



LATIN AMERICAN MINERALS INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 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.
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(in Canadian dollars - unaudited)

	Notes	September 30, 2011	December 31, 2010 (note 12)
ASSETS			
Current assets			
Cash and cash equivalents		\$ 8,063,079	\$ 13,728,531
Accounts receivable		154,308	37,170
Prepaid expenses		281,173	97,550
Total current assets		8,498,560	13,863,251
Non-current assets			
Field and office equipment	4	1,711,303	232,026
Property rights and evaluation and exploration costs	5	11,009,299	6,170,680
Total non-current assets		12,720,602	6,402,706
Total assets		\$ 21,219,162	\$ 20,265,957
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 567,363	\$ 305,997
Total current liabilities		567,363	305,997
Total liabilities		567,363	305,997
Equity			
Issued capital	6	20,390,923	20,166,314
Warrants	6	1,140,312	2,481,492
Contributed surplus		8,634,851	6,896,736
Other comprehensive income		1,397,968	(237,345)
Deficit		(10,912,255)	(9,347,237)
Total equity		20,651,799	19,959,960
Total liabilities and equity		\$ 21,219,162	\$ 20,265,957

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

See accompanying notes

On behalf of the Board

"Richard Boulay"

Richard Boulay
Director

"Ian Peres"

Ian Peres
Director

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

	Notes	Number of shares outstanding	Share capital	Warrants	Contributed Surplus	Accumulated			Total
						Other Income	Deficit		
Balance, January 1, 2011		86,504,004	\$ 20,166,314	\$ 2,481,492	\$ 6,886,736	\$ (237,345)	\$ (9,347,237)	\$ 19,959,960	
Income for the period ended September 30, 2011			-	-	-	-	(1,565,018)	(1,565,018)	
Other comprehensive income for the period			-	-	-	1,635,313	-	1,635,313	
Warrants exercised	6 (iii)		20,166,314	2,481,492	6,886,736	1,397,968	(10,912,255)	20,030,255	
Expiry of purchase warrants	6 (vii)		-	(1,493,766)	1,493,766	-	-	-	
Expiry date extension - purchase warrants	6 (vi)		-	226,070	-	-	-	226,070	
Options exercised	6 (iv)		13,125	-	(6,250)	-	-	6,875	
Recognition of share based payments - expensed (share-based payments)			-	-	219,586	-	-	219,586	
Recognition of share based payments - expensed (investor relations)			-	-	29,630	-	-	29,630	
Recognition of share based payments - capitalized			-	-	1,383	-	-	1,383	
Balance at September 30, 2011		87,155,254	\$ 20,390,923	\$ 1,140,312	\$ 8,634,851	\$ 1,397,968	\$ (10,912,255)	\$ 20,651,799	
Opening balance, January 1, 2010		74,500,751	\$ 18,587,227	\$ 1,574,883	\$ 6,320,831	\$ -	\$ (13,964,218)	\$ 12,518,723	
Loss for the period ended September 30, 2010			-	-	-	-	(430,370)	(638,924)	
Other comprehensive income for the period			18,587,227	1,574,883	6,320,831	(430,370)	(5,617,692)	8,555,080	
Issue of shares for mineral rights for exploration	10		253,700	-	-	-	-	253,700	
Issue of shares for private placement			1,209,983	290,017	-	-	-	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)	
Recognition of share based payments - expensed			-	-	377,594	-	-	377,594	
Recognition of share based payments - capitalized			-	-	15,856	-	-	15,856	
Balance at September 30, 2010		85,406,822	\$ 19,858,816	\$ 1,926,385	\$ 6,714,281	\$ (430,370)	\$ (5,617,692)	\$ 22,451,420	

