



LATIN AMERICAN
MINERALS INC.

LATIN AMERICAN MINERALS INC.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS**

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011

(In Canadian dollars)

(UNAUDITED)

LATIN AMERICAN MINERALS INC.

Advisory to reader

Under National Instrument 51-102, if an auditor has not performed a review of interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements have been prepared by, and are the responsibility of the Company's management.

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

LATIN AMERICAN MINERALS INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in Canadian dollars - unaudited)

	Notes	June 30, 2011	December 31, 2010
ASSETS			
			(note 12)
Current assets			
Cash and cash equivalents		9,027,865	13,728,531
Accounts receivable		52,099	37,170
Prepaid expenses		341,362	97,550
Total current assets		9,421,325	13,863,251
Non-current assets			
Field and office equipment	4., 12	1,572,952	232,026
Property rights and exploration and evaluation costs	5., 12	9,764,488	6,170,680
Total non-current assets		11,337,440	6,402,706
Total assets		20,758,765	20,265,957
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		573,209	305,997
Total current liabilities		573,209	305,997
Total liabilities		573,209	305,997
Equity			
Issued capital	6	20,294,923	20,166,314
Warrants	6	962,241	2,481,492
Contributed surplus		8,592,789	6,896,736
Other Comprehensive income		748,341	(237,345)
Deficit		(10,412,740)	(9,347,237)
Total equity		20,185,554	19,959,960
Total liabilities and equity		20,758,764	20,265,957

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

LATIN AMERICAN MINERALS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(in Canadian dollars - unaudited)

	Notes	Share capital	Warrants	Contributed Surplus	Accumulated other comprehensive income	Deficit	Total
Opening balance, January 1, 2010		18,587,227	1,574,883	6,320,831	-	(13,964,216)	12,518,725
Loss for the period ended June 30, 2010						(787,155)	(787,155)
Other comprehensive income for the period					(164,830)	9,080,450	8,915,620
		18,587,227	1,574,883	6,320,831	(164,830)	(5,670,921)	20,647,190
Issue of shares for mineral rights for exploration	10	253,700					253,700
Recognition of share based payments - expensed				166,857			166,857
Recognition of share based payments - capitalized				10,720			10,720
Balance at June 30, 2010		18,840,927	1,574,883	6,498,408	(164,830)	(5,670,921)	21,078,467
Balance, January 1, 2011		20,166,314	2,481,492	6,896,736	(237,346)	(9,347,235)	19,959,961
Income for the period ended June 30, 2011						(1,065,503)	(1,065,503)
Other comprehensive income for the period					985,687		985,687
		20,166,314	2,481,492	6,896,736	748,341	(10,412,738)	19,880,145
Warrants exercised	6 (iii)	115,484	(25,484)	-			90,000
Expiry of purchase warrants	6 (viii)		(1,493,767)	1,493,767			-
Options exercised		13,125		(6,250)			6,875
Recognition of share based payments - expensed (share-based payments)				183,288			183,288
Recognition of share based payments - expensed (investor relations)				23,866			23,866
Recognition of share based payments - capitalized				1,383			1,383
Balance at June 30, 2011	6	20,294,923	962,241	8,592,789	748,341	(10,412,738)	20,185,557

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

LATIN AMERICAN MINERALS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in Canadian dollars - unaudited)

	Notes	Three months ended		Six months ended	
		June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Income			(note 12)		(note 12)
Interest income		23,381	522	42,616	729
Investment income (loss)		-	64,713	-	(12,787)
Gain on sale of field and office equipment		5,227	-	5,227	-
		28,608	65,235	47,844	(12,058)
Expenses					
Net foreign exchange gains (losses)	12	(12,651)	(41,687)	73,809	74,615
Administrative expenses	8	(483,545)	(446,760)	(1,187,156)	(849,712)
		(496,196)	(488,447)	(1,113,347)	(775,097)
Loss for the period		(467,588)	(423,212)	(1,065,503)	(787,155)
Other comprehensive income					
Foreign exchange difference on translating foreign operations					
Foreign exchange differences arising during the period	12	377,224	430,072	985,687	(164,830)
Unrealized gain on investments available for sale		-	-	-	9,080,450
Total comprehensive income (loss) for the period		(90,364)	6,860	(79,816)	8,128,465
Loss per share (basic and fully diluted)		\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding		86,822,891	74,500,751	86,735,599	74,811,118

