

LATIN AMERICAN MINERALS INC.

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 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 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.
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(in Canadian dollars - unaudited)

	Notes	March 31, 2011	December 31, 2010 (Note 12)	January 1, 2010 (Note 12)
ASSETS				
Current assets				
Cash and cash equivalents		\$ 10,595,253	\$ 13,728,531	\$ 1,987,234
Accounts receivable		41,215	37,170	124,124
Prepaid expenses		166,699	97,550	107,635
Total current assets		10,803,167	13,863,251	2,218,993
Non-current assets				
Investments		-	-	2,692,337
Field and Office Equipment	4	1,287,957	232,026	296,186
Property rights and evaluation and exploration costs	5	8,706,307	6,170,680	7,623,419
Total non-current assets		9,994,264	6,402,706	10,611,942
Total assets		\$ 20,797,431	\$ 20,265,957	\$ 12,830,935
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities		\$ 611,492	\$ 305,997	\$ 312,210
Total current liabilities		611,492	305,997	312,210
Capital and reserves				
Issued capital	6	20,281,798	20,166,314	18,587,227
Reserves		9,849,294	9,140,883	7,895,714
Deficit		(9,945,153)	(9,347,237)	(13,964,216)
Total equity		20,185,939	19,959,960	12,518,725
Total liabilities and equity		\$ 20,797,431	\$ 20,265,957	\$ 12,830,935

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

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

	Notes	Share capital	Warrants	Contributed Surplus	Foreign currency translation reserve	Deficit	Total
Opening balance, January 1, 2010	6	\$ 18,587,227	\$ 1,574,883	\$ 6,320,831	\$ -	\$ (13,964,216)	\$ 12,518,725
Loss for the period ended March 31, 2010						(363,943)	(363,943)
Other comprehensive income for the period					(357,517)		(357,517)
		18,587,227	1,574,883	6,320,831	(357,517)	(14,328,159)	11,797,265
Recognition of share based payments - expensed				72,152			72,152
Recognition of share based payments - capitalized				5,333			5,333
Balance at March 31, 2010		18,587,227	1,574,883	6,398,317	(357,517)	(14,328,159)	11,874,750
Issue of shares for mineral rights for exploration	6	253,700					253,700
Issue of shares for private placement	6	1,118,491	381,509				1,500,000
Issue of finders warrants			61,485				61,485
Share issue costs - paid in cash		(130,609)					(130,609)
Share issue costs - finders warrants issued		(61,485)					(61,485)
Stock options exercised	6	398,990		(190,997)			207,993
Expiry of broker warrants			(146,430)	146,430			0
Expiry date extension - purchase warrants			610,045				610,045
Recognition of share based payments - expensed				530,059			530,059
Recognition of share based payments - capitalized				12,928			12,928
Loss for the period						4,980,924	4,980,924
Other comprehensive income for the period					120,171		120,171
Balance at December 31, 2010		\$ 20,166,314	\$ 2,481,492	\$ 6,896,736	\$ (237,346)	\$ (9,347,235)	\$ 19,959,961
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 March 31, 2011						(597,916)	(597,916)
Other comprehensive income for the period					608,463		608,463
		20,166,314	2,481,492	6,896,736	371,117	(9,945,151)	19,970,508
Warrants exercised		115,484	(25,484)	-			90,000
Expiry of purchase warrants			(1,493,767)	1,493,767			-
Recognition of share based payments - expensed (share-based payments)				113,960			113,960
Recognition of share based payments - expensed (investor relations)				10,502			10,502
Recognition of share based payments - capitalized				969			969
Balance at March 31, 2011		\$ 20,281,798	\$ 962,241	\$ 8,515,934	\$ 371,117	\$ (9,945,151)	\$ 20,185,939

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

LATIN AMERICAN MINERALS INC.
CONSOLIDATED INTERIM STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(in Canadian dollars - unaudited)
For the three months ended March 31

