



L A T I N A M E R I C A N
M I N E R A L S I N C .

Suite 910 – 475 Howe Street
Vancouver, B.C.
V6C 2B3

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**For the Six Month Period Ended
June 30, 2006**

(Canadian Funds)

Auditor Review – These interim consolidated financial statements and related schedules were prepared by management. They have not been reviewed by the Company's independent external auditor.

Latin American Minerals Inc.

(An Exploration Stage Company)

Interim Consolidated Balance Sheet

	June 30, 2006	December 31, 2005 (Audited)
ASSETS		
Current assets		
Cash	\$ 174,553	\$ 486,340
Prepays	20,139	-
Due from related parties	10,479	-
Receivables	4,116	1,178
	209,287	487,518
Deferred charges	27,189	-
Mineral properties (Note 3)	379,168	-
	\$ 615,644	\$ 487,518
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 92,635	\$ 33,402
Due to related parties (Note 5)	18,000	27,875
	110,635	61,277
Shareholders' equity		
Share capital (Note 4)	1,163,442	813,991
Deficit	(658,433)	(387,750)
	505,009	426,241
	\$ 615,644	\$ 487,518

Nature and continuance of operations (Note 1)

On behalf of the Board:

"Robert Giustra"

Robert Giustra - Director

"Alberto Orcoyen"

Alberto Orcoyen - Director

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

Latin American Minerals Inc.

(An Exploration Stage Company)

Interim Consolidated Statements of Operations and Deficit

	Three Month Period Ended June 30, 2006	Six Month Period Ended June 30, 2006	Three Month Period Ended June 30, 2005	Six Month Period Ended June 30, 2005
EXPENSES				
Consulting fees	\$ 9,822	\$ 25,418	\$ 7,432	\$ 19,132
Director fees	18,000	18,000	-	-
Management fees	34,500	34,500	-	-
Office and general	11,416	19,074	10,374	17,494
Professional fees	35,588	77,751	18,745	45,717
Property evaluation	-	-	4,566	4,566
Severance payments	24,000	24,000	-	-
Shareholder relations	7,563	8,422	2,322	2,599
Telecommunications	913	2,809	731	2,940
Transfer agent and filing fees	8,568	47,806	4,333	11,386
Travel	5,728	11,867	704	4,128
Loss before other items	(156,098)	(269,647)	(49,207)	(107,962)
OTHER ITEMS				
Interest income	1,851	3,383	1,198	2,566
Foreign exchange gain (loss)	(2,819)	(4,419)	-	(196)
Net loss for the period	(157,066)	(270,683)	(48,009)	(105,592)
Deficit, beginning of period	(501,367)	(387,750)	(166,840)	(109,257)
Deficit, end of period	\$ (658,433)	\$ (658,433)	\$ (214,849)	\$ (214,849)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.02)	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding (Basic and Diluted)	14,759,725	14,334,448	13,870,000	13,621,111

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

Latin American Minerals Inc.

(An Exploration Stage Company)

Interim Consolidated Statements of Cash Flows

	Three Month Period Ended June 30, 2006	Six Month Period Ended June 30, 2006	Three Month Period Ended June 30, 2005	Six Month Period Ended June 30, 2005
CASH FLOWS USED IN OPERATING ACTIVITIES				
Loss for the period	\$ (157,066)	\$ (270,683)	\$ (48,009)	\$ (105,592)
Changes in non-cash working capital items:				
Increase in advance to related parties	-	(10,479)	-	-
Increase in prepaids	(20,139)	(20,139)	-	-
Decrease / (increase) in receivables	2,582	(2,938)	11,169	8,277
Increase / (decrease) in accounts payable and accrued liabilities	32,832	15,914	(23,535)	(32,052)
Increase / (decrease) in due to related parties	14,790	(9,875)	(41,833)	(41,833)
Net cash used in operating activities	(127,001)	(298,200)	(102,208)	(171,200)
CASH FLOWS USED IN INVESTING ACTIVITIES				
Acquisition of mineral properties	(98,623)	(167,876)	-	-
Deferred exploration and development costs	(91,244)	(123,522)	-	-
Deferred charges	(27,189)	(27,189)	-	-
Net cash used in investing activities	(217,056)	(318,587)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Exercise of stock options	25,000	35,000	-	-
Common share private placement	151,200	300,000	-	-
Share issue costs	(30,000)	(30,000)	-	-
Net cash provided by financing activities	146,200	305,000	-	-
Change in cash during the period	(197,857)	(311,787)	(102,208)	(171,200)
Cash, beginning of period	372,410	486,340	703,775	772,767
Cash, end of period	\$ 174,553	\$ 174,553	\$ 601,567	\$ 601,567

Note 6 - Supplemental Cash Flow Information

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

Latin American Minerals Inc.

