LATIN AMERICAN
MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Six Months Ended
June 30, 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 Six Months ended June 30, 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 August 22, 2007.

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 is now listed on the TSX-V as a Tier 2 mining issuer under the trading symbol - LAT.

We are 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 and Canaccord Capital Corporation.

To support this aggressive exploration program the Company has established exploration offices in Mendoza, Argentina and Asuncion, Paraguay as well as project offices at La Carolina, Tendal and Paso Yobai. In order to effectively manage these projects the Company has built a highly trained staff of geologists, technicians and support staff totaling 35 professionals.

The Company will continue to seek out additional properties and projects of merit that will further enhance shareholder value.

The following summarizes the exploration results reported to date on the Company's La Carolina Gold project, the Tendal Zinc-Copper-Lead-Silver project, the Paso Yobai Gold project and the Cerro Amarillo Copper-Gold project. The exploration results have been previously disclosed in numerous press releases over the past year and are presented on the Company's web site www.latinamericanminerals.com

MINERAL PROPERTIES

La Carolina Gold Property - Argentina

The La Carolina property is a gold prospect located in the La Carolina District of San Luis Province in west-central Argentina. The Property is situated at an elevation of approximately 1,600 metres ("m") in the Sierras de San Luis. La Carolina lies 85kilometres ("km") north of the provincial capital, San Luis, and is accessible year-round via paved roads.

The Property consists of three contiguous staked and optioned exploration concessions covering approximately 3,500ha. The Company has a right to earn a 75% interest in the Property by making cash option payments totaling US$ 125,000, exploration expenditures totaling US$ 1.0 million and delivering 225,000 common shares to vendor (Solitario/TNR) over 5 years.

The project area is part of the Sierra Pampeanas, a series of metamorphic rocks (basement rocks) which have been intruded by a northwesterly trending belt of volcanic rocks locally containing volcanic centers which typically contain low grade gold mineralization. This belt is approximately 80km long and about 10km wide in the Province of San Luis but extends further 400km northwest along the Pascua trend that hosts over 30 million ounces of gold in the border with Chile in two deposits Pascua and Veladero owned by Barrick.

The intrusion of volcanic rocks of the San Luis extension are the result of a geologic process under the Andean belt that generated significant mineral deposits in Argentina including Xstrata's Bajo de la Alumbrera (600 million tonnes ("Mt")@ 0.55 % Cu and 0.5gpt Au); Northern Orion's Agua Rica (731 Mt@ 0.62 % Cu, 0.037% Mo and 0.23gpt Au, Northern Orion), YMAD's Farallon Negro (500,000 Oz @ 8gpt Au) and Barrick's Famatina District (porphyries and high sulfidation system, undeveloped) north of Carolina District.

The La Carolina Property hosts low sulphidation epithermal gold mineralization associated to diatremes and dome complex, similar to that at Montana Tunnel (Montana) and Baguio (Phillipines). The Property contains disseminated gold mineralization associated with pyrite-silica alteration in the diatreme breccias related to Tertiary porphyritic dacite and trachyte domes as well as vein-style gold mineralization hosted by the Paleozoic country rocks. Gold porphyry mineralization is also reported from the Diente Verde prospect some 15km to the southeast.

Mining at La Carolina was first reported in the 14th Century and was carried out under the direction of King Carlos of Spain. Historically, the district has seen small but significant mineral production since the time. Alluvial gold has been produced from placers in the past and some are still in production today. Limited hard rock production comes from narrow gold-silver-lead-zinc vein deposits such as Esperanza and La Estancia which lies on the Property.