	Notes	2011	2010
			(note 12)
Interest income		\$ 19,235	\$ 207
Investment loss		-	(77,500)
Net foreign exchange gains		86,462	116,302
Employee benefits expense		(104,302)	(93,209)
Administrative expense	7	(357,623)	(123,831)
Professional fees		(107,616)	(65,691)
Share-based compensation	6	(113,960)	(72,152)
Amortization expense	4	(20,111)	(48,069)
Loss for the period		(597,916)	(363,943)
Other comprehensive income			
Foreign exchange difference on translating foreign operations			
Foreign exchange differences arising during the period		608,463	(594,902)
Total income (loss) and comprehensive income (loss) for the period		\$ 10,547	\$ (958,845)
Income (Loss) per share (basic)		\$ (0.01)	\$ (0.00)
Weighted average number of shares outstanding		86,647,337	74,500,751

LATIN AMERICAN MINERALS INC.
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(in Canadian dollars - unaudited)
For the three months ended March 31

	Notes	#	2011	#	2010
					(note 12)
Cash flows from operating activities					
Net income/(loss) for the period		\$	(597,916)	\$	(363,943)
Amortization			20,111		48,069
Net foreign exchange gains/losses			86,463		-
Equity loss in investment			-		77,500
Expense recognized in respect of equity-settled share-based payments expense			113,960		61,223
Expense recognized in respect of equity-settled share-based payments for consulting services			10,502		-
			(366,880)		(177,151)
Movements in working capital					
Decrease (increase) in accounts receivable			(4,045)		77,734
Decrease (increase) in prepaid expenses			(69,149)		5,205
Decrease in accounts payable and accrued liabilities			305,495		74,921
Decrease in due to related parties			-		13,739
Net cash generated by operating activities			(134,579)		(5,552)
Cash flows from investing activities					
Purchase of property, plant and equipment			(983,428)		(31,384)
Acquisition of property rights			(1,567,324)		(7,847)
Exploration and evaluation costs			(519,382)		(326,845)
Net cash used in investing activities			(3,070,134)		(366,076)
Cash flows from financing activities					
Exercise of stock options and warrants			90,000		-
Net cash generated by financing activities			90,000		-
Net increase in cash and cash equivalents during the period			(3,114,713)		(371,628)
Effects of exchange rate changes on the balance of cash held in foreign currencies			(18,565)		(32,540)
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 of the period		\$	10,595,253	\$	1,583,066
Cash			10,540,822		1,447,108
Money market instruments			54,431		104,581
Cash and cash equivalents at the end of the period of the period		\$	10,595,253	\$	1,551,689

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

LATIN AMERICAN MINERALS INC.
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(in Canadian dollars - 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.

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 unaudited consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These unaudited 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. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

These unaudited consolidated interim financial statements represent the Company’s initial presentation of its results of operations and financial position as at and for the three months ended March 31, 2011, including comparative periods, under IFRS. They have been prepared in accordance with IAS 34, “International Accounting Standards 34 Interim Financial Reporting”.

These accounting policies have been applied consistently to all periods presented in these unaudited consolidated interim financial statements. They also have been applied in preparing an opening IFRS statement of financial position at January 1, 2010 for the purposes of the transition to IFRS, as required by first time adoption of International Financial Reporting standards (“IFRS 1”). Reconciliations and descriptions of the effect of transition from Canadian GAAP to IFRS on the Company’s consolidated financial statements are provided in note 12.

The policies applied in these consolidated interim financial statements are based on IFRS standards and international reporting interpretations committee (“IFRIC”) interpretations issued and effective as at June 28, 2011, the date the Board of Directors approved these consolidated interim financial statements for issue. Any subsequent changes to IFRS standards and IFRIC interpretations that are issued and effective as at December 31, 2011 could result in a restatement of these consolidated interim financial statements, including the transition adjustments recognized on conversion to IFRS.

These consolidated interim financial statements were authorized for issuance by the Board of Directors of the Company on June 29, 2011.

Note 12 discloses IFRS information for the year ended December 31, 2010 not provided in the 2010 annual financial statements and is considered material in understanding the unaudited consolidated interim financial statements.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates and Measurement Uncertainty

Estimates by management represent an integral component of financial statements prepared in conformity with IFRS. The estimates made in these consolidated financial statements reflect management's judgment 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 consolidated financial statements were prepared. Accounts which require management to make material estimates and significant assumptions in determining amounts recorded include recoverability of property rights and evaluation and exploration costs, amortization of field and office equipment, accrued liabilities, share-based compensation, equity instruments, future tax assets and contingencies.

