



Plata Latina Minerals Corporation

Management's Discussion & Analysis
For the year ended December 31, 2016

INTRODUCTION

This management's discussion and analysis ("MD&A") of Plata Latina Minerals Corporation ("Plata" or the "Company") for the year ended December 31, 2016, takes into account information available up to and including May 1, 2017, the date of the MD&A. This MD&A should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2016, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC", together "IFRS"). The consolidated financial statements referred to above are available on the Company's website at www.plminerals.com and on the SEDAR website at www.sedar.com. The information provided herein supplements, but does not form part of, the audited consolidated financial statements for the year ended December 31, 2016.

Throughout this document the terms we, us, our, the Company and Plata refer to Plata Latina Minerals Corporation and its subsidiaries in the year. All financial information in this document is presented in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking information which deals with intentions, beliefs, expectations and future results as they pertain to the Company and the Company's industry. This forward-looking information also includes information regarding the financial condition and business of the Company, as they exist at the date of this MD&A. Forward-looking information is often, but not always, identified by the use of words such as "seeks", "believes", "plans", "expects", "intends", "estimates", "anticipates", "objective", "strategy" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. This forward-looking information includes, without limitation, information about the Company's opportunities, strategies, competition, expected activities and expenditures as the Company pursues its business plan, the adequacy of the Company's available cash resources and other statements about future events or results. In particular, and without limiting the generality of the foregoing, this MD&A contains forward-looking information concerning its exploration of the Naranjillo Property (defined herein) and the Company's other properties, which information has been based on exploration on the Naranjillo Property to date, the exploration of other properties of the Company, the proposed expenditures for exploration work and ability to raise further capital. Forward-looking information is information about the future and is inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, such as business and economic risks and uncertainties, including, without limitation, those referred to under the heading "Risks and Uncertainties". The forward-looking information is based on a number of assumptions, including assumptions regarding general market conditions, the availability of financing for proposed transactions and programs on reasonable terms, the ability of outside service providers to deliver services in a satisfactory and timely manner, prevailing commodity prices and exchange rates and prevailing regulatory, tax and environmental laws and regulations. The Company's forward-looking information is based on the beliefs, expectations and opinions of management of the Company on the date the information is provided. For the reasons set forth above, investors should not place undue reliance on forward-looking information.

The Company undertakes no obligation to reissue or update any forward-looking statements or information as a result of new information or events after the date hereof except as may be required by law. All forward-looking statements and information herein are qualified by this cautionary statement.

This MD&A includes many cautionary statements, including those stated under the heading "Risks and Uncertainties". You should read these cautionary statements as being applicable to all related forward-looking information wherever it appears in this MD&A.

DESCRIPTION OF BUSINESS

Plata was incorporated pursuant to the *Business Corporations Act* (British Columbia) on April 1, 2010. The Company's registered and records office is located at c/o Blakes, Cassels & Graydon LLP Suite 2600 – 595 Burrard Street, Vancouver, BC V7X 1L3 Canada. The Company has five wholly-owned subsidiaries, Plaminco S.A. de C.V. ("Plaminco"), Minera Central Vaquerias S.A. de C.V. ("MCV"), Minera Exploradora del Centro S.A. de C.V. ("MEC"), Servicio PLMC ("Servicio") and Plata Latina US Ltd. ("Plata US"). Plaminco is organized under the laws of Mexico and holds the Company's interest in the Naranjillo Property, the Vaquerias Property and holds the two other properties in the Mexican Silver Belt. MCV, MEC and Servicio were incorporated in Mexico in 2013. Plata US is organized under the laws of Colorado and was incorporated for administrative purposes. On April 11, 2012, Plata began trading on the TSX Venture Exchange under the symbol "PLA".

Plata and its wholly-owned subsidiary, Plaminco, are engaged in mineral exploration, principally in the Mexican Silver Belt in the states of Guanajuato, Aguascalientes and Jalisco, Mexico.