The first modern exploration was reported in 1986 and was carried out by Direccíon de Fabricaciones Militares (DGFM), which identified gold-bearing breccias in Cerro el Porongo and La Estancia. An early drilling program consisting of 1,300m in 13 diamond drill holes identified gold anomalies but the results were never recovered. In 1987-88, DGFM entered into a Joint Venture with Anglo Gold and completed 6,804m of drilling in 52 holes. Some interesting results are:

Diamond Drill Hole	**Intersection (m)**	**Au (gpt)**
DDH-21	138.0	2.72
DDH-49	1.5	59.2
DDH-38	18.0	2.44
including	9.0	4.06
DDH-36	6.0	1.34

DDH-45	10.5	2.40
DDH-33	19.5	2.17
DDH-21	1.5	59.2

Anglo Gold terminated the Joint Venture in 1990.

Subsequently, Cameco (1991) drilled 3 shallow holes in La Estancia Area and the best hole intersected 8m averaging 1.16gpt Au. Later that year Cameco dropped their option and the Property was placed in a "Provincial Mineral Reserve" until 1996, when the area came open for staking and the property was staked by Solitario/TNR. In 2003, Solitario/TNR entered into a joint venture with Geocom. In 2004, Geocom drilled 15 diamond drill holes totaling 2,500m. The best results were reported at Mogote intersecting 4m averaging 5.96gpt Au and at El Camino intersecting 4.2gpt Au over 25m.

The results of this historic work indicates the potential for the discovery of both high grade gold mineralization (Baguio-style) in the contact zone between the volcanics (diatreme breccias) and the basement rocks and lower grade gold mineralization related to the core of the diatremes (Montana Tunnel style).

During the Q-1 2007, the Company completed reconnaissance lithogeochemical sampling, confirmation soil sampling, confirmation trench sampling and geophysical surveys including Gradient Array and Pole-Dipole Array IP surveys and a magnetometer survey on the Property. The results of this work, as reported in the Q-1 MD&A, confirmed the regional geological setting, the tenor of gold mineralization reported by previous interested parties, identified numerous geophysical anomalous zones and identified diamond drill targets.

On April 18, 2007, the Company signed a drill contract with Patagonia Drill an experienced diamond drill contractor based in Mendoza. The Phase I diamond drill program commenced in early June and is ongoing. Currently, the drill program is testing site specific targets as an initial step in establishing the parameters for the more extensive drill program later in the year. To date thirteen holes have been completed totaling 3,789.3m. Core samples are currently being assayed at Alex Stewart Laboratories in Mendoza, Argentina. It is the Company policy to release the drill results on completion of each phase of drilling; Phase I is expected to be completed by mid September. On completion of the Phase I program the Company intends to temporarily suspend drilling in order to compile all the drill data as a first step in the design of the Phase II drill program at La Carolina. The current budget for La Carolina is US$ 1.5 million.

A copy of the La Carolina technical report, prepared in accordance with the N1 43-101 by qualified person James Chapman, was filed on SEDAR December 14,2005.

Tendal Copper/Lead/Zinc Property - Argentina

The Rio Tendal Property is located in northern La Rioja Province, Argentina and consists of 6 claims, covering 36,488 ha. The Company owns 100% of the Property; however, located within the Property area are a number of small historic mining claims (aggregating about 1% of the property

area), which are owned by private individuals. The Company is currently negotiating with the private owners to acquire these historic mining claims.

On February 1, 2007, the Company purchased a 100% interest in the Tendal Property (comprising 24,296 ha) for $52,000.00 paid in cash and 200,000 common shares of the Company. The Company has transferred the Property to its subsidiary Latin American Minerals Argentina S.A.

Subsequently, the Company increased its Property position by staking bringing the total land area to 36,488ha.

