incorporation on December 9, 2003 to December 31, 2003
EXPENSES		
Office and miscellaneous	\$ 1,145	\$ -
Professional fees	<u>4,500</u>	<u>-</u>
	(5,645)	-
OTHER		
Interest income	<u>69</u>	<u>-</u>
Loss for the period	(5,576)	-
Deficit, beginning of period	<u>-</u>	<u>-</u>
Deficit, end of period	\$ (5,576)	\$ -
Basic and diluted loss per common share	\$ (0.01)	\$ -
Weighted average number of common shares outstanding	9,653,846	N/A

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

LATIN AMERICAN MINERALS INC.
STATEMENTS OF CASH FLOWS

	Three Month Period Ended March 31, 2004	Period from Incorporation on December 9, 2003 to December 31, 2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (5,576)	\$ -
Change in non-cash working capital item:		
Increase in accounts payable and accrued liabilities	<u>1,000</u>	<u>-</u>
Net cash used in operating activities	<u>(4,576)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Subscriptions received in advance	500,000	-
Due to related parties	7,962	-
Deferred financing costs	<u>(28,623)</u>	<u>-</u>
Net cash provided by financing activities	<u>479,339</u>	<u>-</u>
Increase in cash during the period	474,763	-
Cash, beginning of period	<u>-</u>	<u>-</u>
Cash, end of period	\$ 474,763	\$ -

There were no significant non-cash transactions for the three month period ended March 31, 2004 and for the period from incorporation on December 9, 2003 to December 31, 2003.

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

1. INCORPORATION

The Company was incorporated under the Canada Business Corporations Act on December 9, 2003. The Company is classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Listings Policy 2.4.

2. CONTINUANCE OF OPERATIONS

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an investment in properties, assets or businesses. Such an acquisition will be subject to shareholder and regulatory approval.

3. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

Deferred financing costs

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued.

Financial instruments

The Company's financial instruments consist of cash, accounts payable and accrued liabilities and due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Stock-based compensation

Effective December 9, 2003, the Company adopted the CICA Handbook Section 3870 "Stock-Based Compensation and Other Stock-Based Payments", which recommends that stock options granted to employees and non-employees be accounted for at fair value for measuring compensation costs. For the periods presented, no compensation costs have been recorded as the stock options granted are subject to regulatory approval.

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Income taxes

Future income taxes are recorded using the asset and liability method whereby future income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it to be more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per common share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. Diluted loss per common share has not been presented separately as this calculation proved to be anti-dilutive.

Basic and diluted loss per common share are calculated using the weighted average number of shares outstanding during the period.

4. DUE TO RELATED PARTIES

Amounts due to related parties at March 31, 2004 are unsecured, non-interest bearing with no stated terms of repayment.

5. CAPITAL STOCK

	Number of Shares	Amount
Authorized		
Unlimited number of common shares without par value		
Common shares allotted		
As at December 9, 2003 and December 31, 2003	-	\$ -
Subscriptions received in advance	<u>10,000,000</u>	<u>500,000</u>
As at March 31, 2004	<u>10,000,000</u>	<u>\$ 500,000</u>

5. CAPITAL STOCK (cont'd...)

The Company received \$500,000 towards the issuance of 10,000,000 common shares. The common shares will be subject to an escrow agreement and may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities.

Stock Option Plan

The Board of Directors of the Issuer may from time to time, at its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Issuer, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares exercisable for a period of up to 5 years from the date of grant. The number of Common Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding Common Shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Issuer, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

The Company has granted stock options to directors, officers, employees and consultants of the Company, enabling them to acquire up to 1,200,000 common shares of the Company at a price of \$0.10 per share, exercisable for a period of five years commencing the date the Company's common shares commence trading on the TSX-V, subject to regulatory approval.

6. INCOME TAXES

	March 31, 2004	December 31, 2003
Loss before income taxes (recovery)	\$ (5,576)	\$ -
Current income taxes (recovery)	\$ (1,985)	\$ -
Unrecognized benefits of non-capital losses	<u>1,985</u>	<u>-</u>
Total income taxes (recovery)	<u>\$ -</u>	<u>\$ -</u>

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6. INCOME TAXES (cont'd...)

Details of the Company's future income tax assets are as follows:

	March 31, 2004	December 31, 2003
Future income tax assets:		
Non-capital loss carryforwards	\$ 1,985	\$ -
Valuation allowance	(1,985)	-
Net future income tax assets	\$ -	\$ -

7. SEGMENTED INFORMATION

The Company operates in one segment being to identify and evaluate assets or businesses for acquisition in Canada.

8. SUBSEQUENT EVENT

Subsequent to March 31, 2004, and pursuant to a prospectus filed with the British Columbia, Alberta and Ontario Securities Commissions, the Company is offering up to 2,500,000 common shares at \$0.10 per share for gross proceeds of \$250,000 as an initial public offering. The Agent will receive a commission of \$25,000 being 10% of the gross proceeds and a sponsorship fee of \$20,000. The Company will grant the Agent non-transferable warrants entitling the Agent to purchase up to 250,000 common shares at \$0.10 per share, exercisable for a period of 18 months from the date the Company's common shares commence trading on the TSX-V. The transaction is subject to regulatory approval.