

LATIN AMERICAN MINERALS INC.

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

FOR THE THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

LATIN AMERICAN MINERALS INC.
(An Exploration Stage Enterprise)
CONSOLIDATED BALANCE SHEETS
(Expressed in Canadian Dollars)
AS AT MARCH 31, 2010 AND DECEMBER 31, 2009
(Unaudited)

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

	March 31 2010	December 31 2009
ASSETS		
Current		
Cash and cash equivalents	\$ 1,551,689	\$ 1,987,234
Accounts receivable <i>(Note 10)</i>	46,390	124,124
Prepaid expenses	<u>102,430</u>	<u>107,635</u>
	1,700,509	2,218,993
Investments <i>(Note 5)</i>	2,614,837	2,692,337
Field & Office Equipment <i>(Note 7)</i>	278,253	294,938
Mineral Properties <i>(Note 6)</i>	<u>8,196,334</u>	<u>7,856,720</u>
	\$ 12,789,933	\$ 13,062,988

LIABILITIES AND SHAREHOLDERS' DEFICIENCY

Current		
Accounts payable and accrued liabilities	\$ 378,403	\$ 303,482
Due to related parties <i>(Note 9)</i>	<u>22,467</u>	<u>8,728</u>
	400,870	312,210
Shareholders' Equity		
Share capital <i>(Note 8)</i>	18,587,227	18,587,227
Contributed surplus <i>(Note 8)</i>	7,896,514	7,830,369
Deficit	<u>(14,094,678)</u>	<u>(13,666,818)</u>
	12,389,063	12,750,788
	\$ 12,789,933	\$ 13,062,988

Subsequent Events *(Note 11)*

On behalf of the Board:

"Harvey McKenzie" Director _____ *"Paul Fornazzari"* Director

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

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

(Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2010 and 2009

(Unaudited)

	2010	2009
EXPENSES		
Administrative expenses	\$ 123,810	\$ 229,193
Amortization	48,069	68,951
Consulting fees	62,294	112,510
Professional fees	65,691	110,254
Salaries and staff costs	30,915	54,272
Stock based compensation <i>(Note 8)</i>	<u>61,223</u>	<u>39,965</u>
	<u>392,002</u>	<u>615,145</u>
OTHER ITEMS		
Equity loss in investment <i>(Note 5)</i>	(77,500)	
Interest income	207	8,994
Foreign exchange gain	<u>41,435</u>	<u>44,195</u>
	<u>(35,858)</u>	<u>53,189</u>
Net loss and comprehensive loss	427,860	561,956
Deficit, beginning of the period	<u>13,666,818</u>	<u>14,547,004</u>
Deficit, end of the period	<u>\$ 14,094,678</u>	<u>\$ 15,108,960</u>
Loss per share (basic and diluted)	\$ 0.006	\$ 0.009
Weighted average number of shares outstanding	74,500,751	62,371,525

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

LATIN AMERICAN MINERALS INC.
(An Exploration Stage Enterprise)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE THREE MONTHS ENDED MARCH 31, 2010 and 2009
(Unaudited)

	2010	2009
OPERATIONS:		
Net loss for the period	\$ (427,860)	\$ (561,956)
Adjust for non-cash items:		
Amortization	48,069	68,951
Stock based compensation	61,223	39,965
Equity loss in investment	77,500	
Foreign exchange loss (gain)	-	9,527
	<u>(241,068)</u>	<u>(443,513)</u>
Change in non-cash working capital:		
Increase in accounts receivable	77,734	(11,298)
Increase in prepaid expenses	5,205	(8,421)
Increase in accounts payable and accrued liabilities	74,921	51,394
Increase (decrease) in due to related parties	<u>13,739</u>	<u>14,102</u>
	<u>(69,469)</u>	<u>(397,736)</u>
FINANCING:		
Exercise of stock options and warrants	<u>-</u>	<u>-</u>
INVESTING:		
Acquisition of equipment	(31,384)	(21,904)
Acquisition of mineral properties	(7,847)	(43,738)
Deferred exploration and development costs	<u>(326,845)</u>	<u>(530,617)</u>
	<u>(366,076)</u>	<u>(596,259)</u>
Decrease in cash and cash equivalents during the period	(435,545)	(993,995)
Cash and cash equivalents, beginning of the period	<u>1,987,234</u>	<u>3,992,332</u>
Cash and cash equivalents, end of the period	\$ 1,551,689	\$ 2,998,337
OTHER SUPPLEMENTARY INFORMATION		
Interest expense paid in cash	\$ -	\$ -
Income taxes paid in cash	-	-

