LATIN AMERICAN MINERALS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX AND THREE MONTHS ENDED 30 JUNE 2016

Stated in Canadian Funds

NOTICE OF NO AUDITOR REVIEW OF

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of the company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements.

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Management's Responsibility

To the Latin American Minerals Inc.:

Management is responsible for the preparation and presentation of the accompanying condensed interim consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the condensed interim consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit Committee are composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information presented. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Audit Committee has the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the Company's external auditors.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Organization of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

26 August 2016

The condensed interim consolidated financial statements were approved by the Board of Directors on 26 August 2016 and were signed on its behalf by:

"Basil Botha"	*"Grant T. Smith"*
Basil Botha, CEO	Grant T. Smith, CFO

LATIN AMERICAN MINERALS INC.

Statement 1

Canadian Funds
(Unaudited)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2016	As at 31 December 2015
ASSETS			
Current Assets			
Cash and cash equivalents		**$ 661,880**	$ 241,149
Sales tax recoverable		**225,645**	193,709
Prepaid expenses		**270,180**	117,316
		1,157,705	552,174
Non-current Assets			
Property, plant and equipment	(7)	**992,693**	1,125,989
Property rights, evaluation and exploration costs	(8)	**17,322,315**	17,278,889
		18,315,008	18,404,878
		$ 19,472,713	$ 18,957,052
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		**$ 1,024,280**	$ 738,285
Bank loans - current	(10)	**156,108**	171,723
		1,180,388	910,008
Non-current Liabilities			
Provision for environmental remediation and mineral property reclamation liabilities		**240,370**	240,163
Bank loans – non-current	(10)	**526,073**	583,007
		1,946,831	1,733,178
EQUITY *(STATEMENT 3)*			
Share capital		**23,848,185**	23,396,567
Obligation to issue shares		**81,025**	-
Share purchase warrants		**2,607,083**	2,717,122
Contributed surplus		**11,187,456**	10,510,133
Accumulated other comprehensive income		**796,617**	1,371,958
Deficit		**(20,994,484)**	(20,771,906)
		17,525,882	17,223,874
		$ 19,472,713	$ 18,957,052

The condensed interim consolidated financial statements were approved by the Board of Directors on 26 August 2016 and were signed on its behalf by:

"Basil Botha"
Basil Botha, Director

"Michael Hepworth"
Michael Hepworth, Director

--The accompanying notes form an integral part of the condensed interim consolidated financial statements--

Canadian Funds
(Unaudited)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS

	Six months ended 30 June 2016	Six months ended 30 June 2015	Three months ended 30 June 2016	Three months ended 30 June 2015
CONTINUING OPERATIONS				
EXPENSES				
General and Administrative Expenses				
General and administrative	**137,812**	72,446	**107,830**	43,496
Professional fees	**64,977**	65,720	**27,393**	29,448
Salaries and benefits	**50,848**	74,636	**16,160**	40,000
Investor relations	**41,501**	17,464	**7,921**	8,017
Depreciation	**605**	1,588	**(85)**	499
Director fees	**-**	46,933	**-**	20,133
Interest expense on notes payable	**-**	2,692	**-**	2,692
Gain on disposal of equipment	**-**	(2,514)	**-**	-
Net foreign exchange (gain) loss	**$ (73,165)**	$ 126,092	**$ (45,906)**	$ 67,178
Operating Loss Before the Following Items:	**222,578**	405,057	**113,313**	211,463
Gain on settlement of debt	**-**	(14,700)	**-**	(14,700)
Realized loss on marketable securities	**-**	283,277	**-**	-
Net change in unrealised loss on marketable securities	**-**	(262,437)	**-**	-
Net Loss for the Period	**(222,578)**	(411,197)	**(113,313)**	(196,763)
Other Comprehensive (Loss) Income				
Gain from discontinued operations	**-**	4,410	**-**	16
Foreign currency translation adjustments	**(456,652)**	(925,156)	**283,302**	(1,759,937)
Net Comprehensive Loss for the Period	**$ (679,230)**	$ (1,331,943)	**$ 169,989**	$ (1,956,684)
Net Loss per Common Share – Basic and Diluted	**$ (0.02)**	$ (0.13)	**$ 0.01**	$ (0.17)
Weighted Average Number of Shares Outstanding	**30,139,538**	10,918,370	**31,775,939**	10,968,335

--The accompanying notes form an integral part of the condensed interim consolidated financial statements--

