



LATIN AMERICAN MINERALS INC.

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2016

(UNAUDITED)

(Expressed in Canadian Dollars Except As Otherwise Indicated)

NOTICE TO READER

These condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of management and have not been reviewed by the Company's auditors.

LATIN AMERICAN MINERALS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

See Note 1 - Nature of operations and going concern

(Expressed In Canadian Dollars)

(Unaudited)

	Unaudited March 31, 2016	Audited December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents (Note 3)	\$ 17,961	\$ 241,149
Sales tax recoverable	215,127	193,709
Prepaid expenses	86,816	117,316
Total current assets	319,904	552,174
Non-current assets		
Property, plant and equipment (Note 4)	1,020,568	1,125,989
Property rights, evaluation and exploration costs (Note 5)	16,745,687	17,278,889
Total non-current assets	17,766,255	18,404,878
Total assets	\$ 18,086,159	\$ 18,957,052
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	\$ 787,131	\$ 738,285
Bank loans - current (Note 7)	181,141	171,723
Total current liabilities	968,272	910,008
Non-current liabilities		
Provision for environmental remediation and mineral property reclamation liabilities	226,747	240,163
Bank loans - non-current (Note 7)	516,485	583,007
Total liabilities	1,711,504	1,733,178
Contingency (Note 14)		
Subsequent Events (Note 15)		
Equity		
Capital stock (Note 8)	23,396,567	23,396,567
Warrants (Note 8)	2,039,799	2,717,122
Contributed surplus (Note 8)	11,187,456	10,510,133
Accumulated other comprehensive income	632,004	1,371,958
Deficit	(20,881,171)	(20,771,906)
Total equity	16,374,655	17,223,874
Total liabilities and equity	\$ 18,086,159	\$ 18,957,052

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

LATIN AMERICAN MINERALS INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE (LOSS) INCOME***(Expressed In Canadian Dollars)**(Unaudited)*

Three months ended March 31,	2016	2015
Expenses		
Administrative expenses (Note 9)	\$ (98,940)	\$ (96,528)
Professional fees	(37,584)	(36,272)
Net foreign exchange (loss) gain	27,259	(58,914)
Gain on disposal of property, plant and equipment	-	2,514
Operating loss before the following items:	(109,265)	(189,200)
Realized loss on marketable securities	-	(283,277)
Net change in unrealized gain on marketable securities	-	262,437
Net loss for the period	(109,265)	(210,040)
Other comprehensive (loss) income		
<i>Other comprehensive income to be reclassified to profit and loss in subsequent periods:</i>		
Foreign currency translation adjustments	(739,954)	834,781
Net comprehensive (loss) income for the period	\$ (849,219)	\$ 624,741
Net (loss) income per share (basic and fully diluted)	\$ (0.00)	\$ 0.00
Weighted average number of shares outstanding	28,503,137	10,867,850

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

LATIN AMERICAN MINERALS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed In Canadian Dollars)

(Unaudited)

	Number of shares outstanding	Capital stock	Warrants	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
Balance, December 31, 2015	28,503,137	\$ 23,396,567	\$ 2,717,122	\$ 10,510,133	\$ 1,371,958	\$ (20,771,906)	\$ 17,223,874
Expiry of warrants (Note 8)	-	-	(677,323)	677,323	-	-	-
Other comprehensive loss	-	-	-	-	(739,954)	-	(739,954)
Net loss for the period	-	-	-	-	-	(109,265)	(109,265)
Balance, March 31, 2016	28,503,137	\$ 23,396,567	\$ 2,039,799	\$ 11,187,456	\$ 632,004	\$ (20,881,171)	\$ 16,374,655
Balance, December 31, 2014	10,867,850	\$ 22,329,531	\$ 2,016,849	\$ 9,981,054	\$ 1,850,455	\$ (19,351,535)	\$ 16,826,354
Warrant modification (Note 8)	-	-	192,000	(192,000)	-	-	-
Other comprehensive income	-	-	-	-	834,781	-	834,781
Net loss for the period	-	-	-	-	-	(210,040)	(210,040)
Balance, March 31, 2015	10,867,850	\$ 22,329,531	\$ 2,208,849	\$ 9,789,054	\$ 2,685,236	\$ (19,561,575)	\$ 17,451,095