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

LATIN AMERICAN MINERALS INC.
(An Exploration Stage Enterprise)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE THREE MONTHS ENDED MARCH 31, 2010 and 2009
(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

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

During the quarter ended March 31, 2010, the Company incurred a loss of \$350,360, (2009 - \$561,956) and at March 31, 2010, the Company had working capital of \$1,299,639, (2009- \$2,825,063) and an accumulated deficit of \$14,094,678, (2009 - \$15,108,960). The Company has incurred losses since inception. The Company’s continuing operations are dependent upon the continued support of related parties and the ability of the Company to raise equity financing. Should the Company not be able to continue to operate as a going concern, adjustments might be necessary to the carrying values of assets and liabilities and the reported results from operations.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

a) Principles of Consolidation

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

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

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Use of Estimates and Measurement Uncertainty

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

c) Foreign Currency Translation

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

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

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

d) Cash and Cash Equivalents

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

e) Financial Instruments

Financial instruments are measured at their fair values on initial recognition. After initial recognition, financial instruments are measured at the fair values, except for financial assets classified as held-to-maturity or loans and receivables and other financial liabilities, which are measured at cost or amortized cost using the effective interest rate method. The Company has made the following classification:

- Cash and cash equivalents are classified as held for trading and are measured at fair value. Gains and losses resulting from the period revaluation are recorded in net income.
- Accounts receivable are classified as loans and receivables and are recorded at amortized cost, which upon their initial measurement is equal to their fair values. Subsequent measurements are recorded at amortized cost using the effective interest rate method.
- Investments are classified as available for sale and are initially measured at fair value.
- Accounts payable and accrued liabilities are classified as other financial liabilities and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

Transaction costs are expensed as incurred for financial instruments classified or designated as held for trading.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Transaction costs for financial assets classified as available for sale are added to the value of the instruments at acquisition. Transaction costs related to other financial liabilities are added to the value of the instrument at acquisition and taken into net income using the effective interest rate method.

f) Investments

The Company follows the equity method of accounting for investments representing 20% to 50% ownership of companies invested in as the Company has the ability to exercise significant influence and or exercise control. Investments of less than 20% ownership are carried at cost unless the Company has the ability to exercise influence on a company invested in which case the Company follows the equity method. Investments are written down to their fair market value only if other than a temporary decline in value has occurred.

g) Mineral Properties

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

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

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

h) Reclamation and Closure Costs

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

As at March 31, 2010, and December 31, 2009 the Company did not have any asset retirement obligations.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Field & Office Equipment

Field and office equipment are amortized on a straight line basis over the estimated useful life of the asset. Estimated useful lives range from three to five years.

j) Long-Lived Assets Impairment

Long-lived assets of the Company are reviewed when events or circumstances indicate that their carrying value may not be recoverable. Management considers assets to be impaired if the carrying value exceeds the future projected undiscounted cash flows from related operations. If impairment is deemed to exist, the assets will be written down to their fair value.

k) Income Taxes

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

l) Stock-Based Compensation

The Company has an incentive stock option plan. The fair value method of accounting for stock options is used. The fair value of option grants are calculated using the Black Scholes option pricing model and is charged to operations as appropriate, with an offsetting credit to contributed surplus. The fair value of stock options which vest immediately is recorded at the date of grant; the fair value of options that vest in the future is recognized on a straight line basis over the vesting period. Any consideration received on exercise of stock options together with the related portion of contributed surplus is credited to share capital.

m) Loss per Share

Basic loss per share amounts are calculated by dividing net loss available to common share holders by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined using the treasury method.

