

LATIN AMERICAN MINERALS INC.

CONSOLIDATED FINANCIAL STATEMENTS
(An Exploration Stage Enterprise)
(Expressed in Canadian Dollars)

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements for the three and nine months ended September 30, 2008 have been prepared in accordance with Canadian generally accepted accounting principles 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 the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

LATIN AMERICAN MINERALS INC.
(An Exploration Stage Enterprise)
CONSOLIDATED BALANCE SHEETS
(Expressed in Canadian Dollars)
AS AT SEPTEMBER 30 AND DECEMBER 31
(Unaudited)

Nature of Operations and Going Concern (Note 1)

	Sept. 30 2008	Dec. 31 2007
ASSETS		
Current		
Cash and cash equivalents	\$ 5,283,856	\$ 7,923,701
Accounts receivable	581,742	397,616
Prepaid expenses	<u>236,412</u>	<u>174,259</u>
	6,102,009	8,495,576
Other long-term asset (Note 9h)	168,300	139,831
Field & Office Equipment (Note 7)	537,262	493,216
Mineral Properties (Note 6)	<u>4,841,128</u>	<u>3,539,854</u>
	<u>\$ 11,648,699</u>	<u>\$ 12,668,477</u>
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities	\$ 336,482	\$ 350,030
Due to related parties (Note 9)	<u>9,886</u>	<u>260,059</u>
	346,368	610,089
Non-Controlling Interest	<u>56,854</u>	<u>19,173</u>
	<u>403,222</u>	<u>629,802</u>
Shareholders' Equity		
Share capital (Note 8)	17,292,920	13,876,560
Contributed surplus (Notes 8c and 8d)	7,121,086	5,431,515
Deficit	<u>(13,168,529)</u>	<u>(7,269,400)</u>
	<u>11,245,477</u>	<u>12,038,675</u>
	<u>\$ 11,648,699</u>	<u>\$ 12,668,477</u>

On behalf of the Board:

"David Wahl"

Director

"Paul Fornazzari"

Director

LATIN AMERICAN MINERALS INC.
(An Exploration Stage Enterprise)
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Expressed in Canadian Dollars)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2008
(Unaudited)

	Three Months Ended		Nine Months Ended	
	Sept. 30		Sept. 30	
	2008	2007	2008	2007
EXPENSES				
Amortization	\$ 107,669	\$ 24,368	\$ 184,749	\$ 52,980
Business development	11,872		281,000	
Capital tax	4,786	(18,033)	13,249	16,654
Consulting fees [Note 9 (a), 9 (f) and 9 (g)]	138,521	101,491	408,132	316,444
Management and directors' fees (Note 9 (b) and 9 (c))	22,094	(1,366)	62,722	32,860
Office and general	96,353	25,615	263,949	125,090
Professional fees [Note 9 (d) and 9 (e)]	61,796	70,698	411,672	569,262
Property investigation	19,746	20,876	32,204	40,919
Salaries and benefits	78,629	63,858	237,692	136,599
Shareholder relations	3,942	5,965	17,357	11,085
Stock based compensation (Note 8 (b))	91,924	785,331	739,878	1,377,481
Transfer and filing fees	7,608	20,087	22,250	35,686
Travel	12,993	79,987	47,397	184,058
	<u>657,934</u>	<u>1,178,877</u>	<u>2,722,351</u>	<u>2,899,118</u>
OTHER ITEMS				
Interest income	20,396	92,962	99,860	141,312
Foreign exchange gain (loss)	(660,312)	(143,742)	127,707	(218,391)
Loss on disposal of fixed assets	(9,821)	-	(9,821)	-
Write-down of mineral properties (note 6)	(3,429,380)	(1,794,527)	(3,429,380)	(1,794,527)
	<u>(4,079,117)</u>	<u>(1,845,307)</u>	<u>(3,211,634)</u>	<u>(1,871,606)</u>
Loss before non-controlling interest	4,737,050	3,024,184	5,933,985	4,770,724
Non-controlling interest	<u>36,822</u>	<u>(818)</u>	<u>34,858</u>	<u>10,797</u>
Net loss for the period	4,700,228	3,025,002	5,899,127	4,759,927
Deficit, beginning of the period	<u>8,468,301</u>	<u>3,300,061</u>	<u>7,269,400</u>	<u>1,565,136</u>
Deficit, end of the period	\$ <u>13,168,529</u>	\$ <u>6,325,063</u>	\$ <u>13,168,527</u>	\$ <u>6,325,063</u>
Loss per share (basic and diluted)	\$0.09	\$0.07	\$0.12	\$0.13
Weighted average number of shares outstanding	55,100,000	43,750,000	50,200,000	35,350,000