Functional currency

The Company's presentation and functional currency is the Canadian dollar.

Foreign Currency Translation

The individual financial records of each group entity are kept in the currency of the primary economic environment in which the entity operates (its functional currency). The functional currency, as determined by management, of Latin American Minerals is Canadian Dollars. The functional currency of Latin American Minerals Argentina S.A. is Argentinean Pesos and the functional currency for Latin American Minerals Paraguay, S.A. and for Minera Itapora S.A. is Guaranis. For the purpose of the consolidated interim financial statements, the results and financial position are expressed in Canadian dollars.

Transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rates as of the date of the initial transaction.

Exchange differences are recognized in profit and loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the foreign entities are expressed in Canadian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognized as a separate component of equity and as an exchange difference on translation of foreign operations in other comprehensive income (loss) in the consolidated statement of comprehensive income (loss).

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments and Financial Risk

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. Foreign exchange 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. 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.

Basis of consolidation

The consolidated interim financial statements include the accounts of the Company and all of its subsidiaries. All intercompany transactions and balances have been eliminated on consolidation.

The Company's financial assets and liabilities recorded at fair value on the consolidated statement of financial position have been categorized into three categories based on a fair value hierarchy. Fair value of assets and liabilities included in Level I is determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level II include valuations using inputs other than the quoted prices for which all significant inputs are based on observable market data, either directly or indirectly. Level III valuations are based on inputs that are not based on observable market data.

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 classified as available for sale and are measured at fair value unless the Company has the ability to exercise significant influence over the investee company 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.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Evaluation and exploration costs

Evaluation and exploration costs (“E&E”) generally include the direct costs of licenses, technical services and studies, environmental studies, seismic studies, exploration drilling and testing, and directly attributable overhead and administration expenses including remuneration of operating personnel and supervisory management. These costs do not include general prospecting or evaluation costs incurred prior to having obtained the rights to explore an area, which are expensed as they are incurred. E&E expenditures are capitalized and carried forward until technical feasibility and commercial viability of extracting the resource is established.

Property rights

Acquisition costs for mineral exploration rights are deferred until it is determined that these costs will not be recovered from future operations, at which point these costs are written off to operations. These costs are depleted on a unit-of-production basis commencing at the onset of commercial production for the related property.

Reclamation and Closure Costs

The Company recognizes liabilities for statutory, contractual, legal or constructive 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, 2011, December 31, 2010, and January 1, 2010 the Company did not have any asset retirement obligations.

Field and 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. The estimated useful lives, residual values and depreciation method are reviewed at each period end, with the effect of any changes in estimates accounted for on a prospective basis.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

The Company assesses the carrying amount of non-financial assets including property, plant and equipment at each reporting date to determine whether there is any indication of impairment. Internal factors, such as budgets and forecasts, as well as external factors, such as expected future prices, costs and other market factors are also monitored to determine if indications of impairment exist.

An impairment loss is the amount equal to the excess of the carrying amount over the recoverable amount. The recoverable amount is the higher of estimated value in use and estimated fair value less costs to sell the asset.

Impairment is assessed at the cash-generating unit (CGU) level which is the geographical operating segments of the Company. A CGU is the smallest identifiable group of assets that generates cash inflows largely independent of the cash inflows from other assets or group of assets.

Mandatory exceptions from retrospective application

IFRS 1 requires certain mandatory exceptions from full retrospective application of all accounting standards effective at the transition date. The following mandatory exceptions were applicable to the Company at the transition date.

Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of January 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

Optional IFRS 1 exemptions from retrospective application

In general, IFRS requires an entity to comply with all of the accounting standards effective at the end of the first reporting period after adopting IFRS. This means restating accounting transactions as if the standards had been in place when the transactions occurred. IFRS 1 provides optional exemptions from retrospectively applying the standards. The Company has applied the following significant optional exemptions to its opening statement of financial position prepared as at the date of transition.

Share-based Compensation

The stock option plan (set out in note 7) allows directors, officers, employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense or a charge to mineral properties, with a corresponding increase in equity.