(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

For the Six Month Period Ended June 30, 2006

1. Nature and Continuance of Operations

Latin American Minerals Inc. (“Latin” or the “Company”) was incorporated under the Canada Business Corporations Act on December 9, 2003. Effective April 4, 2006, the Company graduated from a Capital Pool Company (“CPC”) listing to a Tier 2 Mining Issuer on the TSX Venture Exchange (the “TSX-V” or “Exchange”). Its principal business activities are the exploration and development of resource properties. The Company has a 95% owned subsidiary in Argentina known as Latin American Minerals Argentina S.A.

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

These interim consolidated financial statements have been prepared on a going concern basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Its ability to continue as a going concern is dependent upon the continued support of related parties, the ability of the Company to raise equity financing, the discovery of economically recoverable reserves and ultimately the attainment of profitable operations. These interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

2. Basis of Presentation

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and they follow the same accounting policies and methods of application as the most recent annual audited financial statements. Consequently, these statements should be read in conjunction with the audited annual financial statements for the year ended December 31, 2005.

3. Mineral Properties

La Carolina

Pursuant to an agreement (the “La Carolina Agreement”) dated November 9, 2005 with Geocom Resources Inc. (“Geocom”), TNR Gold Corp. (“TNR”) and Compania Minera Solitario Argentina S.A. (“Solitario”), known collectively as the Optionors, the Company has the right to earn a 75% interest, subject to a 1% NSR, in the La Carolina Property located in the San Luis Province, Argentina.

Latin American Minerals Inc.

(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

For the Six Month Period Ended June 30, 2006

3. Mineral Properties (continued)

Effective April 4, 2006, the La Carolina Agreement received Exchange approval to serve as the Company's Qualifying Transaction for the purposes of the policies of the TSX-V. As a result, the Company's classification on the TSX-V has been changed from a Capital Pool Company to a Tier 2 Mining Issuer.

Under the La Carolina Agreement the Company can earn a 75% interest in the La Carolina Property by:

- (a) making exploration expenditures on the La Carolina Property totaling US\$1,000,000 by the fifth anniversary date of Exchange approval for the Qualifying Transaction, provided that a minimum exploration expenditure of US\$50,000 is made by the first anniversary of TSX-V approval; and
- (b) by making cash payments totaling US\$125,000 and issuing 125,000 common shares of the Company (the "Shares") as follows, each divided equally between Geocom and TNR:
 - (i) US\$25,000 (paid) and 25,000 Shares (issued) upon receipt of TSX-V approval; and
 - (ii) an additional US\$25,000 and 25,000 Shares by the first anniversary of TSX-V approval; and
 - (iii) an additional US\$25,000 and 25,000 Shares by the second anniversary of TSX-V approval; and
 - (iv) an additional US\$25,000 and 25,000 Shares by the third anniversary of TSX-V approval; and
 - (v) an additional US\$25,000 and 25,000 Shares by the fourth anniversary of TSX-V approval.

Upon making US\$500,000 in total exploration expenditures and paying US\$62,500 in cash and issuing 62,500 Shares to Geocom and TNR, the Company will have earned a 37.5% interest in the La Carolina Property. The 37.5% interest earned by the Company will be held by Solitario in trust for the benefit of the Company until such time as the full 75% interest is vested by the Company. Notwithstanding the consideration set out above, upon full vesting of its 75% interest in the La Carolina Property, the Company will issue to the Optionors an additional 100,000 Shares divided equally between TNR and Geocom.

Upon satisfaction of the requirements set out in paragraphs (a) and (b) above, the Optionors and the Company have agreed to form a joint venture which shall provide for the Company having a 75% participating interest and the Optionors having a 25% participating interest. Should either party fail to participate in an approved program, then their interest shall be diluted. If one of the joint venture partners is diluted to a 10% interest, then its participating interest will immediately convert to a 1% NSR. The joint venture agreement will provide the Company with the option to purchase the 1% NSR at anytime for USD\$1,000,000.

Latin American Minerals Inc.

(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

For the Six Month Period Ended June 30, 2006

3. Mineral Properties (continued)

Any additional claims staked by the parties within 2 km of the La Carolina Property will automatically become part of the La Carolina Agreement.