Canadian Funds
(Unaudited)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Shares	Amount	Warrants	Contributed Surplus	AOCI	Obligation to Issue Shares	Deficit	Shareholders’ Equity
BALANCE AT 1 JANUARY 2015	10,867,850	$ 22,329,531	$ 2,016,849	$ 9,981,054	$ 1,850,455	$ -	$ (19,351,535)	$ 16,826,354
Warrant modification	-	-	192,000	(192,000)	-	-	-	-
Other comprehensive income	-	-	-	-	834,781	-	-	834,781
Net loss for the period	-	-	-	-	-	-	(210,040)	(210,040)
BALANCE AT 31 MARCH 2015	10,867,850	$ 22,329,531	$ 2,208,849	$ 9,789,054	$ 2,685,236	$ -	$ (19,561,575)	$ 17,451,095
Shares and warrants issued on private placement	665,800	229,258	103,199	-	-	-	-	332,457
Warrants issued with promissory note	-	(98,126)	98,126	-	-	-	-	-
Shares issued for debt settlement	73,500	29,400	-	-	-	-	-	29,400
Shares issued for exercise of warrants	30,000	15,000	-	-	-	-	-	15,000
Value of warrants exercised	-	7,102	(7,102)	-	-	-	-	-
Other comprehensive income	-	-	-	-	(1,759,937)	-	-	(1,759,937)
Net loss for the period	-	-	-	-	-	-	(196,747)	(196,747)
BALANCE AT 30 JUNE 2015	11,637,150	$ 22,512,165	$ 2,403,072	$ 9,789,054	$ 925,299	$ -	$ (19,758,322)	$ 15,871,268
Shares issued for exercise of warrants	10,000	7,000	-	-	-	-	-	7,000
Value of warrants exercised	-	1,550	(1,550)	-	-	-	-	-
Expiry of warrants	-	-	(434,941)	377,311	-	-	-	(57,630)
Other comprehensive income	-	-	-	-	125,608	-	-	125,608
Net loss for the period	-	-	-	-	-	-	(127,766)	(127,766)
BALANCE AT 30 SEPTEMBER 2015	11,647,150	$ 22,520,715	$ 1,966,581	$ 10,166,365	$ 1,050,907	$ -	$ (19,886,088)	$ 15,818,480
Shares and warrants issued on private placement	16,855,987	777,726	750,541	-	-	-	-	1,528,267
Warrants issued with promissory note	-	98,126	-	-	-	-	-	98,126
Share-based payments	-	-	-	343,768	-	-	-	343,768
Other comprehensive income	-	-	-	-	321,051	-	-	321,051
Net loss for the period	-	-	-	-	-	-	(885,818)	(885,818)
BALANCE AT 31 DECEMBER 2015	28,503,137	$ 23,396,567	$ 2,717,122	$ 10,510,133	$ 1,371,958	$ -	$ (20,771,906)	$ 17,223,874

--The accompanying notes form an integral part of the condensed interim consolidated financial statements--

Canadian Funds
(Unaudited)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – CONT'D

	Share	Amount	Warrants	Contributed Surplus	AOCI	Obligation to Issue Shares	Deficit	Shareholders' Equity
BALANCE AT 1 JANUARY 2016	28,503,137	$ 23,396,567	$ 2,717,122	$ 10,510,133	$ 1,371,958	$ -	$ (20,771,906)	$ 17,223,874
Expiry of warrants	-	-	(677,323)	677,323	-	-	-	-
Other comprehensive loss	-	-	-	-	(739,954)	-	-	(739,954)
Net loss for the period	-	-	-	-	-	-	(109,265)	(109,265)
BALANCE AT 31 MARCH 2016	28,503,137	$ 23,396,567	$ 2,039,799	$ 11,187,456	$ 632,004	$ -	$ (20,881,171)	$ 16,374,655
Shares and warrants issued on private placement	10,580,000	600,015	496,284	-	-	-	-	1,096,299
Share issuance costs	-	(77,397)	-	-	-	-	-	(77,397)
Broker's warrants	-	(71,000)	71,000	-	-	-	-	-
Obligation to issue shares	-	-	-	-	-	81,025	-	81,025
Other comprehensive loss	-	-	-	-	164,613	-	-	164,613
Net loss for the period	-	-	-	-	-	-	(113,313)	(113,313)
BALANCE AT 30 JUNE 2016	39,083,137	$ 23,848,185	$ 2,607,083	$ 11,187,456	$ 796,617	$ 81,025	$ (20,994,484)	$ 17,525,882

--The accompanying notes form an integral part of the condensed interim consolidated financial statements--

LATIN AMERICAN MINERALS INC.