The fair value is measured at grant date and each tranche is recognized on a straight line basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. Forfeitures are estimated at the time of grant. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 consolidated 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.

Income per Share

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

Provisions

Provisions are recognized when the Company has an obligation as a result of a past event and it is probable that a reliable estimate of a cost to the Company can be made. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is applied, the increase in the provision due to the passage of time is recognized as a finance cost.

Segment Reporting

The Company operates in one industry segment, exploration and development of mineral properties. It operates in three geographic areas and reports thereon. See note 8.

3. RECENT ACCOUNTING PRONOUNCEMENTS

International Financial Reporting Standards

A number of new standards, and amendments to standards and interpretations, are not yet effective for the quarter ended March 31, 2011, and have not been applied in preparing these unaudited consolidated interim financial statements. The following standards and interpretations have been issued by the IASB and the IFRIC Committees with effective dates relating to the annual accounting periods starting on or after the effective dates as follows:

International Accounting Standards		Effective Date
IAS 12 – Income taxes	In December 2010, IAS 12 Income Taxes was amended to introduce an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, ‘Income taxes – recovery of revalued non-depreciable assets’, will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn.	January 1, 2012

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

International Accounting Standards		Effective Date
IFRS 9 - Financial Instruments	In November 2009, as part of the International Accounting Standards Board's (IASB) project to replace International Accounting Standard (IAS) 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities.	January 1, 2013
IFRS 10 - Consolidation	IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.	January 1, 2013
IFRS 11 – Joint Arrangements	IFRS 11 requires a venture to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, <i>Interests in Joint Ventures</i> , and SIC-13, <i>Jointly Controlled Entities—Non-monetary Contributions</i> .	January 1, 2013
IFRS 12 - Disclosure of Interests in Other Entities	IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off statement of financial position vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.	January 1, 2013
IFRS 13 – Fair Value Measurement	IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.	January 1, 2013

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

International Accounting Standards		Effective Date
IAS 27 – Separate Financial Statements	As a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	January 1, 2013
IAS 28 – Investments in Associates and Joint Ventures	As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.	January 1, 2013

The extent of the impact of adoption of these standards and interpretations on the consolidated financial statements of the Company has not been determined.

4. FIELD AND OFFICE EQUIPMENT

Net book value December 31, 2010	\$ 232,026
Additions	983,428
Amortization for period	(20,111)
Effect of foreign exchange differences	<u>92,614</u>
Net book value March 31, 2011	<u>\$ 1,287,957</u>
Net book value December 31, 2009	\$ 294,938
Additions	126,976
Disposals	(38,634)
Amortization for the period	(144,800)
Effect of foreign exchange differences	<u>(6,453)</u>
Net book value December 31, 2010	<u>\$ 232,026</u>

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

5. PROPERTY RIGHTS AND EVALUATION AND EXPLORATION COSTS

A summary of resource properties intangible property rights and exploration and evaluation costs is as follows:

	December 31, 2010	Property rights	Evaluation &Exploration	Write-down	Effect of foreign exchange differences	March 31, 2011
Paso Yobai (i)	\$ 5,662,272	\$ 1,440,359	\$ 494,971	\$ -	408,683	\$ 8,006,285
Itapoty	508,407	121,278	14,271	-	39,628	683,224
Tendal La Rioja	1	-	-	-	-	1
Other		5,687	11,116			16,793
	<u>\$ 6,170,680</u>	<u>\$ 1,567,324</u>	<u>\$ 520,358</u>	<u>\$ -</u>	<u>\$ 447,952</u>	<u>\$ 8,706,307</u>

	December 31, 2009	Property rights	Evaluation & Exploration	Write-down	Effect of foreign exchange differences	December 31, 2010
Paso Yobai (i)	\$ 7,369,689	\$ 576,851	\$ 816,973	\$ (2,639,867)	(461,344)	\$ 5,662,272
Itapoty (ii)	487,030	6,812	61,098	-	(45,531)	508,407
Tendal La Rioja (iii)	1	-	-	-	-	1
	<u>\$ 7,856,720</u>	<u>\$ 583,663</u>	<u>\$ 878,071</u>	<u>\$ (2,641,101)</u>	<u>(506,875)</u>	<u>\$ 6,170,680</u>

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

(i) Paso Yobai

On February 21, 2007, the Company entered into two option agreements for 70% interests in two mining concessions. One of the option agreements, Minas Paraguay, was terminated in 2010. The remaining option agreement was for the Minera Guairá property and in January 2011 the Company exercised its option to acquire a 70% interest in the concession by making a final payment of the US cash equivalent of 959 ounces of gold which was the equivalent of CDC\$1,440,359.