The project area is situated between 2,800m - 3,500m above sea level and is currently accessible by accessible by four-wheel drive vehicle; however, the Company is currently constructing a 19km all season access road to the Property. The regional geology consists of gneisses, schists and amphibolites (Espinal Formation) dated at 1024 Ma which are overlain by shales, siltstones, volcaniclastic rocks and dirty limestone (Rio Bonete Fm) with Ordovician fossils. Within the shales (Rio Bonete Formation) there is an ophiolitic sequence of pillow lavas, basalts, ultramafic rocks and rhyolites (Cerro Chuscho Formation) dated at 454 Ma (Ordovician). Leucogranites and granite dykes with fluorite mineralization intrude both units which are thought to be Devonian. The former units are overlain by Carboniferous and Permian sediments and younger (Triassic? Tertiary?) rhyolitic porphyries, volcanic rocks and volcanic and epithermal breccias.

The Espinal Formation has been known to host galena (lead) mineralization for over a century. Small workings were developed in narrow galena (lead) veins by small adits and shafts in the first half of the 20th century.

The new massive sulphide zone discovered by the Company also lies within the Espinal Formation; however, it received little attention in the past because the earlier explorers were only interested in lead and silver; they had no idea what to do with the sphalerite (zinc) rich massive sulphide zone. The new zone strikes North-South, dips 50° W and has been variably traced along strike for approximately 2km.

The mineralization shows classic characteristics of VMS deposits including synsedimentary features, fine laminated sulfides in the schists and bimodal magmatism. The mineralization is oxidized on surface; however, small artisan workings on the zone have exposed the primary sulphide mineralization to be sphalerite (zinc), chalcopyrite (copper) and galena (lead) associated with pyrrhotite.

In the target area the Espinal Formation is composed of schists but still recognizable through deformation is a sequence of basalts with pillow lavas (now amphibolites), sediments (now schists) and felsic units (now unrecognizable fine grain white units). The massive sulphide lenses are hosted in the sedimentary part of the sequence, within an 80m wide mineralized zone containing up to 11 different layers of massive sulfides constrained by either structural repetition or by repetitive deposition of massive sulfides across the sedimentary sequence. The individual lenses are up to 15m thick and have been traced along strike for several hundred of meters. The variably mineralized material (sediments?) between the layers of massive sulfides ranges from centimeters to several meters in width.

Reconnaissance chip-channel sampling of several of the thicker lenses, returned the following encouraging assay results:

	Thickness (m)	Cu (%)	Pb (%)	Zn (%)	Ag (gpt)
	13.1*	0.60	7.12	3.66	30.0
	5.0	1.26	12.48	5.20	76.3
	5.8	1.05	5.63	1.25	42.5
	2.5	2.5	3.58	3.18	99.0
*including	5.0	0.07	10.68	6.28	28.8

These results are very encouraging as they potentially represent mining grades and mining widths as the following table illustrates.

Mine	Cu%	Pb%	Zn%	Ag(gpt)
Brunswick	0.36	3.60	9.7	
Kidd Creek	2.90	0.25	5.7	75
Matagami	0.32	----	5.0	
Tendal T1 13.1m	0.60	7.12	3.7	30
including 5 m	0.07	10.68	6.3	29

The wall rock in contact to the massive sulfides was also sampled. The average grade of the 22 samples from the wall rock returned 24.23 gpt Ag, 0.61 % Cu, 1.91 % Pb and 1.15 % Zn, confirming that the wall rock of the massive sulfides is also mineralized. The average grade of all 64 samples collected (including massive sulfides and wall rock) is 38.8 gpt Ag, 1.28 % Cu, 1.63 % Pb and 1.98 % Zn. Grab samples in quartz-oxide veins in the periphery of the massive sulfide area returned silver assays of up to 1.2 kg Ag per tonne. The massive sulphides exposed on surface are visible on an IKONOS satellite image and graphically illustrates the extent and the stratabound nature of the mineralized horizon.

In Q-2, 2007, the Company completed detailed geological mapping of the massive sulphide horizon at a scale of 1:2,000 and regional reconnaissance mapping at a scale of 1:10,000. Diamond saw channel sampling across the mineralized zone has started and the construction of an all season access road is currently being constructed.