Statement 4

Canadian Funds
(Unaudited)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		Six months ended 30 June 2016		Six months ended 30 June 2015
OPERATING ACTIVITIES				
Net loss for the Period	$	**(222,578)**	$	(411,197)
Items not Affecting Cash				
Foreign exchange loss		**(94,473)**		126,092
Accrued interest		**-**		2,692
Depreciation		**605**		1,588
Gain on debt settlement		**-**		(14,700)
Net loss on marketable securities		**-**		20,660
Gain on sale of equipment		**-**		(2,514)
		(316,446)		(277,379)
Net Change in Non-Cash Working Capital				
Sales tax recoverable		**(31,936)**		42,739
Prepaid expenses		**(152,864)**		(4,773)
Accounts payable and accrued liabilities		**260,995**		(124,944)
		(240,251)		(364,357)
INVESTING ACTIVITIES				
Purchase of property rights, evaluation and exploration costs		**(402,917)**		(570,782)
Proceeds from bulk sampling activities		**-**		324,000
Proceeds from sale of equipment		**-**		4,680
Proceeds from sale of marketable securities		**-**		96,428
		(402,917)		(145,674)
FINANCING ACTIVITIES				
Units issued on private placement		**1,121,300**		332,456
Proceeds from obligation to issue shares		**81,026**		-
Interest paid on bank loans		**(41,216)**		(28,529)
Repayment of bank loans		**(19,812)**		(65,816)
Proceeds received from bank loans		**-**		34,226
Proceeds received from notes payable		**-**		145,075
Proceeds from exercise of warrants		**-**		15,000
		1,063,899		432,412
Net (Decrease) in Cash for the Period		**420,731**		(77,619)
Net cash generated from operating activities from discontinued operations		**-**		22,818
Effect of exchange rate changes on cash held in foreign currencies		**-**		33,889
Cash position – beginning of period		**241,149**		40,744
Cash Position – End of Period	$	**661,880**	$	19,832

--The accompanying notes form an integral part of the condensed interim consolidated financial statements--

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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 interim consolidated financial statements (the "Financial Statements") were authorized for issuance by the Board of Directors of the Company on 26 August 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.

The Financial Statements have been prepared on a going concern basis, which implies that the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The continuation of the Company as a going concern is dependent on the continued financial support from its management and shareholders, the ability of the Company to obtain necessary equity financing, and to generate sustainable revenues from its production activities. These factors form a material uncertainty that raises a significant doubt regarding the Company's ability to continue as a going concern.

		30 June 2016		31 December 2015
Working capital (deficiency)	**$**	**(22,683)**	$	(357,834)
Accumulated deficit	**$**	**(20,994,484)**	$	(20,771,906)

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.

2) Basis of preparation – Statement of Compliance

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

Since the Financial Statements do not include all requirements in IAS1, "Presentation of Financial Statement" (IAS1), they should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended 31 December 2015.

The preparation of these financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The judgements, estimates and assumptions made by management affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. Critical estimates and judgement are disclosed more fully in the Company's audited annual consolidated financial statements for the year ended 31 December 2015.

3) Summary of significant accounting policies

The accounting policies and methods of computation followed in preparing these Financial Statements are the same as those followed in preparing the most recent audited annual financial statements. For a summary of significant accounting policies, please refer to the Company's audited annual financial statements for the year ended 31 December 2015.

4) Financial instruments and risk management

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Condensed Interim Consolidated Statement of Financial Position are carried at amortized cost with the exception of cash and short-term investments, which is carried at fair value. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at 30 June 2016 and 31 December 2015 due to the immediate or short-term maturities of the financial instruments.

The fair value of the Company's cash and short-term investments are quoted in active markets. The Company classifies the fair value of these transactions according to the following hierarchy:

Level 1 – quoted prices in active markets for identical financial instruments.

Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The Company's cash and short-term investments have been assessed on the fair value hierarchy described above and classified as Level 1.

b) Fair values of financial assets and liabilities

The Company's financial instruments include cash and cash equivalents, accounts payable and accrued liabilities, and bank loans. At June 30, 2016, the carrying value of cash and cash equivalents investments is fair value. Accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

c) Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada accordingly the Company believes it not exposed to significant credit risk.

e) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. As at 30 June 2016 the Company's interest bearing debt totals $682,181. The Company is not exposed to significant interest rate risk, as a 1% shift in rates would result in a change of $6,800.

f) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to significant foreign currency risk.

g) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at 30 June 2016, the Company had a cash balance of $661,880 to settle current liabilities of $1,180,388. Accordingly, the Company is moderately exposed to liquidity risk.