LATIN AMERICAN MINERALS INC.
(An Exploration Stage Enterprise)
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3. CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2009, the Company adopted the following new accounting principles:

- (a) CICA handbook Section 3064 Goodwill and Intangible assets. This section revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. The implementation of this standard did not impact the Company's consolidated financial statements.
- (b) "EIC-173", a CICA pronouncement on Credit Risk and the Fair Value of Financial Assets and Liabilities. This abstract issued by the Emerging Issues Committee of the CICA requires companies to take both counterparty credit risk into account when measuring the fair value of financial assets and liabilities. The adoption by the Company did not impact the Company's consolidated financial statements.
- (c) "EIC-174" a CICA guidance on capitalization of exploration costs related to mining properties and on impairment of long-lived assets. The adoption by the Company did not impact the Company's consolidated financial statements.
- (d) CICA handbook section 3862 amendment. This amendment requires disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The amendments introduce a three-level fair value disclosure hierarchy that distinguishes fair value measurements by the significance of the inputs used. In addition, the amendments require enhanced disclosures regarding the nature and extent of liquidity risk arising from financial instruments to which an entity is exposed. The impact of the amendment is shown in note 10 (d).

4. RECENT ACCOUNTING PRONOUNCEMENTS

Convergence with International Financial Reporting Standards (IFRS)

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

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(Unaudited)

5. INVESTMENTS

The investments are comprised of 8,400,000 shares of Lithium Americas Corp. (“LAC”), which represented 57% of the shares of LAC received in 2009 from the sale of the Salares mineral property (See note 6). The shares have been valued at cost being the fair value of the shares at the date of the sale.

During 2009, LAC issued common shares through various private placements, resulting in diluting the Company’s interest to 17% as of March 31, 2010 and December 31, 2009.

The Company accounted for its investment in LAC using the equity method. Accordingly, the Company’s interest in the operating losses of LAC, , as well as dilution gains as a result of the share issuances by LAC has been recorded in the consolidated statements of operations, comprehensive income (loss) and deficit.

The following schedule sets out the changes in carrying value:

Investment in shares at cost	\$ 882,000
Equity in losses from the date of acquisition to end of year	(591,921)
Dilution gains	<u>2,402,258</u>
Total investment December 31, 2009	2,692,337
Dilution loss	<u>(77,500)</u>
Total investment	<u>\$ 2,614,837</u>

This investment is designated as available for sale as it forms the most significant capital source the Company has available for funding its principal activities.

LAC completed an IPO in May 2010.

6. MINERAL PROPERTIES

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

	December 31, 2009	Acquisition Cost	Deferred Exploration	March 31, 2010
Paso Yobai (i)	\$ 7,369,689	\$ 4,236	\$ 309,155	\$ 7,683,080
Itapoty (ii)	487,030	3,611	22,612	513,253
Tendal La Rioja (iii)	1	-	-	1
	<u>\$ 7,856,720</u>	<u>\$ 7,847</u>	<u>\$ 331,767</u>	<u>\$ 8,196,334</u>

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(An Exploration Stage Enterprise)
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6. MINERAL PROPERTIES (continued)

	December 31, 2008	Acquisition Cost	Deferred Exploration	Disposal	December 31, 2009
Paso Yobai (i)	\$ 5,116,877	\$ 1,104,628	\$ 1,148,184	\$ -	\$ 7,369,689
Itapoty (ii)	129,819	89,736	267,475	-	487,030
Tendal La Rioja (iii)	1	-	-	-	1
Salares (iv)	<u>238,089</u>	<u>15,803</u>	<u>104,606</u>	<u>(358,498)</u>	<u>-</u>
	<u>\$ 5,484,786</u>	<u>\$ 1,210,167</u>	<u>\$ 1,520,265</u>	<u>\$ (358,498)</u>	<u>\$ 7,856,720</u>

(i) Paso Yobai

On February 21, 2007, the Company entered into two option agreements for 70% interests in two mining concessions. The Paso Yobai Project includes the Minera Guaira mining concession for which the 70% interest can be earned by payments of a minimum of US \$2.1 million (CAD \$2.21 million) over 3 years plus 100,000 shares of the company (issued) and by expending US \$500,000 (CAD \$525,000) during the first year. The payment schedule including subsequent amendments is as follows:

