



LATIN AMERICAN
MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended
December 31, 2008

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, 2008. 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 23, 2008.

DESCRIPTION OF BUSINESS

Latin American Minerals Inc. (the "Company" or "Corporation" 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 August 2008, the Company successfully raised \$4,013,400 by way of a private placement which was a bought deal co-lead by Dundee Securities Limited and PowerOne Capital Markets Limited.

MINERAL PROPERTIES

Description

General:

The Company is a mineral exploration company focussed on the discovery, acquisition and development of potential mineral deposits in Latin America. Currently, the Company has active exploration projects in Paraguay and Argentina. Its Paso Yobai gold project and Itapoty diamond project (formerly Capiibary) are located in Paraguay and its Salares Potash-Lithium project and the Tendal massive sulphide property are located in Argentina. During this reporting period, the details of material exploration results on these projects have been presented in several press releases. All of the properties are at various stages of exploration.

Paso Yobai Gold Property covers approximately 15,300 hectares in eastern Paraguay. It is our most advanced exploration project having completed airborne electromagnetic and magnetometer surveys, a soil geochemical survey, a ground magnetometer survey, extensive trenching and sampling program and 5,000 metres of diamond drilling. This work confirmed the discovery of a new gold camp at Paso Yobai. Highlights of the exploration results include the discovery of a regional gold bearing structure 6 kilometres long outlined by a linear magnetic feature and a strong core gold soil geochemical anomaly measuring 200 meters wide and 5,000 metres long. The gold values defining the core soil anomaly range from 76 to 1,100ppb gold. A

total of 5,000 metres of diamond drilling has been completed on the Property, The initial 2,000 metres of diamond drilling was completed in Q-4, 2007 and included the discovery hole DDH-LAT-11, which intersected 6.5 metres averaging 26.64gpt gold, which included two bonanza intersections of 138.39gpt gold and 105.51gpt gold over 0.5 metres. Currently, seven (7) holes define the Discovery Zone, which has been traced along strike for approximately 2,000 metres

Within the Discovery Zone there are six (6) small pits established by local miners. Forty (40) rock chip samples were collected from these pits and returned assays from 1 gpt gold to 108 gpt gold. Sampling widths ranged from 0.5 to 2 metres, determined by the narrow artisanal workings. High grade samples grading over 10 gpt gold are associated with calcite, ankerite and minor quartz stockwork hosted in a diabase and disseminated silica-kaolin hosted in the sandstone of the wall rock. Low grade samples consist of sandstones or diabase with minor veining.

The Corporation has excavated eleven (11) large trenches at 100 meter intervals across a 1,000 metre section of the Discovery Zone. The trenches are approximately 10 metres wide, 15 metres deep and 40 metres long and are designed to expose the gold bearing zone for mapping and bulk sampling. The trenching exposed coarse visible gold in a new zone not previously recognized in diamond drilling. The gold occurs in brecciated sandstone, which defines the contact zone between the mafic alkalic dyke and the host sandstone, extending into the hanging wall and footwall for up to 5 metres.

Supplemental Note 1 (Press Release January 8, 2009):

Assay results have been received for ten trenches. Results in Trenches 1 to 7 show a high grade zone exposed in Trench 1 ("T1"), reporting 21.47 gpt Au over 0.5 metres. The zone continues in T2, reporting 61.38 gpt Au over 0.5 metres, 10.08 gpt Au over 0.5 metres in T3, 34.79 gpt Au over 0.6 metres in T4, 55.51gpt Au over 1.0 metre in T5, 7.0 gpt Au over 0.7 metres in T6, and 18.48 gpt Au over 1.3 metres in T7. This continuous high grade zone is surrounded by one or possibly two lower grade shoots, producing a weighted average grade of 8 gpt Au over 7.5 metres in T2 and 11.47 gpt Au over 2.8 metres in T7. The trench results are geologically equivalent to the drilling results published in our January 16th 2008 press release of the Discovery Zone, suggesting the gold mineralization is continuous along strike and to depth.

Trenches 8, 9 and 11 show lower results, as most of the gold bearing zone has been extracted by artisan miners, depleting the high grade shoots down to the bottom of the trenches (about 15 metres). Further excavating to a depth of 25 metres will be carried out to confirm gold mineralization below the level of the artisan working. Drilling results under these trenches returned 12.52 gpt Au over 6 metres, indicating that the gold mineralization continues at depth.