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

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

	Notes	Three months ended		Nine months ended	
		September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Income					
Interest income		\$ 31,265	\$ 182	\$ 73,881	\$ 911
Investment loss		-	-	-	(12,787)
Gain on sale of field and office equipment		6,200	10,953	11,427	10,953
		37,465	11,135	85,308	(923)
Expenses					
Net foreign exchange gains/losses		26,727	2,848	100,536	77,463
Administrative expenses	7	(563,705)	(461,662)	(1,750,862)	(1,311,374)
Write-down of mineral properties	5	-	(1,179,090)	-	(1,179,090)
		(536,978)	(1,637,904)	(1,650,326)	(2,413,001)
Loss for the period		(499,513)	(1,626,769)	(1,565,018)	(2,413,924)
Other comprehensive income					
Foreign exchange difference on translating foreign operations					
Foreign exchange differences arising during the period		649,626	(265,540)	1,635,313	(430,370)
Unrealized gain on investments available for sale	8	-	1,680,000	-	10,760,450
Total comprehensive income (loss) for the period		\$ 150,113	\$ (212,309)	\$ 70,295	\$ 7,916,156
Loss per share (basic and fully diluted)		\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.03)
Weighted average number of shares outstanding		86,822,891	77,580,375	86,769,183	75,744,469

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

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

	Notes	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Cash flows from operating activities			
Net loss for the quarter		\$ (1,565,018)	\$ (638,924)
Depreciation expenses		9,867	118,783
Net foreign exchange gains		100,536	77,463
Income taxes	8	-	(1,775,000)
Gain on sale of field and office equipment		-	(10,953)
Write-down of mineral properties	5 (i)	-	1,179,090
Equity loss in investment		-	12,787
Warrant modification expense		226,070	-
Expense recognized in respect of equity-settled share-based payments expense		219,586	264,282
Expense recognized in respect of equity-settled share-based payments for consulting services		29,629	-
		(979,330)	(772,472)
Movements in working capital			
Decrease (increase) in accounts receivable		(117,137)	104,276
Decrease (increase) in prepaid expenses		(183,623)	41,883
Decrease in accounts payable and accrued liabilities		261,366	58,186
Net cash used in operating activities		(1,018,724)	(568,127)
Cash flows from investing activities			
Purchase of field and office equipment	4,11	(1,450,870)	(82,744)
Acquisition of property rights	5	(1,633,973)	(321,680)
Exploration costs	5, 11	(2,043,825)	(831,862)
Net cash used in investing activities		(5,128,668)	(1,236,286)
Cash flows from financing activities			
Proceeds from the issuance of share capital		-	1,500,000
Share issuance costs incurred		-	(130,609)
Exercise of stock options and warrants		144,875	-
Net cash generated by financing activities		144,875	1,369,391
Net decrease in cash and cash equivalents during the period		(6,002,517)	(435,022)
Effects of exchange rate changes on the balance of cash held in foreign currencies		337,065	(37,193)
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		\$ 8,063,079	\$ 1,515,019
Cash		8,010,697	1,500,255
Money market instruments		52,382	14,764
Cash and cash equivalents at the end of the period of the period		\$ 8,063,079	\$ 1,515,019

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 NINE MONTH PERIODS ENDED SEPTEMBER 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 principal 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 unaudited consolidated 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 nine months ended September 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 November 22, 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 NINE MONTH PERIODS ENDED SEPTEMBER 30, 2011 AND 2010
(Unaudited)

4. FIELD AND OFFICE EQUIPMENT

Net book value at December 31, 2010	\$ 232,026
Additions	1,450,870
Amortization for the period	(120,908)
Effect of foreign exchange differences	<u>149,315</u>
Net book value at September 30, 2011	<u>\$ 1,711,303</u>
Net book value at December 31, 2009	\$ 294,938
Additions	126,976
Disposals	(38,634)
Amortization for the year	(144,800)
Effect of foreign exchange differences	<u>(6,454)</u>
Net book value at 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	September 30, 2011
Paso Yobai (i)	\$ 5,662,272	\$ 1,609,039	\$ 1,950,183	\$ -	\$ 960,236	\$ 10,181,730
Itapoty (ii)	508,407	19,046	47,006	-	91,011	665,470
Tendal La Rioja (iii)	1	-	-	-	-	1
Chiriguelo (iv)	-	5,888	156,210	-	-	162,098
	<u>\$ 6,170,680</u>	<u>\$ 1,633,973</u>	<u>\$ 2,153,399</u>	<u>\$ -</u>	<u>\$ 1,051,247</u>	<u>\$ 11,009,299</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

In 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. Apart from Minera Guaira, the company has two more concessions that comprise the Paso Yobai project.