LATIN AMERICAN MINERALS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(in Canadian dollars - unaudited)

	Six months ended June 30, 2011	Six months ended June 30, 2010
Cash flows from operating activities		(note 12)
Net loss for the period	\$ (1,065,503)	\$ (787,155)
Amortization expense	9,964	84,190
Net foreign exchange gains (losses)	73,809	-
Gain on sale of field and office equipment	(5,227)	-
Equity loss in investment	-	12,787
Expense recognized in respect of equity-settled share-based payments	183,288	166,857
Expense recognized in respect of equity-settled share-based payments for consulting services	23,866	-
	(779,803)	(523,321)
Movements in working capital		
Decrease (increase) in accounts receivable	(14,929)	113,304
Decrease (increase) in prepaid expenses	(243,812)	22,257
Decrease in accounts payable and accrued liabilities	267,212	98,416
Net cash used in operating activities	(771,331)	(289,344)
Cash flows from investing activities		
Purchase of field and office equipment	(1,277,666)	(72,507)
Acquisition of exploration and evaluation property rights	(1,641,362)	(314,326)
Exploration and evaluation costs	(1,231,024)	(685,632)
Net cash used in investing activities	(4,150,052)	(1,072,465)
Cash flows from financing activities		
Exercise of stock options and warrants	96,875	-
Net cash generated by financing activities	96,875	-
Net decrease in cash and cash equivalents during the period	(4,824,508)	(1,361,809)
Effects of exchange rate changes on the assets held in foreign currencies	123,842	(69,558)
Cash and cash equivalents at the beginning of the period	13,728,531	1,987,234
Cash and cash equivalents at the end of the period	9,027,865	555,867
Cash	8,973,432	451,008
Money market instruments	54,433	104,859
Cash and cash equivalents at the end of the period	9,027,865	555,867

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

LATIN AMERICAN MINERALS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars unless otherwise stated)
FOR THE INTERIM PERIODS ENDED June 30, 2011 AND 2010
(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. The Company operates in one industry segment, 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., a 100% owned subsidiary in Paraguay known as Latin American Minerals Paraguay S.A. and a 100% owned subsidiary in Paraguay known as Minera Itapora S. A. The principle head office of the Company is located at 357 Bay Street, Toronto, Ontario. M5H2T7.

These unaudited condensed consolidated interim financial statements have been prepared on the “going concern” basis which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business for the foreseeable future.

2. STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the IAS 34 *Interim Financial Reporting* (“IAS 34”) and IFRS 1 *First-time Adoption of IFRS* (“IFRS”) as issued by the International Accounting Standard Board (“IASB”). These unaudited condensed consolidated interim financial statements have been prepared using the accounting policies the Company expects to adopt in its annual financial statements for the year ending December 31, 2011, which have been disclosed in Note 2 of the Company’s consolidated financial statements for the three months ended March 31, 2011. These unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements and accordingly should be read in conjunction with the Company’s annual consolidated financial statements and with the IFRS transition disclosures included in the unaudited consolidated interim financial statements for the three months ended March 31, 2011, which are available at www.SEDAR.com and on the Company’s corporate website at www.latinamericanminerals.com. These statements include a Transition section which describes differences in certain accounting policies and methods between previously applied Canadian GAAP and IFRS and the changes from reported to restated results for the three and six months ended June 30, 2010(See Note 12).

These unaudited condensed consolidated interim financial statements have been authorized for issue in accordance with a resolution from the Board of Directors on August 29, 2011.

3. RECENT ACCOUNTING PRONOUNCEMENTS

IAS 1 PRESENTATION OF FINANCIAL STATEMENTS

The IASB amended IAS 1 by revising how certain items are presented in other comprehensive income (“OCI”). Items within OCI that may be reclassified to profit and loss will be separated from items that will not. The standard is effective for financial years beginning on or after July 1, 2012 with early adoption permitted.

The extent of the impact of adoption of this standard on the consolidated financial statements of the Company has not been determined.

