



Plata Latina Minerals Corporation

**Condensed Interim Consolidated Financial Statements
For the Three Months ended March 31, 2020**

Notice of No Auditor Review

In accordance with National Instrument 51-102, the Company discloses that the accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the Company's management. They have been reviewed and approved by the Company's Audit Committee and the Board of Directors.

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

Plata Latina Minerals Corporation

Condensed Interim Consolidated Statements of Financial Position
(Unaudited - expressed in Canadian Dollars)

As at	Note	March 31, 2020 \$	December 31, 2019 \$
Assets			
Current assets			
Cash		819,813	197,584
Amounts receivable	3	8,629	23,497
Prepaid expenses		9,120	4,241
		837,562	225,322
Exploration and evaluation assets	4	-	529,090
Total assets		837,562	754,412
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	108,619	88,850
Shareholders' equity			
Share capital	6	11,490,446	11,490,446
Reserves	6	544,138	658,235
Deficit		(11,305,641)	(11,483,119)
		728,943	665,562
Total liabilities and shareholders' equity		837,562	754,412
Nature of operations and going concern	1		
Subsequent event	10		

Approved by the Board of Directors on May 19, 2020:

/s/ Margaret Brodie
Audit Committee Chair

/s/ Letitia Wong
Director

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Plata Latina Minerals Corporation

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Unaudited - expressed in Canadian Dollars)

		Three months ended March 31, 2020 \$	Three months ended March 31, 2019 \$
Expenses			
Depreciation		-	5,649
Filing fees and transfer agent		8,995	8,903
Investor relations		367	790
Office administration		16,809	3,144
Professional fees	7	54,181	59,455
Property evaluations	4	5,510	16,908
Salaries and benefits	7	89,420	50,903
		(175,282)	(145,752)
Other income (expenses)			
Interest income		551	-
Foreign exchange gain		154,430	3,215
Gain on sale of exploration and evaluation asset	4	134,216	-
Cost recovery on exploration and evaluation expenditures		63,565	-
Impairment on exploration and evaluation assets	4	(2)	(51,427)
		177,478	(193,964)
Income (loss) for the period			
		177,478	(193,964)
Other comprehensive loss			
Item that may be reclassified to profit or loss:			
Foreign currency translation adjustment		(114,097)	(5,747)
		63,381	(199,711)
Income (loss) and comprehensive income (loss) for the period			
		63,381	(199,711)
Loss per share			
Weighted average number of shares outstanding			
- Basic #		79,034,671	75,284,609
- Diluted #		79,034,671	75,284,609
Basic income (loss) per share \$		0.00	(0.00)
Diluted income (loss) per share \$		0.00	(0.00)

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Plata Latina Minerals Corporation

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited - expressed in Canadian Dollars)

	Share Capital (Note 6)		Reserves			Deficit	Total Shareholders' Equity
	Number of Shares	Amount	Accumulated Other Comprehensive Loss	Options and Warrants	Total Reserves		
	#	\$	\$	\$	\$	\$	\$
December 31, 2019	79,034,671	11,490,446	(962,281)	1,620,516	658,235	(11,483,119)	665,562
Income for the period	-	-	-	-	-	177,478	177,478
Foreign currency translation adjustment	-	-	(114,097)	-	(114,097)	-	(114,097)
March 31, 2020	79,034,671	11,490,446	(1,076,378)	1,620,516	544,138	(11,305,641)	728,943
December 31, 2018	79,034,671	11,490,446	(949,687)	1,620,516	670,829	(10,925,497)	1,235,778
Loss for the period	-	-	-	-	-	(193,864)	(193,864)
Foreign currency translation adjustment	-	-	(5,747)	-	(5,747)	-	(5,747)
March 31, 2019	79,034,671	11,490,446	(955,434)	1,620,516	665,082	(11,119,361)	1,036,167

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Plata Latina Minerals Corporation

Condensed Interim Consolidated Statements of Cash Flows (Unaudited - expressed in Canadian Dollars)