In 2010, the Company terminated the option agreement for a second Paso Yobai property held by Minas Paraguay S. A. due to high property payment costs and results that were not as encouraging as other areas at Paso Yobai. As a result, property payments amounting to \$1,179,090 were written off on September 30, 2010.

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(Unaudited)

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

(ii) Itapoty

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

In addition, the Company has acquired a concession that is a contiguous property. The Landsonne Concession is an exploration concession in which 100% interest can be earned by making incremental annual payments through to 2014 to Minera Landsonne S.A. ("Landsonne"), 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"). The agreement provides Olivut with the option to earn 50% of the project by incurring exploration expenditures of \$1,000,000 over a 30-month period.

(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 and acquire a further 19% interest in this concession.

Under the terms of the agreement, VMA shall fund exploration expenditures of up to US\$4,500,000 during the initial three-year period, a minimum of US\$500,000 of which shall be funded in the first year. VMA shall also pay the Company an administrative fee of US\$50,000 annually, which the company allocates under Project Generation Expenses.

(iv) Chiriguelo Niobium / Rare Earth Project

This project is in the early stages of exploration and the Company has the rights to the 25,500 hectares that comprise the project.

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

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

PROPERTY PAYMENT SUMMARY

At September 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

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	906,071	253,700
Exercise of options	1,097,182	398,990
Private placement (i)	10,000,000	1,118,491
Share issue costs (i)	-	(192,094)
Balance as at December 31, 2010	86,504,004	\$20,166,314
Exercise of warrants (ii)	620,000	211,484
Exercise of options (iii)	31,250	13,125
Balance as at September 30, 2011	87,155,254	\$20,390,923

(i) 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.

(ii) For the nine months ended September 30 2011, 300,000 and 320,000 warrants were exercised at the price of \$0.30 and \$0.15, respectively. A total of \$211,484 was credited to share capital. On the exercise date, the fair value of the warrants, transferred from warrants to share capital, a total of \$73,484.

LATIN AMERICAN MINERALS INC.**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars unless otherwise stated)

FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2011 AND 2010**(Unaudited)****6. SHARE CAPITAL (continued)**

(iii) For the nine months ended September 30 2011, 31,250 stock options were exercised at the price of \$0.22. The value received of \$6,875 was credited to share capital. On the exercise date, the amount of \$6,250 representing the fair value of the options, 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.

The following table summarizes information about stock options outstanding at September 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	0.05
650,000	650,000		\$0.40	January 5, 2012	0.27
635,000	635,000		\$1.20	June 4, 2012	0.68
150,000	150,000		\$0.81	July 25, 2012	0.82
229,500	229,500		\$0.65	January 22, 2013	1.32
767,500	767,500	(*)	\$0.15	September 22, 2013	1.98
795,000	795,000		\$0.22	October 9, 2014	3.03
1,325,750	1,325,750	(*)	\$0.18	June 1, 2015	3.67
1,000,000	1,000,000		\$0.14	September 15, 2015	3.96
500,000	375,000		\$0.19	October 22, 2015	4.06
1,100,000	825,000		\$0.18	November 18, 2015	4.14
200,000	50,000		\$0.30	February 1, 2016	4.34
250,000	62,500		\$0.20	June 22, 2016	4.73
7,992,750	7,255,250				2.81

(*) See Note 14 – Subsequent Events

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

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 year (iv)	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 (v)	450,000	\$ 0.24
Forfeited during the period	(243,750)	\$ 0.40
Exercised during the period	(31,250)	\$ 0.22
Outstanding September 30, 2011	7,992,750	\$ 0.31
Exercisable September 30, 2011	7,255,250	\$ 0.32

(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 and officer 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.