Strategy

The Company's objective is the discovery of one or more new silver-gold vein districts in the style of the historical San Dimas, Fresnillo, Zacatecas, Guanajuato and Pachuca-Real del Monte districts of Mexico. To achieve this objective, the Company is pursuing a strategy that focuses its efforts on the Mexican Silver Belt and applying knowledge gained from experience working with this deposit style to identify and discover sub-cropping or non-outcropping ore deposits. The Company intends to identify and explore a number of prospects and commenced its initial efforts on the Naranjillo Property where it has discovered a blind, high-grade epithermal silver-gold vein system and is in the process of expanding its focus to the Vaquerias Property as well as the other properties.

Naranjillo Property

The Company began its focus on the exploration of its 100% owned Naranjillo Property ("Naranjillo" or the "Naranjillo Property"), which is situated in Guanajuato, Mexico. Naranjillo consists of four government mineral exploration concessions issued by the Mexican General Directorate of Mines ("GDM"), La Sibila, La Sibila I, La Sibila II and La Sibila III (the "Concessions"), totaling 20,655 hectares in area. The Company holds its interest in the Concessions through Plaminco. Under Mexican law, the Company may retain the mineral rights for 50 years from issue of the title.

The mineral exploration concessions were issued by the GDM as follows:

Licence	Hectares	Date received	Licence valid until
La Sibila	4,749	April 20, 2011	April 19, 2061
La Sibila I	2,957	September 23, 2011	September 22, 2061
La Sibila II	3,776	August 26, 2011	August 25, 2061
La Sibila III	9,173	April 10, 2013	April 9, 2063

A Technical Report prepared by David S. Dunn, an independent "Qualified Person" as defined under NI 43-101 was completed with respect to the Naranjillo Property on February 27, 2012 (the "Technical Report"). The Technical Report recommended that the Company carry out a phase three diamond core drilling program of approximately 10,000 metres as well as a supporting ground-magnetic geophysical survey. Portions of the information identified and contained in this document are based on assumptions, qualifications and procedures which are not fully described herein. Reference can be made to the full text of the Technical Report, which is available for review under the Company's profile on the Sedar website at www.sedar.com.

Prior to the Company's involvement there have been no known exploration drill holes and the amount of sampling and geological mapping carried out under previous owners is unknown.

On February 8, 2017, the Company entered into an option agreement ("Agreement") with Fresnillo for the Naranjillo Property. The Agreement provides Fresnillo the right to explore and acquire Naranjillo over a three-year period. Refer to "Year in Review" on page 4.

Vaquerias Project

The Vaquerias project consists of the Vaquerias license (the License") held by way of an interest through a purchase option agreement between Plaminco and David Espinosa and Pedro Fernandez (the "Vendors") dated June 30, 2011 and extended on June 15, 2014. The Vaquerias license covers 100 hectares and several old silver mines. The option agreement gives Plaminco the right to purchase the License, for US\$530,000 over six and half years until December 31, 2017, with the Vendors retaining a 2% net smelter return (the "Vaquerias Option"). In addition, the agreement provides Plaminco with the option to purchase the net smelter return for US\$500,000 within 18 months of exercising the Vaquerias Option. As of December 31, 2016, the Company has paid the Vendors US\$179,655 on the License with US\$20,345 due in June 2017 and US\$330,000 in December 2017.

In addition to the Vaquerias Option, the Company holds three titled adjacent concessions, known as Sol, Luna and Vaquerias (collectively with the Vaquerias Option, the "Vaquerias Property" or "Vaquerias"). The Sol and Luna licenses were issued by the GDM to Plaminco on December 13, 2011 and December 8, 2011, respectively. Together, these two licenses cover 4,411 hectares and are valid for fifty years following issuance of title.

Vaquerias contains a historical shallow silver mine, on a major structural target, that was abandoned during the Mexican revolution with old workings exhibiting samples of up to 1,340 g/t silver¹.

Other Mineral Exploration Interests

In addition to Naranjillo and Vaquerias, the Company has the following exploration concessions:

(a) *La Joya Project*

The GDM issued title to the La Carmen license for the La Joya Project on December 21, 2010. The La Carmen concession covers 924 hectares, and is valid until December 20, 2060.