5) Sale of subsidiary

On 29 July 2015, the Company completed the sale of the LAT's Argentinean subsidiary, Latin American Minerals Argentina S.A. ("LAMA"), to a private company controlled by a director of the Company at that time (please refer to note 16). The total purchase price was USD$ 93,583, of which USD$ 41,250 was outstanding remuneration at the moment of the transaction and USD$ 18,750 that comprised of future remuneration to be paid over the remaining five months of 2015. Furthermore, the purchase price also comprised of payments that the director made on behalf of the Company related to outstanding 2014 canons, taxes and professional fees for a total of USD$ 19,933. The balance of USD$ 13,650 was paid to the Company in full as of the date of the transaction. The Company recorded a gain on disposition of LAMA of $37,919.

6) Marketable securities

The Company completed the purchase of 2,000,000 common shares of Pinetree Capital Ltd. ("Pinetree") on 11 July 2014. The Company issued an aggregate of 1,000,000 common shares to Pinetree in exchange for the Pinetree common shares.

The value of the common shares issued was recorded at $940,000 on the basis of the fair market value of the 2,000,000 Pinetree shares at $0.47 per share. The Pinetree shares were recorded as marketable securities and were classified as FVTPL financial assets.

During the year ended 31 December 2015, the Company sold its 807,500 (31 December 2014 - 1,192,500) common shares of Pinetree for a total cash proceeds of $96,248 (31 December 2014 - $200,011), resulting in a loss of $283,277 (31 December 2014 - $360,463).

NOTES TO THE FINANCIAL STATEMENTS

7) Property, plant, and equipment

	Land	Vehicles and machinery	Geological equipment	Furniture and equipment	Total
COST OR DEEMED COST					
Balance at 1 January 2015	$ 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 at 31 December 2015	$ 135,975	$ 585,958	$ 1,744,511	$ 685,939	$ 3,152,383
Effect of foreign exchange	**(2,339)**	**(10,080)**	**(30,005)**	**(11,620)**	**(54,044)**
Balance at 30 June 2016	**$ 133,636**	**$ 575,878**	**$ 1,714,506**	**$ 674,319**	**$ 3,098,339**
ACCUMULATED AMORTIZATION					
Balance at 31 December 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 at 31 December 2015	$ -	$ (580,391)	$ (1,188,042)	$ (257,961)	$ (2,026,394)
Amortization for the period	**-**	**-**	**(69,784)**	**(48,893)**	**(118,677)**
Effect of foreign exchange	**-**	**9,984**	**19,993**	**9,448**	**39,425**
Balance at 30 June 2016	**$ -**	**$ (570,407)**	**$ (1,237,833)**	**$ (297,406)**	**$ (2,105,646)**
CARRYING AMOUNTS					
At 31 December 2015	$ 135,975	$ 5,567	$ 556,469	$ 427,978	$ 1,125,989
At 30 June 2016	**$ 133,636**	**$ 5,471**	**$ 476,673**	**$ 376,913**	**$ 992,693**

NOTES TO THE FINANCIAL STATEMENTS

8) Property rights, evaluation, and exploration costs

CARRYING VALUE	Paso Yobai	Itapoty	Tendal	Total
Balance at 1 January 2015	$ 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	5,390	-	-	5,390
Interest capitalized	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 at 31 December 2015	**$ 17,206,849**	**$ 72,040**	**$ -**	**$ 17,278,889**
Additions	**354,330**	**7,368**	**-**	**361,698**
Depreciation	**118,134**	**-**	**-**	**118,134**
Interest capitalized	**41,219**	**-**	**-**	**41,219**
Provision for environmental remediation	**207**	**-**	**-**	**207**
Effect of foreign exchange	**(475,840)**	**(1,992)**	**-**	**(477,832)**
Balance at 30 June 2016	**$ 17,244,899**	**$ 77,416**	**$ -**	**$ 17,322,315**

a) 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 year ended 31 December 2015, the net proceeds received from sales of gold and silver derived from its bulk sampling facility in Paso Yobai amounted to $348,249 (year ended 31 December 2014 - $1,103,374). 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 31 December 2015, included in property rights and evaluation and exploration costs was $442,628 VAT credit (31 December 2014 - $409,974) and $214,749 withholding tax recoverable (31 December 2014 - $226,022). 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.

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

- Silverstream to provide USD $1,000,000 to LAT in three tranches, USD $500,000 on the signing of a binding Metal Purchase Agreement and two further tranches of USD $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 equalling the lesser of USD$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 non-binding metal purchase agreement term sheet expired on 30 May 2016.