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

LATIN AMERICAN MINERALS INC.
(An Exploration Stage Enterprise)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2008
(Unaudited)

	Three Months Ended		Nine Months Ended	
	Sept. 30		Sept. 30	
	2008	2007	2008	2007
OPERATIONS:				
Net loss for the period	\$(4,700,226)	\$(3,025,002)	\$(5,899,127)	\$(4,759,927)
Adjust for non-cash items:				
Amortization	107,669	24,368	184,749	52,980
Write-down of mineral properties	3,429,380	1,794,527	3,429,380	1,794,527
Loss on disposal of fixed asset	9,821		9,821	
Stock based compensation	91,924	785,331	739,878	1,377,481
Foreign exchange loss (gain)	660,312	--	(127,707)	--
Non-controlling interest	<u>(32,892)</u>	<u>53,162</u>	<u>(34,858)</u>	<u>41,547</u>
	<u>(434,013)</u>	<u>(367,614)</u>	<u>(1,697,865)</u>	<u>(1,493,392)</u>
Change in non-cash working capital:				
Decrease (increase) in accounts receivable	18,443	7,390	(184,126)	172,021
Decrease (Increase) in prepaid expenses	(113,647)	(285,773)	(28,649)	(480,321)
Increase in advance to related parties	(2,600)	(93,210)	(25,869)	(93,210)
Increase (decrease) in accounts payable	(156,315)	(481,119)	(90,442)	(217,456)
Increase (decrease) in due to related parties	<u>(5,078)</u>	<u>105,578</u>	<u>(173,279)</u>	<u>53,578</u>
	<u>(693,210)</u>	<u>(1,114,748)</u>	<u>(2,236,334)</u>	<u>(2,058,780)</u>
FINANCING:				
Proceeds from issuance of share capital	4,013,400	-	4,013,400	12,000,000
Share issuance costs	(368,128)	(10,784)	(386,128)	(912,190)
Exercise of stock options and warrants	<u>-</u>	<u>45,000</u>	<u>388,350</u>	<u>346,500</u>
	<u>3,627,272</u>	<u>34,216</u>	<u>4,015,622</u>	<u>11,434,310</u>
INVESTING:				
Disposal (acquisition) of fixed assets	50,134	(195,451)	(228,795)	(245,233)
Acquisition of mineral properties, excluding acquisition for stock	(481,983)	(231,177)	(602,294)	(481,367)
Deferred exploration and development costs	<u>(54,142)</u>	<u>(1,431,252)</u>	<u>(3,777,909)</u>	<u>(2,688,894)</u>
	<u>(485,991)</u>	<u>(1,857,880)</u>	<u>(4,608,998)</u>	<u>(3,415,494)</u>
Increase (decrease) in cash	1,813,716	(2938,412)	(2,639,845)	5,960,036
Cash, beginning of the period	<u>3,470,140</u>	<u>11,838,594</u>	<u>7,923,702</u>	<u>2,940,146</u>
Cash, end of the period	<u>\$ 5,283,856</u>	<u>\$8,900,182</u>	<u>\$ 5,283,856</u>	<u>\$ 8,900,182</u>

Refer to Note 10 for additional information on non-cash transactions.

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

LATIN AMERICAN MINERALS INC.
(An Exploration Stage Enterprise)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007
(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. 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. and a 100% owned subsidiary in Paraguay known as Latin American Minerals Paraguay S.A.. and a 87.9% owned subsidiary in Colombia known as Minera Latinco 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 or gems 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 consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. Certain conditions, described below, currently exist which cast doubt upon the validity of this assumption.