(b) *Palo Alto Project*

The Palo Alto project consists of the Catalina, Catalina II, and Catalina III licenses. The Catalina, Catalina II and Catalina III licences were issued by the GDM to Plaminco on November 22, 2012, November 4, 2011, and November 30, 2011 respectively. Together, all three licenses cover 4,722 hectares and are valid for fifty years following issuance of title. The project falls within a Protected Natural Area and requires a submission of an environmental impact assessment ("EIA") and federal government permission to drill.

CORPORATE MANAGEMENT CHANGES IN THE YEAR

Management Changes

On August 1, 2016, Margaret Brodie, the Chief Financial Officer, resigned as an officer of the Company and accepted the appointment to the board of directors. Patricia Fong was appointed as the new Chief Financial Officer.

¹ Samples from old workings are taken from 1983 Mexican Government Vaquerias Sampling and Report. These results have not been verified by Plata Latina or a Qualified Person.

Stock Options

On August 1, 2016, the Company granted 75,000 stock options to an officer and 25,000 to a consultant. The options are exercisable at \$0.06 per share for 5 years expiring on August 1, 2021.

YEAR IN REVIEW

Option Agreement with Fresnillo for Naranjillo Property

In July 2016, the Company executed a letter of intent ("LOI") with Metalúrgica Reyna, S.A. de C.V., a wholly-owned subsidiary of Fresnillo PLC ("Fresnillo"), under which Fresnillo is granted the right to explore the Naranjillo Property ("Naranjillo" or the "Property") for a total cash payment of US \$1,650,000 over three years, of which US \$200,000 have been received. In addition, Fresnillo is required to spend US\$3,000,000 in exploration on the Property. If, at the end of such three-year period, Fresnillo wishes to acquire the Property, it will pay the Company an additional US \$500,000 (for an aggregate total of US \$2,150,000) and grant the Company with a 3% net smelter return royalty interest on Naranjillo. Fresnillo will be required to pay advance royalty payments of US \$100,000 annually, until the earlier of (a) a maximum of US \$1 million in advance royalty payments having been paid, or (b) commercial production of minerals commences from the Property.

On February 8, 2017, the Company finalized a definitive agreement from the LOI and signed an option agreement with Fresnillo. The transaction was subject to the approval of the TSX Venture Exchange ("TSXV"). On March 15, 2017, the Company received from the TSXV a conditional approval which required Plata to obtain written consent of its shareholders holding, in the aggregate, over 50% of the issued and outstanding common shares of the Company. On March 28, 2017, the Company received the required shareholder approval and on April 3, 2017, the TSXV provided Plata the final approval of the transaction.

Impairment assessment

During the year ended December 31, 2016, the Company performed an impairment assessment on Naranjillo based on the terms of the option agreement with Fresnillo signed on February 8, 2017. The assessment determined that Naranjillo's carrying value of \$5,630,298 as at December 31, 2016, is not likely to be recovered from the aggregate of the probability weighted and discounted cash flow of the option payments, advance royalties and net smelter royalties to be received from Fresnillo. As a result, the Company recognized an impairment loss of \$3,305,263 to the consolidated statement of loss and comprehensive loss.

OUTLOOK

With the completion of the option agreement with Fresnillo on the Naranjillo property in April 2017, the Company will be receiving proceeds in a total of US \$1,450,000 over the next three years. Plata intends to use the proceeds to conduct geophysical and geologic field work to define high potential drill targets on its other two properties in the Mexican Silver Belt as well as initiating drilling to test these targets.

Plata plans to commence a drill program on Vaquerias to explore the structure east of the historical shallow silver mine and under post-mineral cover. At the Vaquerias project, the Company is advancing field work in anticipation of geophysical work and, possibly, a drilling program to explore for both the extension of the historical mine under post-mineral cover and the possibility of either vein- or disseminated-style Ag-Au mineralization under post-mineral cover to the south of the historical mine.