Cerro Amarillo

Pursuant to an agreement dated April 19, 2006 with a local owner, the Company has the option to acquire a 100% interest in the Cerro Amarillo copper-gold porphyry project in the Mendoza Province, Argentina. The Company has the option, over a period of five years, to acquire the mineral concessions outright for USD\$1.5 million. To maintain its option the Company is required to make escalating payments totaling USD\$660,000 over the same period (which would terminate if the Company exercises its option to acquire the property outright) and undertake a minimum work commitment of USD\$100,000 in the first year and USD\$200,000 in the second year of the agreement. In addition, a royalty amounting to 1% Net Smelter Return capped at USD\$1.0 million is payable on production.

A finder's fee of 45,000 common shares of the Company was paid in connection with the transaction to Dr. Willem Fuchter.

Los Menucos / Uspallata Graben

Pursuant to an agreement dated September 19, 2005 with Arminex S.A. ("Arminex"), the Company acquired a 100% interest in the Los Menucos Property located in the Rio Negro Province, Argentina and the Uspallata Graben Property located in the Mendoza and San Juan Provinces, Argentina. Consideration for the properties was a cash payment of USD\$60,000. However, due to some outstanding government taxes on the properties, which are estimated to be USD\$200,000, the final title transfer has been delayed. Management is currently dealing with both Arminex and government authorities to find out a solution agreeable to all the parties.

The Company's goal is to concentrate its efforts on the most important properties and accordingly reduce the amount of taxes to be paid in order to proceed with the transfer of title. According to Argentine law there is no potential recourse against the Company for the outstanding taxes and the maximum risk exposure is the loss of the properties. On July 17, 2006, in accordance with local mining laws the government gave notification to Arminex to pay the outstanding taxes within 45 days.

Latin American Minerals Inc.

(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

For the Six Month Period Ended June 30, 2006

3. Mineral Properties (continued)

Summary of Exploration and Development Expenditures

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

	December 31, 2005	Acquisition Cost	Deferred Exploration	Write-down/ Depreciation	June 30, 2006
Cerro Amarillo	\$ -	\$ 99,726	\$ 43,899	\$ -	\$ 143,625
La Carolina	-	43,348	71,084	-	114,432
Los Menucos	-	69,252	46,597	-	115,849
Other	-	-	5,262	-	5,262
Total Properties	\$ -	\$ 212,326	\$ 166,842	\$ -	\$ 379,168

A breakdown of the exploration expenditures by type incurred during the period is as follows:

	<u>Amount</u>
Balance – December 31, 2005	<u>\$ -</u>
Acquisition	212,326
Administration	58,311
Assays	553
Claim renewals	3,605
Geological consultants	56,410
Legal fees	35,660
Maps and reports	2,204
Property management	1,164
Travel	8,935
	<u>379,168</u>
Balance – June 30, 2006	<u>\$379,168</u>

Latin American Minerals Inc.

(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

For the Six Month Period Ended June 30, 2006

4. Capital Stock

a) **Authorized** – Unlimited number of common shares without par value.

b) Issued and Outstanding

	Number of Shares		Amount		Contributed Surplus
As at December 31, 2004	12,750,000	\$	645,991	\$	-
Private placement	1,120,000		168,000		-
As at December 31, 2005	13,870,000		813,991		-
Acquisition of mineral property	25,000		14,750		-
Finder's fee for mineral property	45,000		29,700		-
Private placement for cash	625,000		300,000		-
Exercise of stock options	350,000		35,000		-
Stock-based compensation costs	-		-		181,974
Share issue costs	-		(30,000)		-
As at June 30, 2006	14,915,000	\$	1,163,441	\$	181,974

c) **Escrowed Shares** – There are 10,120,000 common shares that are subject to an escrow agreement and may not be transferred, assigned or otherwise dealt with until such time as a Qualifying Transaction is completed and accepted by the TSX-V. Subsequent to the end of the period, 10% (1,012,000) of these common shares were released in accordance with the escrow agreement. Furthermore, an additional 15% will be released every six months from the date of Exchange acceptance of the Qualifying Transaction (April 4, 2006).

Latin American Minerals Inc.

(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

For the Six Month Period Ended June 30, 2006

4. Capital Stock (continued)

d) Incentive Stock Options

The following table summarizes information about stock options outstanding at June 30, 2006:

<u>Number of Stock Options</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
850,000	\$0.10	April 9, 2009
300,000	\$0.66	April 20, 2011
100,000	\$0.70	May 16, 2011

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

	<u>Options outstanding</u>	<u>Weighted average exercise price</u>
Balance – December 31, 2005	1,200,000	\$0.10
Granted during the period	400,000	0.67
Exercised during the period	(350,000)	0.10
Cancelled during the period	-	-
Balance – June 30, 2006	<u>1,250,000</u>	<u>\$0.28</u>

During the period, the Company issued a total of 300,000 incentive stock options to directors at an exercise price of \$0.66 per share and 100,000 incentive stock options to an officer at an exercise price of \$0.70 per share. Both option grants have a term of 5 years.

