



LATIN AMERICAN  
MINERALS INC.

1 First Canadian Place – Suite 1600  
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Toronto, Ontario  
M5X 1G5

**LATIN AMERICAN MINERALS INC.**  
**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTH PERIOD ENDED**  
**SEPTEMBER 30, 2006**

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited interim financial statements of the Company for the nine months period ended September 30, 2006 and 2005, 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.  
CONSOLIDATED BALANCE SHEET  
SEPTEMBER 30, 2006**

**(UNAUDITED - PREPARED BY MANAGEMENT)  
(EXPRESSED IN CANADIAN DOLLARS)**

	<b>September 30, 2006</b>	<b>Audited December 31, 2005</b>
	\$	\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	41,098	486,340
Accounts receivable	2,827	1,178
Due from related parties	1,226	-
Prepaid expenses	12,558	-
	57,709	487,518
<b>DEFERRED CHARGES</b>	28,362	-
<b>MINERAL PROPERTIES (Note 3)</b>	409,791	-
	495,862	487,518
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	43,237	33,402
Due to related parties (Note 5)	33,000	27,875
	76,237	61,277
<b>SHAREHOLDERS' EQUITY</b>		
<b>SHARE CAPITAL (Note 4)</b>	1,163,441	813,991
<b>DEFICIT</b>	(743,816)	(387,750)
	419,625	426,241
	495,862	487,518

**NATURE AND CONTINUANCE OF OPERATIONS (Note 1)**

**APPROVED ON BEHALF OF THE BOARD:**

**DIRECTOR:** "ALBERTO ORCOYEN"

**DIRECTOR:** "CARLOS MASSA"

(The accompanying notes form an integral part of these financial statements)

**LATIN AMERICAN MINERALS INC.**

**CONSOLIDATED STATEMENT OF INCOME AND DEFICIT**

**(UNAUDITED - PREPARED BY MANAGEMENT)  
(EXPRESSED IN CANADIAN DOLLARS)**

	Three Month Period Ended September 30, <b>2006</b> \$	Three Month Period Ended September 30, <b>2005</b> \$	Nine Month Period Ended September 30, <b>2006</b> \$	Nine Month Period Ended September 30, <b>2005</b> \$
<b>EXPENSES</b>				
Consulting fees	11,274	14,804	36,692	33,936
Directors fees	13,000	-	31,000	-
Management fees	14,000	-	48,500	-
Office and general	11,821	17,738	30,896	38,172
Professional fees	17,731	11,473	95,482	57,190
Property evaluation	-	-	-	4,566
Severance payments	-	-	24,000	-
Shareholder relations	2,558	(373)	10,980	2,226
Telecommunications	19	-	2,828	-
Transfer agent and filing fees	2,768	634	50,574	12,020
Travel	12,957	8,660	24,823	12,788
<b>LOSS BEFORE OTHER ITEMS</b>	<b>(86,128)</b>	<b>(52,936)</b>	<b>(355,775)</b>	<b>(160,898)</b>
<b>OTHER ITEMS</b>				
Interest Income	696	1,158	4,079	3,724
Foreign exchange gain (loss)	49	(1,801)	(4,370)	(1,997)
<b>NET LOSS FOR THE PERIOD</b>	<b>(85,383)</b>	<b>(53,579)</b>	<b>(356,066)</b>	<b>(159,171)</b>
<b>DEFICIT, beginning of period</b>	<b>(658,433)</b>	<b>(214,849)</b>	<b>(387,750)</b>	<b>(109,257)</b>
<b>DEFICIT, end of period</b>	<b>(743,816)</b>	<b>(268,428)</b>	<b>(743,816)</b>	<b>(268,428)</b>
<b>BASIC AND DILUTED LOSS PER COMMON SHARE</b>				
	\$ 0.01	\$ 0.00	\$ 0.02	\$ 0.01
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>				
	14,915,000	13,870,000	14,530,092	13,705,897

(The accompanying notes form an integral part of these financial statements)