The Palo Alto project falls within a Protected Natural Area in the state of Aguas Calientes and requires the submission of an environmental impact assessment ("EIA") and Federal permission to drill. The initial submission for this permit was rejected by the Mexican Environmental agency (SEMARNAT) in 2013. The company appealed this rejection and in 2015 the company won this appeal before the Federal Tribunal for environmental matters, but this decision was reversed later in the same year. Because the designation of the protected area exists by voluntary acceptance from the surface owner, the Palo Alto land commune (Ejido), and because the Palo Alto Ejido in a 2011 general assembly vote gave its

overwhelming support for the company's program, the company's legal counsel recommends that the company obtain the drill permit through the intervention of the Palo Alto Ejido. Alternatively, a new Aguas Calientes state governor believed to be mining friendly took office in early 2017, and the company is studying the additional possibility of making another Tribunal appeal with the support of the new state government. Resolution is not expected until 2017, and assuming a favorable outcome and subject to financing, the Company intends to carry out an initial drill program focused on exploring potential structures that have been identified through mapping and surface sampling.

The Company continues prospecting and placing exploration licenses on any promising ground of interest. Negotiations for prospective ground will proceed as opportunities arise.

SELECTED ANNUAL INFORMATION

The Company's selected annual information for the three most recently completed financial years is as follows:

	For the year ended December 31,		
	2016	2015	2014
Total revenue	\$ -	\$ -	\$ -
Net loss for the year	(2,998,665)	(860,905)	(920,077)
Basic and diluted loss per share	(0.044)	(0.013)	(0.015)
Total assets	3,832,935	8,938,890	8,965,910
Total long term liabilities	(174,150)	(1,025,013)	(944,382)

In 2016, the Company performed an impairment assessment of the Naranjillo property based on the terms of the option agreement with Fresnillo signed on February 8, 2017. As a result, the Company took a write-down of \$3,305,263 of the carrying value of the property to its estimated fair value of \$2,325,035.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes the Company's results for the most recently completed eight quarters.

	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss	\$ (2,694,869)	\$ (12,408)	\$ (139,825)	\$ (151,563)	\$ (235,130)	\$ (142,035)	\$ (293,026)	\$ (190,714)
Basic and diluted loss per share	\$ (0.04)	\$ (0.00)	\$ (0.002)	\$ (0.002)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding	67,432,826	67,432,826	67,432,826	67,432,826	67,432,826	67,432,826	67,432,826	67,432,826

Factors that can cause fluctuations in the Company's quarterly results include: timing of stock option grants, exploration costs expensed, corporate activity to support the exploration programs and foreign exchange gains or losses related to the Company's holding of US dollars denominated working capital items. Since Plata does not yet have any mining assets in production, the Company believes that its losses and loss per share is not a primary concern to investors in the Company.

RESULTS OF OPERATIONS

The following financial information is derived from the Company's condensed consolidated interim financial statements which has been prepared in accordance with IFRS as noted in the 'Introduction'.

The year ended December 31, 2016 compared to the year ended December 31, 2015

For the year ended December 31, 2016, the Company incurred net loss before tax of \$3,649,201 as compared to \$608,495 for the same period in 2015. The higher 2015 loss was mainly due to the termination of the management services agreement with former related companies resulting in a loss of \$112,662 from relinquishing its share of the jointly owned assets.

Salaries and benefits for the fiscal year 2016 were \$49,378 comparing to \$395,479 in fiscal year 2015, primarily a result of the CEO's voluntarily renouncing of his 2015 outstanding salaries and reduction of his 2016 compensation by 75%.

Professional fees for the twelve months in 2016 were \$205,198 comparing to \$92,258 in 2015. The higher 2016 fees were attributable to the increased consulting fees (\$56,178) relating to the filing of IVA refunds and the reclassification of the accounting personnel's consulting fees from salaries and benefits to professional fees.