During the nine months ended September 30, 2008, the Company incurred a loss of \$5,899,127 (2007 - \$4,759,927) and at September 30, 2008, the Company has working capital of \$5,755,641 (December 31, 2007 - \$7,885,487) and an accumulated deficit of \$13,168,527 (December 31, 2007 - \$7,269,400). The Company has incurred losses since inception. The Company’s continuing operations are dependent upon the continued support of related parties and the ability of the Company to raise equity financing. Should the Company not be able to continue to operate as a going concern, adjustments might be necessary to the carrying values of assets and liabilities and the reported results.

The recoverability of amounts shown as mineral properties and deferred charges is dependent upon the discovery of economically recoverable reserves, the Company’s ability to obtain financing to develop the properties, and the ultimate realization of profits through future production or sale of properties. These and other uncertainties could adversely affect the future carrying value of mineral properties and deferred charges.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflected the following significant accounting policies:

a) Principles of Consolidation

These consolidated financial statements include the accounts of the Company’s subsidiaries, Latin American Minerals Argentina S.A., Latin American Minerals Paraguay S.A., and Minera Latinco S.A.

These subsidiaries earn no revenue and can only be sustained by receiving funds from the Company. In accordance, the Company uses the temporal method of foreign currency translation (Note 2k) to account for its integrated subsidiaries. All material intercompany transactions and balances have been eliminated.

LATIN AMERICAN MINERALS INC.
(An Exploration Stage Enterprise)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Cash and Cash Equivalents

Cash consists of deposits in banks and term deposits with an original maturity of less than three months

c) Reclamation and Closure Costs

The Company recognizes liabilities for statutory, contractual or legal 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 September 30, 2008, the Company did not have any asset retirement obligations.

d) Mineral Properties

The Company is in the exploration stage and defers all expenditures related to its mineral properties until such time as the property is put into commercial production, sold or abandoned. Under this method, the amounts reported represents costs incurred to date less amounts amortized and/or written off, and do not necessarily represent present or future values.

If the property is put into commercial production, the expenditures will be depleted based upon the proven reserves available. If the property is sold or abandoned, then the expenditure will be charged to operations. The Company does not accrue the estimated future costs of maintaining in good standing its mineral properties.

In the event that reserves are determined, the carrying values of mineral property interests, on a property-by-property basis, will be reviewed by management at least annually to determine if they have become impaired. If impairment is deemed to exist, then the mineral property will be written down to its net recoverable value. The ultimate recoverability of the amounts capitalized is dependent upon the identification of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete their development and to realize profitable production and proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment will be based on current conditions. However, it is possible that changes could occur in the near term, which could adversely affect management's estimates and may result in future write-downs of the capitalized property carrying values.

e) Loss per Share

Loss per share is calculated using the weighted average number of shares outstanding during the year. Diluted loss per share is determined using the treasury method. All outstanding options and warrants are anti-dilutive, and therefore have no effect on determination of loss per share.

LATIN AMERICAN MINERALS INC.
(An Exploration Stage Enterprise)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
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(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial Instruments

The Company's financial instruments consist of cash or cash equivalents, receivables, prepaid expenses, payables, and amount due to related parties. All of the Company's cash and equivalents are designated as held to maturity investments. The Company's interest and other receivables and accounts payable and accrued liabilities are classified as loans and receivables. The fair values of cash and cash equivalents, interest and other receivables and accounts payable and accrued liabilities approximate their carrying value due to their short term nature.

g) Use of Estimates and Measurement Uncertainty

Estimates by management represent an integral component of financial statements prepared in conformity with Canadian generally accepted accounting principles. The estimates made in these financial statements reflect management's judgement 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 financial statements were prepared. Significant estimates include the recoverability of mineral properties and deferred charges, the physical and economic lives of equipment, and the variables in calculating the fair value of stock based compensation.

h) 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 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.

i) Long-Lived Assets Impairment

Long-lived assets of the Company are reviewed when changes in circumstances suggest their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the future projected cash flows from related operations (undiscounted and without interest charges). If impairment is deemed to exist, the assets will be written down to their fair value.

j) Stock-Based Compensation

The Company has an incentive stock option plan. The Company has adopted the recommendation of CICA Handbook Section 3870 – "Stock Based Compensation and Other Stock Based Payments" to account for stock based transactions with employees, directors, and outside consultants. Accordingly, the fair value of stock options is charged to operations as appropriate, with an offsetting credit to contributed surplus. The fair value of stock options which vest immediately is recorded at the date of grant; the fair value of options that vest in future is recognized on a graded basis over the vesting period. Any consideration received on exercise of stock options together with the related portion of contributed surplus is credited to share capital. The fair value of stock options is assessed using the Black-Scholes Options Pricing Model.

