



LATIN AMERICAN
MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended
December 31, 2007

INTRODUCTION

The following discussion of performance and financial condition should be read in conjunction with the Audited Financial Statements of the Company for the year ended December 31, 2007. The Company's Financial Statements are prepared in accordance with Canadian GAAP. The Company's reporting currency is Canadian dollars unless otherwise stated. The date of this Management's Discussion and Analysis is April 14, 2008.

DESCRIPTION OF BUSINESS

Latin American Minerals Inc. (the "Company" or "Latin") was incorporated under the Canada Business Corporations Act on December 9, 2003. The Company was listed on the TSX Venture Exchange (the "Exchange" or "TSX-V") on November 22, 2004 as a Capital Pool Company. In November 2005, the Company entered into an agreement to acquire a 75% interest in the La Carolina Property in Argentina. This was an arm's length transaction that received Exchange approval as the Company's Qualifying Transaction on April 4, 2006. Accordingly, the Company became listed on the TSX-V as a Tier 2 mining issuer under the trading symbol - LAT.

The Company is an exploration company focussed on the discovery, acquisition and development of base and precious metals projects in under-explored but highly prospective countries of South America.

In May 2007, the Company successfully raised \$12 million by way of a private placement, which was a bought deal co-lead by Maison Placements, Canaccord Capital Corporation and Pacific International Securities Inc.

MINERAL PROPERTIES

Description

General:

The Company is a mineral exploration company focussed on the discovery, acquisition and development of base and precious metals projects in Latin America. Currently, the Company has three active exploration projects; notably, Paso Yobai gold property in Paraguay, Tendal massive sulphide property in Argentina and Esmeralda gold property in Colombia. The details of the exploration completed on the projects for the year ending December 31, 2007 have been detailed in several press releases during the year. All of the properties are at various stages of exploration.

Paso Yobai Gold Property covers approximately 15,300ha in Paraguay and is the most advanced project having completed airborne electromagnetic and magnetometer surveys, a soil geochemical survey and 5,000m of diamond drilling. This work confirmed the discovery of a new gold camp. Highlights of the exploration results include the discovery of a regional gold bearing structure 6km long outlined by a linear magnetic feature and a strong core gold soil geochemical anomaly measuring 200m wide and 5,000m long. The gold values defining the core soil anomaly range from 76 to 1,100ppb Au. Highlights of the diamond drill results include 6.5m averaging 26.64gpt Au,

which includes two bonanza intersections of 138.39gpt Au and 105.51gpt Au over 0.5m each. Coarse gold is visible in artisan workings and drill core.

Tendal Massive Sulphide (Zn-Cu-Pb-Ag) Property is located in the Province of La Rioja, Argentina and covers approximately 36,400ha. It is our flagship property in Argentina. The project encompasses an historic mining district known for its production of lead and silver. Contained within the limits of the property are a number of small historic minas (mines), covering less than 1% of the project area. Four of the mines, covering 36ha are wholly owned by the Company and five (114ha) are held by Teck Cominco Limited. Geological mapping, rock chip geochemical sampling and diamond saw channel sampling have identified a mineralized horizon on the property up to 80m wide and 2km long. The mineralization is stratabound and consists of a number of stacked massive sulphide lenses along this mineralized zone. Significant channel sample results across individual lenses included 27m averaging 3.7%Zn, 0.11% Cu, 2.95%Pb and 13.69gpt Ag. This interval included a higher grade intersection reporting 7.5m averaging 5.69%Zn, 0.34%Cu, 1.75%Pb and 34.4gptAg. A second lens returned 12m averaging 6.43%Zn 1.04% Cu, 1.16% Pb and 111.76gpt Ag. A 5,000m diamond drilling program commenced in late March 2008 to follow-up on the encouraging channel sample results.

Esmeralda Gold Property is a green-fields project located in Colombia and covers 30,000ha. Colombia has long history of gold production dating back centuries. The gold at Esmeralda is associated with quartz and sulphide veins/veinlets and with disseminated pyrite in conglomerates, sandstones and siltstones. Reconnaissance rock chip sampling return gold assays ranging from 1gpt Au to 289gpt Au. The stream sediment gold anomaly on the property covers 15km². Further geochemical sampling is currently underway, which will be followed by a ground magnetometer survey and, contingent on results, a diamond drill program.