(v) On February 1, 2011 the Company issued 200,000 options to a service provider at an exercise price of \$0.30. The related revaluation expense of \$29,629 was charged to investor relations; classified under administrative expenses. The fair value of these options had been estimated using the Black Scholes option-pricing model. Assumptions used are as follows: risk-free interest rate of 2.31%, dividend yield of 0%, volatility of 153% - 161% (for the period, only two tranches were vested), expected life of 2.75 - 3 years and a forfeiture rate of 5.6%. Volatility and forfeiture rates were determined by applying the historical experience of the Company.

On June 22, 2011 the Company issued 250,000 incentive options to an employee at an exercise price of \$0.20. 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. The fair value of these options had been estimated using the Black Scholes option-pricing model. Assumptions used are as follows: risk-free interest rate of 2.1%, dividend yield of 0%, volatility of 151%, expected life of 2.75 years and a forfeiture rate of 5.6%. Volatility and forfeiture rates were determined by applying the historical experience of the Company.

All of these options are being expensed over their respective vesting periods and credited to share-based payment reserve within shareholders' equity. For the three months ended September 30, 2011, \$36,298 was expensed as share-based compensation (2010-\$210,737) and \$1,383 (2010-\$15,856) was charged to mineral properties. The weighted average fair value of the options granted during 2011 is \$0.2 per option (2010 - \$0.15).

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(Unaudited)

6. SHARE CAPITAL (continued)

Share Purchase Warrants

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

Number of Warrants		Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life
480,000	(*)	\$0.15	October 5, 2011	0.0 years
5,693,306		\$0.20	September 10, 2012	0.9 years
4,700,000	(vi)	\$0.30	October 5, 2012	1.0 years
10,873,306				0.9 years

(*) See Note 14 – Subsequent Events

(vi) During 2011, warrants expiring October 5, 2011 were extended to October 5, 2012. The fair value of these warrants at the date of modification was \$226,540 using the Black Scholes option-pricing model. Assumptions used are as follows: risk-free interest rate of 1.20%, dividend yield of 0%, volatility of 102% and expected life of 12 months. The fair value of the original warrants on the date of the extension was \$470. Accordingly, the incremental fair value of the warrants resulted from this modification of \$226,070 was credited to contributed surplus and charged to the consolidated statements of operations as a warrant modification expense.

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	(668,901)	\$ 0.30
Balance as at December 31, 2010	18,182,307	\$ 0.34
Exercised during the period (iii)	(620,000)	\$ 0.22
Expired during the period (vii)	(6,689,001)	\$ 0.50
Balance as at September 30, 2011	10,873,306	\$ 0.24

(vii) 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 \$611,218 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 \$1,173. Accordingly, the incremental fair value 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 unexercised on February 18, 2011.

LATIN AMERICAN MINERALS INC.**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars unless otherwise stated)

FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2011 AND 2010**(Unaudited)****7. EXPENSES BY NATURE**

	Three Months Ended		Nine Months Ended	
	September 30 2011	2010	September 30 2011	2010
Employee benefit expense	117,699	78,941	331,076	245,925
Share-based payment expense	36,298	210,737	219,586	377,594
Consulting fees	5,763	9,963	186,926	10,166
Professional fees	65,101	77,546	226,670	237,431
Office expenses	38,683	40,762	154,212	136,553
Warrant modification expense	226,070	-	226,070	-
Shareholder relations	26,640	13,277	126,812	35,123
Trade Shows	1,750	-	62,593	40,523
Directors fees	28,600	19,000	87,800	76,600
Project generation	(2,171)	(33,641)	54,100	17,283
Amortization	(97)	34,593	9,867	118,783
Travel	19,369	10,484	65,150	15,393
	563,705	461,662	1,750,862	1,311,374