NOTES TO THE FINANCIAL STATEMENTS

b) Itapoty

The Itapoty diamond project is located in Paraguay, approximately 150 km northeast of the capital city of Asuncion. The project consists of one exploration property claims totalling 56,342 hectares, which are 100% owned by the Company.

c) Tendal

The Company held a 100% interest in the six Tendal mineral concessions, comprising two land parcels totaling approximately 36,000 hectares. The Tendal zinc, copper, lead and silver property is located in the province of La Rioja in northwestern Argentina and is accessible by all-season gravel road. During the year ended 31 December 2015, the Company sold its Argentinean subsidiary that held the rights to this property (note 6).

9) Promissory notes

a) 29 April 2015

On 29 April 2015, the Company issued $145,075 promissory notes bearing simple interest at 1% per month. 414,500 share purchase warrants exercisable at $0.5 for a term of twenty four months were also issued in relation to this financing which were valued at $98,126 and recorded as finance expense for promissory note.

The promissory notes are unsecured, repayable at the Company's discretion at any time with written notice, and matured on 28 April 2016. One related party of the Company participated in the financing for an amount of $10,500. During the year ended 31 December 2015, the Company redeemed $10,500 of the promissory notes with issuance of 21,000 common shares of the Company. During the year ended 31 December 2015, the Company repaid the remaining $134,575 promissory note and paid interest expense of $8,217.

b) 21 August 2015

On 21 August 2015, the Company issued $290,000 promissory notes with an interest rate of 12% per annum, secured by equal amount of VAT credits owed to the Company’s Paraguayan subsidiary Latin American Minerals Paraguay S.A.. The promissory notes mature on 19 August 2016 and may be prepaid at the Company’s discretion with prior written notice. Pinetree, a significant shareholder of the Company, participated with $100,000 in connection with the promissory note issuance. The remaining $190,000 of the promissory notes was issued to a company to which LAT shares common directors. During the year ended 31 December 2015, the Company repaid the promissory notes and $5,277 related interest expense.

NOTES TO THE FINANCIAL STATEMENTS

10) Bank loans

On 19 June 2014, the Company announced the receipt of a USD$700,000 ($758,520) loan provided by the Banco Bilbao Vizcaya Argentaria ("BBVA") in Paraguay, which is divided in two parts. The first part is a secured 6 year loan ("Term Loan") of USD$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 part is a revolving line of credit ("Line of Credit") of USD$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 Paraguary.

	30 June 2016	31 December 2015
Opening balance	**$ 754,730**	$ 816,058
Proceeds received from Line of Credit	**-**	33,372
Repayment of Term Loan and Line of Credit	**(61,028)**	(249,343)
Interest capitalized in property rights, evaluation and exploration costs	**41,212**	99,645
Interest paid on Term Loan and Line of Credit	**(41,212)**	(86,692)
Effect of foreign exchange	**(11,521)**	141,690
Ending balance	**$ 682,181**	$ 754,730
Current portion	**156,108**	171,723
Non-current portion	**526,073**	583,007

The repayment of the non-current portion of the Term Loan is as follows:

	Amount
2017	**$ 156,108**
2018	**156,108**
2019	**156,108**
2020	**57,749**
	$ 526,073

NOTES TO THE FINANCIAL STATEMENTS

11) Share capital

a) Authorized

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

b) Issued or allotted and fully paid:

	Number of Shares		Amount
Balance at 31 December 2014	10,867,850	$	22,329,531
Shares issued on private placement (iv)(v)	17,521,787		2,018,499
Valuation of warrants issued on private placement (iv)(v)	-		(853,740)
Transaction costs on private placement (iv)(v)	-		(157,775)
Shares issued for debt settlement	73,500		29,400
Shares issued for exercise of warrants	40,000		22,000
Reclass of value of warrants exercised	-		8,652
Balance at 31 December 2015	28,503,137	$	23,396,567
Balance at 1 January 2016	**28,503,137**	**$**	**23,396,567**
Shares issued on private placement (i)(ii)(iii)	**10,580,000**		**1,096,299**
Valuation of warrants issued on private placement (i)(ii)(iii)	**-**		**(496,284)**
Transaction costs on private placement (i)(ii)(iii)	**-**		**(148,397)**
Balance at 30 June 2016	**39,083,137**	**$**	**23,848,185**

i) On 8 April 2016, the Company closed a private placement and issued 1,915,000 units at a price of $0.12 per unit for gross proceeds of $229,800. Each unit is comprised of one common share of the Company and one half of one common share purchase warrant. Each whole warrant is exercisable for a period of two years from the date of grant at an exercise price of $0.18 per share.