**LATIN AMERICAN MINERALS INC.**

**STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2006**

**(UNAUDITED - PREPARED BY MANAGEMENT)  
(EXPRESSED IN CANADIAN DOLLARS)**

	Three Month Period Ended September 30, 2006 \$	Three Month Period Ended September 30, 2005 \$	Nine Month Period Ended September 30, 2006 \$	Nine Month Period Ended September 30, 2005 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss for the period	(85,383)	(53,579)	(356,066)	(159,171)
<b>CHANGES IN NON-CASH WORKING CAPITAL</b>				
(Increase) decrease in Accounts receivable	1,289	278	(1,649)	8,555
(Increase) decrease in due from related parties	9,253	-	(1,226)	(41,833)
(Increase) decrease in prepaid expenses	7,581	(3,000)	(12,558)	(3,000)
Increase (decrease) in accounts payable and accrued liabilities	(65,947)	13,096	(6,712)	(18,956)
(Decrease) in due to related parties	15,000	-	5,125	-
	(118,207)	(43,205)	(373,086)	(214,405)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Exercise of stock options	-	-	35,000	-
Common share private placement	-	-	300,000	-
Share issue costs	-	-	(30,000)	-
	-	-	305,000	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of mineral properties	-	-	(167,876)	-
Deferred exploration and development costs	(14,075)	-	(180,918)	-
Deferred charges	(1,173)	-	(28,362)	-
	(15,248)	-	(377,156)	-
<b>DECREASE IN CASH</b>	(133,455)	(43,205)	(445,242)	(214,405)
<b>CASH, beginning of period</b>	174,553	601,567	486,340	772,767
<b>CASH, end of period</b>	41,098	558,362	41,098	558,362
<b>CASH PAID DURING THE PERIOD FOR:</b>				
Interest	923	275	2,510	730
Income tax	-	-	-	-

**SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (Note 6)**

(The accompanying notes form an integral part of these financial statements)

**LATIN AMERICAN MINERALS INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2006**

**(UNAUDITED - PREPARED BY MANAGEMENT)**

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**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.

LATIN AMERICAN MINERALS INC.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2006

(UNAUDITED - PREPARED BY MANAGEMENT)

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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.

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.

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

**LATIN AMERICAN MINERALS INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2006**

**(UNAUDITED - PREPARED BY MANAGEMENT)**

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**3. MINERAL PROPERTIES (continued)**

**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

**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 Province, Argentina. Consideration for the properties was a cash payment of USD\$60,000. However, there are some outstanding mining canon payment on Los Menucos property of approximately \$200,000. New management considers that the geological upside of the properties do not justify meeting those canon payments to keep the properties in good standing. New management is therefore currently analyzing divesting this asset.

**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	September 30, 2006
Cerro Amarillo	\$ -	\$ 99,726	\$ 56,456	\$ -	\$ 156,182
La Carolina	-	43,348	85,407	-	128,755
Los Menucos	-	69,252	46,067	-	115,319
Other	-	-	9,535	-	9,535
<b>Total Properties</b>	<b>-</b>	<b>212,326</b>	<b>197,465</b>	<b>-</b>	<b>409,791</b>

**LATIN AMERICAN MINERALS INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2006**

**(UNAUDITED - PREPARED BY MANAGEMENT)**

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**3. MINERAL PROPERTIES** (continued)

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

	<u>Amount</u>
Balance as at December 31, 2005	\$ -
Acquisition	212,326
Administration	44,526
Assays	553
Claim renewals	3,605
Geological consultants	80,116
Legal fees	39,939
Maps and reports	4,004
Property management	2,289
Travel	<u>22,433</u>
Balance as at September 30, 2006	<u><u>\$ 409,791</u></u>

**LATIN AMERICAN MINERALS INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2006**

**(UNAUDITED - PREPARED BY MANAGEMENT)**

**4. SHARE CAPITAL**

	Number of Shares	Amount
Authorized:		
Unlimited common shares without par value		
Issued and fully paid:		
Balance as at December 31, 2004	12,750,000	\$ 645,991
Private placement	1,120,000	168,000
Balance as at December 31, 2005	13,870,000	813,991
Acquisition of mineral property La Carolina	25,000	14,750
Finder's fee for mineral property Cerro Amarillo	45,000	29,700
Private placement for mineral property	625,000	300,000
Exercise of stock options	350,000	35,000
Share issue costs	-	(30,000)
Balance as at September 30, 2006	14,915,000	1,163,441

**Escrow**

There are 10,120,000 common shares that are subject to a TSXV required escrow agreement (the "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. On April 4, 2006, 10% (1,012,000) of these common shares were released in accordance with the Escrow Agreement. Then the outstanding escrowed shares are 9,108,000. Furthermore, an additional 15% will be released every six months from the date of Exchange acceptance of the Qualifying Transaction (April 4, 2006).