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

LATIN AMERICAN MINERALS INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed In Canadian Dollars)
(Unaudited)

Three Months Ended March 31,	2016	2015
Operating Activities		
Net loss for the period	\$ (109,265)	\$ (210,040)
Foreign exchange loss	(27,259)	58,914
Depreciation	294	1,089
Net loss on marketable securities	-	20,840
Gain on sale of property, plant and equipment	-	(2,514)
Changes in non-cash working capital balances:		
(Increase) decrease in sales tax recoverable	(21,418)	18,583
Decrease (Increase) in prepaid expenses	30,500	(7,088)
Increase in accounts payable and accrued liabilities	38,044	67,657
Net cash used in operating activities	(89,104)	(52,559)
Investing Activities		
Purchase of property rights, evaluation and exploration costs	(105,073)	(264,269)
Proceeds from bulk sampling activities	-	192,511
Proceeds from sale of property, plant and equipment	-	4,847
Proceeds from sale of marketable securities	-	96,248
Net cash (used in) provided by investing activities	(105,073)	29,337
Financing Activities		
Proceeds received from term loan and line of credit	-	35,440
Repayment of term loan and line of credit	(28,307)	(32,820)
Interest paid on term loan and line of credit	(12,216)	(13,524)
Net cash used in financing activities	(40,523)	(10,904)
Net decrease in cash and cash equivalents	(234,700)	(34,126)
Effect of exchange rate changes on the balance of cash held in foreign currencies	712	21,392
Cash and cash equivalents at the beginning of the period	241,149	40,744
Cash and cash equivalents at the end of the period	\$ 7,161	\$ 28,010
Supplementary cash flow information		
Interest paid on term loan and line of credit	\$ (12,216)	\$ (13,524)

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

LATIN AMERICAN MINERALS INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(Expressed In Canadian Dollars)
(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Latin American Minerals Inc. ("LAT" or the "Company") was incorporated under the Canada Business Corporations Act on December 9, 2003. The Company operates in one industry segment; its principal business activity is the exploration and development of resource properties. The head office of the Company is located at 36 Toronto Street, Suite 1000, Toronto, Ontario, M5C 2C5.

These unaudited condensed consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 27, 2016.

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

These unaudited condensed interim consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value, and prepared on the "going concern" basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business for the foreseeable future.

During the year ended December 31, 2015, the Company completed a consolidation of the outstanding common shares of the Company on a ratio of 10 pre-consolidation Shares for 1 post-consolidation Share (the "Consolidation"). As part of the Consolidation, the stock options and warrants were also consolidated and the exercise price adjusted to reflect the Consolidation. The Consolidation has been reflected in these consolidated financial statements and all applicable references to the number of shares, warrants and stock options and their exercise prices and per share information have been adjusted.

As at March 31, 2016, the Company had a working capital deficiency of \$648,368 and had reported a net loss of \$109,265 for the three months ended March 31, 2016, has yet to achieve profitable operations and has an accumulated deficit of \$20,881,171. These continuing losses indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon the ability to obtain additional financing and to achieve profitable operations from the sale of gold derived from bulk sampling facilities and ultimately to achieve and maintain profitable operations. The availability of such additional funds is not assured and, if available, the terms thereof are not yet determinable and the ability of the Company to achieve and maintain profitable operation cannot be predicted at this time and accordingly, these matters cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate, in which case adjustments that could be material to the classification and carrying values of the Company's assets and liabilities.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These unaudited condensed interim consolidated financial statements are unaudited and have been prepared on a condensed basis in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting issued by the International Accounting Standards Board using accounting policies consistent with International Financial Reporting Standards ("IFRS"). Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the International Accounting Standards Board and interpretations issued by the IFRS Interpretations Committee.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of May 27, 2016, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent audited annual consolidated financial statements as at and for the year ended December 31, 2015.