Due to the resignation of a Director and in accordance with the Company's incentive stock option plan, a total of 200,000 options which were granted on April 20, 2006 will expire on September 26, 2006.

Latin American Minerals Inc.

(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

For the Six Month Period Ended June 30, 2006

4. Capital Stock (continued)

e) Share Purchase Warrants

The following table summarizes information about share purchase warrants outstanding at June 30, 2006:

<u>Number of Warrants</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
625,000	\$0.59	April 4, 2008

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

	<u>Options outstanding</u>	<u>Weighted average exercise price</u>
Balance – December 31, 2005	-	\$ -
Granted during the period	625,000	0.59
Exercised during the period	-	-
Cancelled during the period	-	-
Balance – June 30, 2006	625,000	\$0.59

5. Related Party Transactions

During the period ended June 30, 2006, the Company incurred the following related party transactions:

- \$37,437 (2005 - \$nil) in corporate administration fees, accounting fees and office rent to HRG Management Ltd., a company which shares a common director.
- \$34,500 in management fees to senior officers and directors of the Company. At June 30, 2006, a total of \$9,000 (2005 - \$nil) remained unpaid and was included in due to related parties.
- \$18,000 in director fees to directors of the Company. At June 30, 2006, a total of \$9,000 (2005 - \$nil) remained unpaid and was included in due to related parties.

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.

Latin American Minerals Inc.

(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

For the Six Month Period Ended June 30, 2006

6. Supplemental Cash Flow Information

The significant non-cash transactions for the period ended June 30, 2006 was the Company incurring \$43,320 in deferred exploration and development costs through accounts payable and accrued liabilities and \$44,450 in mineral property acquisition costs through the issuance of common shares.

	<u>2006</u>	<u>2005</u>
Cash paid during the period for interest	\$ -	\$ -
Cash paid during the period for income taxes	\$ -	\$ -



LATIN AMERICAN
M I N E R A L S I N C .

Suite 910 – 475 Howe Street
Vancouver, B.C.
V6C 2B3

MANAGEMENT'S DISCUSSION AND ANALYSIS

**For the Six Month Period Ended
June 30, 2006**

INTRODUCTION

The following discussion of performance and financial condition should be read in conjunction with the interim financial statements of the Company for the six months ended June 30, 2006 and the audited financial statements of the Company for the year ended December 31, 2005. The Company's financial statements are prepared in accordance with Canadian GAAP. The Company's reporting currency is Canadian dollars unless otherwise stated. The date of this Management's Discussion and Analysis is August 15, 2006.

DESCRIPTION OF BUSINESS

Latin American Minerals Inc. (the "Company" or "Latin") was incorporated under the Canada Business Corporations Act on December 9, 2003. The Company was listed on the TSX Venture Exchange (the "Exchange" or "TSX-V") on November 22, 2004 as a Capital Pool Company. In November 2005, the Company entered into an agreement to acquire a 75% interest in the La Carolina Property in Argentina (See – **Qualifying Transaction**). This was an arm's length transaction that received Exchange approval as the Company's Qualifying Transaction on April 4, 2006. Accordingly, the Company is now listed on the TSX-V as a Tier 2 mining issuer under the trading symbol – LAT.

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

QUALIFYING TRANSACTION

The Company entered into an agreement (the "La Carolina Agreement") with Geocom Resources Inc. ("Geocom"), TNR Gold Corp. ("TNR") and Compania Minera Solitario Argentina S.A. ("Solitario"), collectively known as the Optionors, under which it will have the right to earn a 75% interest in the La Carolina Property located in the San Luis Province, Argentina.

Effective April 4, 2006, this transaction was accepted by the Exchange as the Company's Qualifying Transaction. As a result, the Company's classification on the TSX-V has been changed from a Capital Pool Company to a Tier 2 Mining Issuer.

