

LATIN AMERICAN MINERALS INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the nine months ended September 30, 2004

Description of Business

Latin American Minerals (“the Company”) proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a Non Arm’s Length Qualifying Transaction is also subject to Majority of the Minority Approval in accordance with the CPC Policy. The Company has not conducted commercial operations other than to enter into discussions for the purpose of identifying potential acquisitions or interests. The Company currently intends to pursue a Qualifying Transaction in the sector of mining exploration but there is no assurance that this will, in fact, be the business sector of a proposed Qualifying Transaction or of the Company following Completion of the Qualifying Transaction.

Until Completion of a Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. With the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition. Although the Company has commenced the process of identifying potential acquisitions with a view to completing the Qualifying Transaction, the Company has not yet entered into an Agreement in Principle.

Results of Operations

The Company recorded a loss during the quarter ended September 30, 2004 of \$17,000 and a year to date loss of \$59,000. As the Company only started up on December 9, 2003 there are no comparisons to prior periods. In both the quarter and year to date the largest expense items were legal fees and corporate governance costs incurred in connection with the filing of the prospectus and becoming listed on the TSX Venture exchange.

Summary of Quarterly Results

| | September 30 2004 | June 30 2004 | March 31 2004 | December 31 2003 |
|----------------------------------|----------------------|-----------------|------------------|---------------------|
| Financial results | | | | |
| Net loss for period | 17,303 | 36,161 | 5,576 | - |
| Basic and diluted loss per share | - | - | - | - |
| Balance sheet data | | | | |
| Cash | 405,671 | 419,940 | 474,763 | - |
| Total assets | 444,994 | 459,263 | 503,386 | - |
| Shareholders' equity | 440,960 | 458,263 | 494,424 | - |

Financial Condition, Liquidity and Capital Resources

The cash on hand at September 30, 2004 was \$406,000 which is a decrease of \$14,000 during the quarter. These funds were primarily used for expenses and costs relating to the Offering (including listing fees, Agent’s commission, legal fees, audit fees and expenses. Estimated general and administrative expenses until completion of a Qualifying Transaction are \$83,000.

Transactions with Related Parties

There were no transactions during the quarter with related parties and no funds are due or payable to related parties.

Additional Disclosure for Venture Issuers Without Significant Revenue

There are no capitalized exploration and development costs recorded in the financial statements.

General and administration expenses are presented in detail in the Statements of Loss and Deficit.

There were no material costs incurred during the period.

Disclosure of Outstanding Share Data

The following table details the share capital structure as at November 26, 2004, the date of this MD&A. These figures may be subject to minor accounting adjustments prior to presentation in future financial statements.

| | Expiry date | Exercise price | Number |
|---|---------------|----------------|--------------------------|
| Common shares as at September 30, 2004 | | | 10,000,000 |
| Common shares issued after September 30, 2004 | | | <u>2,750,000</u> |
| Common shares as at November 26, 2004 | | | 12,750,000 |
| Share purchase options | April 9, 2009 | \$ 0.10 | <u>1,200,000</u> |
| | | | <u><u>13,950,000</u></u> |

SUBSEQUENT EVENTS

- 1) Subsequent to September 30, 2004, pursuant to a prospectus filed with the British Columbia and Alberta Securities Commissions, the Company issued 2,500,000 common shares at \$0.10 per share for gross proceeds of \$250,000 as an initial public offering. The Agent received a commission of \$25,000 being 10% of the gross proceeds and a sponsorship fee of \$20,000. The Company granted 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 commenced trading on the TSX-V. The Company's common shares were posted for trading on the TSX-V on November 22, 2004.
- 2) Subsequent to September 30, 2004, the Company announced that it plans to raise up to \$300,000 by way of private placement financing. The Company will be completing a non-brokered private placement of up to two million (2,000,000) shares
- 3) of the Company at a price of \$0.15 per share. The private placement is subject to prior TSX Venture Exchange (the "Exchange") approval.
- 4) Subsequent to September 30, 2004, the Agent exercised its warrants and 250,000 common shares of the Company were issued.

Outlook

The Company intends to seek out and identify potential business opportunities involving the acquisition and exploration of mineral properties in Latin America that meet the requirements of a Qualifying Transaction. The acquisition of, or participation in, assets or business opportunities may arise in numerous ways and, notwithstanding management's current intentions, there are no geographical restrictions on such acquisitions or participation.

LATIN AMERICAN MINERALS INC.

INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED

SEPTEMBER 30, 2004

Management has compiled the unaudited interim financial statements of Latin American Minerals Inc. for the nine months ended September 30, 2004 (along with the comparative interim period in 2003). These statements have not been reviewed by the Company's external auditors.