New and amended international financial reporting standards to be adopted

IFRS 9 Financial Instruments was issued in final form in July 2014 by the IASB and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the consolidated financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company is currently evaluating the impact of the above standard on its financial performance and consolidated financial statement disclosures but expects it will not be material.

3. CASH AND CASH EQUIVALENTS

	March 31, 2016	December 31, 2015
Cash at bank	\$ 2,961	\$ 226,149
Short-term bank deposits	15,000	15,000
	\$ 17,961	\$ 241,149

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4. PROPERTY, PLANT AND EQUIPMENT

Cost		Land	Vehicles and machinery	Geological and communication equipment	Office furniture and equipment	Total
Balance, December 31, 2015	\$	135,975	\$ 585,958	\$ 1,744,511	\$ 685,939	\$ 3,152,383
Effect of foreign exchange		(6,024)	(23,042)	(85,066)	(3,604)	(117,736)
Balance, March 31, 2016	\$	129,951	\$ 562,916	\$ 1,659,445	\$ 682,335	\$ 3,034,647

Accumulated depreciation		Land	Vehicles and machinery	Geological and communication equipment	Office furniture and equipment	Total
Balance, December 31, 2015	\$	-	\$ (580,391)	\$ (1,188,042)	\$ (257,961)	\$ (2,026,394)
Depreciation		-	-	(57,110)	(301)	(57,411)
Effect of foreign exchange		-	22,633	42,838	4,255	69,726
Balance, March 31, 2016	\$	-	\$ (557,758)	\$ (1,202,314)	\$ (254,007)	\$ (2,014,079)

Carrying amounts		Land	Vehicles and machinery	Geological and communication equipment	Office furniture and equipment	Total
As at March 31, 2016	\$	129,951	\$ 5,158	\$ 457,131	\$ 428,328	\$ 1,020,568

Cost		Land	Vehicles and machinery	Geological and communication equipment	Office furniture and equipment	Total
Balance, December 31, 2014	\$	143,115	\$ 737,581	\$ 2,142,174	\$ 566,115	\$ 3,588,985
Reclass		(2)	(48,432)	(306,104)	155,288	(199,250)
Disposals		-	(70,730)	-	-	(70,730)
Effect of foreign exchange		(7,138)	(32,461)	(91,559)	(35,464)	(166,622)
Balance, December 31, 2015	\$	135,975	\$ 585,958	\$ 1,744,511	\$ 685,939	\$ 3,152,383

Accumulated depreciation		Land	Vehicles and machinery	Geological and communication equipment	Office furniture and equipment	Total
Balance, December 31, 2014	\$	-	\$ (662,167)	\$ (859,953)	\$ (536,238)	\$ (2,058,358)
Reclass		-	47,685	(219,376)	370,941	199,250
Depreciation		-	(40,005)	(167,042)	(103,220)	(310,267)
Disposals		-	43,544	-	-	43,544
Effect of foreign exchange		-	30,552	58,329	10,556	99,437
Balance, December 31, 2015	\$	-	\$ (580,391)	\$ (1,188,042)	\$ (257,961)	\$ (2,026,394)

Carrying amounts		Land	Vehicles and machinery	Geological and communication equipment	Office furniture and equipment	Total
As at December 31, 2015	\$	135,975	\$ 5,567	\$ 556,469	\$ 427,978	\$ 1,125,989