	Three months ended March 31, 2020 \$	Three months ended March 31, 2019 \$
Operating activities		
Income (loss) for the period	177,478	(193,964)
Items not affecting cash:		
Depreciation	-	5,649
Gain on sale of exploration and evaluation assets	(134,216)	-
Impairment on exploration and evaluation assets	2	51,427
Unrealized foreign exchange gain	(154,430)	-
Changes in non-cash working capital:		
Amounts receivable	14,868	6,754
Prepaid expenses and deposit	(4,879)	(410)
Accounts payable and accrued liabilities	(43,082)	12,615
Other liabilities	-	(66,718)
	(144,259)	(184,647)
Investing activities		
Exploration and evaluation expenditures	-	(51,427)
Cost recovery on exploration and evaluation assets	63,565	-
Proceed from sale of exploration and evaluation assets	663,304	329,267
	726,869	277,840
Effect of foreign exchange on cash	39,619	(1,945)
Increase in cash	622,229	91,248
Cash, beginning of the period	197,584	265,682
Cash, end of the period	819,813	356,930

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Plata Latina Minerals Corporation

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months ended March 31, 2020

(Expressed in Canadian Dollars, unless otherwise stated)

1. NATURE OF OPERATIONS AND GOING CONCERN

Plata Latina Minerals Corporation (“Plata” or the “Company”) was incorporated under the laws of British Columbia, Canada. Plata’s registered and records office is at 1100 – 1111 Melville Street, Vancouver, British Columbia, Canada, V6E 3V6. The condensed interim consolidated financial statements (the “financial statements”) as at March 31, 2020, consisted of Plata and its 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”), which are collectively referred to as the “Company”. Plaminco, MCV, MEC and Servicio are organized under the laws of Mexico and Plata US is organized under the laws of Colorado, U.S.

The Company is in the business of acquiring, exploring and evaluating mineral property assets. Plata has not yet determined whether its properties contain mineral reserves that are economically recoverable. Recoverability of the exploration and evaluation costs is dependent upon: the discovery of economically viable mineral reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain financing to carry out exploration and development of its mineral properties, future profitable production or proceeds from the disposition of the mineral properties.

These condensed interim consolidated financial statements (the “financial statements”) have been prepared on a going concern basis which assumes that the Company will be able to continue its operations and meet its obligations as they become due. Plata has incurred ongoing losses and will continue to incur further losses in the course of developing its business. Plata has not yet generated revenue from operations as it is in the exploration stage. As at March 31, 2020, Plata had a deficit of \$11,305,641 (December 31, 2019 - \$11,483,119) and working capital of \$728,943 (December 31, 2019 - \$136,472).

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic, which continues to plague the world. The Company closely monitors the development of the pandemic and the potential impact on its operations and liquidity. On February 25, 2020, the Company received from Fresnillo a proceed of \$663,304 (US \$500,000) on the sale of the Naranjillo property in Mexico. In addition, starting February 2021, Fresnillo will make advance royalty payments of US \$100,000 annually until either a maximum of US \$1,000,000 have been paid or Naranjillo commences commercial production. As such, the Company expects that its operating requirements will be sustained from the sale proceed and the future annual advance royalty payments. If COVID-19 continues to persist for a long duration, the Company may implement cost control measures to maintain its liquidity as a going concern.

These financial statements do not give effect to adjustments 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 financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively, “IFRS”) as issued by the International Accounting Standards Board (“IASB”) and comply with IAS 34, *Interim Financial Reporting*.

These financial statements do not include all the information and notes to the annual consolidated financial statements required by IFRS and should be read together with the Company’s most recent audited consolidated financial statements for the year ended December 31, 2019.

Plata Latina Minerals Corporation

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months ended March 31, 2020

(Expressed in Canadian Dollars, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

These financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currencies of Plata's subsidiaries are: (a) U.S. dollar for Plata US; and (b) Mexican peso for Plaminco, MCV, MEC, and Servicio.

Principles of consolidation

These financial statements include the accounts of Plata and its wholly owned subsidiaries, Plaminco, MCV, MEC, Servicio and Plata US. Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the five subsidiaries are included in the consolidated financial statements from the date which control is transferred to the Company until the date that control ceases. All intercompany transactions and balances have been eliminated on consolidation.

Critical accounting judgments, estimates and assumptions

The preparation of these financial statements requires management to make certain judgments, estimates and assumptions that impact the Company's reported financial position. Judgment and estimates are based on historical experience and expectation of future events within reasonable circumstances. Actual outcomes could differ from these estimates. Revisions to these estimates are recognized in the period in which the estimates are revised and in future periods affected.

The significant judgments and estimates that affect these financial statements are as follows:

a) Carrying value of exploration and evaluation assets

The carrying values and assessment of impairment of exploration and evaluation assets are 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.