8. INVESTMENTS HELD FOR SALE

At September 30, 2010, the market value of the 8,400,000 shares received from LAC for the Salares lithium/potash project, was \$13,440,000. The following schedule sets out the changes in the carrying value of this investment:

Investment at cost	\$ 882,000
Equity in losses from the date of acquisition to end of year	(591,921)
Dilution gains	2,402,258
Carrying value, December 31, 2009	\$ 2,692,337
Equity in losses up to September 30, 2010	(311,785)
Dilution gains	298,998
Unrealized gain in market value	10,760,450
Carrying value, September 30, 2010	\$13,440,000

The fair value adjustment of \$10,760,450 on September 30, 2010 resulted in a tax recovery of \$1,775,000.

9. 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:

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9. SEGMENTED INFORMATION (continued)

	Corporate Canada	Paraguay	Argentina	Total
	\$	\$	\$	\$
As at September 30, 2011				
Current assets	7,628,306	827,517	42,737	8,498,560
Non-current assets	5,095	12,470,854	244,653	12,720,602
Current liabilities	111,868	328,758	126,737	567,363
For the nine months period ended September 30, 2011				
Interest income	73,674	-	207	73,881
Net foreign exchange gains (losses)	(25,447)	2,607	123,376	100,536
Depreciation	(1,915)	(7,952)	-	(9,867)
Share-based compensation expenses	(220,273)	-	687	(219,586)
Income (loss)	(1,466,149)	(166,891)	68,022	(1,565,018)
For the three months period ended September 30, 2011				
Interest income	31,233	-	32	31,265
Net foreign exchange gain (loss)	(7,979)	461	34,245	26,727
Depreciation	(1,124)	1,221	-	97
Share-based compensation expenses	(36,774)	-	476	(36,298)
Income (loss)	(490,227)	(50,032)	40,746	(499,513)

	Corporate Canada	Paraguay	Argentina	Total
	\$	\$	\$	\$
As at December 31, 2010				
Current assets	12,516,797	1,298,189	48,265	13,863,251
Non-current assets	989	6,149,358	252,359	6,402,706
Current liabilities	158,909	13,573	133,515	305,997
For the nine months period ended September 30, 2010				
Investment loss	(12,787)	-	-	(12,787)
Net foreign exchange gain (loss)	(11,057)	1,662	86,858	77,463
Depreciation	(29,619)	(89,164)	-	(118,783)
Share-based compensation expenses	(376,359)	-	(1,235)	(377,594)
Income (loss)	(1,064,739)	(1,390,038)	40,853	(2,413,924)
For the three months period ended September 30, 2010				
Net foreign exchange gain (loss)	(3,184)	(9)	6,041	2,848
Depreciation	(6,246)	(28,347)	-	(34,593)
Share-based compensation expenses	(209,851)	-	(886)	(210,737)
Income (loss)	(401,177)	(1,241,380)	15,788	(1,626,769)

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10. RELATED PARTY TRANSACTIONS

During the nine months period ended September 30, 2011, the Company incurred the following related party transactions:

- (a) \$87,800 (September 30, 2010 - \$76,600) in director fees to directors of the Company.
- (b) \$104,181 (September 30, 2010 - \$131,138) in legal fees to a law firm, Gowling Lafleur Henderson LLP, of which a partner is a director of the Company. As at September 30, 2011, the amount of \$14,383 (September 30, 2010 - \$14,857) remained unpaid and was included in accrued liabilities.
- (c) \$44,079 (September 30, 2010 - \$46,970) to a director of the Company pursuant to a service contract. As at September 30, 2011, a total of \$4,193 (September 30, 2010 - nil) remained unpaid and was included in accrued liabilities.
- (d) \$83,635 (September 30, 2010 - \$54,000) in contract fees paid to the CFO of the Company pursuant to a service contact.
- (e) \$91,082 (September 30, 2010- \$5,145) in fees paid to the CEO of the Company 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	\$ 306,597
Share-based payments	\$ 218,735
Transactions in normal course	\$ 104,181 - see (b) above

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the nine months period ended September 30, 2011, included:

- Shares issued for property rights and evaluation and exploration costs – nil, (2010 - \$253,700)
- Stock-options issued for property rights and evaluation and exploration costs - \$1,383 (2010 - \$15,855)
- Depreciation charged to property rights and evaluation and exploration costs - \$108,191 (2010 – nil)

The Company also incurred significant capital expenditures amounting to \$1,450,870 for the purchase of vehicles and field equipment for its Paso Yobai project. Fully depreciated assets were also disposed of, resulting in a gain of \$5,227.