(ii) Itapoty

IN 2008 the Company has and optioned a property in Paraguay on which it has initiated diamond exploration. The property staked is comprised of three concessions, and are 100% held by the Company.

In addition, the Company has acquired a concession that is a contiguous property. The Landsonne Concession is an exploration concession in which the Company can earn a 100% interest by making incrementing annual payments through to 2014, to Minera Landsonne S.A., totaling US\$1.465M of which \$150,000 was paid in Q1 2011.

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.

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5. MINERAL PROPERTIES AND DEFERRED COSTS (continued)

(ii) Itapoty (continued)

At March 31, 2011, the future mineral property payments are as follows:

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

(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.

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
Balance June 29, 2011	86,835,254	\$ 20,294,923

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6. SHARE CAPITAL (continued)

(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 fair value of \$381,509 has been attributed to the warrants based on the Black-Scholes option pricing model and has been credited to warrants and debit to 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 of issued was transferred from warrants to share capital.

*Note: subsequent to March 31, 2011, 31,250 options were exercised.

Incentive Stock Options

The Company has established an incentive stock option plan [the "Plan"] for directors, officers, employees 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.

The following table summarizes information about stock options outstanding at March 31, 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	0.55
650,000	650,000	\$0.40	January 5, 2012	0.77
635,000	635,000	\$1.20	June 4, 2012	1.18
150,000	150,000	\$0.81	July 25, 2012	1.32
329,500	329,500	\$0.65	January 22, 2013	1.82
767,500	767,500	\$0.15	September 22, 2013	2.48
963,750	963,750	\$0.22	October 9, 2014	3.53
1,328,875	332,219	\$0.18	June 1, 2015	4.17
1,000,000	500,000	\$0.14	September 15, 2015	4.46
500,000	125,000	\$0.19	October 22, 2015	4.56
1,100,000	275,000	\$0.18	November 15, 2015	4.64
200,000	-	\$0.30	February 1, 2016	4.84
8,014,625	5,117,969	\$0.31		3.19

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6. SHARE CAPITAL (continued)

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 period (iv)	4,929,182	\$ 0.17
Exercised during period	(1,097,182)	\$ 0.19
Expired and forfeited during the period	(1,278,250)	\$ 0.86
Outstanding at December 31, 2010	7,817,750	\$ 0.31
Granted during period (v)	200,000	\$ 0.30
Forfeited during the period	(3,125)	\$ 0.18
Outstanding March 31, 2011	8,014,625	\$ 0.31
Exercisable March 31, 2011	5,784,749	\$ 0.36

(iv) 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. 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.

(v) On February 1, 2011 the Company issued 200,000 options to a service provider at an exercise price of \$0.30. The related expense of \$10,502 was charged to 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 March 31, 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 \$0.25 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.

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6. SHARE CAPITAL (continued)

Share Purchase Warrants

The following table summarizes information about share purchase warrants outstanding at March 31, 2011:

Number of Warrants	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life
4,700,000	\$0.30	October 5, 2011	0.5 years
800,000	\$0.15	October 5, 2011	0.5 years
5,693,306	\$0.20	September 10, 2012	1.4 years
11,193,306			1.0 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, 2009	13,157,902	\$ 0.39
Issued during the period (ii)	5,693,306	\$ 0.20
Expired during period	(668,901)	\$ 0.30
Balance as at December 31, 2010	18,182,307	\$ 0.34
Exercised during the period (iii)	(300,000)	\$ 0.30
Expired during the period	(6,689,001)	\$ 0.50
Balance as at March 31, 2011	11,193,306	\$ 0.24

(v) 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.