LATIN AMERICAN MINERALS INC.
(An Exploration Stage Enterprise)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Foreign Currency Translation

The Company uses the temporal method of foreign currency translation to account for its integrated subsidiaries. Balances denominated in foreign currencies are translated into Canadian dollar equivalents as follows:

- i. Monetary assets and liabilities at year-end rates
- ii. All other assets and liabilities at historical rates;
- iii. Revenue and expense transactions at the average rate of exchange prevailing during the year, except for amortization which is translated at historical rates.

Exchange gains or losses arising on these translations are charged to operations as incurred.

l) Field & Office Equipment

Field and office equipment are amortized on a straight line basis over the estimated useful life of the asset.

m) Comparative Figures

Certain comparative figures for the period ended September 30, 2008 have been reclassified to conform to the current year's presentation.

3. CHANGES IN ACCOUNTING POLICIES

On January 1, 2008 the Company adopted *CICA Handbook Sections 3862, Financial Instrument Disclosures; 3863, Financial Instruments-Presentation; 1535, Capital Disclosures and 1400, General Standards of Financial Statement Presentation*. The impact of these standards on the Company's interim consolidated financial statements for the nine month period ended September 30, 2008 was additional required disclosures.

4. RECENT ACCOUNTING PRONOUNCEMENTS

As of January 31, 2009, the Company will be required to adopt *CICA Handbook Section 3064, Goodwill and Intangible Assets which replaces CICA Handbook Sections 3062 Goodwill and Other Intangible Assets and Section 3450 Research and Development Costs*. The Company does not anticipate any material impact from adopting these policies on its consolidated financial statements.

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(An Exploration Stage Enterprise)
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(Unaudited)

4. RECENT ACCOUNTING PRONOUNCEMENTS (continued)

Convergence with International Financial Reporting Standards (IFRS)

In 2006, Canada's Accounting Standards Board ratified a strategic plan that will result in Canadian GAAP, as used by public companies, being evolved and converged with International Financial Reporting Standards (IFRS) over a transitional period to be complete by 2011. The Company will be required to report using the converged standards effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Canadian GAAP will be converged with IFRS through a combination of two methods: as current joint-convergence projects of the United States' Financial Accounting Standards Board and the International Accounting Standards Board are agreed upon, they will be adopted by Canada's Accounting Standards Board and may be introduced in Canada before the complete changeover to IFRS. Also the United States' Financial Accounting Standards Board and the International Accounting Standards Board have completed a joint-project on business combinations and non-controlling interests. As the International Accounting Standards Board currently, and expectedly, has projects underway that should result in new pronouncements that continue to evolve IFRS, and as this Canadian convergence initiative is in an early stage as of the date of these consolidated financial statements, it is premature to currently assess the impact of the Canadian initiative on the Company.

5. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes cash and cash equivalents and shareholders' equity. As described in Note 1 significant amounts of capital will be required to fund the costs to complete the exploration of its mineral properties, and to define and develop the resources. The Company prepares short term project funding requirements which are reviewed by management periodically and taken into account in determining the funding activities required to meet the Company's objectives.

6. MINERAL PROPERTIES

Summary of Exploration and Development Expenditures

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

	December 31, 2007	Acquisition Cost	Deferred Exploration	Write-offs	Sept. 30 , 2008
La Carolina (i)	\$ -	\$ 141,798	\$ 4,207	\$ (146,004)	\$ -
Tendal La Rioja (ii)	1,145,716	30,386	1,531,370	(2,707,471)	1
Paso Yobai (iii)	2,371,379	654,502	1,699,382		4,725,263
Salares (v)		22,682	67,233		89,915
Itapotí (vi)		1,985	23,964		25,949
La Esmeralda (iv)	<u>22,759</u>	<u>-</u>	<u>553,145</u>	<u>(575,904)</u>	<u>-</u>
	<u>\$ 3,539,854</u>	<u>\$ 851,353</u>	<u>\$ 3,879,301</u>	<u>\$ (3,429,380)</u>	<u>\$ 4,841,128</u>

LATIN AMERICAN MINERALS INC.
(An Exploration Stage Enterprise)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited)

6. MINERAL PROPERTIES (continued)

(i) La Carolina

After completing the exploration programme in 2007, the Company determined it was unwilling to expand its exploration to further delineate the resource found on the property. Although it was felt that the property could be further developed the Company wrote down the property to \$1 during 2007; subsequently the Optionors and the Company formed a joint venture which provided the Company a 75% participating interest and the Optionors a 25% participating interest. The joint venture agreement provides the Company the option to purchase a 1% NSR at anytime for USD \$1.0 million.