Salares Potash-Lithium Project

The Corporation's Salares Potash-Lithium Project is located on the Puna Plateau in northwest Argentina, adjacent to the border with Chile. The region hosts one of the largest concentrations of economic evaporite deposits in the world. Latin American Minerals wholly owns or has the right to own approximately 93,000 hectares which are strategically located on salt lakes of the Argentinean Puna including: Arizaro Property (60,314 hectares), Incahuasi Property (7,168 hectares), Pocitos

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Property (14,381 hectares) and Cauchari Property (10,594 hectares). The properties are within 50 kilometres of several producing mines, including:

- Salar de Atacama, owned by SQM (Sociedad Quimica y Minera de Chile S.A.), which is the world's largest lithium brine mine and a significant potash producer, located on the Chilean side of the border.
- FMC Corp.'s Fenix brine complex in Argentina which contains high uniform concentrations of lithium with low levels of other contaminants and is the fifth largest lithium producer in the world, and
- Rio Tinto's Tincalayu complex in Argentina which is South America's largest borate mining operation.

In October 2008, the Corporation completed the initial sampling program on its Incahuasi, Cauchari, Pocitos and Arizaro Salt Lake Properties. Please see press release October 14, 2008 for location maps assays details. The best results are summarized below;

Salt Lake Properties	Potassium* (%)	Lithium (ppm)	Boron** (ppm)	Magnesium (%)
Inca Huasi	0.94	239	105	1.33
Cauchari	0.28	489	591	0.30
Pocitos	0.25	61	200	0.08
Arizaro	0.34	72	22	0.13

Note:

*Principal Element in Potash

**Principal Element in Borax

To illustrate the potential economic significance of the sample results, the Corporation prepared the following table documenting the same elements from producing mines located in the three major evaporate regions in the world.

Producing Salt Lake Mines	Potassium* (%)	Lithium (ppm)	Boron** (ppm)	Magnesium (%)
Dead Sea (Jordan)	0.60	20	30	3.30
Great Salt Lake (USA)	0.65	40	60	1.00
Atacama (Chile)	1.65	1,500	640	0.96
Fenix (Argentina)	0.62	620	350	0.09

Note:

*Principal Element in Potash

**Principal Element in Borax

Potassium results from the *Incahuasi Salt Lake* are all above known producing mines. The Dead Sea in Jordan produces potash with 0.6% potassium (the major element of potash) in the brine, and the Great Salt Lake in Utah produces with 0.65% potassium in the brine (Plavovic, 2004, Industrial Minerals and Rocks, 2008). Collectively, 15% of the world's potash and 90% of the world's lithium is produced from brines from the Puna Plateau, the Great Salt Lake and the Dead Sea regions.

Encouraging results have also been received from the *Cauchari Salt Lake*. High lithium boron and potassium grades were found in both crust and brine samples. Additionally, very low magnesium concentration results suggest these brines are amenable to simple separation of lithium in evaporation ponds (Mg/Li<6). The results of selected samples collected in the Cauchari Salt Lake.

Final results of 40 salt lake brine samples and 64 crust lake samples collected along selected sectors of Latin American's properties confirm outstanding lithium and potash grades in crusts and brines as reported in Press Release November 13, 2008.

In the Cauchari Salt Lake, 7 crust samples and 4 brine samples were collected. High lithium, boron and potassium grades were found in both crust and brine samples. Additionally, very low magnesium concentration results suggest these brines are amenable to simple separation of lithium in evaporation ponds (Mg/Li<6). The results of selected samples collected in the Cauchari Salt Lake are as follows:

Cauchari Salt Lake Sampling Results					
Sample	Type	Potassium (%)	Lithium (ppm)	Boron (ppm)	Magnesium (%)
11859	Crust	0.62	440	257	0.25
11857	Crust	2.22	4,893	9,946	2.83
11853	Crust	0.39	345	406	0.08
11856	Crust	1.11	1987	2875	0.81
11854	Crust	0.47	422	502	0.11
4560	Crust	2.18	2,348	15,666	0.4
4559	Crust	1.45	1,960	13,254	0.29
Sample	Type	Potassium (%)	Lithium (ppm)	Boron (ppm)	Magnesium (%)
11858	Brine	0.02	40	145	0.02
11855	Brine	.029	489	591	0.3