In connection with the private placement on 8 April 2016, the Company paid certain Finders a cash commission equal to 8% of the proceeds raised through those Finders, and also issued an aggregate of 53,200 broker warrants. Each broker warrant entitles the holder to purchase one common share of the Company for a period of two years from the closing of the private placement at a price of $0.12 per share.

The fair value of the warrants and broker's warrants was determined to be $75,192 with the following assumptions:

Assumption	**Value**
Share price	**$0.12**
Risk-free rate	**0.56%**
Expected dividend yield	**0.00%**
Expected volatility	**223%**
Warrant life in years	**2.00**

The Company incurred $12,384 in transaction costs for the private placement of which $6,384 was paid in cash and $6,000 was paid in broker's warrants.

ii) On 10 June 2016, the Company closed the first tranche of a non-brokered private placement (the "First Tranche") by issuing 6,165,000 units at a price of $0.10 per unit for gross proceeds of $616,500. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company for a period of two years from the closing of the placement at a price of $0.15 per common share.

In connection with the First Tranche, the Company paid certain Finders a cash commission equal to 8% of the proceeds raised through those Finders, and also issued an aggregate of 490,000 broker warrants. Each broker warrant entitles the holder to purchase one common share of the Company for a period of two years from the closing of the private placement at a price of $0.15 per share.

The fair value of the warrants was determined to be $345,641 with the following assumptions:

Assumption	Value
Share price	**$0.11**
Risk-free rate	**0.49%**
Expected dividend yield	**0.00%**
Expected volatility	**219%**
Warrant life in years	**2.00**

The Company incurred $99,013 in transaction costs for the private placement of which $53,013 was paid in cash and $46,000 was paid in broker's warrants.

Certain related parties of the Company participated in the private placement subscribing for a total of 40,000 units.

iii) On 28 June 2016, the Company closed the second tranche of a non-brokered private placement (the "Second Tranche") and issued 2,500,000 units at a price of $0.10 per unit for gross proceeds of $250,000. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share for a period of two years from the closing of the Second Tranche at a price of $0.15 per share.

In connection with the Second Tranche, the Company paid certain Finders a cash commission equal to 8% of the proceeds raised through those Finders and also issued an aggregate of 180,000 broker warrants. Each broker warrant entitles the holder to purchase one common share of the Company for a period of two years from the closing of the Second Tranche at a price of $0.15 per share.

The fair value of the warrants was determined to be $146,451 with the following assumptions:

Assumption	Value
Share price	**$0.12**
Risk-free rate	**0.54%**
Expected dividend yield	**0.00%**
Expected volatility	**220%**
Warrant life in years	**2.00**

The Company incurred $37,000 in transaction costs for the private placement of which $18,000 was paid in cash and $19,000 was paid in broker's warrants.

NOTES TO THE FINANCIAL STATEMENTS

iv) On 23 June 2015, the Company completed a non-brokered private placement funding gross proceeds of $332,900 and issued a total of 665,800 units at a price of $0.50 per unit.

Each unit consists of one common share and one common share purchase warrant exercisable at a price of $0.70 for thirty six months following closing. The fair value of the warrants was determined to be $103,199 with the following assumptions:

Assumption	Value
Share price	**$0.20**
Risk-free rate	**0.62%**
Expected dividend yield	**0%**
Expected volatility	**180.44%**
Warrant life in years	**3.00**

The Company incurred $443 in transaction costs for the private placement.

Certain related parties of the Company participated in the private placement subscribing for a total of 195,200 units.

v) On 18 November 2015, the Company completed a non-brokered private placement financing (the "Offering") for gross proceeds of $1,566,962 for the issuance of special warrants (the "Special Warrants") at $0.10 per Special Warrant (on post-consolidation basis as discussed below). Each Special Warrant issued is exchangeable, for no additional consideration, into one unit of the Company (each a "Unit"). Each Unit is comprised of one common share of the Company (each a "Warrant Share") and one common share purchase warrant of the Company (each a "Warrant"). Each Warrant entitles the holder thereof to purchase one Warrant Share for a period of three years after the closing date of the Offering at a price of $0.15 per Warrant Share (on post-consolidation basis as discussed below).

The Special Warrants shall be automatically exchanged for Units upon satisfaction of the following conditions (collectively, the "Exercise Conditions"):

- the completion of a consolidation of the outstanding common shares of the Company on a minimum 8 (old) and a maximum 10 (old) common shares for 1 (new) common share (the "Consolidation");
- receipt of approval of the TSX Venture Exchange for the Offering and the Consolidation; and
- receipt of all regulatory approval required for the Offering and Consolidation.