La Carolina Gold Property is located in the Province of San Luis, Argentina. During 2007, the Company completed a major exploration program consisting of rock chip sampling, ground geophysics and a 5,000m diamond drill program. Significant diamond drill results included 333m averaging 0.24gpt Au and 50.3m averaging 0.54gpt Au. In Q-2, 2008 the Company earned its 75% interest in the Property and looks forward to working with its joint venture partners TNR and Geocom to further define the resource potential of the property. In addition, the Company optioned a 51% interest in the property to an Argentinean private equity fund involved in resource exploration.

Cerro Amarillo Copper-Gold Property is located in the Province of Mendoza, Argentina. In Q-3, 2007 the Company dropped its option on the Property.

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Exploration Expenditures by Quarter

LA CAROLINA					
EXPENDITURES BY QUARTER					
Quarter Ended					
	TOTAL	December 31	September 30	June 30	March 31
Land man and acquisition	\$ 98,611	\$ 2,100	\$ 50,500	\$ 17,000	\$ 29,011
Personnel	230,000	-	60,200	59,800	110,000
Drilling roads, trench	491,053	7,000	484,000	-	53
Other	573,378	100,758	202,780	201,629	68,211
	\$1,393,042	\$109,858	\$797,480	\$278,429	\$207,275

Activity on this property was suspended after a review of the results of drilling determined that our resources were best applied to the other projects underway. The budget for 2007 of \$1,688,000 was under spent by \$275,000.

CERRO AMARILLO					
EXPENDITURES BY QUARTER					
Quarter Ended					
	TOTAL	December 31	September 30	June 30	March 31
Land man and acquisition	\$ 42,504	\$ -	\$ -	\$33,000	\$ 9,504
Personnel	40,000	-	-	11,000	29,000
Drilling roads, trench	-	-	-	-	-
Other	54,487	7,077	24,773	22,637	-
	\$136,991	\$7,077	\$24,773	\$66,637	\$38,504

No project budget was developed for this property.

TENDAL					
EXPENDITURES BY QUARTER					
Quarter Ended					
	TOTAL	December 31	September 30	June 30	March 31
Land man and acquisition	\$ 221,235	\$ 16,822	\$ 50,000	\$ -	\$154,413
Personnel	189,156	79,356	36,400	32,400	41,000
Drilling roads, trench	299,989	104,089	116,000	79,900	-
Other	435,336	308,214	63,661	36,566	26,895
	\$1,145,716	\$508,481	\$266,061	\$148,866	\$222,308

The budget of \$1,690,000 for 2007 anticipated drilling in 2007; however, permits were not obtained and drilling did not commence until the first quarter of 2008. A new budget for 2008 will be developed in the first quarter of that year.

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PASO YOBAI					
EXPENDITURES BY QUARTER					
Quarter Ended					
	TOTAL	December 31	September 30	June 30	March 31
Land man and acquisition	\$ 339,689	\$ 689	\$ 10,000	\$329,000	-
Personnel	304,267	140,267	87,000	77,000	-
Drilling roads, trench	455,416	455,416	-	-	-
Other	1,272,006	506,250	477,697	288,059	-
	\$2,371,378	\$1,102,622	\$574,697	\$694,059	-

This project had a 2007 budget of \$2,140,000 which was overspent primarily due to delays in the arrival of the drilling equipment. Drilling commenced in the fourth quarter and results were anticipated to be reviewed in early 2008 with a new programme and budget to be reviewed and established at that time.

ESMERALDA					
EXPENDITURES BY QUARTER					
Quarter Ended					
	TOTAL	December 31	September 30	June 30	March 31
Land man and acquisition	\$13,500	\$13,500	-	-	-
Personnel	9,259	9,259	-	-	-
Drilling roads, trench	-	-	-	-	-
Other	-	-	-	-	-
	\$22,579	\$22,759	-	-	-

This project was acquired in the fourth quarter of 2007 and developed in the first quarter of 2008.