The geological mapping programs were aided by the IKONOS satellite image not only identified the mineralized horizon and regional structures, but also identified the old workings including areas when may reflect collapsed tunnel entrances. An investigation of these areas resulted in the discover of an old tunnel (adit) which was uncovered and found to potentially provide limited underground access to the massive sulphide horizon at depth below the massive sulphides exposed on surface. Unfortunately, the tunnel did not go far enough to intersect the mineralized horizon. The Company intends to apply for the necessary permits to widen and extend the tunnel to intersect the massive sulphides approximately 100m below the zone exposed on surface. The entire length of the tunnel

has been sampled to establish background geochemistry as a means of determining the stratigraphic hanging wall and foot wall.

The result of the first five diamond-saw channel samples confirmed the earlier chip sample results as summarized below:

Channel	Zn (%)	Cu (%)	Pb (%)	Ag (gpt)	Sample interval (m)
C-1	2.33	0.40	2.26	58.65	7.5
Including	1.98	0.94	2.91	5.50	2.0
C-2	1.35	0.42	2.27	39.58	5.0
Including	3.01	1.58	4.23	142.0	2.0
C-3	4.64	0.04	1.87	23.2	5.0
C-4	6.43	1.04	1.16	111.76	12.0
Including	8.67	0.70	2.24	16.0	6.0
C-5	3.70	0.11	2.95	13.69	27.0
Including	5.69	0.34	1.75	34.40	7.5
Including	3.01	0.02	4.63	10.85	10.0

Of particular interest are the results from C-5 which retuned potentially economic grade mineralization over 27m.

The Company has signed a drill contract with Patagonia Drill for a minimum of 5,000m of diamond drilling which is expected to start as soon as the road has been completed. Drilling at Tendal is expected to start mid to late September.

Paso Yobai Gold Property – Paraguay

On February 17, 2007, the Company signed an option agreement with Minas Paraguay and with Minera Guaira to acquire 70% interest in the Paso Yobai Property over three years.

The Property is located in south central Paraguay approximately 150km east of Asuncion, capital of Paraguay, and comprises two mining leases and four exploration concessions covering approximately 27,300 ha held by Minas Guaira and Minas Paraguay.

In the case of Minera Guaira, by paying escalating cash payments totaling US$2.1million over 3 years, expending US$500,000 on exploration in Year 1 plus the delivery of 100,000 shares of Latin American Minerals to Minera Guaira. On vesting a Joint Venture will be formed and if Minera Guaira's interest drops below 15% said interest converts to 3% NSR.

In the case of Minas Paraguay, by paying escalating cash payments totaling US$2.05 million over 3 years, expending US$ 750,000 on exploration plus delivering US$ 50,000 in shares of Latin American Minerals over 2 years. On vesting a Joint Venture will be formed and if Minas Paraguay's interest drops below 5% said interest converts to 5% NPI.

Paraguay is a country with no history of mining, even though it has very good exploration potential. During the 1980's, Amshuzts, an American group, was the first to look for minerals in the country. In the late 1990's, Yamana Resources explored for gold in the alkaline rocks of Paraguay and completed limited drilling of a prospect located approximately 50km east of the Paso Yobay Project, but subsequently abandoned the claims and left the country. The Paso Yobay is an emerging gold camp discovered in 1996 by a treasure hunter and actively mined only in the last 3 years by milling and concentrating free gold in the soils and saprolites. There are no geology maps of the region, which is heavily forested. The sub-tropical weather generated 10m to 25m saprolite weathering profile. Regional geology consists of Jurassic sandstones intruded by mafic dykes related to a suite of Cretaceous mafic alkaline rocks that is located 50km east of the Paso Yobay that was drilled in the 1990's by Yamana Resources. The dykes of the alkaline complex extend for several hundred kilometers and vary from a few meters width to tens of meters in width. The extensive nature of the dykes is related to rifts that cut the continent during the initial stages of the opening of the Atlantic Ocean.