On February 25, 2020, the Company completed the sale of one of its four mineral assets, the Naranjillo property, to Fresnillo PLC for US \$500,000. Fresnillo granted the Company a 3% net smelter return ("NSR") royalty. Fresnillo will also make advance royalty payments of US \$100,000 annually starting February 2021 until the earlier of (i) US \$1,000,000 of advance royalty payments have been paid, or (ii) Naranjillo commences commercial production of minerals (Note 4).

b) Going concern

The Company uses judgment in assessing its ability to continue as a going concern for the next twelve months. In considering the factors affecting its going concern as disclosed in Note 1, the Company concluded that there is a material uncertainty that may cast significant doubt on its ability to continue as a going concern.

Plata Latina Minerals Corporation

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months ended March 31, 2020

(Expressed in Canadian Dollars, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards

The Company's significant accounting policies were presented in Note 2 to the audited consolidated financial statements for the years ended December 31, 2019. During the three months ended March 31, 2020, there were no new IFRS standards or interpretations taking effect.

3. AMOUNTS RECEIVABLE

	March 31, 2020	December 31, 2019
Mexican value added tax ("IVA") recoverable	\$ 4,682	\$ 10,915
Good and services tax receivable	2,010	1,589
Other receivable	1,937	10,993
	<u>\$ 8,629</u>	<u>\$ 23,497</u>

4. EXPLORATION AND EVALUATION ASSETS

The Company holds interests in its mineral properties through its wholly owned subsidiary, Plaminco.

Naranjillo Property – 3% Net Smelter Return Royalty ("Royalty")

The Naranjillo property consists of three mineral concession licenses: La Sibila, La Sibila I and La Sibila II, issued by the Mexican General Directorate of Mines ("GDM") on April 20, 2011, September 23, 2011 and August 26, 2011, respectively. These licenses are valid for fifty years until 2061.

On February 8, 2017, Plata entered into an option agreement (the "Naranjillo Option Agreement") with a wholly owned subsidiary of Fresnillo PLC ("Fresnillo"). The Naranjillo Option Agreement granted Fresnillo the option to explore the Naranjillo Property for a total cash consideration of US \$1,650,000 over three years (the "Option Payment"). In addition, Fresnillo is required to spend US \$3,000,000 in exploration expenditures on the Naranjillo Property over the option period.

At the end of the three-year period, Fresnillo has the option to acquire the Naranjillo Property for additional US \$500,000 and to grant the Company a 3% net smelter return royalty ("Royalty") on the Naranjillo Property. Fresnillo will be required to pay advance royalty payments of US \$100,000 annually (the "Advanced Royalty Payment"), until the earlier of (a) a maximum of US \$1,000,000 in the Advance Royalty Payments having been paid, or (b) Naranjillo commences commercial production.

Fresnillo had the option to reduce the Royalty by 1% by paying an additional US \$1,000,000, and, may further reduce the remaining 2% Royalty to nil by paying an additional US \$5,000,000.

As at December 31, 2019, Fresnillo had fulfilled both its commitments in making option payments of US \$1,650,000 and in exploration expenditures of US \$3,000,000. On February 24, 2020, Fresnillo exercised its option to acquire the Naranjillo property for CAD \$663,304 (US \$500,000). As a result, the Company recognized a gain of CAD \$134,216 on the sale of the Naranjillo property.

Plata Latina Minerals Corporation

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars, unless otherwise stated)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Vaquerias Property

The Vaquerias property comprises two mineral concession licenses: Sol and Luna. The Sol and Luna licenses were issued by the GDM on December 13, 2011 and December 8, 2011, respectively and are valid for fifty years until 2061.

On January 20, 2020, Plata entered into an option agreement with a wholly owned subsidiary of the Electrum Group (“Electrum”) with respect to Plata’s three mineral properties in Mexico: Vaquerias, Palo Alto and La Joya (the “Three Properties”). The Company granted Electrum a four-month period the exclusive right to evaluate the Three Properties up to May 20, 2020. Electrum has the option to acquire any or all of the Three Properties by paying US \$100,000 for each property.

Subsequent to the three months ended March 31, 2020, in April 2020, Electrum advised the Company that it has decided not to proceed with the option to purchase any of the Three Properties (Note 10).

Palo Alto Property

The Palo Alto property consists of three licenses: Catalina, Catalina II, and Catalina III. The Catalina, Catalina II and Catalina III licences were issued by the GDM on November 22, 2012, November 4, 2011, and November 30, 2011, respectively and are valid until 2061 to 2062.

The Palo Alto property 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 Company has applied and been waiting for the regulatory approval of a drilling permit.