Encouraging results have also been received from the Incahuasi Salt Lake, where 17 brines and 17 crust samples have been collected. Incahuasi Salt Lake shows high potassium content in the brines. Lithium concentrations are also encouraging with consistently high values, but the higher magnesium content of these brines suggests the lithium would be more expensive to extract than in the Cauchari Salt Lake. Selected results in Incahuasi Salt Lake are as follows:

Inca Huasi Salt Lake Sampling Results					
Sample	Type	Potassium (%)	Lithium (ppm)	Boron (ppm)	Magnesium (%)
11865	Crust	0.97	94	109	0.48
11868	Crust	1.19	65	48	0.29
11872	Crust	0.39	62	38	0.27
11863	Crust	0.29	40	38	0.15

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11870	Crust	0.18	29	61	0.10
11906	Crust	0.06	20	58	0.10
Sample	Type	Potassium (%)	Lithium (ppm)	Boron (ppm)	Magnesium (%)
11923	Brine	0.37	227	92	0.92
11864	Brine	0.53	155	78	0.66
11867	Brine	0.67	148	92	0.59
11871	Brine	0.81	204	93	0.92
11869	Brine	0.86	182	104	0.82
11866	Brine	0.94	239	105	1.33

Latin American's exploration program in Pocitos and Arizaro Salt Lakes has also yielded encouraging results. In Arizaro, a total of 11 brine and 28 crust samples have been collected. In Pocitos, 7 crust and 6 brine samples have been collected. The best brine results obtained in Incahuasi, Cauchari, Pocitos and Arizaro are compared with producing mines from different camps of the world in the following table:

SIGNIFICANT BRINE RESULTS				
Latin American Minerals Inc.'s Properties				
Salt Lake	Potassium (%)	Lithium (ppm)	Boron (ppm)	Magnesium (%)
Inca Huasi	0.94	239	105	1.33
Cauchari	0.28	489	591	0.30
Pocitos	0.25	61	200	0.078
Arizaro	0.34	72	22	0.131

Examples of Producing Mines				
Salt Lake	Potassium (%)	Lithium (ppm)	Boron (ppm)	Magnesium (%)
Dead Sea (Jordan)	0.60	20	30	3.3
Great Salt Lake (USA)	0.65	40	60	1.0
Atacama (Chile)	1.65	1,500	640	0.96
Fenix (Argentina)	0.62	620	350	0.085

The Corporation's exploration team includes Eduardo Peralta, PhD in Geochemistry, with over 40 years of experience exploring Puna for the Argentinean Geological Survey and consulting for major companies including Rio Tinto, CRA, IAMGOLD and Vale Do Rio Doce.

Itapoty Diamond Project (formerly know as the Capiibary Property)

The Itapoty Diamond Property is located in Paraguay, approximately 100 kilometres north of Latin American's Paso Yobai Gold Project. The Property consists of several contiguous exploration licences covering approximately 165,000 hectares (1,650km²). The Company owns or has the option to own 100% interest in the Property; however, under the Mining Act of Paraguay the Company can not own more than 100,000 hectares. In the event that the ongoing exploration defines an area of interest, which results in the exercise of the option to acquire a Property, the non prospective ground will be dropped to the extent that the aggregate total area of the Property will not exceed 100,000 hectares.

Diamonds were initially found in the region by local prospectors panning for gold in the 1960s. Some years later, De Beers collected 4 stream samples from the region, of which one contained 6 diamonds and all contained kimberlite indicator minerals ("KIMs"). The Corporation has collected 177 stream sediment samples at various locations in the region of the initial discovery; 12% of the samples contained diamonds and 53% of the samples contained Kimberlitic Indicator Minerals ("KIMs"). The diamonds are champagne to brilliant white, slightly abraded and several exhibit exceptional crystal structures suggesting minimal alluvial transport. Microprobe work has been completed on the chrome spinels and they were found to fall within the kimberlite stability field. Microprobe work on the garnets is being scheduled.

Regionally, this area is part of the diamond rich Alto Paranaiba Igneous Province ("APIP") of Southern Brazil

A ground magnetometer survey over the potential source area commenced in August and is continuing. The results of the survey have defined a northerly trending magnetic anomaly interpreted to be a major rift system which cuts across the Property. The survey has also identified isolated magnetic anomalies associated with this structure, exhibiting similar size and shapes of kimberlite pipes.

Supplemental No 1: (Press Release February 26, 2009)

In February, prospecting in the headwaters area of three diamondiferous streams resulted in the discovery of intensely altered fragmental rocks within the host sandstones, indicating proximity to the source of 40 macro-diamonds discovered on the Property. Please see February 26, 2009 press release for photographs of the diamond and fragmental rock discovered.