PIMA analysis was done on selected rock samples and the paragenesis found was smectite-montmolleronite. Kaolinite, vermiculite and hallozoicite are also found but considered supergene in this laterite environment. That association corresponds to neutral cool epithermal systems.

Mineralization is found in the contacts of the mafic dykes with the sandstones and consists of very fine quartz and minor calcite veins (hair like) intensively oxidized with free gold, marcasite and relict pyrite. Open spacing in the veinlets clearly indicates very high level system. The width of the vein zone varies from 1m to over 20m and has been traced along a northwesterly-southeasterly strike for 3.7 km by artisan miners. Visible gold along the mineralized zone is strikingly common and we encourage the reader to visit our website to see pictures of some interesting gold samples. The gold is present as free gold with low silver content, suggesting supergene enrichment in the saprolite.

In Q-1 2007, the Company reported that it collected representatives grab samples of the mineralized material, which returned up to 10gpt Au; however, the sampling results may not be representative due to the presence of coarse visible gold. Additionally, research completed during this period suggested that Paso Yobai gold project has characteristics typical of the alkalic low sulfidation Stage II shallow veins of Cresson mine, Cripple Creek district. The Cripple Creek system (over 6 million ounces) consists of narrow veins structurally controlled that have great vertical extend (over 1,000m). Cripple Creek is mostly hosted in a diatreme in alkalic mafic rocks and part of the deposit is directly related to lamprophyre dykes.

In Q-2, the Company retained Geotech to complete a 3,615 line kilometer magnetometer and VTEM electromagnetic airborne survey over the project area. The helicopter airborne survey was carried out on grid lines established at 100m intervals over the current discovery area and 200m line intervals over the balance of the project area. As reported in our press release (July 5, 2007) the airborne survey was very successful in identifying thirteen (13) structural features characterized by variably magnetic linear conductors reflecting five (5) shallow response conductors and eight (8) The shallow response conductors range from 1km to 2km long for an aggregate total strike length of 8km. The deep response conductors range for from 1km to 3km long for an aggregate total strike length of 17km. Management believes the variably magnetic conductors reflect shallow and deep seated structural features and/or mafic alkalic dykes, and may contain sulphide mineralization.

The previously known gold zone hosted at the contact of a NW trending mafic alkalic dyke has been identified by the airborne survey and is characterized by a variably conductive linear magnetic anomaly approximately 4.5km long and 40m wide trending northwesterly across the central portion of the property. The NW lineament clearly identify identified by the magnetic and the VTEM survey is a regional feature related to the emplacement of alkalic mafic rocks during the opening of the Atlantic Ocean in Cretaceous times. The Paso Yobai NW trend is abruptly cut by a NE linear magnetic trend comprising three (3) circular magnetic anomalies defining a corridor approximately 6km long and 600m wide, which strikes northeasterly, transecting and dismembering the NW structural trend. The circular magnetic anomalies range from 400 to 600m in diameter each. The discovery of circular magnetic features that could be interpreted as feeders partially surrounded by alluvial and soil gold workings is extremely important. Up to now we found gold mineralization related to the contact of mafic alkalic dykes. The circular features could be related to feeders and if this is the case, it will reinforce the possibility of analogy between the Paso Yobai gold camp and the Cripple Creek gold camp in Colorado.

Mr. Kieley, the Company's independent consulting geophysicist formerly chief geophysicist for Barrick provided on site QA/QC and interpretation of the survey. Mr. Kieley reports that the VTEM (Versatile Time Domain EM) helicopter-borne system is the most powerful of its kind in the world. It is characterized by output power that doubles all competition technologies, thus providing for strong electromagnetic fields being propagated into the earth. This high output level also determines to a certain degree the depth of exploration. In most places on earth, where surface conductive layers are not prevalent, the VTEM system is capable of exploration depths easily in excess of 500m.