RESULTS OF OPERATIONS – CURRENT PERIOD

The Company recorded a fourth quarter loss of \$944,337 in the fourth quarter compared to a loss of \$3,025,002 in the third quarter. The losses in each of the quarters of 2007 vary significantly as a result of varied amounts of large periodic expenses such as property write-downs, stock-based compensation costs, and interest and foreign exchange. The following table is provided to indicate the netted down expense that represents the operationally related costs that are comparable.

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OPERATIONAL EXPENSE ANALYSIS				
EXPENDITURES BY QUARTER \$1,000'S				
	Quarter Ended			
	December 31	September 30	June 30	March 31
Reported loss	948	3,025	1,072	664
Stock compensation	175	785	509	83
Write downs of property	208	1,794	-	-
Interest & foreign exchange loss (gain)	(217)	51	(8)	26
Operating loss	782	395	571	556

The first two quarters were periods the company was operating multiple offices in Argentina and Canada. As a consequence, expenses were relatively higher until the third quarter by which time the offices were consolidated. Expenses were higher in the fourth quarter relative to the third quarter related to increased compensation of officers of the company related to performance (\$165,000), increased tax costs (\$77,000) and the costs associated with trade shows (\$51,000).

As well, \$40,000 was expensed related to unrecoverable taxes of prior periods.

OTHER EXPENDITURE ACTIVITY

Other expenditures during the period were made with respect to three of the properties in the portfolio. La Carolina had been running at an expenditure rate of \$200,000 for the first quarter \$300,000 for the second quarter and the drilling stage in the third quarter increased the expenditure rate by more than \$500,000 to just under \$800,000. In the fourth quarter it was determined to cease internal development and expenditures declined to \$110,000 leaving \$275,000 of the project budget for 2007 unspent.

The other two properties scheduled for development this year (Tendal and Paso Yobai) entered a period of increased expenditure on development in the last two quarters of the year. These properties were both scheduled for drilling in the fourth quarter although some delays were experienced in obtaining permits for Tendal and only Paso Yobai actually entered the drilling stage. Tendal commenced the drilling stage in the first quarter of 2008.

Tendal increased expenditures on drilling preparation and technical work to a level of \$508,000 in the fourth quarter, almost double the level of the third quarter, in preparation for drilling. As a result of the delays, the project was still more than \$500,000 underspent compared to its 2007 development plan. A new plan will be developed in 2008.

Paso Yobai entered the drilling stage and just over \$500,000 was spent in the fourth quarter. Due to delays on the project, the total development expense for the year of \$2,140,000 was exceeded by about \$240,000. A new development plan will be completed in 2008 for this property.

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With cash on hand of approximately \$8,000,000 resources are available to develop new plans for Tendal and Paso Yobai, and to continue the evaluation in the early part of 2008 on the Esmeralda project. At that time it will established how to allocate the resources and determine any future funding needs.

SELECTED QUARTERLY FINANCIAL DATA (\$)

	Dec. 31 2007	Sept. 30 2007	Jun.30 2007	Mar. 31 2007	Dec. 31 2006	Sep.30 2006	Jun. 30 2006	Mar.31 2006
Financial results								
Net loss for the period	944,337	3,025,002	1,071,071	663,854	641,321	85,382	337,066	113,617
Basic and diluted loss per share	0.03	0.07	0.02	0.03	0.03	0.01	0.02	0.01
Balance Sheet data:								
Cash	7,923,701	8,900,182	11,838,594	2,170,542	2,940,146	41,098	174,553	372,410
Mineral Properties	3,539,854	1,905,991	2,038,088	849,507	381,420	409,791	379,168	101,530
Total Assets	12,668,477	11,823,058	14,350,891	3,310,663	3,744,688	495,862	615,644	505,997
Shareholders' Equity	12,038,675	11,370,918	13,576,373	2,744,446	3,170,216	419,626	505,005	471,424

YEAR OVER YEAR COMPARISON

FINANCIAL DATA			
BY YEAR \$1,000's			
YEAR ENDED			
	2007	2006	2005
Cash	7,923	2,940	486
Mineral properties	3,539	381	-
Equity	12,039	3,170	426
Reported loss	5,704	1,177	278
Stock compensation	1,553	289	-
Write downs of property	2,003	115	-
Interest and foreign exchange loss (gain)	85	7	3
Operating loss	2,063	766	275