Interest expense for the year ended December 31, 2016 were \$25,416 compared to \$16,667 in 2015. The increase was attributable to seven-month interest accrued on a director's loan of \$250,000 received in May 2015 versus a twelve-month interest accrued in 2016. See section "Related Party Transaction", the Loan on page 8.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) with respect to foreign currency translation difference varies at each reporting date given the fluctuations between the Canadian Dollar and the Mexican Peso and United States Dollar. This foreign currency translation difference includes the impact of foreign exchange on intercompany loans whose retranslation is treated as equity (until the foreign operation is disposed of) and the translation of the foreign operation from its functional currency into Canadian Dollars. For the year ended December 31, 2016, the impact of the foreign currency translation differences was comprehensive loss of \$1,217,920 (December 31, 2015 – comprehensive income of \$132,145)

EXPLORATION AND EVALUATION EXPENDITURES

At December 31, 2016, the carrying value of exploration and evaluation assets was \$3,417,067 (December 31, 2015 - \$7,994,641). The reduced value of exploration and evaluation assets in 2016 was due to the impairment loss of \$3,305,263 on the Naranjillo project, the foreign exchange loss of \$1,303,580 resulting from the weakening Canadian dollar in 2016 offsetting by cost recovery from advance option payments of \$241,923 (US \$200,000) from Fresnillo on the Naranjillo property.

There was limited activity on the properties as there was no exploration program in 2016. The most significant expenditures related to time allocated to on-going analysis and interpretation of the exploration results to date and the payments of land taxes and land option payments to keep the concessions in good standing.

Foreign exchange movements represent the non-cash impact of the retranslation of Plaminco's exploration and evaluation expenditures, denominated in Mexican pesos. The exchange variations resulting from the retranslation at closing rate are recognized in other comprehensive income as part of the foreign currency translation reserve.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2016, the Company had cash of \$166,718 (December 31, 2015 – \$55,270) and negative working capital of \$373,778 (December 31, 2015 – positive working capital of \$109,924).

Amounts receivable as at December 31, 2016 was \$241,426 (December 31, 2015 - \$885,832) of which over 99 percent was made up of Mexican value added tax recoverable ("IVA") from the Government of Mexico. During the year ended December 31, 2016, Plata received IVA refunds of \$505,835 and another IVA refund of \$183,923 was received in January 2017. Plata anticipates full recovery of the amounts within the next twelve months.

Cash Flows

Under operating activities, cash of \$192,976 was generated in 2016 as compared to \$377,939 was used for the operations in 2015. The cash generated was primarily from the IVA refunds.

For the financing activities, the Company received a director's loan of \$250,000 in 2015 to provide funding for the operations.

In the investing activities, the Company used cash of \$315,552 for exploration and evaluation expenditures as compared to using cash of \$243,989 in 2015. These expenditures for both 2016 and 2015 were mainly payments of land taxes and land options and on-going analysis and interpretation on Naranjillo. During the fiscal year of 2016, the Company received advance option payments of \$241,923 (US \$200,000) from Fresnillo relating to the optioning of Naranjillo property. In 2015, the Company received cash from office lease prepayments of \$168,317 and net proceeds of \$30,579 from the sale of property, plant and equipment.

GOING CONCERN

The Company has not generated revenue from operations. At December 31, 2016, the Company had cash of \$166,718, negative working capital of \$373,778, and a deficit of \$8,732,572. During the fiscal year 2016, the Company's main sources of funding were from the IVA refunds of \$505,835 and advance option payments of US \$200,000 from Fresnillo with respect to a Letter of Intent signed in July 2016.

On February 8, 2017, the Company executed a definitive Option Agreement with Fresnillo and Plata has the potential to receive five instalments of US \$250,000 over three years with the first instalment due on August 8, 2017. However, notwithstanding Fresnillo's semi-annual option payments and the remaining IVA refunds expected in 2017, Plata will not have sufficient working capital to fund its operations for the next twelve months. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Plata has historically raised funds principally through the sale of securities. The Company expects that it will obtain funding through equity financing, debt financing or some other means depending on market conditions and other relevant factors at the time. However, there can be no assurance that the Company will be able to obtain such additional funding or obtain it on acceptable terms. These consolidated financial statements do not give effect to any adjustment which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the consolidated financial statements.