The Company has optioned part of its interest to a third party however mining has been banned in the province where the project is located and as a result no activity is ongoing or anticipated and as a consequence the project has been written down.

(ii) Tendal La Rioja

On January 31, 2007, the Company acquired a 100% interest in the Tendal zinc-silver property in La Rioja Province of Argentina for \$52,000 and 200,000 common shares of the Company. The property comprises four concessions covering 24,296 hectares. Subsequently, the Company acquired 2 more concessions with an additional 36 hectares and have made payments totalling US \$90,000 with an additional payment of US \$30,000 due on April 2, 2008 which was paid.

The Company has determined that it does not have sufficient capital to develop this project at the same time as the more advanced Paso Yobai project and as a consequence has placed the property under care and maintenance and has written down the project to \$1.

(iii) Paso Yobai

On February 21, 2007, the Company entered into two option agreements for 70% interests in two mining concessions. The Paso Yobai Project includes the Minera Guaira mining concession for which the 70% interest can be earned by payments of US \$2.1 million (CAD \$2.01 million) over 3 years plus 100,000 shares of the company and by expending US \$500,000 (CAD \$510,000) during the first year. As at December 31, 2007, 50,375 shares had been issued. The payment schedule is as follows:

- i) US \$10,000 upon signing of the agreement (paid);
- ii) US \$190,000 when the agreement took effect on April 16, 2007 (paid);
- iii) US \$50,000 on April 16, 2008 (paid);
- iv) US \$350,000 (CAD \$371,000) on April 16, 2009;
- v) US \$350,000 (CAD \$371,000) on October 16, 2009; and
- vi) US \$1,150,000 (CAD \$1,219,000) on April 16, 2010.

The Minas Paraguay concession requires cash payments of US \$2.05 million over 3 years plus company shares valued at US \$50,000 and mining exploration expenditures of US \$750,000 over 2 years. Following is the payment schedule:

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(Expressed in Canadian Dollars)
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(Unaudited)

6. MINERAL PROPERTIES (continued)

- i) US \$5,000 upon signing of the agreement (paid);
- ii) US \$45,000 when the agreement took effect on April 16, 2007 (paid);
- iii) US \$100,000 on April 16, 2008 (paid);
- iv) US \$350,000 on August 30, 2008 (paid);
- v) US \$350,000 (CAD \$371,000) on October 16, 2009; and
- vi) US \$1,150,000 (CAD \$1,219,000) on April 16, 2010.

(iv) La Esmeralda

On October 29, 2007, the Company signed a heads of agreement to option a 100% interest in the 9,639 hectare. After expending approximately \$550,000 on exploration it was determined the project was not economically viable and the option was allowed to lapse.

(v) Salares

The Company has staked 93,000 hectares in the Cauchari Salt Lake region of Argentina.

(vi) Itapoti (formerly Capiibary)

The Company has staked and optioned 1,650 sq. kilometres in Paraguay and initiated diamond exploration thereon.

7. FIELD AND OFFICE EQUIPMENT

	Cost	Accumulated Amortization	Sept. 30, 2008 Net Book Value	December 31, 2007 Net Book Value
Field and Office Equipment	\$ 1,283,086	\$ 745,824	\$ 537,262	\$ 493,216

LATIN AMERICAN MINERALS INC.
(An Exploration Stage Enterprise)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007
(Unaudited)