The preceding chart provides a dramatic picture of the changes in company's rate of activities and the related impacts on resources and costs. The year ended December 31, 2007 reflects the costs associated with operating offices in 7 locations during the year and the associated building up of the infrastructure required to actively explore 3 different projects. The previous year the company was engaged in bringing on the resources, human and cash, in preparation for a dramatic increase in the scale of activity. The first year presented had very little in the way of resources as the Company was

in the nascent stage of examining projects to acquire. Each of the key measurements indicated have grown dramatically over the 3 years building to the stage of exploration that the Company is now engaged in having raised the funds in 2006 to acquire projects of interest and as reflected in the growth of cash and equity, raised substantially more funds to commence the stage begun late in fiscal 2007; the full scale exploration of Carolina, Paso Yobai, and Tendal. The increasing operating losses described reflect the growth in infrastructure as the complexity of the operations have increased. The write-down of the Carolina property resulted from the first evaluation of results of the initial project. It should be noted that after the assessment concluded that Company resources would better be applied to the other two projects and the write-down was taken on the property a further assessment in 2008 determined that it was worthwhile to seek a partner to further develop this property with resources being primarily provided by that party. The Company is engaged in seeking such a partner.

CAPITAL RESOURCES

On April 4, 2006, the Company completed a non-brokered private placement of 625,000 units at \$0.48 per unit for gross proceeds of \$300,000. Each unit consists of one common share and one common share purchase warrant which will entitle the holder to purchase one additional common share at a price of \$0.59 for a period of two years from the date of closing of the placement. A finder's fee of \$30,000 was paid in connection with this financing.

On December 6, 2006 the Company completed a brokered private placement for gross proceeds of \$3,795,000 by issuing 15,244,000 common shares and 7,622,000 warrants to purchase 7,622,000 common shares at a price of \$0.35 for a one year period. The agent's commission included cash of \$247,600 and an agent's option to acquire up to 1,518,000 common shares exercisable at \$0.25 per share within 18 months.

On May 31, 2007, the Company completed a brokered private placement for gross proceeds of \$12,000,000 by issuing 12,000,000 units comprised of one common share and half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one common share at a price of \$1.25 until May 31, 2008. The issuance costs of the placement were \$1,365,190.

LIQUIDITY

The Company does not currently own or have an interest in any producing mineral properties and does not derive any revenues from operations. The Company's activities have been funded through equity financing and the Company expects that it will continue to be able to utilize this source of financing until it develops cash flow from operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of finance cannot be obtained, then the Company will be forced to curtail its activities to a level for which funding is available and can be obtained.

As at December 31, 2007, the Company had working capital of \$7,885,487 which included cash and cash equivalents balance of \$7,923,701.

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OUTSTANDING SHARE DATA	Number of shares	\$
Balance, December 31, 2006	30,209,000	3,578,600
Issued for interest in mineral properties	275,375	148,838
Issued on exercise of warrants and options	4,587,000	1,817,342
Issued by private placement	12,000,000	12,000,000
Share issue costs	-	(1,365,190)
Attributed to warrants	-	(2,303,030)
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Balance, December 31, 2007	47,071,375	13,876,560
Issued on exercise of warrants to April 3, 2008	15,000	8,850
Issued in lieu of cash payment on property	114,149	99,310
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Balance, April 3, 2008	47,200,524	13,984,720

The Company has warrants outstanding for 8,728,000 shares and options outstanding for 3,817,500 shares at the year end and a further 848,500 options for shares granted in January of 2008. If exercised, cash of approximately \$12,545,010 would be received and total outstanding shares on a fully diluted basis would be 60,480,375.

TRANSACTIONS WITH RELATED PARTIES

During the year the Company incurred the following related party transactions

- a) Director's fees of \$28,000
- b) Legal fees of \$421,299 to a legal firm, Gowling Lafleur Henderson LLP, of which a director is a partner
- c) Management fees to former directors of the company-\$35,000
- d) \$9,215 to an accounting firm Hedden Chong, of which a partner was an officer of the Company
- e) \$225,000 in consulting fees to a company, Southampton & Associates, owned by director of the Company
- f) \$111,395 in consulting fees and salary to a director of the Company
- g) \$132,690 in consulting fees to an officer, the CFO, of the Company

- h) \$139,831 is receivable from a director related to a transaction entered into on behalf of the Company to acquire shares of subsidiary located in a country that requires a domestic shareholder.