This important discovery is the result of stream sediment sampling, ground magnetic survey and prospecting.

Stream Sediment Sampling

During the stream sediment sampling program, 177 samples were collected - 12% of the samples contained diamonds and 53% of the samples contained Kimberlitic Indicator Minerals. Results include:

- 40 white, yellow and champagne macro-diamonds from 0.1 to 0.5 carats
- Kimberlite Indicator Minerals confirmed by microprobe analysis to be G-9 and G-10 garnets and chrome spinel, which fall within the diamond stability field.

Ground Magnetometer Survey

A ground magnetometer survey is currently ongoing under the supervision of Mr. John Kieley, P.Geo, the Corporation's independent consulting geophysicist and "Qualified Person". Mr. Kieley, formerly chief geophysicist for Barrick, provides QA/QC and interpretation of the survey results. To date 490 line kilometres have been completed along grid lines trending N-S established at 100 and 250m intervals. The survey identified:

- Structurally controlled and isolated circular magnetic anomalies characteristic of diatreme intrusives
- Magnetic anomalies coincident with topographic depressions at the headwaters of the diamond bearing streams.

Prospecting

Prospecting of the stream beds discovered 3 individual and distinct occurrences of an altered fragmental rock in the headwater area of three diamond bearing streams.

Tendal Massive Sulphide (Zn-Cu-Pb-Ag) Property

This property is located in the Province of La Rioja, Argentina. The Property is wholly owned and covers approximately 36,400 hectares. Given the dramatic drop in the base metal prices the project has been placed on care and maintenance until the price improves.

Esmeralda Gold Property

The Property is located in the Cauca department of Southern Colombia and covers approximately 30,000 hectares. Management determined that the project had limited prospects for hosting a potential mineral deposit and the property was returned to the vendor.

The Company has approximately \$4million (\$2.2 million at April 23) in cash on hand and is in a financial position to carry out its programs and obligations; however, the Corporation has taken major steps to reduce costs, including reduction in staff and operating costs, in an effort to preserve cash. Available cash and the state of the capital markets are major influences in the determination of how to best proceed to develop projects.

The Corporation is focused on its core assets Paso Yobai Gold, Salares Lithium-Potassium and Itapoty Diamond projects. Expenditures on these projects are closely monitored and are restricted to specific efforts likely to create and increase shareholder value.

Private Placement

On August 20, 2008, the Company closed a bought deal private placement for gross proceeds of \$4,013,400 (the "Financing"). The Corporation sold 13,378,001 units (the "Units") at a price of \$0.30 per Unit. Each Unit comprised one common share of the Corporation and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable for one Common Share at a price of \$0.50 per Common Share exercisable for a period of eighteen months from the date of issue. Dundee Securities Corporation and PowerOne Capital Markets Limited (the "Underwriters") were the underwriters for the Financing.

In consideration for their efforts, the Underwriters were paid a commission of 5% (\$200,670) of the total proceeds raised in the Financing. In addition, the Underwriters received underwriters' warrants ("Underwriters' Warrants") entitling the holders thereof to purchase in the aggregate that number of

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Units of the Company which is equal to 5% (668,901) of the number of Units sold under the Financing. Each Underwriter's Warrant is exercisable to acquire one Unit for a period of eighteen months from the closing at a price of \$0.30 per Unit.

The Company will apply the net proceeds from the Financing for property development and general corporate purposes.

Exploration Expenditures by Quarter

LA CAROLINA GOLD PROJECT					
EXPENDITURES BY QUARTER					
Quarter Ended					
	Total	Dec. 31 /08	Sept. 30/08	June 30/08	March 31/08
Land mgmt and acquisition	\$ 145,511	\$ 3,639	\$ -	\$ 141,798	\$ 74
Personnel	2,296	(930)	750	2,476	-
Drilling roads, trench	177,918	177,012	-	372	534
Other	-	-	-	-	-
	\$ 325,725	\$ 179,721	\$ 750	\$ 144,646	\$ 608

Activity on this property was suspended and amounts expended prior to 08 were written off in 07. In 08, the property was joint-ventured; subsequently, mining was banned in the area and the balance the project has been written down.