Under the La Carolina Agreement the Company can earn a 75% interest in the La Carolina Property by:

- (a) making exploration expenditures on the La Carolina Property totaling USD\$1,000,000 by the fifth anniversary date of Exchange approval, provided that a minimum exploration expenditure of USD\$50,000 is made by the first anniversary of Exchange approval; and

- (b) by making cash payments totaling USD\$125,000 and issuing 125,000 common shares of the Company (the "Shares") as follows, each divided equally between Geocom and TNR:
 - (i) USD\$25,000 and 25,000 Shares upon receipt of Exchange approval; and
 - (ii) an additional USD\$25,000 and 25,000 Shares by the first anniversary of Exchange approval; and
 - (iii) an additional USD\$25,000 and 25,000 Shares by the second anniversary of Exchange approval; and
 - (iv) an additional USD\$25,000 and 25,000 Shares by the third anniversary of Exchange approval; and
 - (v) an additional USD\$25,000 and 25,000 Shares by the fourth anniversary of Exchange approval.

Upon making US\$500,000 in total exploration expenditures and paying USD\$62,500 in cash and issuing 62,500 Shares to Geocom and TNR, the Optionee will have earned a 37.5% interest in the La Carolina Property. The 37.5% interest earned by the Optionee, will be held by Solitario in trust for the benefit of the Optionee until such time as the full 75% interest is vested by the Optionee. Notwithstanding the consideration set out above, upon full vesting of its 75% interest in the La Carolina Property, the Optionee will issue to the Optionors an additional 100,000 Shares divided 50% to TNR and 50% to Geocom.

Upon satisfaction of the requirements set out in paragraphs (a) and (b) above, the Optionors and the Optionee agree to form a joint venture which shall provide for the Optionee having a 75% participating interest and the Optionors having a 25% participating interest. Should either party fail to participate in an approved program, then their interest shall be diluted in accordance with the joint venture agreement. If one of the joint venture partners is diluted to a 10% interest, then its participating interest will immediately convert to a 1% NSR. The joint venture agreement will provide the Optionee with the option to purchase the 1% NSR at anytime of USD\$1,000,000.

The La Carolina Agreement provides for the Company to be the operator of the La Carolina Property. Furthermore, any additional claims staked by the parties within 2 km of the La Carolina Property will automatically become part of the La Carolina Agreement.

MINERAL PROPERTIES

La Carolina

The La Carolina Property is located in the San Luis Province in west-central Argentina and is situated at an elevation of approximately 2,000 metres (m) in the Sierras de San Luis. The La Carolina Property lies some 85km north of the provincial capital, San Luis, and is accessible year-round via paved roads.

The area forms part of the Sierra Pampeanas, an early to mid-Paleozoic metamorphic terrane comprising Cambrian to Devonian metamorphic rocks and intrusives that have been intruded by a NW-trending belt of Mio-Pliocene volcanic centres with which gold mineralization is associated. This belt is approximately 80 kilometres (km) long and about 10 km wide and nearly perpendicular to the prominent range-front reverse faults which delineate the western edge of the Sierra Pampeanas in the area. The belt represents the easternmost expression of potassic magmatism associated with the southern edge of the Flat Slab region of the Andes, and is considered to be analogous to the highly mineralized Farallón Negro district (Bajo de la Alumbrera) to the north. The La Carolina Belt is thought to be particularly prospective for low sulphidation epithermal gold mineralization similar to that at the world-class Cripple Creek, Colorado District.

The La Carolina Property, which lies at the northwest end of the belt, contains gold mineralization associated with diatreme bodies related to Tertiary porphyritic dacite domes as well as vein-style gold mineralization hosted by the Paleozoic country rocks. Gold porphyry mineralization is also reported from the Diente Verde prospect some 15km to the southeast.

Historically, the district has seen small but significant minerals production. Alluvial gold has been produced from placers, and minor hard rock production has been won from narrow Au-W-Pb-Zn vein deposits such as Esperanza which lies within the Property.

The mineral concessions have been more recently explored by Dirección de Fabricaciones Militares (DGFM) which located numerous showings within the current Property boundaries during their campaign between 1985 and 1990. Subsequently, a number of holes have been drilled on various occurrences within the Property by various companies, including DGFM, Anglo American (1990), Cameco (1990), Solitario/TNR (1996-1997), and Geocom (2004). DGFM reported 138 m grading 2.5 g/t Au from hole DDH 88-1 drilled on the El Camino occurrence and surface rock chip sampling by Solitario/TNR over the same occurrence is reported to have returned a grade of 7.46 g/t Au (Sample 40847). At the Cerro Mogote occurrence, hole DDH 88-49 by DGFM intersected a narrow high grade zone containing 3 m of 59 g/t Au while hole M-04 by Geocom intersected 4 m of 5.96 g/t.