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5. PROPERTY RIGHTS, EVALUATION AND EXPLORATION COSTS

	Paso Yobai	Itapoty	Total
Balance, December 31, 2015	\$ 17,206,849	\$ 72,040	\$ 17,278,889
Additions	105,073	-	105,073
Depreciation	57,117	-	57,117
Provision for environmental remediation and mineral property reclamation liabilities	1,465	-	1,465
Interest capitalized (Note 7)	18,111	-	18,111
Effect of foreign exchange	(711,857)	(3,111)	(714,968)
Balance, March 31, 2016	\$ 16,676,758	\$ 68,929	\$ 16,745,687

	Paso Yobai	Itapoty	Tendal	Total
Balance, December 31, 2014	\$ 16,886,007	\$ 75,505	\$ 1	\$ 16,961,513
Additions	1,094,042	216	-	1,094,258
Depreciation	307,802	-	-	307,802
Provision for environmental remediation and mineral property reclamation liabilities	5,390	-	-	5,390
Interest capitalized (Note 7)	99,645	-	-	99,645
Proceeds from bulk sampling facility	(348,249)	-	-	(348,249)
Write-down of mineral property	-	-	(1)	(1)
Effect of foreign exchange	(837,788)	(3,681)	-	(841,469)
Balance, December 31, 2015	\$ 17,206,849	\$ 72,040	\$ -	\$ 17,278,889

(i) Paso Yobai

The Paso Yobai project comprises the Discovery Trend property, which is 99% owned by the Company; the other 1% being owned by a third party that receives 1% net smelter returns royalty on a yearly bases and the X-Mile Trend exploration property, which is 100% owned by the Company.

During the three months ended March 31, 2016, the net proceeds received from sales of gold and silver derived from its bulk sampling facility in Paso Yobai amounted to \$nil (three months ended March 31, 2015 - \$192,511). As the Company's primary operations are still focused on exploration activities and have not reached commercial production, these proceeds were applied against property rights and evaluation and exploration costs.

As at March 31, 2016, included in property rights and evaluation and exploration costs was \$373,940 VAT credit (December 31, 2015 - \$442,628) and \$168,645 withholding tax recoverable (December 31, 2015 - \$214,749). The Company will receive refund of the VAT credit upon sales of gold and silver derived from its bulk sampling facility in Paso Yobai. The Company is in process of requesting a refund of the withholding tax.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2016	December 31, 2015
Accounts payable	\$ 759,374	\$ 672,072
Accrued liabilities	27,757	66,213
	\$ 787,131	\$ 738,285

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7. BANK LOANS

On June 19, 2014, the Company announced the receipt of a US\$700,000 (\$758,520) loan provided by the Banco Bilbao Vizcaya Argentaria ("BBVA") in Paraguay, which is divided in two parts. The first one is a secured 6 year loan ("term loan") of US\$600,000 (\$650,160) including a one year grace period on capital, bearing an annual interest rate of 10%. Subject to a penalty of 4% over the balance outstanding, the Company is allowed to prepay the term loan. The second one is a revolving line of credit ("line of credit") of US\$100,000 (\$108,360) bearing an annual interest rate of 8.5%.

Both the term loan and the line of credit are secured by the pilot plant machinery and certain real estate in Paraguay.

	March 31, 2016	December 31, 2015
Opening balance	\$ 754,730	\$ 816,058
Proceeds received from term loan	-	-
Proceeds received from line of credit	-	33,372
Repayment of line of credit	(28,307)	(249,343)
Interest capitalized in property rights, evaluation and exploration costs (note 5)	18,111	99,645
Interest paid on term loan and line of credit	(12,216)	(86,692)
Effect of foreign exchange	(34,692)	141,690
Ending balance	\$ 697,626	\$ 754,730
Current portion	\$ 181,141	\$ 171,723
Non-current portion	\$ 516,485	\$ 583,007

The repayment of the non-current portion of the term loan is as follows:

2017	\$ 125,631
2018	167,509
2019	167,509
2020	55,836
	\$ 516,485

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8. CAPITAL STOCK

Authorized - Unlimited number of common shares without par value. Common shares issued and fully paid are as follows:

	Number of Shares	Amount
Balance - December 31, 2014 and March 31, 2015	10,867,850	\$ 22,329,531
Balance - December 31, 2015 and March 31, 2016	28,503,137	\$ 23,396,567

Stock Options

The Company has established an incentive stock option plan (the "Plan") for management, directors and consultants of the Company, as designated and administered by a committee of the Company's Board of Directors. Under the Plan, the Company may grant options for up to 10% of the issued and outstanding common shares of the Company.