**Incentive Stock Options**

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

Number of Stock Options	Exercise Price	Expiry Date
650,000	\$ 0.10	April 9, 2009
100,000	\$ 0.66	April 20, 2011
100,000	\$ 0.70	November 29, 2006
850,000		

**LATIN AMERICAN MINERALS INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2006**

**(UNAUDITED - PREPARED BY MANAGEMENT)**

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**4. CAPITAL STOCK (continued)**

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

	Options Outstanding	Weighted Average Exercise Price
Balance as at 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	(400,000)	\$ 0.38
Balance as at September 30, 2006	850,000	\$ 0.24

During the year, 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

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 expired on September 26, 2006

Due to the resignation of an officer and in accordance with the Company's incentive stock option plan, a total of 100,000 options which were granted on May 16, 2006 will expire on November 29, 2006

**Share Purchase Warrants**

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

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

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

	Warrants Outstanding	Weighted Average Exercise Price
Balance as at December 31, 2005	-	\$ -
Granted during the period	625,000	\$ 0.59
Exercised during the period	-	\$ -
Cancelled during the period	-	\$ -
Balance as at September 30, 2006	625,000	\$ 0.59

**LATIN AMERICAN MINERALS INC.**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2006**

**(UNAUDITED - PREPARED BY MANAGEMENT)**

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**5. RELATED PARTY TRANSACTION**

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

- (a) \$35,751 in corporate and administration fees, \$ 5,790 in office rent and \$ 9,001 in Accounting fees totaling \$ 50,542 (2005 - \$nil) to HRG Management Ltd., a company which shared a former common director.
- (b) \$18,000 in management fees to senior officers and directors of the Company. At September 30, 2006, a total of \$18,000 (2005 - \$nil) remained unpaid and was included in Due to related parties.
- (c) \$30,500 in management fees to former director of the Company.
- (d) \$20,000 in director fees to directors of the Company. At September 30, 2006, a total of \$15,000 (2005 - \$nil) remained unpaid and was included in Due to related parties.
- (e) \$11,000 in director fees to former directors of the Company.

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.

**6. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

The significant non-cash transactions for the period ended September 30, 2006 was the Company incurring \$16,547 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.

**7. SUBSEQUENT EVENTS**

On November 17, 2006 Latin American Minerals Inc. closed a private placement for gross proceeds of \$3,350,500 consisting of 13,402,000 common shares of the company at \$0.25 cents per common share and 6,701,000 warrants. Each warrant is exercisable at \$0.35 cents per common share of the company within one year following the closing. A second tranche closing for gross proceeds of \$444,500 consisting of 1,778,000 common shares of the company at \$0.25 cents per common share and 889,000 warrants is expected in the upcoming 10 days. Maison Placements Canada Inc. acted as the agent on the private placement. The agent has received 1,340,200 compensation options and will receive 177,800 compensation options on closing of the second tranche, plus a commission representing 8 per cent of the gross proceeds of the offering.

Latin American Minerals Inc., in accordance with the company's stock option plan, has granted a total of 640,000 stock options to certain officers and directors of the company to acquire common shares of the company. The stock options are exercisable on or before October 18, 2011, at a price of \$0.25 cents per share.

On October 4, 2006 a second release of common shares under the Escrow Agreement took place and therefore the common shares in escrow are now 7,590,000.



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

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Nine Month Period Ended  
September 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 nine months ended September 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 November 29, 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 (paid) and 25,000 Shares (issued) 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 Sierras 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 Sierras 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 Alumbreira) to the north. The La Carolina Belt is thought to be particularly prospective for low sulphidation diatreme-hosted gold mineralization similar to that at the world-class Baggio District (Indonesia) and Montana Tunnel, (US).

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 in La Rica Property, located immediately SE of Carolina. Gold porphyry mineralization is also reported from the Diente Verde prospect some 15km to the southeast.