8. SHARE CAPITAL

	Number of Shares	Amount
Authorized:		
Unlimited common shares without par value		
Issued and fully paid:		
Balance as at December 31, 2006	30,209,000	\$ 3,578,600
Acquisition of mineral property - La Carolina	25,000	17,500
Acquisition of mineral property-Tendal La Rioja	200,000	86,000
Acquisition of mineral property-Paso Yobai	50,375	45,338
Exercise of stock options	700,000	111,131
Exercise of warrants	3,887,000	1,706,211
Private placements	12,000,000	12,000,000
Warrants issued under private placements	-	(2,303,030)
Share issue costs	-	(1,365,190)
Balance as at December 31, 2007	47,071,375	\$13,876,560
Acquisition of mineral property – Paso Yobai	214,149	149,750
-- La Carolina	175,000	99,309
Exercise of warrants	1,533,000	570,180
Private placement	13,378,001	4,013,400
Warrants issued under private placement		(883,722)
Share issue costs		(532,557)
Balance as at Sept. 30, 2008	62,371,525	17,292,920

On May 31, 2007, the Company completed a brokered private placement and issued 12,000,000 units comprised of 12,000,000 common shares and 6,000,000 warrants to acquire one common share at a price of \$1.25 per share, for gross proceeds of \$12,000,000. The warrants are exercisable up to May 31, 2008. A value of \$2,303,030 (\$0.38 per warrant) has been attributed to the warrants based on the Black Scholes pricing model and has been credited to warrants within shareholders' equity. As consideration for the underwritten private placement, the company paid a cash commission of \$912,190 and issued 720,000 warrants that are exercisable at a price of \$1.00 for 1 common share until May 31, 2008. A value of \$453,000 (\$0.69 per warrant) has been attributed to the warrants issued as commission using the Black Scholes pricing model and recorded as share issue costs. These warrants have expired.

On August 19, 2008 the Company issued by private placement 13,378,001 capital units at a price of \$0.30 per unit for gross proceeds of \$4,013,400. Each unit is comprised of 1 common share and one-half of 1 common share purchase warrant exercisable at \$0.50 per common share until February 19, 2010. A value of \$883,721 (\$0.13 per warrant) has been attributed to the warrants based on the Black Scholes pricing model and has been credited to warrants within shareholders' equity. The underwriters received a cash commission of 5% (\$200,670) and 668,901 underwriters warrants valued at \$146,430 exercisable until February 19, 2010 at \$0.30 per capital unit.

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8. SHARE CAPITAL (continued)

(a) Escrow

At September 30, 2008, there are 3,036,000 shares of the Company subject to a TSX-V required escrow agreement (the "Escrow Agreement") that may not be transferred, assigned or otherwise dealt with until they are released from escrow. On each subsequent November and April 4, an additional 1,518,000 shares can be released from escrow.

(b) Incentive Stock Options

The following table summarizes information about stock options outstanding at September 30, 2008:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life
100,000	100,000	\$0.66	April 12, 2011	2.30
590,000	590,000	\$0.25	October 18, 2011	3.05
972,500	729,375	\$0.40	January 5, 2012	3.45
125,000	125,000	\$0.91	May 4, 2012	3.65
1,710,000	1,710,000	\$1.20	June 5, 2012	3.98
150,000	150,000	\$0.81	July 25, 2012	3.84
848,500	424,250	\$0.65	January 21, 2013	4.32
1,670,000	3,254,375	\$0.15	September 22, 2013	4.98
6,166,000	3,826,625			4.11

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

	Number of Shares	Weighted Average Exercise Price
Issued at December 31, 2007	3,817,500	\$ 0.77
Granted during the year	2,518,500	\$ 0.31
Cancelled during the year	(170,000)	\$ 1.17
Issued at Sept. 30, 2008	6,166,000	\$ 0.96
Issued but not vested	(2,339,375)	\$ 0.27
Total vested and exercisable	3,826,625	\$ 0.80

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8. SHARE CAPITAL (continued)

On January 5, 2007, the Company granted 1,100,000 incentive stock options to directors and 95,000 incentive stock options to employees at an exercise price of \$0.40 per share. On May 1, 2007, the Company granted 125,000 incentive stock options to an officer of the Company at an exercise price of \$0.91. On June 4, 2007, the Company granted 1,805,000 incentive stock options to directors and officers and 105,000 incentive stock options to employees at an exercise price of \$1.20. On July 25, 2007, the Company granted 150,000 incentive stock options at \$0.81 to a director of the Company. On January 21, 2008 the Company granted 738,500 incentive options to directors and officers of the Company and 110,000 incentive stock options to employees at an exercise price of \$0.65. On September 23, 2008 the Company granted 1,030,000 incentive options to directors and officers of the Company and 640,000 incentive stock options to employees at an exercise price of \$0.15.