The following table summarizes information about stock options outstanding as at March 31, 2016:

Number of options outstanding	Number of options exercisable	Exercise Price	Expiry date	Weighted average remaining contractual life (years)
12,500	12,500	\$ 2.10	October 14, 2016	0.54
209,000	209,000	\$ 1.50	April 30, 2018	2.08
2,025,000	2,025,000	\$ 0.12	December 31, 2020	4.76
300,000	300,000	\$ 0.12	December 31, 2017	1.75
2,546,500	2,546,500			

The following table reflects the continuity of stock options for the years presented:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2014 and March 31, 2015	861,700	\$ 1.60
Balance, December 31, 2015 and March 31, 2016	2,546,500	\$ 0.24

For the three months ended March 31, 2016, \$nil (three months ended March 31, 2015 - \$nil) was expensed as share-based payments.

There was no stock options granted during the three months ended March 31, 2016 and 2015.

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8. CAPITAL STOCK (continued)

Warrants

The following table summarizes the warrants outstanding at March 31, 2016:

Number of warrants Outstanding	Exercise price	Weighted average remaining contractual life	Expiry date
384,500	\$ 0.50	1.08 years	April 29, 2017
655,800	\$ 0.70	2.23 years	June 23, 2018
16,855,987	\$ 0.15	4.64 years	November 18, 2018
17,896,287		4.47 years	

The following table reflects the continuity of warrants for the years presented:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2014 and March 31, 2015	1,525,800	\$ 1.70
Balance, December 31, 2015	18,923,787	\$ 0.11
Expired	(1,027,500)	1.59
Balance, March 31, 2016	17,896,287	\$ 0.18

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9. ADMINISTRATIVE EXPENSES

Three months ended March 31,	2016	2015
Salaries and benefits	\$ 34,688	\$ 34,636
Director fees	-	26,800
Investor relations	33,580	9,447
Depreciation	294	1,089
Mine community development	396	-
General and administrative	29,982	24,556
	\$ 98,940	\$ 96,528

10. SEGMENTED INFORMATION

Operating segments

The Company operates in a single reportable operating segment - the acquisition, exploration and development of mineral properties.

Geographic segments

At March 31, 2016 and December 31, 2015, all the Company's non-current assets are located in South America.

11. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2016, the Company incurred the following related party transactions:

(a) \$18,000 (three months ended March 31, 2015 - \$18,000) in fees paid to the former Chief Executive Officer ("CEO") of the Company pursuant to an employment contract. The former CEO resigned on February 25, 2016 and the Company appointed Mr. Basil Botha as Chairman and CEO of the Company. As of March 31, 2016, \$12,000 fees remained payable to the former CEO (December 31, 2015 - \$nil). During the three months ended March 31, 2016, no compensation was paid the newly appointed CEO of the Company.

(b) \$16,200 (three months ended March 31, 2015 - \$16,200) in fees paid to the Chief Financial Officer of the Company pursuant to an employment contract. As of March 31, 2016, \$10,800 remained payable (December 31, 2015 - \$nil).