- i) US \$10,000 upon signing of the agreement (paid);
- ii) US \$190,000 when the agreement took effect on April 16, 2007 (paid);
- iii) US \$50,000 on April 16, 2008 amended to 100,000 shares (paid);
- iv) US \$350,000 on April 16, 2009 (paid);
- v) US \$250,000 on October 16, 2009 (paid);
- vi) the US cash equivalent of 240 ounces of gold on April 17, 2010 with a minimum value of \$1,043US per ounce (see subsequent events note 13); and
- vii) the US cash equivalent of 959 ounces of gold with a minimum value of \$1,043US per ounce on October 17, 2010.

The Minas Paraguay concession requires cash payments of US \$1.9million (CAD \$2.2million) over 3 years plus company shares valued at US \$400,000 (paid by issuing 1,352,500 shares), and mining exploration expenditures of US \$750,000 over 2 years. The payment schedule including subsequent amendments is as follows:

- i) US \$5,000 upon signing of the agreement (paid);
- ii) US \$45,000 when the agreement took effect on April 16, 2007 (paid)
- iii) US \$100,000 on April 18, 2008 amended to 114,149 shares as of October 30, 2008 based on the value on that date (paid);
- iv) US \$350,000 on August 30, 2008 (paid);
- v) US \$100,000 and 1,287,976 shares valued at US \$250,000 on October 31, 2009 (paid); and
- vi) US \$1,150,000 on April 18, 2010 (see subsequent events note 11).

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6. MINERAL PROPERTIES (continued)

(ii) Itapoty

The Company has staked and optioned 1650 square kilometres in Paraguay on which it has initiated diamond exploration.

(iii) Tendal La Rioja

On January 31, 2007, the Company acquired a 100% interest in the Tendal zinc-silver property in La Rioja Province of Argentina for \$52,000 and 200,000 common shares of the Company. The property comprises four concessions covering 24,296 hectares. Subsequently, the Company acquired two more concessions with an additional 36 hectares and have made payments totalling US \$120,000. The Company has written this property down to \$1 as a consequence of the weak zinc markets and the decision to focus resources on the other active projects.

(iv) Salares

On June 11, 2009 the Company sold its interest in the Salares property to Lithium Americas Corp. The property was sold for consideration of a promissory note of \$1,000,000 (which was received), and 8,400,000 shares of Lithium Americas Corp., valued at \$882,000 being the fair value of these shares at the date of sale.

7. FIELD AND OFFICE EQUIPMENT

			March 31, 2010	December 31, 2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Field and Office Equipment	\$ 886,224	607,971	\$ 278,253	\$ 294,938

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8. SHARE CAPITAL

(a) Shares Issued

	Number of Shares	Amount
Authorized:		
Unlimited common shares without par value		
Issued and fully paid:		
Balance as at December 31, 2008	62,371,525	\$17,292,920
Acquisition of mineral property – Paso Yobai	1,287,976	\$ 270,475
Exercise of options	841,250	233,829
Private placement	10,000,000	1,075,268
Share issue costs	<u>-</u>	<u>(285,265)</u>
Balance as at March 31, 2010 and December 31, 2009	<u>74,500,751</u>	<u>\$18,587,227</u>

(b) Incentive Stock Options

The following table summarizes information about stock options outstanding at March 31, 2010:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life
100,000	100,000	\$0.66	April 12, 2011	1.05
390,000	390,000	\$0.25	October 18, 2011	1.55
650,000	650,000	\$0.40	January 5, 2012	1.77
125,000	125,000	\$0.91	May 4, 2012	2.09
1,185,000	1,185,000	\$1.20	June 5, 2012	2.18
150,000	150,000	\$0.81	July 25, 2012	2.32
554,000	554,000	\$0.65	January 21, 2013	2.82
767,500	767,500	\$0.15	September 9, 2013	3.48
1,070,000	267,500	\$0.22	October 9, 2014	4.53
150,000	37,500	\$0.25	November 17, 2014	4.64
70,000	17,500	\$0.255	December 1, 2014	4.67
<u>5,211,500</u>	<u>4,244,000</u>			<u>4.00</u>