The results from this previous work have indicated potential for the discovery of both high grade mineralization in Cripple Creek-style breccias and diatreme bodies related to Tertiary volcanic activity, and bulk, low grade mineralization related to narrow vein and sheeted veinlet zones and associated alteration hosted by the Paleozoic country rock. Latin intends to undertake an initial program of detailed geological mapping, geochemical sampling and magnetic surveying of the area with a view to delineating the extent of the known zones of mineralization and identifying new targets.

A copy of the La Carolina technical report, prepared in accordance with NI 43-101 by Qualified Person James Chapman, was filed on Sedar on December 14, 2005.

Los Menucos / Uspallata Graben

Pursuant to an agreement dated September 19, 2005 with Arminex S.A. ("Arminex"), the Company acquired a 100% interest in the Los Menucos Property located in the Rio Negro Province, Argentina and the Uspallata Graben Property located in the Mendoza and San Juan Provinces, Argentina. Consideration for the properties was a cash payment of USD\$60,000. However, due to some outstanding government taxes on the properties, which are estimated to be USD\$200,000, the final title transfer has been delayed. Management is currently dealing with both Arminex and government authorities to find out a solution agreeable to all the parties.

The Company's goal is to concentrate its efforts on the most important properties and accordingly reduce the amount of taxes to be paid in order to proceed with the transfer of title. According to Argentine law there is no potential recourse against the Company for the outstanding taxes and the maximum risk exposure is the loss of the properties. On July 17, 2006, in accordance with local mining laws the government gave notification to Arminex to pay the outstanding taxes within 45 days.

Cerro Amarillo

Pursuant to an agreement dated April 19, 2006, the Company has the right to acquire a 100% interest in the Cerro Amarillo copper-gold porphyry project in Mendoza Province, Argentina. The project is located in the foothills of the central Andes at the southern end of the mineral belt hosting Codelco's world-class Los Bronces and El Teniente copper porphyry mines. Cerro Amarillo contains significant surface mineralization and related geophysical anomalies which have never been tested by drilling.

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

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

The limited information developed at Cerro Amarillo to date has partially defined a potentially important, untested porphyry copper-gold system within the productive Los Bronces-El Teniente mineral belt. The data indicate both classical veinlet-controlled and disseminated copper-gold within the core of the porphyry body and higher grade gold and base metal mineralization in peripheral hydrothermal breccias and skarn zones. LAT is currently carrying out a program involving more detailed geologic mapping, geochemical sampling and trenching of the principal porphyry target, as well as prospecting of other mineral showings on the property, to define drill targets before onset of the southern hemisphere winter in late May.

Under the terms of the agreement with the local owner, the Company has the option, over a period of five years, to acquire the mineral concessions outright for USD\$1.5 million. To maintain its option LAT is required to make escalating payments totaling USD\$660,000 over the same period (which terminate if the Company exercises its option to acquire the property outright) and undertake a minimum work commitment of USD\$100,000 in the first year and USD\$200,000 in the second year of the agreement. In addition, a royalty amounting to 1% of Net Smelter Returns, capped at USD\$1.0 million, is payable on production. A finder's fee of 45,000 common shares at an agreed price of \$0.66 per share of the Company was paid in connection with the transaction.

LATIN AMERICAN MINERALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Six Month Period Ended June 30, 2006

RESULTS OF OPERATIONS – CURRENT PERIOD

The Company reported a loss of \$157,066 during the second quarter versus a \$48,009 loss in the same period last year. This amounts to a \$109,057 (227%) increase over the prior period which can be attributed primarily to an increase in management, corporate administration and legal fees as the Company's level of business activity has increased during the current period since the completion of its Qualifying Transaction.

RESULTS OF OPERATIONS – YTD

The Company reported a loss of \$270,683 during the six month period ended June 30, 2006 versus a \$105,592 loss in the same period last year. This amounts to a \$165,091 (156%) increase over the prior period which can be attributed primarily to an increase in management, corporate administration, legal and regulatory filing fees. The Company went through the completion of its qualifying transaction and accordingly its level of business activity has increased during period subsequent to that point.