The fair value of these warrants amounts to \$442,994 and was credited to warrants within shareholders' equity. The weighted average fair value of the warrants granted is \$0.08 per warrant.

(vi) 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 ended March 31, 2011.

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7. EXPENSES BY NATURE

Included in administrative expense are:

	March 31, 2011	March 31, 2010
Consulting fees	\$ 129,683	\$ 203
Trade shows	55,329	19,622
Office costs	54,644	46,651
Shareholder relations	45,630	6,280
Travel	23,034	2,515
Project generation	27,903	23,042
Directors fees	<u>21,400</u>	<u>25,700</u>
Total	<u>\$ 357,623</u>	<u>\$ 124,013</u>

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 March 31, 2011				
Current assets	10,484,875	300,926	17,366	10,803,167
Field and office equipment	2,371	1,285,226	-	1,287,597
Property rights and evaluation and exploration costs	-	8,462,264	243,403	8,705,667
Current liabilities	212,011	265,962	133,519	611,492
For the period ended March 31, 2011				
Interest income	19,235	-	-	19,235
Net foreign exchange gains (losses)	(17,662)	2,898	101,226	86,462
Depreciation	400	19,711	-	20,111
Share-based compensation expenses	114,171	-	(211)	113,960
Income (loss)	<u>(582,870)</u>	<u>(74,907)</u>	<u>59,861</u>	<u>(597,916)</u>

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8. SEGMENTED INFORMATION (continued)

	Corporate Canada \$	Paraguay \$	Argentina \$	Total \$
As at December 31, 2010				
Current assets	1,442,222	156,503	101,785	1,700,510
Field and office equipment	-	239,727	-	11,089,024
Property rights and evaluation and exploration costs		6,557,598	345,000	
Current liabilities	135,114	99,466	166,291	305,997
For the period ended March 31, 2010				
Investment income	(77,500)	-	-	(77,500)
Net foreign exchange gains	31,792	(32)	84,542	116,302
Depreciation	15,391	32,678	-	48,069
Net Income (loss)	(335,490)	(79,305)	50,852	(363,943)

9. RELATED PARTY TRANSACTIONS

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

- (a) \$21,400 (2010 - \$25,700) in director fees to directors of the Company.
- (b) \$33,087 (2010 - \$27,078) in legal fees to a law firm, Gowling Lafleur Henderson LLP, of which a partner is a director of the Company. As at March 31, 2011, a total of \$23,136 (2010 - \$18,404) remained unpaid and was included in accounts payable.
- (c) \$14,585 (2010 - \$33,917) to a director of the Company pursuant to a service contract.
- (d) \$23,920 (2010 - \$18,000) in contract fees pursuant to a service contract paid to the CFO of the Company.
- (e) \$32,201 (2010-nil) in fees paid to the CEO.

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	\$ 98,455
Share-based compensation	\$ Nil
Transactions in normal course	\$ 33,807-see (b) above

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10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the period:

- 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 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 March 31, 2011 is as follows:

	(000's)	Assets \$	Liabilities \$
Argentinean Pesos		15	4
Paraguayan Guaranis		229	262
United States Dollars		269	-
		<u>513</u>	<u>266</u>

Sensitivity

Based on the financial instruments held at March 31, 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 period 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.

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11. 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.

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.

As at March 31, 2011, the Company had net working capital of \$10,191,675 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 March 31, 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.

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12. TRANSITION TO IFRS

As discussed in note 2, these are the Company's first consolidated financial statements prepared under IFRS. This note sets out the adjustments made to the opening consolidated statement of financial position as at January 1, 2010 being the date of the transition to IFRS and to the subsequent consolidated financial statements for the three months ended March 31, 2010 and as at December 31, 2010.

Mandatory exceptions from retrospective application

IFRS 1 requires certain mandatory exceptions from full retrospective application of all accounting standards effective at the transition date. The following mandatory exceptions were applicable to the Company at the transition date.

Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimated were in error. The Company's IFRS estimates as of January 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

Optional IFRS 1 exemptions from retrospective application

In general, IFRS requires an entity to comply with all of the accounting standards effective at the end of the first reporting period after adopting IFRS. This means restating accounting transactions as if the standards had been in place when the transactions occurred. IFRS 1 provides optional exemptions from retrospectively applying the standards. The Company has applied the following significant optional exemptions to its opening statement of financial position prepared as at the date of transition.

(a) Exemptions

- (i) IFRS 1 allows the first time adopter to reset the foreign currency translation reserve that existed at the date of transition to IFRS to zero as alternative to establishing a foreign currency reserve as if the translation principles of IAS 21 had always been used and the measurement of assets and liabilities had been as required by currently implemented IFRS. The Company has elected to utilize this option and has reset the foreign currency translation reserve for all foreign operations to zero as of January 1, 2010 the transition date.

IFRS 1 allows the fair value of property, plant and equipment, property and exploration and evaluation costs to be the deemed cost of these assets. The Company has elected to utilize this exemption from IAS 16..

- (ii) IFRS 2 - *Exemption for share-based payment transactions*

An IFRS 1 exemption allows the Company to not apply IFRS 2, 'Share-based payment' to equity instruments granted after November 7, 2002 that vested before the date of transition to IFRS. The Company has elected to take the exemption and, as a result, was only required to recalculate the impact on any share based payments that have not vested at the date of transition.

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12. TRANSITION TO IFRS (continued)

The following tables reconcile the financial statements previously reported under Canadian GAAP to the financial statements prepared in accordance with IFRS. Explanations of the effect of the transition to IFRS follow the reconciliations.

i) Statement of Financial Position
As at January 1, 2010

	Notes	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS				
Current Assets				
Cash and cash equivalents		\$ 1,987,234	\$ -	\$ 1,987,234
Accounts receivable		124,124	-	124,124
Prepaid expenses		107,635	-	107,635
Total current assets		2,218,993	-	2,218,993
Not-current assets				
Investments		2,692,337	-	2,692,337
Office and Field Equipment	2	294,938	1,248	296,186
Property rights and evaluation and exploration costs	1, 2	7,856,720	(233,301)	7,623,419
Total non-current assets		10,843,995	232,053	10,611,942
Total assets		\$ 13,062,988	\$ 232,053	\$ 12,830,935
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities		\$ 312,210	\$ -	\$ 312,210
Total Current liabilities		312,210	-	312,210
Total liabilities		312,210	-	312,210
Equity				
Issued capital		18,857,227	-	18,857,227
Reserves	1, 2.	7,830,369	65,345	7,895,714
Deficit	1, 2	(13,666,818)	(297,398)	(13,964,216)
Total equity		12,750,778	(232,053)	12,518,725
Total liabilities and equity		\$ 13,062,988	\$ (232,053)	\$ 12,830,935

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ii) Statement of Financial Position As at March 31, 2010	Canadian	Effect of	IFRS
	GAAP	transition to IFRS	
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 1,551,689	\$ -	\$ 1,551,689
Accounts receivable	46,390	-	46,390
Prepaid expenses	102,430	-	102,430
Total current assets	1,700,509	-	1,700,509
Not-current assets			
Investments	2,614,837	-	2,614,837
Field and office equipment	278,253	(7,817)	270,436
Property rights and evaluation and exploration costs	8,196,334	(506,497)	7,689,837
Total non-current assets	11,089,424	(514,314)	10,575,110
Total assets	\$ 12,793,933	\$ (514,314)	\$ 12,275,619
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 400,870	\$ -	\$ 400,870
Total Current liabilities	400,870	-	400,870
Total liabilities	400,870	-	400,870
Equity			
Issued capital	18,587,227	-	18,587,227
Reserves	7,896,514	(280,832)	7,615,682
Deficit	(14,094,678)	(233,482)	(14,328,160)
Total equity	12,389,063	(514,314)	11,874,749
Total liabilities and equity	\$ 12,789,933	\$ (514,314)	\$ 12,275,619

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iii) Statement of Financial Position,
December 31, 2010