TENDAL ZINC/COPPER PROJECT					
EXPENDITURES BY QUARTER					
Quarter Ended					
	Total	Dec.31/08	Sept. 30/08	June 30/08	March 31/08
Land mgmt and acquisition	\$ 98,727	\$ 49,170	\$ 4,332	\$ 39,921	\$ 5,304
Personnel	377,094	8,041	21,441	207,844	139,768
Drilling roads, trench	1,424,165	323,411	26,655	558,755	515,344
Other	43,478	4,087	8,074	16,176	18,141
	1,943,464	384,709	\$ 60,502	\$ 822,696	\$ 678,557

The Company completed a drilling programme in the third quarter of the year and after evaluating the results in conjunction with the current price of zinc, management determined to place the property in care and maintenance and to write the project down to \$1.

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PASO YOBAI GOLD PROJECT					
EXPENDITURES BY QUARTER					
Quarter Ended					
	Total	Dec.31/08	Sept. 30/08	June 30/08	March 31/08
Land mgmt and acquisition	\$ 650,163	\$ (4,361)	\$ 351,046	\$ 108,276	\$ 195,202
Personnel	750,609	154,005	170,069	210,644	215,891
Drilling roads, trench	1,141,866	195,548	198,859	298,039	449,423
Other	202,860	46,422	31,264	43,602	81,572
	\$2,745,498	391,611	\$ 751,238	\$ 660,561	\$ 942,088

The Company is considering alternatives on how to advance this project for which a significant capital investment is required.

ESMERALDA GOLD PROJECT					
EXPENDITURES BY QUARTER					
Quarter Ended					
	Total	Dec.31/08	Sept 30/08	June30/08	March 31/08
Land mgmt and acquisition	\$ 70,744	\$ (770)	\$ 12,940	\$ 315	\$ 58,259
Personnel	264,732	(2,352)	103,208	109,343	54,533
Drilling roads, trenching	200,528	(10,829)	41,208	75,388	94,761
Other	3,172	(19)	544	1,536	1,111
	\$ 539,176	(13,970)	\$ 157,900	\$ 186,582	\$ 208,664

SALARES POTASH-LITHIUM PROJECT					
EXPENDITURES BY QUARTER					
Quarter Ended					
	Total	Dec. 31/08	Sept. 30/08	June 30/08	March 31/08
Land mgmt and acquisition	\$ 32,422	\$ 5,998	\$ 26,424	\$ -	\$ -
Personnel	115,128	75,951	39,177	-	-
Drilling roads, trench	81,037	62,264	18,773	-	-
Other	9,502	3,961	5,541	-	-
	\$ 238,089	\$ 148,174	\$ 89,915	\$ -	\$ -

The Company is currently evaluating the best method of financing development of this property

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ITAPOTY DIAMOND PROJECT					
EXPENDITURES BY QUARTER					
Quarter Ended					
	Total	Dec. 31/08	Sept.30 /08	June 30/08	March 31/08
Land mgmt and acquisition	\$ 9,538	\$ 7,553	\$ 1,985	\$ -	\$ -
Personnel	81,773	63,809	17,964	-	-
Drilling roads, trench	38,435	32,435	6,000	-	-
Other	73	73	-	-	-
	\$ 129,819	\$ 103,871	\$ 25,948	\$ -	\$ -

The company continues to search for the source of diamonds discovered on the property.

RESULTS OF OPERATIONS – CURRENT PERIOD

The Company recorded a loss of \$7,277,604 for the year compared to a loss of \$5,704,264 in the previous year. The losses 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 losses and gains. Operationally related costs, however, are generally comparable from period to period with the exceptions set out below.

NET LOSS ANALYSIS-MAJOR CHANGES (\$000's)				
	Dec. 31/08	Dec. 31/07	Change	Comments
Amortization	252	85	167	07 asset build up /08 full year of related expense
Business development (admin.)	333	52	281	08 projects reviewed by analysts –site visits
Directors fees (admin.)	101	12	89	08 added 3 independent directors including chair.
Office expenses (admin.)	353	247	106	07 3 offices brought on during year 08 exist full year
Salaries/staff costs	313	197	116	07 staff #'s grew through year; exist all of 08
Stock compensation	817	1,553	(736)	08 volume and valuations lower
Professional fees	512	725	(213)	07 legal and mining cons. utilized to greater degree
Property write downs	3,977	2,002	1,975	Tendal write down due to poor zinc markets
Interest & foreign exchange loss (gain)	(310)	(140)	(170)	\$200k swing primary Paraguay currency + drop in interest income of \$100k
All other expenses	929	971	42	\$120k travel decline