In addition, the Company started an ambitious geochemical soil sampling program, collecting 7,000 samples over the central portion of the project. Over 1,000 samples have been collected and are waiting analysis. To expedite the time line for analysis Alex Stewart Assay Laboratories has set up an independently operated sample preparation laboratory on the property. The lab is currently operation at full capacity and the Company feels this lab will greatly enhance the turnaround time for analysis.

In Q-3, the Company plans to continue its aggressive soil sampling program, commence geological mapping, limited trenching and commence a 5,000m HQ diamond drill program to test the resource potential of the Project. The budget for the project is US$ 2.0 million.

Cerro Amarillo Copper/Gold Project – Argentina

The Cerro Amarillo copper-gold porphyry Property is located in Mendoza Province, Argentina. The Property, comprising mineral concessions covering 14,222 hectares (ha), is located in the foothills of the central Andes at the southern end of the mineral belt hosting Codelco's world-class Los Bronces and El Teniente copper porphyry mines.

The Company has the option to purchase a 100% interest in the Property by paying the vendor US$1.5 million. To maintain its option LAT is required to make escalating payments totaling US$660,000 over four (4) years (which terminates if the Company exercises its option to acquire the property outright) and undertake a minimum work commitment of US$100,000 in the first year

and US$200,000 in the second year of the agreement. In addition, a royalty amounting to 1% NSR capped at US$1.0 million in payable on production.

The Property contains a large, 3km by 2 km alteration zone developed over a strongly-leached copper gold porphyry system and associated skarn mineralization. The system displays classical porphyry copper alteration zoning including a mineralized potassic core with hydrothermal veining and disseminated pyrite, chalcopyrite and magnetite, an intermediate phyllic zone, and an outer propylitic zone with a typical chlorite, epidote, pyrite mineral assemblage. Surface samples collected by previous operators contain up to 1.47% Cu, 0.055% Mo and 0.98 g/t Au within the potassic core. Higher grade copper and gold mineralization also occurs within hydrothermal breccias and skarn bodies peripheral to the Cerro Amarillo porphyry system.

Cerro Amarillo was discovered by St. Joe Minerals in 1970 following up a regional stream sediment geochemical anomaly. Subsequent work has been limited to geological, geochemical, and geophysical surveys which have defined general elements of the mineralized porphyry system. Induced polarization surveys indicate strong, shallow chargeability anomalies associated with hydrothermal breccia and skarn mineralization and deeper-seated anomalies over the mineralized porphyry body. None of the Cerro Amarillo mineral showings or geophysical anomalies have been tested by drilling or systematic trenching and surface sampling.

The limited information developed at Cerro Amarillo to date has partially defined a potentially important, untested porphyry copper-gold system within the productive Los Bronces-El Teniente mineral belt. The data indicate both classical veinlet-controlled and disseminated copper-gold within the core of the porphyry body and higher grade gold and base metal mineralization in peripheral hydrothermal breccias and skarn zones.

During Q-1 2007, representatives of the Company met with the principals of the Las Lenas, the owner of the surface rights, to get permission to construct an access road to the Property. As a result of these meeting, the Company has prepared a short list of qualified environmental consultants as a first step in selecting a consultant to prepare an environment assessment report for the Project.

Since the Company has not been able to gain access to the Property, the original option agreement was renegotiated to allow for the US$ 100,000 in exploration expenditures due in 2007 to be deferred to 2008 and the US$ 200,000 exploration expenditure due in 2008 to be deferred to 2009.

As announced in the Company's press release of June 20, 2007, the provincial government of Mendoza passed legislation banning the use of any chemical substance used in mineral processing. As a result of this legislation the Company has suspended further work of the Cerro Amarillo project.