SELECTED ANNUAL INFORMATION (\$)

	December 31, 2005	December 31, 2004	December 31, 2003
Financial results:			
Net loss for year	278,493	109,257	-
Basic and diluted loss per share	0.02	0.01	-
Expenditures on resource properties	-	-	-
Balance sheet data:			
Cash and short term deposits	486,340	772,767	-
Resource properties	-	-	-
Total assets	487,518	782,503	-
L/T Financial liabilities	-	-	-
Shareholders' equity	426,241	704,734	-

LATIN AMERICAN MINERALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Six Month Period Ended June 30, 2006

SELECTED QUARTERLY FINANCIAL DATA (\$)

	Jun. 30 2006	Mar. 31 2006	Dec. 31 2005	Sept. 30 2005	Jun. 30 2005	Mar. 31 2005	Dec. 31 2004	Sept. 30 2004
Financial results:								
Net loss for the period	157,066	113,617	119,322	53,579	48,009	57,583	50,217	17,303
Basic/Diluted loss per share	0.01	0.01	0.01	-	-	0.01	0.01	-
Resource expenditures	277,638	101,530	-	-	-	-	-	-
Balance sheet data:								
Cash	174,553	372,410	486,340	558,362	601,567	703,775	772,767	405,671
Resource properties	379,168	101,530	-	-	-	-	-	-
Total assets	615,644	505,997	487,518	562,543	603,026	716,403	782,503	444,994
Shareholders' equity	505,009	471,424	426,241	545,563	599,142	647,151	704,734	440,960

CAPITAL RESOURCES

On April 4, 2006, the Company completed a non-brokered private placement of 625,000 units at \$0.48 per unit for gross proceeds of \$300,000. Each consists of one common share and one common share purchase warrant which will entitle the holder to purchase one additional common share at a price of \$0.59 for a period of two years from the date of closing of the placement. A finder's fee of \$30,000 was paid in connection with this financing.

A former officer of the Company exercised 100,000 stock options for proceeds of \$10,000, and a director exercised 250,000 stock options for proceeds of \$25,000.

LIQUIDITY

The Company does not currently own or have an interest in any producing mineral properties and does not derive any revenues from operations. The Company's activities have been funded through equity financing and the Company expects that it will continue to be able to utilize this source of financing until it develops cash flow from operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of finance cannot be obtained, then the Company will be forced to curtail its activities to a level for which funding is available and can be obtained.

As at June 30, 2006, the Company had working capital of \$98,652 which included a cash balance of \$174,553. This working capital surplus will likely not be sufficient to complete the initial exploration budget for the La Carolina property described below and still provide sufficient general working capital for the remaining 6 months of the year. Consequently, other sources of capital will be required.

LATIN AMERICAN MINERALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Six Month Period Ended June 30, 2006

The proposed work budget, subject to the availability of obtaining sufficient working capital, for the La Carolina Property is as follows:

Expenditure Item	Amount (CDN \$)	Amount (USD \$)
Data acquisition and compilation	23,342	20,000
Satellite Imagery acquisition and geo-referencing	5,836	5,000
Alteration studies	3,501	3,000
Magnetic survey	9,337	8,000
Detailed mapping	10,504	9,000
Soil sampling	17,506	15,000
IP test survey and follow-up	23,342	20,000
Drilling (1,000m @ \$120/m)	140,052	120,000
Contingency (10%)	23,342	20,000
Total	256,762	220,000

OUTSTANDING SHARE DATA

a) **Authorized Share capital:** unlimited common shares without par value

b) **Issued and Outstanding:**

	Number of Common Shares	Amount
Balance at December 31, 2004	12,750,000	\$ 813,991
Private Placement ⁽¹⁾	1,120,000	-
Balance at December 31, 2005	13,870,000	813,991
Exercise of stock options	350,000	35,000
Acquisition of mineral property	25,000	14,750
Finder's fee on Cerro Amarillo	45,000	29,700
Private Placement ⁽²⁾	625,000	300,000
Less: Share issue costs	-	(30,000)
Balance at June 30, 2006 and August 15, 2006	14,915,000	\$1,163,441

¹⁾ On February 10, 2005, the Company issued 1,120,000 common shares under a non-brokered private placement at \$0.15 per share for gross proceeds of \$168,000. The cash from this equity offering was received by the Company in December 2004.

- 2) On April 4, 2006, the Company issued 625,000 units at \$0.48 per unit for gross proceeds of \$300,000. Each unit consists of one common share and one share purchase warrant exercisable into one additional common share at \$0.59 for a term of 2 years from the date of closing of the offering.
- c) **Escrowed Shares:** There are 10,120,000 common shares that are subject to a standard 3 year release schedule which allows 10% to be released upon exchange acceptance of the Qualifying Transaction, which occurred on April 4, 2006, and 15% every 6 months thereafter. Accordingly, 1,012,000 common shares have been released from escrow leaving a balance in escrow of 9,108,000.

d) **Options:**

A summary of stock options outstanding at June 30, 2006 is as follows:

<u>Number of Stock Options</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
850,000	\$0.10	April 9, 2009
300,000	\$0.66	April 20, 2011
100,000	\$0.70	May 16, 2011

e) **Warrants:**

A summary of warrants outstanding at June 30, 2006 is as follows:

<u>Number of Warrants</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
625,000	\$0.59	April 4, 2008

COMMITMENTS

The Company currently has no commitments.