	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 13,728,531	\$ -	\$ 13,728,531
Accounts receivable	37,170	-	37,170
Prepaid expenses	97,550	-	97,550
Total current assets	13,863,251	-	13,863,251
Not-current assets			
Field and office equipment	238,479	(6,453)	232,026
Property rights and evaluation and exploration costs	6,675,876	(505,196)	6,170,680
Total non-current assets	6,914,355	(511,649)	6,402,706
Total assets	\$ 20,777,606	\$ (511,649)	\$ 20,265,957
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 305,997	\$ -	\$ 305,997
Total Current liabilities	305,997	-	305,997
Total liabilities	305,997	-	305,997
Equity			
Issued capital	20,166,314	-	20,166,314
Reserves	9,232,445	(91,562)	9,140,883
Deficit	(8,927,150)	(420,087)	(9,347,237)
Total equity	20,471,609	(511,649)	19,959,960
Total liabilities and equity	\$ 20,777,606	\$ (511,649)	\$ 20,265,957

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iv) Statement of Income and Other Comprehensive Income	Cdn GAAP	Effect of transition to IFRS	IFRS
	3 months ended		3 months ended
	March 31, 2010		March 31, 2010
Investment income (loss)	\$ (77,293)	\$ -	\$ (77,293)
Net foreign exchange gains (losses)	41,435	74,867	116,302
Employee benefits expense	(93,209)	-	(93,209)
Administrative expense	(123,810)	(21)	(123,831)
Professional fees	(65,691)	-	(65,691)
Share-based compensation	(61,223)	(10,929)	(72,152)
Depreciation expense	(48,069)		(48,069)
Loss for the period	(427,860)	63,917	(363,943)
Other comprehensive income			
Foreign exchange difference on translation foreign operations			
Foreign exchange differences arising during the period	-	(357,517)	(357,517)
Total loss and comprehensive loss for the period	\$ (427,860)	\$ (293,600)	\$ (721,460)
Loss per share (basic and fully diluted)	\$ (0.01)		\$ (0.01)
Weighted average number of shares outstanding	74,500,751		74,500,751

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v) Statement of Income and Other Comprehensive Income	Cdn GAAP		IFRS
	Year ended		Year ended
	December 31, 2010	Effect of transition to IFRS	December 31, 2010
Investment income	\$ 9,918,086	\$ -	\$ 9,918,086
Net foreign exchange gains (losses)	(35,605)	(39,553)	(75,158)
Write-down of mineral properties	(2,639,902)	-	(2,639,902)
Employee benefits expense	(313,301)	-	(313,301)
Administrative expense	(557,553)	(64)	(557,617)
Professional fees	(358,072)	-	(358,072)
Share-based compensation	(519,140)	(83,071)	(602,211)
Depreciation expense	(144,800)	-	(144,800)
Warrant modification expense	(610,045)	-	(610,045)
Income (loss) for the year	4,739,668	(122,788)	4,616,980
Other comprehensive income			
Foreign exchange difference on translation foreign operations			
Foreign exchange differences arising during the year		(237,346)	(237,346)
Total income and comprehensive income for the year	\$ 4,739,668	\$ (360,034)	\$ 4,379,634
Income (Loss) per share (basic and fully diluted)	\$ 0.01		\$ 0.01
Weighted average number of shares outstanding	78,309,168		78,309,168

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 the transition date of January 1, 2010, this change in accounting policy had an impact of increasing by \$60,014 the opening deficit, decreasing the carrying value of property rights and evaluation and exploration costs by \$5,331 and a reduction of the reserve (contributed surplus) by \$65,345.

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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 rate; the difference was charged through profit and loss.

Under IFRS, an adjustment was required to value the non-current assets at January 1, 2010 using the foreign exchange rates at the adjustment date. This adjusts the assets from the balance calculated using the temporal method.

At the transition date of January 1, 2010, Field and Office Equipment was increased by \$1,248 with an increase to property rights and evaluation and exploration costs of \$226,722.

3. Statement of cash flows

There was no change to total cash flows from operating, investing or financing activities under IFRS as compared to those under Canadian GAAP.

13. COMMITMENTS

At March 31, 2011 the Company had an installment of \$168,750 due on a contract for office and field equipment which was paid in May, 2011.

14. SUBSEQUENT EVENT

In June 2011 the Company granted 250,000 options under the employee stock option plan to purchase common shares at an exercise price of \$0.20.