Historically, the district has seen small but significant precious metals production. Alluvial gold has been produced from placers, and minor hard rock production has been won from narrow Au-Ag-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) 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 Baggio-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. Previous work outlined open soil anomalies in the western border of the property running up to 5 gr/t Au and 3000 gr/t Ag and extending for over 3 km in NE direction. Latin staked the ground open to the east and intends to undertake an initial soil sampling program to close the open gold and silver anomalies and carry on a detailed gradient and magnetic geophysical survey as well as follow up CSMAT survey on the gradient anomalies. This work will allow us define drilling target in the second quarter of 2007.

**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.**

#### Uspallata Graben / Los Menucos

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 Province, Argentina. Consideration for the properties was a cash payment of USD\$60,000. However, there are some outstanding mining canon payments on Los Menucos property of approximately \$200,000. New management considers that the geological upside of the properties do not justify meeting those canon payments to keep the properties in good standing. New management is therefore currently analyzing divesting this asset.

#### 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 gr/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 running up to 50 gr/t Au.

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 road construction, trenching and IP pole-dipole geophysics to define drill targets during the first quarter of 2007.

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. On October 19, 2006 the second payment of US\$ 40,000 was renegotiated by paying US\$ 20,000 on October 24, 2006 and the remaining US\$ 20,000 were refinanced up to December 19, 2006. 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.

#### **RESULTS OF OPERATIONS – CURRENT PERIOD**

The Company reported a loss of \$85,382 during the Third Quarter versus a \$53,579 loss in the same period last year. This amounts to a \$31,803 (59%) 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 – YEAR TO DATE**

The Company reported a loss of \$356,065 during the nine month period ended September 30, 2006 versus a \$159,171 loss in the same period last year. This amounts to a \$196,894 (124%) 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.

**LATIN AMERICAN MINERALS INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Nine Month Period Ended September 30, 2006

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**SELECTED ANNUAL INFORMATION (\$)**

	Dec. 31 2005	Dec. 31 2004	Dec. 31 2003
<b>Financial results:</b>			
Net (loss) for year	(278,493)	(109,257)	-
Basic and diluted loss per share	(0,02)	(0,01)	-
<b>Balance Sheet data:</b>			
Cash and short term deposits	486,340	772,767	-
Total assets	487,518	782,503	-
Shareholders' equity	426,241	704,734	-

**SELECTED QUARTERLY FINANCIAL DATA (\$)**

	Sep. 30 2006	Jun. 30 2006	Mar.31 2006	Dec. 31 2005	Sep. 30 2005	Jun. 30 2005	Mar.31 2005	Dec. 31 2004	Sep. 30 2004
<b>Financial results:</b>									
Net (loss) for the period	(85,382)	(157,066)	(113,617)	(119,322)	(53,579)	(48,009)	(57,583)	(50,217)	(17,303)
Basic and diluted loss per share	(0,01)	(0,01)	(0,01)	(0,01)	-	-	(0,01)	(0,01)	-
Mineral Properties	30,623	277,638	101,530	-	-	-	-	-	-
<b>Balance Sheet data:</b>									
Cash	41,098	174,553	372,410	486,340	558,362	601,567	703,775	772,767	405,671
Mineral Properties	409,791	379,168	101,530	-	-	-	-	-	-
Total assets	495,862	615,644	505,997	487,518	562,543	603,026	716,403	782,503	444,994
Shareholders' equity	419,626	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 September 30, 2006, the Company had working capital deficiency of \$18,527 which included a cash balance of \$41,098. See Subsequent Events in regard to the recently completed equity private placement.

The proposed work budget is as follows:

<b>Expenditure Item</b>	<b>Amount (CDN \$)</b>	<b>Amount (USD \$)</b>
La Carolina Exploration Program	736,098	660,000
Cerro Amarillo Exploration Program	613,415	550,000
Fixed Assets (CAPEX)	167,295	150,000
Property Payments	111,530	100,000
Project Generation	446,120	400,000
Project Acquisition	836,475	750,000
Administration	356,896	320,000
Contingency	78,071	70,000
<b>Total</b>	<b>3,345,900</b>	<b>3,000,000</b>

**OUTSTANDING SHARE DATA**

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

b) **Issued and Outstanding:**

	<b>Number of Common Shares</b>	<b>Amount</b>
Balance at December 31, 2004	12,750,000	\$ 813,991
Private Placement	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 <sup>(1)</sup>	625,000	300,000
Less: Share issue costs	-	(30,000)
Balance at September 30, 2006 and November 19, 2006	14,915,000	\$1,163,441

**LATIN AMERICAN MINERALS INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Nine Month Period Ended September 30, 2006

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Notes:

- 1) 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.
- 2) In addition to the foregoing please see information on the recently completed private placement under Subsequent Events below.