LATIN AMERICAN MINERALS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars unless otherwise stated)
FOR THE INTERIM PERIODS ENDED June 30, 2011 AND 2010
(Unaudited)

4. FIELD AND OFFICE EQUIPMENT

Net book value December 31, 2010	\$ 232,026
Additions	1,282,893
Amortization for period	(54,711)
Effect of foreign exchange differences	<u>112,745</u>
Net book value June 30, 2011	<u>\$ 1,572,952</u>
Net book value December 31, 2009	\$ 294,938
Additions	126,976
Disposals	(38,634)
Amortization for the year	(144,800)
Effect of foreign exchange differences	<u>(6,654)</u>
Net book value December 31, 2010	<u>\$ 232,026</u>

5. PROPERTY RIGHTS AND EVALUATION AND EXPLORATION COSTS

	December 31, 2010	Property rights	Evaluation & Exploration	Write-down	Effect of foreign exchange differences	June 30, 2011
Paso Yobai (i)	\$ 5,662,272	\$ 1,506,950	\$ 1,173,658	\$ -	618,165	\$ 8,961,045
Itapoty (ii)	508,407	125,831	34,094	-	59,826	728,158
Tendal La Rioja (iii)	1	-	-	-	-	1
Other		8,582	66,702			75,284
	<u>\$ 6,170,680</u>	<u>\$ 1,641,363</u>	<u>\$ 1,274,454</u>	<u>\$ -</u>	<u>\$ 677,971</u>	<u>\$ 9,764,488</u>

	December 31, 2009	Property rights	Evaluation & Exploration	Write-down	Effect of foreign exchange differences	December 31, 2010
Paso Yobai (i)	\$ 7,150,849	\$ 576,851	\$ 816,973	\$ (2,639,897)	(242,504)	\$ 5,662,272
Itapoty (ii)	472,569	6,812	61,302	(1,204)	(31,072)	508,407
Tendal La Rioja (iii)	1	-	-	-	-	1
	<u>\$ 7,623,419</u>	<u>\$ 583,663</u>	<u>\$ 878,275</u>	<u>\$ (2,641,101)</u>	<u>(273,576)</u>	<u>\$ 6,170,680</u>

All mineral properties except Tendal La Rioja (located in Argentina), are located in Paraguay.

(i) Paso Yobai

On January 2011 the Company exercised its option to acquire a 70% interest in the Minera Guaira concession by making a final payment of the US cash equivalent of 959 ounces of gold which was the equivalent of CAD\$1,440,359.

(ii) Itapoty

The Company holds three concessions in their entirety on which it has initiated diamond exploration.

LATIN AMERICAN MINERALS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars unless otherwise stated)
FOR THE INTERIM PERIODS ENDED June 30, 2011 AND 2010
(Unaudited)

5. PROPERTY RIGHTS AND EVALUATION AND EXPLORATION COSTS (continued)

In addition, the Company has acquired a concession that is a contiguous property. The Landsonne Concession is an exploration concession in which the 100% interest can be earned by making incrementing annual payments through to 2014 to Minera Landsonne S.A., totaling US\$1.465M of which \$110,000 was paid in 2011 (\$40,000 in 2010)

Taken to completion, this option permits the Company to acquire 100% of the concession in 2013, although Landsonne will retain a 3% gross production return royalty. This royalty can be reduced to 1% by the Company making additional payments totaling US\$3M.

On July 5, 2011 the Company signed an option agreement with Olivut Resources Ltd “Olivut”. By investing \$1,000,000 over 30 months in a project to explore these properties, Olivut has the option to acquire a 50% interest in the project that includes the Company’s interest in these properties.

(iii) Tendal La Rioja

On August 31, 2010, the Company entered into an agreement with Votorantim-Metals Argentina S. A. [“VMA”] whereby the Company granted VMA an option to acquire 51% interest in this concession within a three year period [“Initial Interest”] and acquire a further 19% interest in this concession [“Additional Interest”].