LATIN AMERICAN MINERALS INC. a development stage company
BALANCE SHEETS
As at September 20, 2004
(Unaudited)

| | September 30, 2004 | December 31, 2003 |
|--|-----------------------|----------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 405,671 | \$ - |
| Deferred financing costs (Note 5) | <u>39,323</u> | <u>-</u> |
| | <u>\$ 444,994</u> | <u>\$ -</u> |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | |
|--|-------------------|-------------|
| Current | | |
| Accounts payable and accrued liabilities | \$ <u>4,034</u> | \$ <u>-</u> |
| Shareholders' equity | | |
| Capital stock (Note 6) | 500,000 | - |
| Deficit | <u>(59,040)</u> | <u>-</u> |
| | <u>440,960</u> | <u>-</u> |
| | <u>\$ 444,994</u> | <u>\$ -</u> |

Continuance of operations (Note 3)

Subsequent event (Note 7)

On behalf of the Board:

| | | | |
|------------------------|----------|-------------------------|----------|
| _____ John Prochnau | Director | _____ Robert Giustra | Director |
|------------------------|----------|-------------------------|----------|

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

LATIN AMERICAN MINERALS INC. a development stage company
STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited)

| | Three Month Period Ended September 30, 2004 | Nine Month Period Ended September 30, 2004 | Period from Incorporation on December 9, 2003 to December 31, 2003 |
|---|--|---|--|
| EXPENSES | | | |
| Audit | \$ - | \$ 4,500 | \$ - |
| Consulting | 2,613 | 2,613 | - |
| Legal | 12,630 | 41,640 | - |
| Office and miscellaneous | 2,345 | 6,471 | - |
| Transfer agent and filing fees | 43 | 3,788 | - |
| Travel | - | 752 | - |
| | <u>(17,631)</u> | <u>(59,764)</u> | <u>-</u> |
| OTHER | | | |
| Interest income | <u>328</u> | <u>724</u> | <u>-</u> |
| Loss for the period | (17,303) | (59,040) | - |
| Deficit, beginning of period | | | |
| Deficit, end of period | (41,737) | - | - |
| | \$ (59,040) | \$ (59,040) | \$ - |
| Loss per share | \$ - | \$ (0.01) | \$ - |
| Weighted average number of common shares used in the calculation of loss per share | 10,000,000 | 10,000,000 | - |

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

LATIN AMERICAN MINERALS INC. a development stage company
STATEMENTS OF CASH FLOWS
(Unaudited)

| | Three Month Period Ended September 30, 2004 | Nine Month Period Ended September 30, 2004 | Period from Incorporation on December 9, 2003 to December 31, 2003 |
|--|--|---|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Loss for the period | \$ (17,303) | \$ (59,040) | \$ - |
| Changes in non-cash working capital item: | | | |
| Increase in accounts payable and accrued liabilities | 3,034 | 4,034 | - |
| Net cash used in operating activities | <u>(14,269)</u> | <u>(55,006)</u> | <u>-</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Subscriptions received in advance | - | 500,000 | - |
| Deferred financing costs | <u>-</u> | <u>(39,323)</u> | <u>-</u> |
| Net cash provided by (used in) financing activities | - | 460,677 | - |
| Increase (decrease) in cash | (14,269) | 405,671 | - |
| Cash position, beginning of period | <u>419,940</u> | <u>-</u> | <u>-</u> |
| Cash position, end of period | <u>\$ 405,671</u> | <u>\$ 405,671</u> | <u>\$ -</u> |

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

1. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

It is recommended that these interim financial statements be read in conjunction with the year end audited financial statements as at December 31, 2003. The accounting policies applied to the preparation of the interim financial statements are consistent with those applied to the previous year end.

2. 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.

3. 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 an interest in properties, assets or businesses. Such an acquisition will be subject to shareholder and regulatory approval.

4. 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.

Financial instruments

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. 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.

Loss per share

Loss per share is calculated using the weighted average number of shares outstanding during the period.

5. 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.

6. CAPITAL STOCK

| | Number of Shares | Amount |
|--|---------------------|-------------------|
| Authorized | | |
| Unlimited number common shares without par value | | |
| Issued | | |
| As at December 9, 2003 and December, 31, 2003 | - | - |
| Subscriptions received in advance | <u>10,000,000</u> | <u>\$ 500,000</u> |
| As at September 30, 2004 | <u>10,000,000</u> | <u>\$ 500,000</u> |

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.

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.

7. SUBSEQUENT EVENTS

- 5) Subsequent to September 30, 2004, pursuant to a prospectus filed with the British Columbia and Alberta Securities Commissions, the Company issued 2,500,000 common shares at \$0.10 per share for gross proceeds of \$250,000 as an initial public offering. The Agent received a commission of \$25,000 being 10% of the gross proceeds and a sponsorship fee of \$20,000. The Company granted 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 commenced trading on the TSX-V. The Company's common shares were posted for trading on the TSX-V on November 22, 2004.
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