The fair value of these options amounts to \$2,965,743; the first set of options vest over 24 months in equal tranches commencing July 7, 2007; the second set of options commenced May 3, 2007 to be vested in 4 equal tranches over 18 months; the third set of options vest over 12 months in equal tranches commencing September 4, 2007; the fourth set of options commenced July 25, 2007 to vest in 4 equal tranches over 24 months; the fifth set of options vest in 4 equal tranches commencing April 21, 2008 and the sixth set of options vest in 4 equal tranches commencing September 22, 2008. The options are being expensed over their respective vesting periods and credited to contributed surplus within shareholders' equity. For the period ended September 30 2008, \$739,878 was expensed and \$101,371 was charged to the costs of mineral properties. The weighted average fair value of the options granted is \$0.38 per option.

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 3.1% to 4%, dividend yield of 0%, volatility of 124% to 164%, and expected life of 3.25 years.

(c) Share Purchase Warrants

The following table summarizes information about share purchase warrants at September 30, 2008:

Number of Warrants	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life
6,689,001	\$0.50	February 19, 2010	1.39 years
668,901	\$0.30	February 19, 2002	1.39 years
7,357,902			

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

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8. SHARE CAPITAL (continued)

	Warrants Outstanding	Weighted Average Exercise Price
Balance as at December 31, 2007	8,743,000	\$ 1.02
Issued during the period	7,357,902	0.48
Expired during the period	(7,210,000)	0.16
Exercised during the period	<u>(1,533,000)</u>	\$ 0.25
Balance as at September 30, 2008	<u>7,357,902</u>	<u>\$ 0.48</u>

The fair value of warrants issued during the period have been estimated using the Black Scholes option-pricing model. Assumptions used are as follows: risk-free interest rate of 3.1%, dividend yield of 0%, volatility of 163%, and expected life of 1.5 years. The fair value of these warrants amounts to \$1,030,151 and has been credited to contributed surplus within shareholders' equity. The weighted average fair value of the warrants granted is \$0.48 per warrant.

d) Contributed Surplus

A summary of the changes contributed surplus during the year is set out below:

Balance as at December 31, 2007	\$ 5,431,515
Contributions from options capitalized to resource properties	101,371
Contributions from options expensed	739,878
Contributions from the issuance of warrants	1,030,151
Transfer of fair values of options/warrants to share capital upon exercise	<u>(181,829)</u>
Balance as at September 30, 2008	<u>\$ 7,121,086</u>

9. RELATED PARTY TRANSACTIONS

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

- a) \$126,670 (2007 - \$75,000) in consulting and contract related fees pursuant to a services contract paid to Southampton & Associates, a firm controlled by the CEO of the Company. At September 30, 2008 \$9,886 was unpaid and included in due to related parties (2007-nil).
- b) In 2007, \$30,000 in management fees was paid to former directors of the Company; nil was paid in 2008.
- c) \$59,600 (2007 - \$4,226) in director fees to directors of the Company.

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9. RELATED PARTY TRANSACTIONS (continued)

- d) \$281,845 (2007 - \$496,490) in legal fees to a law firm, Gowling Lafleur Henderson LLP, of which a partner is a director of the Company. At September 30, 2007 - \$206,000 remained unpaid and was included in due to related parties.
- e) In 2007 \$42,310 in accounting fees to an accounting firm, Hedden Chong, of which a partner was a director of the Company.; nil was paid in 2008
- f) \$77,000 (2007 - \$71,000) to a director and Senior VP of the Company pursuant to a service contract. At September 2007, \$35,534 was included in due to related parties,
- g) \$72,000 (2007 – \$51,685) in contract fees pursuant to a service contract paid to the CFO of the Company. At September 30, 2007, \$18,525 was included in due to related parties.
- h) The Company has advanced a director of the Company \$168,300 (2007 – nil) as funds required to acquire shares of a subsidiary required by the domestic government to be held by a national.

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.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

A significant non-cash transaction for the period was the Company incurring \$249,059 (2007-\$275,375) in mineral property acquisition costs through the issue of common shares.