(c) \$nil (three months ended March 31, 2015 - \$26,800) in accrued director fees. As at March 31, 2016, \$nil director fees remained payable (December 31, 2015 - \$nil). *

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11. RELATED PARTY TRANSACTIONS (continued)

Key management compensation:

The compensation expense for key management is as follows:

Three months ended March 31,	2016	2015
Directors *	\$ -	\$ 26,800
Officers	\$ 34,200	\$ 34,200
Share-based payments	\$ -	\$ -

* As of June 1, 2015, the Company stopped compensating directors due to market conditions.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions were as follows:

The depreciation for the three months ended March 31, 2016 was \$57,411 (three months ended March 31, 2015 - \$99,211), of which \$57,117 (three months ended March 31, 2015 - \$98,122) was charged to property rights, evaluation and exploration cost and the balance of \$294 (three months ended March 31, 2015 - \$1,089) was reflected as depreciation expense in the statement of loss and comprehensive (loss) income.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The Company uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks.

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13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market Risk

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The Company primarily operates in Argentina and Paraguay. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency. The Company's risk management policy is to review its exposure to non-Canadian dollar forecast operating costs on a case-by-case basis. The majority of the Company's forecast operating costs are in Paraguayan guaranies and Canadian dollars. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Company's foreign currency denominated monetary assets and liabilities in Canadian dollars as at March 31, 2016 is as follows:

	Assets		Liabilities	
Paraguayan guaranies	\$	4,582	\$	599,406
United States dollars		940		744,175
	\$	5,522	\$	1,343,581

Sensitivity

Based on the financial instruments held as at March 31, 2016, had the Canadian dollar weakened/strengthened by 10% against these foreign currencies with all other variables held constant, the Company's post-tax loss for the year would have been \$133,806 higher/lower as a result of foreign exchange losses/gains on translation of non-Canadian dollar denominated financial instruments as detailed above. The Company's deficit would have been \$133,806 higher/lower had the Canadian dollar weakened/strengthened by 10% as a result of foreign exchange gains/losses on translation of non-Canadian dollar denominated financial instruments.

Cash flow fair value interest rate risk

The Company does not have any variable interest bearing borrowings for which general rate fluctuations apply. The Company is exposed to interest rate risk to the extent of the funds invested in the Company's bank accounts.

Credit Risk

Credit risk is the risk that a third party might fail to discharge its obligations under the terms of a financial instrument. Credit risk arises from cash and cash equivalents with banks and financial institutions as well as credit exposures to outstanding receivables. It is management's opinion that the Company is not exposed to significant credit risk arising from these financial instruments. The Company limits credit risk by entering into business arrangements with high credit-quality counterparties. Thus the credit risk associated with other receivable is also considered to be negligible.

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(Unaudited)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity Risk

Prudent liquidity risk management implies maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the Company's commitments as they arise. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations (See notes 1, 7 and 15).

As at March 31, 2016, the Company had a working capital deficiency of \$648,368 (December 31, 2015 - \$357,834), and anticipates that the bulk-sampling facility at current gold prices will not provide sufficient funds to cover all the Company's expenditures for the next 12 months. Cash constraints have caused the company to consider financing alternatives while contemplating minimal shareholder dilution.

The Company's expected sources of cash flow in the upcoming year will be from proceeds of doré sales from its bulk sampling facility combined with the envisaged production from the heap-leach facility to be constructed at the Paso Yobai gold project, Paraguayan sales tax recoveries, possible equity financings, loans, lease financing and entering into joint venture agreements; or any combination thereof.

Fair Value Estimation

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies, however considerable judgment is required to develop these estimates. Accordingly, these estimated fair values are not necessarily indicative of the amounts the Company could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement, or for disclosure purposes. The carrying values of cash and cash equivalents, other receivables, accounts payable and accrued liabilities, notes payable and bank loans are assumed to approximate their fair values due to their short-term nature.

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13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Capital Management

The Company defines capital that it manages as its shareholders' equity. As at March 31, 2016, the total managed capital was \$16,374,655.