**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 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
Expired during the period	(400,000)	\$0.38
Balance – September 30, 2006	<u>850,000</u>	<u>\$0.24</u>

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

<u>Number of Stock Options</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
650,000	\$0.10	April 9, 2009
100,000	\$0.66	April 20, 2011
100,000	\$0.70	Nov 29, 2006
<u>Total 850,000</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 options granted 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 expired on September 26, 2006.

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 9, 2004 expired on September 26, 2006.

Due to the resignation of an officer and in accordance with the Company's incentive stock option plan, a total of 100,000 options which were granted on May 16, 2006 will expire on November 29, 2006.

**e) Warrants:**

A summary of warrants outstanding at September 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 had no significant commitments during the quarter.

**SUBSEQUENT EVENTS**

On November 17, 2006 Latin American Minerals Inc. closed a private placement for gross proceeds of \$3,350,500 consisting of 13,402,000 common shares of the company at \$0.25 cents per common share and 6,701,000 warrants. Each warrant is exercisable at \$0.35 cents per common share of the company within one year following the closing. A second tranche closing for gross proceeds of \$444,500 consisting of 1,778,000 common shares of the company at \$0.25 cents per common share and 889,000 warrants is expected in the upcoming 10 days. Maison Placements Canada Inc. acted as the agent on the private placement. The agent has received 1,340,200 compensation options and will receive 177,800 compensation options on closing of the second tranche, plus a commission representing 8 per cent of the gross proceeds of the offering.

Latin American Minerals Inc., in accordance with the company's stock option plan, has granted a total of 640,000 stock options to certain officers and directors of the company to acquire common shares of the company. The stock options are exercisable on or before October 18, 2011, at a price of \$0.25 cents per share.

On October 4, 2006 a second release of the Escrow Shares took place and therefore the escrowed shares outstanding are now 7,590,000.

**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 September 30, 2006, the Company incurred the following related party transactions:

- a) \$ 35,751 in Corporate and Administration Fees, \$ 5,790 in Office Rent and \$ 9,001 in Accounting Fees totaling \$ 50,542 (2005 - \$nil) to HRG Management Ltd., a company which shared a former common director.
- b) \$18,000 in management fees to directors of the Company. At September 30, 2006, a total of \$18,000 (2005 - \$nil) remained unpaid and was included in due to related parties.
- c) \$30,500 in management fees to former director of the Company.
- d) \$20,000 in directors fees to directors of the Company At September 30, 2006, a total of \$15,000 (2005 - \$nil) remained unpaid and was included in due to related parties.
- e) \$11,000 in directors fees to former directors of the Company.

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, Mr. Kenneth Judge resigned from his position as Director and Mr. John Prochnau resigned from his positions as President and Director. Mr. Carlos Massa was appointed to the Board of Directors since April 10, 2006.

During the Annual General Meeting , originally scheduled at June 12, 2006 and finally held at September 18, 2006, were appointed Mr. David Wahl as President, CEO and Director and Mr. Harvey McKenzie as Director.

Effective on September 20, 2006 the Board of Directors appointed Mr. Waldo Perez as Director and Exploration Vice-president. In addition, Alberto Orcoyen, currently a director of the company, has been appointed Chairman of the Board of Directors.

Additional information about the Company is available on SEDAR at [www.sedar.com](http://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:	1 First Canadian Place, Suite 1600 100 King Street West Toronto, Ontario M5X 1G5	
Directors:	David Wahl Paul Fornazzari Harvey McKenzie	Carlos Massa Alberto Orcoyen (Chairman) Waldo Perez
Officers:	David Wahl ,President & CEO Ivano Cristante, CFO Waldo Perez, Sr. V.P Exploration	
Auditor:	Ernst and Young LLP Suite 2300 – 700 West Georgia Street Vancouver, BC V7Y 1C7	
Legal Counsel:	Gowling Lafleur Henderson LLP 1 First Canadian Place, Suite 1600 100 King Street West Toronto, Ontario M5X 1G5	
Transfer Agent:	Computershare Investor Services 2 <sup>nd</sup> Floor – 510 Burrard Street Vancouver, BC V6C 3B9	