Two directors and Pinetree, insiders of the Company, participated in the private placement, subscribing an aggregate of 3,100,000 Special Warrants.

In relation to the Offering, the Company also issued 1,186,370 broker warrants exercisable into one Unit of the Company at an exercise price of $0.10 per share for two years. Each Unit is comprised of one Warrant Share and one Warrant. These broker warrants were exercised into 1,186,367 common shares of the Company on 22 December 2015.

On 22 December 2015, the Company's shareholders approved, among other things, the Consolidation of the outstanding common shares (the "Shares") of the Company on a ratio of 10 pre-consolidation Shares for 1 post-consolidation Share at a special meeting of its shareholders. Upon completion of the Consolidation, the previously issued 156,696,200 special warrants of the Company were automatically exercised into 15,669,620 Units. The 1,186,370 broker warrants were also exercised into 1,186,367 Units of the Company on 22 December 2015. Each Unit is comprised of one Share and Warrant. Each Warrant entitles the holder thereof to purchase one Share at a price of $0.15 per Share on or before 18 November 2018.

NOTES TO THE FINANCIAL STATEMENTS

The fair value of the warrants was determined to be $825,943 with the following assumptions:

Assumption	Value
Share price	$0.10
Risk-free interest rate	0.51%
Expected dividend yield	0%
Expected volatility	261.55%
Expected option life in years	3.00

The Company incurred $157,332 in transaction costs of which $75,402 was allocated to the Warrants and the remaining was allocated to share capital.

c) 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 30 June 2016:

Expiry date	Number of options outstanding	Number of options exercisable		Exercise Price	Weighted average remaining life (years)
October 14, 2016	12,500	12,500	$	2.10	0.29
April 30, 2018	209,000	209,000	$	1.50	1.83
December 31, 2020	2,025,000	2,025,000	$	0.12	4.51
December 31, 2017	300,000	300,000	$	0.12	1.50
	2,546,500	**2,546,500**		**0.24**	**3.91**

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

STOCK OPTION ACTIVITY	30 June 2016		Weighted Average Exercise price	31 December 2015		Weighted Average Exercise price
Balance – beginning of period	**2,546,500**	**$**	**0.24**	861,700	$	1.60
Granted	-		-	2,325,000		0.12
Expired	-		-	(307,700)		1.67
Forfeited	-		-	(332,500)		1.50
Balance – end of period	**2,546,500**	**$**	**0.24**	2,546,500	$	0.24

For the six month period ended 30 June 2016, $nil (31 December 2015 - $343,768) was expensed as share-based payments.

The stock options granted on 31 December 2015 vested immediately upon grant. The fair value of stock options used to calculate stock-based compensation expense was estimated using the Black-Scholes option pricing model with the following assumptions:

Assumption	Value
Risk-free interest rate	0.50 - 0.60%
Expected dividend yield	0%
Expected volatility (*)	217-261%
Expected option life in years	3.00-5.00
Expected forfeiture rate (*)	0%

(*) Volatility and forfeiture rates were determined by applying historical experience of the Company.

The weighted average fair value of the options granted during the six month period ended 30 June 2016 was $nil (2015 - $0.10).

d) Warrants

The following table summarizes warrants outstanding at 30 June 2016:

Expiry date	Number of warrants outstanding		Exercise Price	Weighted average remaining life (years)
29 April 2017	384,500	$	0.50	0.83
23 June 2018	655,800	$	0.70	1.98
18 November 2018	16,855,987	$	0.15	2.39
8 April 2018	957,500	$	0.18	1.77
8 April 2018	53,200	$	0.12	1.77
10 June 2018	6,655,000	$	0.15	1.95
28 June 2018	2,680,000	$	0.15	1.99
	28,241,987	$	**0.17**	**2.19**

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

WARRANT ACTIVITY	30 June 2016		Weighted Average Exercise price	31 December 2015		Weighted Average Exercise price
Balance – beginning of period	**18,923,787**	**$**	**0.11**	1,525,800	$	1.70
Issued on private placements	**10,345,700**		**0.15**	17,521,787		0.17
Issued with promissory notes	-		-	414,500		0.50
Exercised	-		-	(40,000)		0.60
Expired	**(1,027,500)**		**1.59**	(498,300)		2.00
Balance – end of period	**28,241,987**	**$**	**0.17**	18,923,787	$	0.11

On 21 January 2015, the Company received approval from the TSX Venture Exchange for a one-year extension to the expiry date of certain warrants as follows:

Original expiration date	4 February 2015
New expiration date	4 February 2016
Number of warrants	5,000,000
Warrant modification (*)	$192,000

(*) The incremental fair value of the warrants of $192,000 was credited to warrants and debited to contributed surplus.