Under the terms of the agreement, during the initial three year period, VMA shall fund (i) the exploration expenditures up to US\$4,500,000, of which a minimum of US\$500,000 shall be funded in the first year and (ii), pay the Company US\$50,000 annually. Upon completion of this funding, VMA can exercise its Initial Interest. If the Initial Interest option is exercised by VMA, the Company and VMA shall forthwith constitute a new company [“NEWCO”] with participation of 51% by VMA and 49% owned by the Company, to carry on operations with respect to the concessions and the joint venture period will commence.

The agreement also stipulates that VMA has an opportunity to earn a 19% further interest in the property by solely funding development to the completion of a feasibility study during a period of an additional three years. VMA has 60 days from the exercise date of the Initial Interest option to elect this Additional Interest.

PROPERTY PAYMENT SUMMARY

At June 30, 2011, the future mineral property payments are as follows:

	Amount
2011	nil
2012-Itapoty-Landsonne	USD\$350,000
2013-Itapoty-Landsonne	USD\$450,000
2014-Itapoty-Landsonne	USD\$500,000

LATIN AMERICAN MINERALS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars unless otherwise stated)
FOR THE INTERIM PERIODS ENDED June 30, 2011 AND 2010
(Unaudited)

6. SHARE CAPITAL

	Number of Shares	Amount
Authorized:		
Unlimited common shares without par value		
Issued and fully paid:		
Balance as at December 31, 2009	74,500,751	\$18,587,227
Acquisition of mineral property – Paso Yobai (i)	906,071	253,700
Exercise of options	1,097,182	398,990
Private placement (ii)	10,000,000	1,118,491
Share issue costs (ii)	-	(192,094)
Balance as at December 31, 2010	86,504,004	\$20,166,314
Exercise of warrants (iii)	300,000	115,484
Exercise of options (iv)	31,250	13,125
Balance June 30, 2011	86,835,254	\$ 20,294,923

(i) The shares issued for property payments have been valued at the market value on the trading date prior to the issuance of the shares.

(ii) On September 10, 2010, the Company issued by private placement, 10,000,000 units at a price of \$0.15 per unit for gross cash proceeds of \$1.5 million. Each unit is comprised of one common share and one half of 1 share purchase warrant. Each full warrant is exercisable at a price of \$0.20 per common share until September 10, 2012. A value of \$381,509 has been attributed to the warrants based on the Black-Scholes option pricing model and has been credited to warrants within contributed surplus. The underwriters received a cash commission of \$90,997 and 693,306 underwriters warrants valued at \$61,485 exercisable until September 10, 2012 at \$0.20 per common share.

(iii) During the period 300,000 warrants were exercised at a price of \$0.30. The value received was credited to shares issued and \$25,484, the fair value of the warrants at the date issued was transferred from warrants to share capital.

(iv) During the period 31,250 stock options were exercised at a price of \$0.22. The value received was credited to shares issued and \$6,250, the fair value of the options at the date issued was transferred from contributed surplus to share capital.

Incentive Stock Options

The Company has established an incentive stock option plan [the "Plan"] for management, directors and consultants of the Company, as designated and administered by a committee of the Company's Board of Directors. Under the Plan, the Company may grant options for up to 10% of the issued and outstanding common shares of the Company. The term of an option shall not exceed ten years from the date of grant.

LATIN AMERICAN MINERALS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars unless otherwise stated)
FOR THE INTERIM PERIODS ENDED June 30, 2011 AND 2010
(Unaudited)

6. SHARE CAPITAL (continued)

The following table summarizes information about stock options outstanding at June 30, 2011:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life
390,000	390,000	\$0.25	October 18, 2011	0.30
650,000	650,000	\$0.40	January 5, 2012	0.52
635,000	635,000	\$1.20	June 4, 2012	0.93
150,000	150,000	\$0.81	July 25, 2012	1.07
329,500	329,500	\$0.65	January 22, 2013	1.57
767,500	767,500	\$0.15	September 22, 2013	2.23
857,500	857,500	\$0.22	October 9, 2014	3.28
1,328,875	1,328,875	\$0.18	June 1, 2015	3.92
1,000,000	750,000	\$0.14	September 15, 2015	4.21
500,000	250,000	\$0.19	October 22, 2015	4.31
1,100,000	550,000	\$0.18	November 15, 2015	4.39
200,000	50,000	\$0.30	February 1, 2016	4.59
250,000	0	\$0.20	June 26, 2016	4.92
8,158,375	6,708,375	\$0.31		2.95