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SELECTED QUARTERLY FINANCIAL DATA (\$000's)

	Dec. 31 2008	Sept. 30 2008	June. 30 2008	Mar. 31 2008	Dec. 31 2007	Sept.30 2007	June 30 2007	Mar. 31 2007
Financial results								
Net loss for the period	1,342	4,737	494	704	944	3,025	1,071	664
Basic and diluted loss per share	0.02	0.09	0.01	0.02	0.03	0.07	0.02	0.03
Balance Sheet data:								
Cash	3,992	5,284	3,470	5,645	7,924	8,900	11,836	2,171
Mineral Properties	5,485	4,841	7,720	5,614	3,540	1,906	2,038	850
Total Assets	10,295	11,649	12,774	12,640	12,668	11,823	14,350	3,310
Shareholders' Equity	9,942	11,245	12,212	11,935	12,039	11,371	13,576	2,744

COMPARISON OF YEAR OVER YEAR OPERATIONS AND CASH FLOWS

FINANCIAL DATA (\$000'S)		
	2008	2007
Cash	3,992	7,924
Mineral properties	5,485	3,540
Equity	9,942	12,039
Reported loss	7,278	5,704
Stock compensation	817	1,552
Property write-downs	3,976	2,003
Interest and foreign exchange loss (gain)	(310)	(140)
Operating loss net of F/E, S.C. and P.W.D.	2,795	2,289
Cash flow	(3,931)	4,983

The preceding table reflects the changes in Company's rate and type of activities and the impacts on resources and costs. The 2007 year reflected costs associated with initiating exploration activities and raising capital whereas 2008 was principally a year of drilling on the primary properties.

CAPITAL RESOURCES

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 entitled the holder to purchase one common share at a price of \$1.25 until May 31, 2008. These funds were raised to explore the properties currently under the exploration programmes discussed above and to acquire the Esmeralda property. The funds in excess of \$4,000,000 raised in the third quarter of 2008 were targeted to advance the Paso Yobai Gold project and to do preliminary work on the new Salares Potassium-Lithium and the Itapoty Diamond projects. The Corporation's financial resources are sufficient to maintain the current level of activity to approximately the end of 2009. During this period the Company will have to advance the projects by bringing in partners or raising more capital or a combination of both. The Company is engaged in examining the alternative methods of further developing its properties given the

significant deterioration in the capital markets that built up through the third trimester of 2008 and that has continued in to 2009.

OTHER EXPENDITURE ACTIVITY

The project expenditures were relatively constant for the first three quarters of the year ranging between \$1,100,000 and \$1,830,000. These levels were considerably higher than the previous year as 08 was a period focused on drilling in those first 3 quarters, which required more cash than 07, which was a period of preparation for drilling. In the fourth quarter of the year the project expenditures, reduced to less than \$833,000, although for accounting purposes this was increased by \$539,000 related to past taxes receivable, now deemed not recoverable. These costs were allocated to the project expenditures that incurred the tax. This reduced level of expenditure activity occurred as a result of minimizing the Tendal project effort due to low zinc prices and to entering period of analysis with regards to drilling results from Paso Yobai.

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, 2008, the Company had working capital of \$3,865,000 which included cash of \$3,992,000.

OUTSTANDING SHARE DATA

	Number of shares	\$
Balance, December 31, 2007	47,071,375	13,876,560
Issued on exercise of warrants	1,533,000	570,180
Issued by private placement	13,378,001	4,013,400
Share issue costs		(532,557)
Attributed to warrants		(883,722)
Issued for interest in mineral properties	389,149	249,059
Balance December 31, 2008 and April 10, 2009	62,371,525	17,292,920

The Company has warrants outstanding for 7,357,902 shares and options outstanding for 5,998,500 shares at December 31, 2008. If exercised, cash of approximately \$7,144,740 would be received.

TRANSACTIONS WITH RELATED PARTIES

During the period the Company incurred the following related party transactions

- a) Director's fees of \$96,300.
- b) Legal fees of \$308,387 to a legal firm, Gowling Lafleur Henderson LLP, of which a director is a partner.
- c) \$166,492 in consulting fees and expenses to a company, Southampton & Associates, owned by a director of the Company.
- d) \$147,427 in consulting fees and salary paid to a director of the Company.
- e) \$121,500 in consulting fees paid to an officer of the Company.

COMMITMENTS

The Company had no significant commitments at the period end.

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 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 Company 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 Company 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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LATIN AMERICAN MINERALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2008

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