COMMITMENTS

The Company had no significant commitments at the period end.

SUBSEQUENT EVENTS

There were no material subsequent events excepting the release of escrowed shares described in the notes to the financial statements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in the preparation of the Financial Statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

Property acquisition costs and related direct exploration costs may be deferred until the properties are placed into production, sold, abandoned, or written down, where appropriate. The Company's accounting policy is to capitalize exploration costs consistent with Canadian GAAP and applicable guidelines for exploration stage companies. The policy is consistent with other junior exploration companies which have not established mineral reserves objectively. An alternative policy would be to expense these costs until sufficient work has been done to determine that there is a probability a mineral reserve can be established; or alternatively, to expense such costs until a mineral reserve has been objectively established. Management is of the view that its current policy is appropriate for the Company at this time. Based on annual impairment reviews made by management, or earlier if circumstances warrant, in the event that the long-term expectation is that the net carrying amount of these capitalized exploration costs will not be recovered, then the carrying amount is written down accordingly and the write-down charged to operations. A write-down may be warranted in situations where a property is to be sold or abandoned; or exploration activity ceases on a property due to unsatisfactory results or insufficient available funding.

Another significant estimate relates to accounting for stock-based compensation. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted/vested during the year.

FINANCIAL AND OTHER INSTRUMENTS

The Company's financial instruments and liabilities consist of receivables and 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 instruments approximates their carrying value due to the short term nature of their maturity.

CHANGES IN ACCOUNTING POLICIES

The Company implemented policies newly required by the CICA regarding the recording and measurement of financial assets and liabilities, reporting of comprehensive income and hedge accounting. The nature of the new policies is described in more detail in the financial statements and had no impact on financial reporting or results for the period.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not enter into any off-balance sheet arrangements during the period.

RISKS AND UNCERTAINTIES

The Company is in the mineral exploration and development business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Some of the possible risks include the following:

- (a) The industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates. Currently, the Company's portfolio of exploration properties has exposure to predominantly gold, zinc, silver and lead. The prices of these metals greatly affect the value of the Company and the potential value of its properties and investments. This, in turn, greatly affects its ability to form joint ventures and the structure of any joint ventures formed. This is due, at least in part, to the underlying value of the Company's assets at different metals prices.
- (b) The only source of future funds for further exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, which are presently available to the Company are the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another party carrying out further exploration or development. Management has been successful in accessing the equity markets in the past, but there is no assurance that such sources will be available on acceptable terms in the future.
- (c) Any future equity financings by the Company for the purpose of raising additional capital may result in substantial dilution to the holdings of existing shareholders.
- (d) The Company must comply with environmental regulations governing air and water quality and land disturbance and provide for mine reclamation and closure costs. The Company seeks to operate within environmental protection standards that meet or exceed existing requirements in the countries in which the Company operates. Present or future laws and regulations, however, may affect the Company's operations. Future environmental costs may increase due to changing requirements or costs associated with exploration and the developing, operating and closing of

mines. Programs may also be delayed or prohibited in some areas. Although minimal at this time, site restoration costs are a component of exploration expenses.

- (e) The operations of the Company will require various licenses and permits from various governmental authorities. There is no assurance that the Company will be successful in obtaining the necessary licenses and permits to undertake its exploration and development activities in the future.
- (f) Exploration and development is considerably riskier and ownership interests are less secure in developing countries where the Company operates. Exploration is presently carried out in several countries, including the Argentina, Paraguay and Colombia. Each of these countries exposes the Company to risks that may not otherwise be experienced if all operations were domestic. Political risks may adversely affect the Company's existing assets and operations. Real and perceived political risk in some countries may also affect the Company's ability to finance exploration programs and attract joint venture partners, and future mine development opportunities.
- (g) Business is transacted by the Company in a number of currencies. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. A significant portion of the Company's cash and cash equivalents has been held in U.S. dollars. Future changes in exchange rates could materially affect the Company's results in either a positive or negative direction.
- (h) The Company's business and operations are dependent on retaining the services of a small number of key employees. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of these employees. The loss of one or more of these employees could have a materially adverse effect on the Company. The Company does not maintain insurance on any of its key employees.
- (i) Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed or impugned. Although the Company has investigated its title to the mineral properties for which it holds concessions or mineral leases or licenses, there can be no assurance that the Company has valid title to such mineral properties or that its title thereto will not be challenged or impugned. For example, mineral properties sometimes contain claims or transfer histories that examiners cannot verify. The Company does not carry title insurance with respect to its mineral properties. A successful claim that the Company does not have title to a mineral property could cause the Company to lose its rights to mine that property, perhaps without compensation for its prior expenditures relating to the property.
- (j) Mineral exploration and exploitation involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks

involved in mineral exploration and exploitation activities. The Company has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of some properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining, or to upgrade existing infrastructure. There can be no assurance that the funds required to exploit any mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. The economics of exploiting mineral reserves and resources discovered by the Company are affected by many factors, many outside the control of the Company, including the cost of operations, variations in the grade of ore mined and metals recovered, price fluctuations in the metal markets, costs of processing equipment, and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. There can be no assurance that the Company's mineral exploration and exploitation activities will be successful.

- (k) The Company's activities are subject to wide variety of laws and regulations governing health and worker safety, employment standards, waste disposal, protection of the environment, protection of historic and archaeological sites, mine development and protection of endangered and protected species and other matters. The Company is required to have a wide variety of permits from governmental and regulatory authorities to carry out its activities. These permits relate to virtually every aspect of the Company's exploration and exploitation activities. Changes in these laws and regulations or changes in their enforcement or interpretation could result in changes in legal requirements or in the terms of the Company's permits that could have a significant adverse impact on the Company's existing or future operations or projects. Obtaining permits can be a complex, time-consuming process. There can be no assurance that the Company will be able to obtain the necessary permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the interim financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management

believes such estimates have been based on careful judgments and have been properly reflected in the accompanying interim financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures and internal control over financial reporting for the Company. Based on an evaluation performed by management of the Company's disclosure controls for the period covered by this MD&A, management believes such controls are effective in providing reasonable assurance that material items requiring disclosure are identified and reported in a timely manner. While the Chief Executive Officer and Chief Financial Officer have designed the controls over financial reporting or caused it to be designed under their supervision, to provide reasonable assurance regarding reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, the Company does not employ sufficient staff to ensure complete segregation of duties. As a consequence, management relies heavily on the internal review of activities and transactions in summary by management to enhance the level of controls. The certifying officers have evaluated whether there were changes in controls over financial reporting that materially affected or were likely to materially affect the controls over financial reporting and have concluded there were none.

OTHER INFORMATION

Additional information about the Company is available on SEDAR at www.sedar.com.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Except for historical information contained in this discussion and analysis, disclosure statements contained herein are forward-looking. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those in such forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change except as required by applicable securities laws. Factors that could cause actual results to vary materially from results anticipated by such forward-looking statements include changes in market conditions and other risk factors discussed or referred to in this Management Discussion and Analysis. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those

anticipated in such statements. Investors are cautioned against attributing undue certainty to forward-looking statements.

Historic estimates contained herein do not meet the definition of Mineral Resources as contained in National Instrument 43-101 of the Canadian Securities Administrators. Furthermore, neither the Corporation nor the Qualified Person has reviewed any of the reports or exploration results underlying such estimates and accordingly, such estimates (and any assumptions underlying such estimates) have not been independently verified. As a result, there can be no assurance that such historic estimates are reliable, or that such estimates are indicative of any mineralization which would meet the criteria of Mineral Resources as defined in accordance with National Instrument 43-101. Consequently, no reliance should be placed upon these historical estimates. However, the Corporation believes that these historical estimates may be indicative of the potential for mineralization on these properties.

The results described herein are exploratory in nature and there can be no assurance that they are indicative of Mineral Resources as defined in accordance with National Instrument 43-101.

CORPORATE INFORMATION

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Directors: David Wahl Waldo Perez
Paul Fornazzari Patricia Sheahan
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Officers: David Wahl, President & CEO
Raymond E. Mitchell, CFO
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