SUBSEQUENT EVENTS

The Company adjourned its annual general meeting held on July 14, 2006 until September 18, 2006.

No other material events occurred subsequent to the end of the reporting period.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in the preparation of the Financial Statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

Property acquisition costs and related direct exploration costs may be deferred until the properties are placed into production, sold, abandoned, or written down, where appropriate. The Company's accounting policy is to capitalize exploration costs consistent with Canadian GAAP and applicable guidelines for exploration stage companies. The policy is consistent with other junior exploration companies which have not established mineral reserves objectively. An alternative policy would be to expense these costs until sufficient work has been done to determine that there is a probability a mineral reserve can be established; or alternatively, to expense such costs until a mineral reserve has been objectively established. Management is of the view that its current policy is appropriate for the Company at this time. Based on annual impairment reviews made by management, or earlier if circumstances warrant, in the event that the long-term expectation is that the net carrying amount of these capitalized exploration costs will not be recovered, then the carrying amount is written down accordingly and the write-down charged to operations. A write-down may be warranted in situations where a property is to be sold or abandoned; or exploration activity ceases on a property due to unsatisfactory results or insufficient available funding.

Another significant estimate relates to accounting for stock-based compensation. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted/vested during the year.

RELATED PARTY TRANSACTIONS

During the period ended June 30, 2006, the Company incurred the following related party transactions:

- a) \$37,437 (2005 - \$nil) in corporate administration fees, accounting fees and office rent to HRG Management Ltd., a company which shares a common director.
- b) \$34,500 in management fees to senior officers and directors of the Company. At June 30, 2006, a total of \$9,000 (2005 - \$nil) remained unpaid and was included in due to related parties.
- c) \$18,000 in director fees to directors of the Company. At June 30, 2006, a total of \$9,000 (2005 - \$nil) remained unpaid and was included in due to related parties.

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.

FINANCIAL AND OTHER INSTRUMENTS

The Company's financial assets and liabilities consist of cash and cash equivalents, receivables and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these instruments approximates their carrying value due to the short term nature of their maturity.

CHANGES IN ACCOUNTING POLICIES

The Company did not implement any accounting policy changes during the period.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not enter into any off-balance sheet arrangements during the period.

RISKS AND UNCERTAINTIES

The Company is in the mineral exploration and development business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Some of the possible risks include the following:

- a) The industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates.
- b) The only source of future funds for further exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, which are presently available to the Company are the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another party carrying out further exploration or development. Management has been successful in accessing the equity markets in the past, but there is no assurance that such sources will be available on acceptable terms in the future.
- c) Any future equity financings by the Company for the purpose of raising additional capital may result in substantial dilution to the holdings of existing shareholders.
- d) The Company must comply with environmental regulations governing air and water quality and land disturbance and provide for mine reclamation and closure costs.
- e) The operations of the Company will require various licenses and permits from various governmental authorities. There is no assurance that the Company will be successful in obtaining the necessary licenses and permits to undertake its exploration and development activities in the future.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the interim financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying interim financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

OTHER INFORMATION

Effective June 28, 2006, Kenneth Judge resigned from his position as director and John Prochnau resigned from his positions as president and director. Carlos Massa was appointed to the board of directors and the Company's annual general meeting was postponed while the Company completes due diligence on selection of a new president and further board additions.

Additional information about the Company is available on the Company's website at www.latinamericanminerals.com or SEDAR at www.sedar.com.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Except for historical information contained in this discussion and analysis, disclosure statements contained herein are forward-looking. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those in such forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

CORPORATE INFORMATION

Head Office:	Suite 910 – 475 Howe Street Vancouver, BC V6C 2B3	
Directors:	Robert Giustra Paul Fornazzari	Alberto Orcoyen Carlos Massa
Officers:	Sean McGrath, CFO Jacqueline Collins, Corporate Secretary	
Auditor:	Ernst and Young LLP Suite 2300 – 700 West Georgia Street Vancouver, BC V7Y 1C7	
Legal Counsel:	Vector Corporate Finance Lawyers Suite 1040 – 999 West Hastings Street Vancouver, BC V6C 2W2	
Transfer Agent:	Computershare Investor Services 2 nd Floor – 510 Burrard Street Vancouver, BC V6C 3B9	