COMMITMENTS

At December 31, 2016, the Company had commitments relating to option payments on the Vaquerias project with a payment of US \$20,345 due in June 2017 and a final payment of US \$330,000 due in December 2017.

SHARE CAPITAL

The Company's authorized capital consists of an unlimited number of common shares without par value. As at May 1, 2017, the Company's issued and outstanding common shares were 67,432,826; stock options granted to directors, officers, consultants, and employees were 1,365,000 with a weighted average exercise price at \$0.35 per share and expiry dates between 2017 and 2021. The Company's 5,615,000 warrants had expired on August 27, 2016.

PROPOSED TRANSACTIONS

There are no undisclosed proposed transactions that will materially affect the Company.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any material off balance sheet arrangements.

SUBSEQUENT EVENTS

On February 8, 2017, the Company signed an option agreement with Fresnillo with respect to the Company's Naranjillo Property.

On April 3, 2017, the Company received the final approval from the TSX Venture Exchange on the option agreement with Fresnillo.

RELATED PARTY TRANSACTIONS

Management company agreement

Until May 22, 2015 when the arrangement was terminated, the Company shared office space, equipment, personnel and various administrative services with other companies related by virtue of certain common directors and management. These services were provided through a management company equally owned by the related companies. Costs incurred by the management company were allocated between the related companies based on the time incurred and use of services and charged at cost. The Company was charged for the followings with respect to these arrangements:

	2016	2015
Salaries and benefits	\$ -	\$ 130,271
Office and administrative	-	32,351
	<u>\$ -</u>	<u>\$ 162,622</u>

On May 22, 2015 Plata terminated its agreement with the management company whereby it relinquished its share of the jointly owned assets (primarily security deposits, leasehold improvements, and furniture and equipment) held by the management company which resulted in a loss on termination of management company arrangement of \$112,661. Accompanying this relinquishment, Plata was released and indemnified from its obligations under the office leases.

At December 31, 2016, there was nil balance (December 31, 2015 – \$8,794) due from the management company. However, there was an amount of \$10,925 (December 31, 2015 – \$17,936) owed to a previously related company with respect to a former office space in United States. Amounts are due on demand, unsecured, and have no terms of repayment. Subsequent to the year ended December 31, 2016, on April 10, 2017, the amount has been repaid.

Compensation of directors and key management personnel

Director and key management personnel compensation comprised:

	December 31, 2016	December 31, 2015
Salaries	\$ 49,378	\$ 443,955
Professional fees	20,000	-
Director fees	46,250	50,000
Non-cash benefits	-	13,385
Share-based payments	3,219	12,897
Total	<u>\$ 118,847</u>	<u>\$ 520,237</u>

During the year ended December 31, 2016, the Chief Executive Officer renounced his 2015 outstanding salary of US \$98,670 and reduced his 2016 salary to US \$54,250.

Professional fees are related to the services provided by the new Chief Financial Officer under contract starting August 2016.

Loan from a Director of the Company

In May 2015, the Company received a \$250,000 loan from a Director of the Company bearing interest at 10% per annum, subject to any prepayment by the Company, payable on the earlier of December 31, 2015; the date the Company completes a financing by way of sale of securities greater than \$2,000,000 or the issuance of any debt instrument by the Company, unless consented by the Director. In March 2016, the term of the loan was extended to December 31, 2016 and in November 2016, the term was further extended to December 31, 2017. At December 31, 2016, interest payable on the loan was \$42,083.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in future periods affected.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements is described below.

a) *Carrying value of exploration and evaluation expenditures*

The carrying values and assessment of impairment of exploration and evaluation expenditures is based on costs incurred and management's estimate of net recoverable value. Estimates may not necessarily reflect actual recoverable value as this will be dependent on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to achieve commercial production. The recoverable amount of Naranjillo is dependent on the probability weighting assigned to the various option payments and discount rates used for the cash flow.