The fair value of the warrant modification was estimated using the Black-Scholes option pricing model with the following assumptions:

Original Expiry date	4 February 2015
Share price	$0.08
Risk-free interest rate	0.56%
Expected dividend yield	0%
Expected volatility	183%
Expected option life in years	1.04

12) Capital management

The Company's capital structure consists of all components of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition and exploration of resource properties and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

13) Segmented disclosure

a) Operating segments

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

b) Geographic segments

As at 30 June 2016 and 31 December 2015, all the Company's non-current assets are located in South America.

NOTES TO THE FINANCIAL STATEMENTS

14) Related party transactions

Related party transactions not disclosed elsewhere in the notes to financial statement are as follows:

RELATED PARTY DISCLOSURE

Name and Principal Position		Remuneration or fees(1)	Share-based payments	Included in Accounts Payable
Basil Botha, CEO – management fees	**2016**	**$ -**	**$ -**	**$ 26,891**
	2015	-	-	-
Miles Rideout, former CEO – management fees	**2016**	**6,000**	**-**	**3,698**
	2015	36,000	-	-
Tim Lallas, former CFO – management fees	**2016**	**8,400**	**-**	**8,820**
	2015	-	-	-
Julio Martinez, former CFO – management fees	**2016**	**16,200**	**-**	**6,005**
	2015	48,600	-	-
Directors – director fees	**2016**	**-**	**-**	**-**
	2015	46,933	-	14,029
Director – geological fees	**2016**	**-**	**-**	**-**
	2015	28,099	-	46,838
Gowlings, a company of which a former director is a partner.	**2016**	**-**	**-**	**-**
	2015	$ 2,279	$ -	$ 78,735

(1) Amounts disclosed were paid or accrued to the related party during the six month periods ended 30 June 2016 and 30 June 2015.

These transactions were in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

15) Contingency

During the year ended 31 December 2015, one of the 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 ($360,928). It is not possible at this time to estimate any potential payout.

16) Subsequent events

On 7 July 2016 the Company granted 350,000 options at an exercise price of $0.10 per share, vesting quarterly over twelve months and expiring after two years.

On 8 July 2016 the Company announced that it closed the third tranche of its previously announced non-brokered private placement (the "Third Tranche") by issuing 9,910,848 units at a price of $0.10 per unit for gross proceeds of $991,085. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.15 per share for a period of two years from the closing of the Third Tranche. In connection with the Third Tranche, the Company paid certain Finders a cash commission equal to 8% of the proceeds raised through those Finders. All units of the Third Tranche were acquired Mr. Eric Sprott.

On 11 July 2016 the Company announced the appointment of Mr. Cameron Tymstra as Chief Operations Officer to oversee the mining and processing operations for the Company's Independencia gold mine in Paso Yobai, Paraguay.

On 13 July 2016 the Company announced the appointment of two additional directors: Richard Patricio and Stephen Keith.

NOTES TO THE FINANCIAL STATEMENTS

On 18 July 2016 the Company announced that it closed the fourth and final tranche of its previously announced non-brokered private placement (the "Fourth Tranche") by issuing 17,424,152 units at a price of $0.10 per unit for gross proceeds of $1,742,415. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.15 per share for a period of two years from the closing of the Fourth Tranche. In connection with the Fourth Tranche, the Company paid certain Finders a cash commission equal to 8% of the proceeds raised through those Finders. Of the 17,424,152 units issued in the Fourth Tranche, 15,089,152 were acquired by Mr. Eric Sprott.

On 27 July 2016, the Company announced the resignation of Richard Boulay from the board of directors and the appointment of Greg Gibson to the board of directors.

On 27 July 2016, the Company granted 3,900,000 incentive stock options to officers, directors, and consultants of the Company. The options are exercisable at a price of $0.35 per share for a period of five years and are subject to a four month hold period from the original date of grant.

On 22 August 2016, the Company granted 1,000,000 incentive stock options to advisors and consultants. The options are exercisable for a period of five years from the date of grant at a price of $0.37 per share.

On 22 August 2016, the Company announced that Dr. Quinton Hennigh has been appointed as an advisor to the board of directors.

In July and August 2016, the Company issued 2,095,696 common shares in connection with the exercise of 325,000 options and 1,770,696 warrants.