A summary of the outstanding stock options is set out below:

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 2009	5,264,000	\$ 0.55
Granted during the year (v)	4,929,182	\$ 0.17
Exercised during year	(1,097,182)	\$ 0.19
Expired and forfeited during the year	(1,278,250)	\$ 0.86
Outstanding at December 31, 2010	7,817,750	\$ 0.31
Granted during period (vi)	450,000	\$ 0.30
Forfeited during the period	(78,125)	\$ 0.18
Exercised during the period	(31,250)	\$ 0.22
Outstanding June 30, 2011	8,158,375	\$ 0.31
Exercisable June 30, 2011	6,708,375	\$ 0.36

LATIN AMERICAN MINERALS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars unless otherwise stated)
FOR THE INTERIM PERIODS ENDED June 30, 2011 AND 2010
(Unaudited)

6. SHARE CAPITAL (continued)

(v) On June 1, 2010, the Company issued 2,151,682 incentive stock options to directors and officers and 177,500 incentive stock options to employees at an exercise price of \$0.18. On September 15, 2010, the Company issued 1,000,000 incentive stock options to a director at an exercise price of \$0.14. On October 22, 2010, the Company issued 500,000 incentive stock options to directors at an exercise price of \$0.185. On November 18, 2010, the Company issued 1,100,000 incentive stock options to a director at an exercise price of \$0.18. On June 22, 2011 the Company issued 250,000 incentive options to an employee at an exercise price of \$0.30. The options were issued according to the terms of the employee stock option plan and vest in four tranches over a period of one year.

(vi) On February 1, 2011 the Company issued 200,000 options to a service provider at an exercise price of \$0.20. The related expense of \$10,502 was charged to investor relations expense within administrative expenses.

The options are being expensed over their respective vesting periods and credited to share-based payment reserve within shareholders' equity. For the three months ended June 30, 2011, \$113,960 was expensed as share-based compensation (2010-\$61,223) and \$969 (2010-\$98,374) was charged to mineral properties... The weighted average fair value of the options granted during the period is \$0.256 per option (2010 – n/a).

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 1.64% (2010 - 1.79% to 2.28%), dividend yield of 0% (2010 - 0%), volatility of 150% (2010 - 144% - 165%), expected life of 3.5 - 5 years (2010 - 3.5 -5 years) and a forfeiture rate of 5.6% (2010-5.5%). Volatility and forfeiture rates were determined by applying the historical experience of the Company.

Share Purchase Warrants

The following table summarizes information about share purchase warrants outstanding at June 30, 2011:

Number of Warrants	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life
4,700,000	\$0.30	October 5, 2011	0.25 years
800,000	\$0.15	October 5, 2011	0.25 years
5,693,306	\$0.20	September 10, 2012	1.15 years
11,193,306			.71 years

LATIN AMERICAN MINERALS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars unless otherwise stated)
FOR THE INTERIM PERIODS ENDED June 30, 2011 AND 2010
(Unaudited)

6. SHARE CAPITAL (continued)

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

	Warrants Outstanding	Weighted Average Exercise Price
Balance as at December 31, 2009	13,157,902	\$ 0.39
Issued during the year (ii)	5,693,306	\$ 0.20
Expired during year	<u>(668,901)</u>	<u>\$ 0.30</u>
Balance as at December 31, 2010	18,182,307	\$ 0.34
Exercised during the period (iii)	(300,000)	\$ 0.30
Expired during the period (viii)	<u>(6,689,001)</u>	<u>\$ 0.50</u>
Balance as at June 30, 2011	<u>11,193,306</u>	<u>\$ 0.24</u>

(vii) No warrants were issued during the period. The fair values of warrants issued during 2010 were estimated using the Black Scholes option-pricing model. Assumptions used are as follows: risk-free interest rate of 1.21%, dividend yield of 0%, volatility of 159% and expected life of 2 years.