b) *Options and warrants*

The fair value of options and warrants is determined on the grant date. In order to compute the fair value, the Company uses the Black-Scholes option pricing model which requires management to make certain estimates, judgements, and assumptions in relation to the expected life, expected volatility, expected dividend yield and the risk-free interest rate, as well as the number of options or warrants expected to be exercised.

c) *IVA recoverable*

The IVA recoverable is based on IVA incurred and is stated at carrying value less provision for impairment, if any amounts are not considered receivable. The Company adheres to the requirements of the Mexican tax authority for recording, reporting and applying for IVA refunds and in its judgment the amounts recorded are all recoverable and will be honored by the Mexican tax authority. The Mexican tax authority may delay or reject refund applications at its discretion which may impact the timing of receipt or recoverability of the funds.

RECENT ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations and amendments to existing standards have been issued by the International Accounting Standards Board (IASB) or IFRS Interpretations Committee (IFRIC). Some updates that are not applicable or are not consequential to the Company may have been excluded.

IFRS 9, *Financial Instruments* addresses classification, measurement and recognition of financial assets and financial liabilities. In July 2014, IASB completed the final version of the Standard which replaces IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 provides a revised model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a reformed approach to hedge accounting. The effective date for this standard is for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has not assessed the impact of this standard on its financial reporting.

IAS 7, *Statement of Cash Flows* has been amended requiring entities to provide disclosures facilitating users of financial statements to evaluate changes in liabilities resulting from financial activities. The amendment is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company has not yet assessed the impact of this amendment on its financial reporting.

IAS 12, *Income Taxes* was amended in January 2016. The amendment clarifies the accounting for deferred tax assets related to debt instruments measured at fair value. The amendment is effective for annual periods beginning on or after January 1, 2017. The Company has not yet assessed the impact of this standard on its financial reporting.

IFRS 16, *Leases*, addresses accounting for leases and lease obligations and replaces the leasing guidance in IAS 17, *Leases*. The guidance requires all leases be on the balance sheet of lessees, except those that meet the limited exception criteria. The guidance is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company has not yet assessed the impact of this guidance on its financial reporting.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The carrying values of amounts receivable, accounts payable and accrued liabilities, and loan payable to related party approximate their fair values due to the short-term to maturity of these financial instruments.

The financial instruments are classified into the following categories of financial assets and liabilities and shown at carrying values which approximate fair values:

Category	Measurement	December 31, 2016	December 31, 2015
Cash and cash equivalents	Loans and receivables	\$ 166,718	\$ 55,270
Amounts receivable	Loans and receivables	\$ 241,426	\$ 885,832
Accounts payable and accrued liabilities	Other financial liabilities	\$ (497,236)	\$ (566,357)
Loan payable to related party	Other financial liabilities	\$ (292,083)	\$ (266,667)

Risk Management

The main risks that could adversely affect the Company's financial assets, liabilities and future cash flows are foreign currency risk, liquidity risk, and credit risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Company manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Foreign currency risk

The Company incurs expenditures in Canadian dollars ("C\$"), US dollars ("US\$") and Mexican pesos. The functional and reporting currency of the parent company is C\$. Foreign exchange risk arises due to the amount of the Mexican pesos and US\$ cash, receivables or payables that will vary in C\$ terms due to changes in exchange rates. The Company does not hedge its exposure to currency fluctuations.