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8. SHARE CAPITAL (continued)

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

	Number of Shares	Weighted Average Exercise Price
Exercisable at December 31, 2008	5,998,500	\$ 0.60
Granted during the year	1,490,000	\$ 0.22
Exercised during year	(841,250)	\$ 0.15
Expired during the year	(1,383,250)	\$ 0.64
Issued at Dec. 31, 2009	5,264,000	\$ 0.55
Cancelled during period	(52,500)	\$ 1.09
Outstanding March 31, 2010	5,211,500	\$ 0.55
Issued but not vested	(967,500)	\$ 0.23
Total vested	4,244,000	\$ 0.62

On January 5, 2007, the Company issued 1,100,000 incentive stock options to directors and 95,000 incentive stock options to employees at an exercise price of \$0.40 per share. On May 1, 2007, the Company issued 125,000 incentive stock options to an officer of the Company at an exercise price of \$0.91. On June 4, 2007, the Company issued a further 1,805,000 incentive stock options to directors and officers and 105,000 incentive stock options to employees at an exercise price of \$1.20. On July 25, 2007, the Company issued 150,000 incentive stock options at \$0.81 to a director of the Company. On January 21 2008 the Company issued 738,500 incentive stock options to directors and officers and 110,000 incentive stock options to employees at an exercise price of \$0.60. On September 23, 2008 the Company issued 1,030,000 incentive stock options to directors and officers and 640,000 incentive stock options to employees at an exercise price of \$0.15.

The fair value of these options amounts to \$2,965,473; the first set of options vested over 24 months in equal tranches; the second set of options vested in 4 equal tranches over 18 months; the third set of options vested over 12 months in equal tranches, the fourth fifth and sixth set of options vest in 4 equal tranches over 24 months from their respective dates of issue. The options are being expensed over their respective vesting periods and credited to contributed surplus within shareholders' equity. For the Three Months ended March 31, 2010, \$817,294 was expensed and \$98,374 was charged to the costs of mineral properties. The weighted average fair value of the options granted is \$0.60 per option.

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

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8. SHARE CAPITAL (continued)

(c) Share Purchase Warrants

The following table summarizes information about share purchase warrants outstanding at March 31, 2010:

Number of Warrants	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life
6,689,001	\$0.50	February 19, 2011	.9 years
5,000,000	\$0.30	October 5, 2011	1.5 years
800,000	\$0.15	October 5, 2011	1.5 years
12,489,001			1.3 years

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

	Warrants Outstanding	Weighted Average Exercise Price
Balance as at December 31, 2008	7,357,902	\$ 0.48
Issued during the year	5,800,000	\$ 0.28
Balance as at December 31, 2009	13,157,902	\$ 0.39
Expired during period	668,901	0.30
Balance March 31, 2010	12,489,001	0.42

The fair values of warrants issued have been estimated using the Black Scholes option-pricing model. Assumptions used are as follows: risk-free interest rate of 1.30%, dividend yield of 0%, volatility of 192% and expected life of 24 months.

The fair value of these warrants amounts to \$442,489 and has been credited to contributed surplus within shareholders' equity. The weighted average fair value of the warrants granted is \$0.09 per warrant.

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8. SHARE CAPITAL (continued)

(d) Contributed Surplus

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

Balance as at December 31, 2008	\$ 7,195,604
<hr/>	
Contributions from options expensed	185,722
Contributions from options capitalized to properties	8,954
Contributions from issue of warrants	544,732
Transfer of fair value of stock options/warrants to share capital upon exercise	<u>(104,643)</u>
Balance December 31, 2009	7,830,369
Contributions from options expensed	61,223
Contributions from options capitalized to properties	<u>4,922</u>
Balance March 31, 2010	<u>7,896,514</u>