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

	December 31, 2006	Acquisition Cost	Deferred Exploration	June 30, 2007
La Carolina *(i)*	$ 153,464	$ 46,511	$ 439,683	$ 639,658
Cerro Amarillo (*ii)*	227,956		105,241	333,197
Paso Yobai		45,388	648,721	694,059
Tendal		154,413	67,895	371,174
	$ 381,420	$ 241,782	$ 1,414,886	$ 2,038,088

RESULTS OF OPERATIONS – CURRENT PERIOD

The Company reported a loss of $1,734,925 during the Six months versus a $270,683 loss in the same period last year. This amounts to a $$1,475,857 (550%) increase over the six months ended June 30, 2006 which can be attributed primarily to an increase in professional fees ($420,813 higher) and the costs of stock based compensation ($592,150 higher) as the Company's level of business activity has increased during the current period since the completion of its Qualifying Transaction. The increased costs included a significant increase related to the bring on of management and administrative staff. These costs which are included in consulting fees and salaries and benefits increased $237, 276 over the six month period of 2006. In particular the Company brought on both field and corporate level employees to manage the new levels of exploration activity and the related raising of capital to finance such activities. The majority of the balance of increased costs related to travel (up $92,204) and an office cost increase of $77,592.

In the previous year the company was funded by less than $600,000 and could not engage in the property acquisition and exploration activities experienced in 2007 when funding was raised to bring more than $14,000,000 to bear to commence the acquisition and exploration of the Company's projects.

The quarterly loss of $1,072,171 was an increase of $408,317 over the first quarter of 2007. This increase was primarily due to the increase of $425,000 in stock based compensation expense.

SELECTED QUARTERLY FINANCIAL DATA ($)

	Jun.30 2007	Mar. 31 2007	Dec. 31 2006	Sep.30 2006	Jun. 30 2006	Mar.31 2006	Dec. 31 2005	Sep. 30 2005
Financial results								
Net (loss) for the period	1,072,171	663,854	(536,065)	(85,382)	(337,066)	(113,617)	(119,322)	(53,579)
Basic and diluted loss per share	(.02)	(.03)	(.03)	(.01)	(.02)	(.01)	(.01)	-
Balance Sheet data:								
Cash	11,838,594	2,170,542	2,940,146	41,098	174,553	372,410	486,340	558,362
Mineral Properties	2,038,088	849,507	381,420	409,791	379,168	101,530		
Total Assets	14,350,891	3,310,663	3,717,289	495,862	615,644	505,997	487,518	562,453
Shareholders' Equity	13,576,373	2,744,446	3,169,528	419,626	505,005	471,424	426,241	545,563

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 $1,354,907.

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 June 30, 2007, the Company had working capital of $11,420,379 which included a cash and cash equivalents balance of $11,838,594.

OUTSTANDING SHARE DATA

	#	$
Balance, December 31, 2006	30,209,000	3,578,000
Issued for interest in mineral properties	275,375	149,338
Issued on exercise of warrants and options	1,222,000	357,261
Issued by private placement	12,000,000	12,000,000
Share issue costs		(1,354,907)

Attributed to warrants	-	(3,591,000)
June 30 and August 22nd 2007	43,706,375	11,592,291

The Company has warrants outstanding for 15,913,000 shares and options outstanding for 3,920,000 shares. If exercised cash of approximately $14,170,000 would be received and total outstanding shares on a fully diluted basis would be 63,539,375.

TRANSACTIONS WITH RELATED PARTIES

a) Director's fees of $4,226

b) Legal fees of $496,490 to a legal firm of which a director is a partner

For the six months ended June 30 the Company paid to and/or accrued for the following amounts excluding expenses related parties:

a) Management fees to former directors of the company-$30,000

b) $42,310 to an accounting firm of which a partner was an officer of the Company

c) $75,000 in consulting fees to a company owned by director of the Company

d) $51, 685 in consulting fees to an officer of the Company

COMMITMENTS

The Company had no significant commitments at the period end.

SUBSEQUENT EVENTS

There were no material subsequent events.

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 are 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 and Paraguay. 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 rely 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 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. 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 have 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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