At December 31, 2016, the Company is exposed to currency risk through the following assets and liabilities denominated in US\$:

	December 31, 2016	December 31, 2015
Cash	US\$ 30,069	US\$ 50,435
Accounts payable and accrued liabilities	(1,556)	(1,504)
	US\$ 28,513	US\$ 48,931

At December 31, 2016, the Company was exposed to currency risk through the following assets and liabilities denominated in Mexican Pesos ("MXN"):

	December 31, 2016	December 31, 2015
Cash	MXN 632,124	MXN 928,289
Accounts payable and accrued liabilities	-	(19,863)
	MXN 632,124	MXN 908,426

A 10% change of the Canadian dollar against the US dollar at December 31, 2016 would have increased or decreased net loss by \$3,829 (December 31, 2015 – \$605) and would have increased or decreased the comprehensive loss by \$6,789 (December 31, 2015 – \$6,772). A 10% change of the Canadian dollar against the Mexican peso at December 31, 2016 would have increased or decreased the comprehensive loss by \$239,612 (December 31, 2015 – \$296,776). This analysis assumes that all other variables, in particular interest rates, remain consistent.

Liquidity risk

Liquidity risk arises through excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company seeks to achieve this by maintaining sufficient cash reserves.

Commodity price risk

While no resource estimate has yet been prepared for the Company's core mineral resource property, the market value of the Company is related to the price of silver and the outlook for this mineral. The Company currently does not have any operating mines and hence does not have any hedging or other commodity based risks in respect of its operational activities.

Credit risk

Credit risk arises from cash held with banks and financial institutions, as well as credit exposure on amounts receivable and long-term recoverable tax. Credit risk exposure on cash and cash equivalents is limited through maintaining the Company's balances with high-credit quality financial institutions and assessing institutional exposure. IVA recoverable represents value added tax receivables generated on the purchase of supplies and services, which are refundable from the Mexican government. A full recovery is expected by management.

The Company's maximum exposure to credit risk as at December 31, 2016 is the carrying values of its cash and cash equivalents, amounts receivable and IVA recoverable.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to continue the exploration of mineral properties and to maintain flexible capital which optimizes the costs of capital at an acceptable risk level.

In assessing the capital structure of the Company, management includes in its assessment the components of shareholders' equity and cash and cash equivalents. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. No changes were made in the objectives, policies or procedures during the period ended December 31, 2016.

In order to maximize funds available for its exploration efforts, the Company does not pay out dividends. The Company is not subject to any externally imposed capital requirements.

RISKS AND UNCERTAINTIES

An investment in the Company's common shares is highly speculative and subject to a number of risks and uncertainties. Only those persons who can bear the risk of the entire loss of their investment should participate. An investor should carefully consider the risks described in the Company's Management's Discussion and Analysis for the year ended December 31, 2016, and the other information filed with the Canadian securities regulators before investing in the Company's common shares. Plata's business is subject to a number of risks and uncertainties including those described in the Company's Management's

Discussion and Analysis for the year ended December 31, 2016, which is available on the Company's website at www.plminerals.com and SEDAR at www.sedar.com. Any of the risks and uncertainties described in the above-noted document could have a material adverse effect on the Company's business and financial condition and accordingly, should be carefully considered in evaluating the Company's business.

REVIEW BY QUALIFIED PERSON, QUALITY CONTROL AND REPORTS

The technical information contained in this document has been reviewed, approved and verified by Michael Clarke, a Qualified Person as defined under NI 43-101. Mr. Clarke is the President and CEO of Plata and has been a geologist for more than 40 years, which includes work on numerous epithermal gold and silver vein deposits.

QUALITY ASSURANCE AND QUALITY CONTROL

Commercially obtained standards were inserted between every tenth core sample as were blanks obtained from barren rock in nearby road material quarries. Chemex laboratory also inserted a blank and a standard every 20 samples. Rejects and pulps from the high grade intersection in hole BDD-N-10 were both re-assayed at Act Labs and the average of these two assays and the original Chemex assay are included in the results as previously reported.

Chemex has no relationship with Plata beyond commercially providing analytical services to the Company. The Chemex North Vancouver, Canada, analytical facility is certified to standards within ISO 9001:2008 and has received accreditation to ISO/IEC 17025:2005 from the Standards Council of Canada (SCC) for the analytical methods used on Plata samples. Both the Chemex Guadalajara and Zacatecas, Mexico, prep labs are certified to standards within ISO 9001:2008.

PLATA LATINA MINERALS CORPORATION

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