	March 31, 2016	December 31, 2015
Capital stock	\$ 23,396,567	\$ 23,396,567
Warrants	2,039,799	2,717,122
Contributed surplus	11,187,456	10,510,133
Accumulated other comprehensive income	632,004	1,371,958
Deficit	(20,881,171)	(20,771,906)
	\$ 16,374,655	\$ 17,223,874

The Company manages and adjusts its capital structure in light of changes in economic conditions and the risk characteristics of its underlying assets. The Company manages capital through its financial and operational forecasting processes, and reviews its working capital and cash flow forecasts based on operating expenditures and other investing and financing activities. Forecasts are updated based on activities related to its mineral properties. Selected information is provided to the board of directors of the Company. There were no changes to the Company's objectives in managing and maintaining capital during the three months ended March 31, 2016.

The Company's objectives when managing capital are:

- (a) to allow the Company to respond to changes in economic and/or marketplace conditions by maintaining its ability to purchase new investments;
- (b) to produce sustained growth in shareholder value by increasing shareholders' equity; and
- (c) to maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

The Company maintains or adjusts its capital level to enable it to meet its objectives by:

- (a) realizing proceeds from the sale of doré produce by bulk sampling; and
- (b) raising capital through equity and debt financings.

The Company is not subject to any capital requirements imposed by a lending institution.

14. CONTINGENCY

During the year ended December 31, 2015, a group of employees of the Company's Paraguayan subsidiary filed two separate lawsuits against the Company for wrongful dismissal. The Company disagrees with the claims made in the suits and intends to vigorously defend itself against the allegations. The lawsuits are claiming a total of PYG\$1,477,994,601 (\$344,939). It is not possible at this time to estimate any potential payout.

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15. SUBSEQUENT EVENTS

(1) On April 1, 2016, the Company signed a non-binding Term Sheet ("Term Sheet") for a gold streaming metal purchase agreement ("Metal Purchase Agreement") for its Paso Yobai gold project with SilverStream SEZC (SilverStream) and a concurrent private placement financing for \$500,000 with the following terms:

- SilverStream to provide US\$1,000,000 to LAT in 3 tranches, \$500,000 on the signing of a binding Metal Purchase Agreement and two further tranches of \$250,000 based on near term production milestones.
- SilverStream will have the right to purchase 43% of the total production of gold from the project, at a price per ounce equaling the lesser of US\$350 per ounce or 80% of the prevailing market price of gold until 1,500 ounces have been delivered. Thereafter the metal stream shall reduce to 7.5% of production for the life of the project.
- A SilverStream representative will be appointed as a non-executive director of LAT.

The Metal Purchase Agreement is subject to satisfactory due diligence by SilverStream.

(2) On April 8, 2016, the Company closed the first tranche of a private placement issuing 1,915,000 units ("Units") at a price of \$0.12 per Unit for gross proceeds of \$229,800 (the "Offering"). Each Unit is comprised of one common share (a "Common Share") in the capital of the Company and one-half of one Common Share purchase warrant (each whole warrant, a "Warrant"). Each whole Warrant entitles the holder thereof to purchase one Common Share for a period of two years from the closing of the Offering (the "Warrant Term") at a price of \$0.18 per Common Share, provided, however, that should the closing price at which the Common Shares trade on the TSX Venture Exchange (or any such other stock exchange in Canada as the Common Shares may trade at the applicable time) exceed \$0.30 for 20 consecutive trading days at any time following the date that is four months and one day after the date of issuance of the Warrants, the Company may accelerate the Warrant Term (the "Reduced Warrant Term") such that the Warrants shall expire on the date which is 30 calendar days following the date a press release is issued by the Company announcing the Reduced Warrant Term.

Certain eligible persons (the "Finders") were paid a cash commission equal to 8% of the proceeds raised from subscribers introduced to the Company by such Finder, and also issued an aggregate of 53,200 broker warrants (the "Broker Warrants"), each Broker Warrant entitling the holder to acquire one Common Share at a price of \$0.12 for a period of two years from the closing of the Offering, subject to the Reduced Warrant Term.

The Common Shares, Warrants and Broker Warrants issued pursuant to the Offering are subject to a hold period expiring on August 9, 2016.