9. RELATED PARTY TRANSACTIONS

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

- (a) In 2009, \$40,000 in consulting and contract related fees pursuant to a services contract paid to Southampton & Associates, a firm controlled by the former CEO of the Company.
- (b) \$25,700 (2009 - \$28,000) in director fees to directors of the Company.
- (c) \$27,078 (2009 - \$180,611) in legal fees to a law firm, Gowling Lafleur Henderson LLP, of which a partner is a director of the Company. At March 31, 2010, a total of \$18,404 (at December 31, 2009 - \$8,728) remained unpaid and was included in due to related parties.
- (d) \$33,917 (2009 - \$111,395) to the acting CEO of the Company pursuant to a service contract. At March 31, 2010, \$4,063 was included in due to related parties.
- (e) \$18,000 (2000 - \$37,500) in contract fees pursuant to a service contract paid to the CFO of the Company.
- (f) \$26,242 (December 31, 2009-\$109,420) is receivable from Lithium Americas Corp. and is included in accounts receivable

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

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10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Risks arising from financial instruments and risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

The Company uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks.

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies, evaluates and executes the hedging of financial risks.

(a) Market risk

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The company primarily operates in Argentina and Paraguay. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency. The Company's risk management policy is to review its exposure to non-Canadian dollar forecast operating costs on a case by case basis. The majority of the Company's forecast operating costs are in

Paraguayan Guaranis and Canadian dollars. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Company's foreign currency denominated monetary assets and liabilities at the period end is as follows: (000's)

	Assets	Liabilities
	\$	\$
Argentinean Pesos	81	19
Paraguayan Guarani	5	99
United States Dollars	774	-
	<u>860</u>	<u>118</u>

Sensitivity

Based on the financial instruments held at March 31, 2010, had the Canadian Dollar weakened/strengthened by 10% against these foreign currencies with all other variables held constant, the Company's post-tax loss for the year would have been \$86,000 higher/lower as a result of foreign exchange gains/losses on translation of non-Canadian dollar denominated financial instruments as detailed above. The Company's deficit would have been \$86,000 higher/lower had the Canadian Dollar weakened/strengthened by 10% as a result of foreign exchange gains/losses on translation of non-Canadian dollar denominated financial instruments.

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10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(ii) Cash flow fair value interest rate risk

The Company does not have any variable interest-bearing borrowings for which general rate fluctuations apply. The Company is exposed to interest rate risk to the extent of the funds invested in the Company's bank accounts.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the group. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to outstanding receivables.

It is management's opinion that the Company is not exposed to significant credit risks arising from these financial instruments.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the Company's commitments as they arise. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows.

As at March 31, 2009, the Company had net working capital of \$1,299,631 and anticipates this is sufficient to provide 12 months of planned activity when augmented with anticipated other prospective cash sources.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The carrying value less impairment provision of accounts receivables and payables are assumed to approximate their fair values due to their short-term nature.

The investments available for sale are exposed to the valuation of such investments and consequently the Company could experience significant reduction in capital if a decline was experienced in the value of the investments. As these assets comprise almost 16% of the Company's assets, the concentration of risk in the value of these investments is significant.

Investments available for sale are investments with no quoted market value. The fair value of these investments is not readily available. However, management believes the fair value to be in excess of the carrying value of the investments.

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10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(e) Management of capital

The Company manages its capital to ensure that funds are available or are scheduled to be raised to provide adequate funds to carry out defined exploration programmes and to meet co-incident administrative costs.

This is achieved by board review and acceptance of exploration budgets that are achievable within existing resources and the timely matching and release of the next stage of expenditures with the resources made available from private placements or other fund raisings. The Company is not subject to any externally imposed capital requirements.

11. SUBSEQUENT EVENTS

On April 14, 2010 the Company paid US \$276,720 for the scheduled payment of April 17, 2010 on the Minera Guaira property of the Paso Yobai project.

On April 15, 2010 the payment scheduled for April 18, 2010 on the Minas Paraguay property of the Paso Yobai project was amended from cash to a payment of US \$250,000 value of the Company's shares based on the value on the close of business on April 16, 2010 plus a payment of US\$ 900,000 to be made on January 17, 2011 in cash/and or the Company's shares.