(viii) During 2010, warrants expiring February 19, 2010 were extended to February 18, 2011. The fair value of these warrants at the date of modification was \$610,045 using the Black Scholes option-pricing model. Assumptions used are as follows: risk-free interest rate of 1.21%, dividend yield of 0%, volatility of 147% and expected life of 12 months. The fair value of the original warrants on the date of the extension was nil. Accordingly, the incremental fair of the warrants resulted from this modification of \$610,045 was credited to contributed surplus and charged to the consolidated statements of operations as a warrant modification expense. These warrants expired during the period.

7 EXPENSES BY NATURE

	Three Months Ended		Six Months Ended	
	June 30 2011	June 30 2010	June 30 2011	June 30 2010
Employe benefit expense	109,075	73,775	213,377	166,984
Share-based payment expense	69,328	94,705	183,288	166,587
Consulting fees	51,480	-	181,163	203
Professional fees	53,953	94,194	161,569	159,885
Office expenses	60,885	49,140	115,529	95,991
Shareholder relations	54,542	15,566	100,172	21,846
Trade shows	5,514	20,901	60,843	40,523
Directors fees	37,800	31,900	59,200	57,600
Project generation	28,368	27,882	56,271	50,924
Amortization	(10,147)	36,121	9,964	84,190
Travel	<u>22,747</u>	<u>2,394</u>	<u>45,781</u>	<u>4,909</u>
	<u>483,545</u>	<u>447,760</u>	<u>1,187,156</u>	<u>849,712</u>

LATIN AMERICAN MINERALS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars unless otherwise stated)
FOR THE INTERIM PERIODS ENDED June 30, 2011 AND 2010
(Unaudited)

8 SEGMENTED INFORMATION

Operating segments were identified on the basis of internal reporting reviews that are performed by the chief operating decision maker. Three segments were identified based on the geographical areas and the reporting structure. The accounting policies of the reportable segments are the same as the Company's accounting policies. The Company operates in two geographical operating segments based in Argentina and Paraguay in addition to its corporate activities in Canada. Segmented information consists of the following:

	Corporate Canada \$	Paraguay \$	Argentina \$	Total \$
As at June 30, 2011				
Current assets	8,845,630	537,757	37,938	9,421,325
Non-current assets	1,980	11,101,222	234,238	11,337,440
Current liabilities	106,056	334,860	132,293	573,209
For the six month period ended June 30, 2011				
Interest income	42,441	-	175	42,616
Net foreign exchange gains (losses)	(17,468)	2,146	89,131	73,809
Depreciation	791	9,173	-	9,964
Share-based compensation expenses	183,499	-	(211)	183,288
Income (loss)	(975,921)	(116,858)	27,277	(1,065,503)
For the three month period ended June 30, 2011				
Interest income	23,206	-	175	23,381
Net foreign exchange gain (loss)	(194)	(752)	(12,707)	(13,653)
Depreciation	391	(10,538)	-	(10,147)
Share-based compensation expenses	69,328	-	-	69,328
Loss	(393,051)	(41,951)	31,684	(467,507)
<hr/>				
	Corporate Canada \$	Paraguay \$	Argentina \$	Total \$
As at December 31, 2010				
Current assets	12,516,797	1,298,189	48,266	13,683,251
Non-current assets	989	6,149,358	252,359	6,402,706
Current liabilities	158,909	13,573	133,515	305,997
For the six months ended June 30, 2010				
Investment income (loss)	(12,787)	-	-	(12,787)
Net foreign exchange gains	(7,873)	80,817	1,671	74,615
Depreciation	23,373	60,817	-	84,190
Share-based compensation	166,508	-	349	166,587
Net income (loss)	663,562	(148,658)	25,065	787,155
For the three months ended June 30, 2010				
Investment income	64,713	-	-	64,713
Net foreign exchange gains	(22,920)	70,952	1,895	41,687
Depreciation	7,982	28,139	-	36,121
Share-based compensation	94,443	-	262	94,705
Net income (loss)	(402,065)	(79,199)	58,052	(423,212)

LATIN AMERICAN MINERALS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars unless otherwise stated)
FOR THE INTERIM PERIODS ENDED June 30, 2011 AND 2010
(Unaudited)

9. RELATED PARTY TRANSACTIONS

During the six month period ended June 30, 2011, the Company incurred the following related party transactions:

- (a) \$59,200 (June 30, 2010 - \$57,600) in director fees to directors of the Company.
- (b) \$86,584 (June 30, 2010 - \$77,733) in legal fees to a law firm, Gowling Lafleur Henderson LLP, of which a partner is a director of the Company. As at June 30, 2011, a total of \$9,198 (June 30, 2010 - \$45,359) remained unpaid and was included in accounts payable.
- (c) \$28,986 (June 30, 2010 - \$31,408) to a director of the Company pursuant to a service contract.
- (d) \$54,640 (June 30, 2010 – \$36,000) in contract fees pursuant to a service contract paid to the CFO of the Company.
- (e) \$60,758 (June 30, 2010-nil) in fees paid to the CEO pursuant to a service contract.

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.

Key management compensation:

Cash –based compensation	\$ 203,584
Share-based payments	\$ Nil
Transactions in normal course	\$ 86,584-see (b) above

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the six month period ended June 30 included:

- Shares issued for mineral properties – nil, (2010 - \$253,700)
- Stock-options issued for mineral properties-\$10,502, (2010-nil)

11. 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.

Market risk

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various

LATIN AMERICAN MINERALS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars unless otherwise stated)
FOR THE INTERIM PERIODS ENDED June 30, 2011 AND 2010
(Unaudited)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 June 30, 2011 is as follows: (000's)

	Assets	Liabilities
	\$	\$
Argentinean Pesos	38	132
Paraguayan Guaranis	536	335
United States Dollars	138	-
	<u>712</u>	<u>467</u>

Sensitivity

Based on the financial instruments held at June 30, 2011, 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 \$24,500 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 \$24,500 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.

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.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the group. Credit risk arises from cash and cash equivalents 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 risk arising from these financial instruments.

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.

LATIN AMERICAN MINERALS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars unless otherwise stated)
FOR THE INTERIM PERIODS ENDED June 30, 2011 AND 2010
(Unaudited)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

As at June 30, 2011, the Company had net working capital of \$8,848,116 and anticipates this is sufficient to provide at least 12 months of planned activity.

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 values of accounts receivables and payables are assumed to approximate their fair values due to their short-term nature.

Capital management

The Company defines capital that it manages as its shareholder equity. The Company's objectives when managing capital are to safeguard the entities ability to continue as a going concern and provide increased shareholder value. At June 30, 2011 the total managed capital was \$20,185,539.

The Company achieves its objectives by assessing economic conditions, its plans regarding development of its assets, and its obligations and utilizing capital markets to raise equity when required.

12. TRANSITION TO IFRS

In preparing its opening IFRS Consolidated Statement of Financial Position, the Company has adjusted amounts previously reported that have been prepared in accordance with Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position and financial performance on the Transition Date, for the first quarter ended March 31, 2010, for the year ended December 31, 2010 and as of December 31, 2010 are set out in the tables and notes in the Company's condensed consolidated financial statements for the first quarter ended March 31, 2011. The Company has also selected certain transition exemptions on the Transition Date the details of which are also in the notes to the March 31, 2011 financial statements. These statements are available at www.SEDAR.com and on the Company's website at www.latinamericanminerals.com.

The following tables reconcile the financial statements previously reported under Canadian GAAP to the financial statements prepared in accordance with IFRS, for the three and six months ended June 30, 2010 and as of June 30, 2010. Explanations of the effect of the transition to IFRS follow the reconciliations. The transition adjustments did not have a material impact on the Company's cash flows.

i) Statement of Financial Position
As at June 30, 2010

	Notes	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS				
Current Assets				
Cash and cash equivalents		\$ 555,867	\$ -	\$ 555,867
Accounts receivable		10,820	-	10,820
Prepaid expenses		85,378	-	85,378
Total current assets		652,065	-	652,065
Not-current assets				
Investments		11,760,000	-	11,760,000
Office and Field Equipment	2	283,255	(1,602)	281,653
Property rights and evaluation and exploration costs	1, 2	9,121,098	(326,414)	8,794,684
Total non-current assets		21,164,353	(328,016)	20,386,337
Total assets		\$ 21,816,418	\$ (328,016)	\$ 21,488,402
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities		\$ 410,625	\$ -	\$ 410,625
Total Current liabilities		410,625	-	410,625
Total liabilities		410,625	-	410,625
Equity				
Issued capital		18,840,927	-	18,840,927
Reserves	1, 2.	7,988,697	(80,928)	7,907,769
Deficit	1, 2	(5,423,831)	(247,088)	(5,670,919)
Total equity		21,405,793	(328,016)	21,077,777
Total liabilities and equity		\$ 21,816,418	\$ (328,016)	\$ 21,488,402