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Risks arising from financial instruments and risk management

The Company's activities expose 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.

Market risk

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 Guaranies 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 is as follows:

As at	September 30, 2011		December 31, 2010	
	Assets \$	Liabilities \$	Assets \$	Liabilities \$
Argentinean Pesos	42,737	65,079	52,003	73,765
Paraguayan Guaranies	210,658	328,759	31,001	13,573
United States Dollars	528,689	-	1,635,186	-
	782,084	393,838	1,718,189	87,338

Sensitivity

Based on the financial instruments held at September 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 \$38,825 higher/lower (December 31, 2010 - \$163,085 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 \$38,825 higher/lower (December 31, 2010 - \$163,085 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.

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 September 30, 2011, the Company had net working capital of \$7,931,197 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 September 30, 2011, the total managed capital was \$20,651,799.

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.

13. 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.

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13. 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, for the three and nine months ended September 30, 2010 and as of September 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 September 30, 2010

	Notes	Canadian GAAP \$	Effect of transition to IFRS \$	IFRS \$
ASSETS				
Current Assets				
Cash and cash equivalents		1,515,019	-	1,515,019
Accounts receivable		19,848	-	19,848
Prepaid expenses		65,752	-	65,752
Total current assets		1,600,619	-	1,600,619
Not-current assets				
Investments		13,440,000	-	13,440,000
Office and field equipment	2	269,852	(9,264)	260,588
Property rights and evaluation and exploration costs	1, 2	8,103,140	(582,531)	7,520,609
Total non-current assets		21,812,992	(591,795)	21,221,197
Total assets		23,413,611	(591,795)	22,821,816
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities		370,396	-	370,396
Total current liabilities		370,396	-	370,396
Total liabilities		370,396	-	370,396
Equity				
Issued capital		19,858,816	-	19,858,816
Reserves	1, 2	8,464,420	(254,124)	8,210,296
Accumulated Deficit	1, 2	(5,280,021)	(337,671)	(5,617,692)
Total equity		23,043,215	(591,795)	22,451,420
Total liabilities and equity		23,413,611	(591,795)	22,821,816

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13. TRANSITION TO IFRS (continued)

ii) Statement of Other Comprehensive Income (Loss)

Three months ended September 30, 2010

	Notes	Canadian GAAP \$	Effect of transition to IFRS \$	IFRS \$
Interest Income		182	-	182
Net foreign exchange gains (losses)	2	(1,031)	3,879	2,848
Employee benefits expense		(89,107)	-	(89,107)
Administrative expense	1	(49,284)	(396)	(49,680)
Professional fees		(77,545)	-	(77,545)
Share-based compensation	1	(116,675)	(94,062)	(210,737)
Gain on disposal of fixed assets		10,953	-	10,953
Write-down of mineral properties		(1,179,090)	-	(1,179,090)
Amortization expense		(34,593)	-	(34,593)
Loss for the period		(1,536,190)	(90,579)	(1,626,769)
Tax recovery		275,000	-	275,000
Total Loss for the period		(1,261,190)	(90,579)	(1,351,769)
Other comprehensive income				
Foreign exchange difference on translation of foreign operations				
Foreign exchange differences arising during the period	2	-	(265,540)	(265,540)
Fair value adjustments to available-for-sale financial instruments				
Investments held for sale		1,680,000	-	1,680,000
Related income taxes on gain		(275,000)	-	(275,000)
Total income and other comprehensive income for the period		143,810	(356,119)	(212,309)
Loss per share (basic and fully diluted)		\$ (0.02)		\$ (0.02)
Weighted average number of shares outstanding		77,580,735		77,580,735