ii) Statement of Other Comprehensive Income (Loss)	Notes	Cdn GAAP	Effect of transition to IFRS	IFRS
		3 months ended June 30, 2010		3 months ended June 30, 2010
Investment income (loss)		\$ 65,235	\$ -	\$ 65,235
Net foreign exchange gains (losses)	2	(35,984)	(5,703)	(41,687)
Employee benefits expense		(73,775)	-	(73,775)
Administrative expense	1	(148,380)	415	(147,965)
Professional fees		(94,194)	-	(94,194)
Share-based compensation	1	(86,384)	(10,929)	(94,705)
Amortization expense		(36,121)		(36,121)
Loss for the period		(409,603)	(13,609)	(423,212)
Other comprehensive income				
Foreign exchange difference on translation foreign operations				
Foreign exchange differences arising during the period	2	-	192,687	192,687
Unrealized gain on investments available for sale		9,080,450	-	9,080,450
Total income and comprehensive income for the period		\$ 8,670,847	\$ 179,078	\$ 8,849,925
Loss per share (basic and fully diluted)		\$ (0.01)		\$ (0.01)
Weighted average number of shares outstanding		74,500,751		74,500,751

iii) Statement of Other Comprehensive Income (Loss)	Notes	Cdn GAAP	Effect of transition to IFRS	IFRS
		Six months ended June 30 2010		Six months ended June 30 2010
Investment loss		(12,787)	\$ -	\$ (12,787)
Interest income		729		729
Net foreign exchange gains	2	5,452	69,163	74,615
Employee benefits expense		(166,984)	-	(166,984)
Administrative expense	1	(272,190)	394	(271,796)
Professional fees		(159,885)	-	(159,885)
Share-based compensation	1	(147,607)	(19,250)	(166,857)
Amortization expense		(84,190)	-	(84,190)
Income (loss) for the period		(837,462)	50,307	(787,155)
Other comprehensive income				
Foreign exchange difference on translation foreign operations				
Foreign exchange differences arising during the period	2		(164,830)	(164,830)
Unrealized gain on investments held for sale		9,080,450	-	9,080,450
Total income and comprehensive income for the period		\$ 4,739,668	\$ (114,253)	\$ 8,128,466
Loss per share (basic and fully diluted)		\$ 0.01	\$ 0.00	\$ 0.01
Weighted average number of shares outstanding		74,811,118		74,811,118

Notes for explanations of the IFRS adjustments:

1. Share-based payments

Under IFRS the Company moved from straight-line to graded vesting as well as to estimating forfeitures for the recognition of share-based compensation expense. The graded vesting requires a greater portion of expense to be recorded in the initial periods compared to distributing the expense equally over all vesting periods under the straight-line method. The Company is required to use the graded method in arriving at valuations of options, and to estimate forfeiture rates.

At June 30, 2010, an amount of \$80,928 was charged to contributed surplus and deficit representing the fair value of vested options during the period under IFRS.

2. Foreign exchange

Under Canadian GAAP, all foreign exchange calculations were charged through the income statement, under the temporal method. Non-current assets were valued at historical cost and converted at the historical exchange rate; the difference was charged through profit and loss.

Under IFRS, an adjustment was required to value the non-current assets at June 30, 2010 using the foreign exchange rates at the adjustment date being the period end date.

At June 30, 2010, an amount of \$326,414 was charged to deficit and a reduction in property rights and exploration and evaluation costs representing the cumulative translation loss for the period under IFRS.

13. SUBSEQUENT EVENT

On July 5, 2011 the Company signed a 30 month option agreement with Olivut Resources Inc "Olivut". Olivut can earn a 50% interest in the property by spending \$1,000,000 over the term of the agreement.