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13. TRANSITION TO IFRS (continued)

iii) Statement of Other Comprehensive Income (Loss)
Nine months ended September 30, 2010

	Notes	Canadian GAAP \$	Effect of transition to IFRS \$	IFRS \$
Investment Loss		(12,787)	-	(12,787)
Interest Income		911	-	911
Net foreign exchange gains (losses)	2	4,422	73,041	77,463
Employee benefits expense		(256,091)	-	(256,091)
Administrative expense		(321,475)	-	(321,475)
Professional fees		(237,431)	-	(237,431)
Share-based compensation	1	(264,282)	(113,312)	(377,594)
Gain on disposal of fixed assets		10,953	-	10,953
Write-down of mineral properties		(1,179,090)	-	(1,179,090)
Amortization expense		(118,783)	-	(118,783)
Loss for the period		(2,373,653)	(40,271)	(2,413,924)
Tax recovery		1,775,000	-	1,775,000
Total loss for the period		(598,653)	(40,271)	(638,924)
Other comprehensive income				
Foreign exchange difference on translation foreign operations				
Foreign exchange differences arising during the period	2	-	(430,370)	(430,370)
Fair value adjustments to available-for-sale financial instruments				
Investments held for sale		10,760,450	-	10,760,450
Related income taxes on gain		(1,775,000)	-	(1,775,000)
Total income and other comprehensive income for the period		8,386,797	(470,641)	7,916,156
-				
Loss per share (basic and fully diluted)		\$ (0.01)		\$ (0.01)
Weighted average number of shares outstanding		75,744,469		75,744,469

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13. TRANSITION TO IFRS (continued)

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. Graded vesting requires a greater portion of the expense to be recorded in the initial periods compared to distributing the expense equally over all vesting periods under the straight-line method.

This change in accounting policy resulted in additional share-based compensation expense of \$94,062 being charged to deficit and reserves (contributed surplus) for the three-month period from July 1 to September 30, 2010. For the nine-month period ending September 30, 2010, the additional share-based compensation expense amounted to \$113,312.

This change in accounting policy has also resulted to a decrease in property rights and exploration and evaluation costs of \$8,144, part of a total adjustment of \$582,531, representing capitalized share-based compensation expense.

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 and the difference was charged through profit and loss.

Under IFRS, an adjustment was required to value the non-current assets at September 30, 2010 using the foreign exchange rates at the adjustment date, being the period end date. As a result, the total amount of \$583,651 was charged to deficit and currency translation reserve with an equivalent reduction in field and office equipment of \$9,264 and in property rights and exploration and evaluation costs of \$574,387, part of a total adjustment of \$582,531.

Foreign exchange differences arising from inter-company transactions were also charged to reserves (accumulated other comprehensive income) instead of foreign exchange gains and losses in the income statement. This resulted in a foreign exchange difference (loss) of \$265,540 for the three-month period ending September 30, 2010. For the nine-month ending September 30, 2010 period this foreign exchange difference (loss) amounted to \$430,370.

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14. SUBSEQUENT EVENTS

On October 4, 2011, 480,000 warrants with an exercise price of \$0.15 per share and expiry date of October 5, 2011, were exercised for cash proceeds of \$72,000.

On October 5, 2011, 160,000 warrants with an exercise price of \$0.30 per share expired unexercised.

On October 14, 2011, 125,000 options with an exercise price of \$0.21 and expiry date of October 14, 2016, were granted to an officer of the Company.

On November 15, 2011, 100,000 options with an exercise price of \$0.15 and 147,500 options with an exercise price of \$0.18 were exercised for cash proceeds of \$41,550.

On November 16, 2011, 6,250 options with an exercise price of \$0.18 were exercised for cash proceeds of \$1,125.

On November 22, 2011, 47,500 options with an exercise price of \$0.15 were exercised for cash proceeds of \$7,125.