On January 20, 2020, Plata entered into an option agreement with a wholly owned subsidiary of the Electrum Group (“Electrum”) with respect to Plata’s three mineral properties in Mexico: Vaquerias, Palo Alto and La Joya (the “Three Properties”). The Company granted Electrum a four-month period the exclusive right to evaluate the Three Properties up to May 20, 2020. Electrum has the option to acquire any or all of the Three Properties by paying US \$100,000 for each property.

In April 2020, Electrum advised the Company that it has decided not to proceed with the option to purchase any of the Three Properties (Note 10).

Plata Latina Minerals Corporation

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars, unless otherwise stated)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Exploration and Evaluation Assets Summary

In February 2020, the Company completed the sale of the Naranjillo property to Fresnillo for a proceed of \$663,304 (US \$500,000). As there are no exploration plans for the Vaquerias and Palo Alto properties, the Company wrote off the remaining amounts in the two properties. The Company's activities on exploration and evaluation assets as at March 31, 2020 and December 31, 2019 and for the periods then ended is as follows:

	Naranjillo	Vaquerias	Palo Alto	Total
	\$	\$	\$	\$
Balance, December 31, 2018	1,198,134	1	1	1,198,136
Claims and land taxes	-	59,991	47,303	107,294
	-	59,991	47,303	107,294
Option payments ⁽¹⁾	(666,032)	-	-	(666,032)
Foreign exchange movements	(3,014)	-	-	(3,014)
Impairment on exploration and evaluation assets	-	(59,991)	(47,303)	(107,294)
	(669,046)	-	-	(669,046)
Balance, December 31, 2019	529,088	1	1	529,090
Sale of exploration and evaluation asset	(535,035)	-	-	(535,035)
Foreign exchange movements	5,947	-	-	5,947
Impairment on exploration and evaluation assets	-	(1)	(1)	(2)
	(529,088)	(1)	(1)	(529,090)
Balance, March 31, 2020	-	-	-	-

Property Evaluation - La Joya Property

The Company holds one mineral concession license, La Carmen which was issued by the GDM on December 21, 2010 and is valid until December 20, 2060. The La Joya property surrounds a third-party license. Plata has been negotiating with the interior license owners before advancing the property.

The Company carries out reconnaissance work on and around the licensed areas and such related costs are expensed as property evaluations. The reconnaissance costs incurred on the La Joya property for the three months ended March 31, 2020 and 2019 are as follows:

	2020	2019
	\$	\$
Claims and land taxes	-	6,023
Contractor, labour and camp costs	5,229	10,468
Travel and vehicle costs	281	417
Total	5,510	16,908

On January 20, 2020, Plata entered into an option agreement with a wholly owned subsidiary of the Electrum Group ("Electrum") with respect to Plata's three mineral properties in Mexico: Vaquerias, Palo Alto and La Joya (the "Three Properties"). The Company granted Electrum a four-month period the exclusive right to evaluate the Three Properties up to May 20, 2020. Electrum has the option to acquire any or all of the Three Properties by paying US \$100,000 for each property.

In April 2020, Electrum advised the Company that it would not proceed with the option to purchase any of the Three Properties (Note 10).

Plata Latina Minerals Corporation

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars, unless otherwise stated)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2020	December 31, 2019
Trade payables	\$ 5,138	\$ 64,850
Accrued liabilities	103,481	24,000
	<u>\$ 108,619</u>	<u>\$ 88,850</u>

At March 31, 2020, accrued liabilities included accrued compensation of \$73,251 (US \$52,500) owing to the CEO for his executive services to the Company for the period from June 1, 2018 to March 31, 2020, based on the annual compensation of US \$30,000 (Note 7).

6. SHARE CAPITAL AND RESERVES

Authorized - unlimited number of common shares without par value

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the foreign operations, from the foreign operations' functional currency to the Company's presentation currency, as well as from the translation of inter-group loans that form the Company's net investment in its foreign subsidiaries.

Stock options

The Company has a 10% rolling stock option plan with the maximum number of options granted not to exceed 10% of the total number of common shares issued and outstanding at the grant date. Options granted to directors, officers, employees and consultants have a term up to five years and the exercise prices and the vesting periods are determined by the Board of Directors.

The Company's stock option activity as at March 31, 2020 and December 31, 2019 and for the periods then ended is as follows:

	March 31, 2019		December 31, 2019	
	Options #	Weighted Average Exercise Price \$	Options #	Weighted Average Exercise Price \$
Outstanding, beginning of the period	400,000	0.06	550,000	0.06
Expired	(150,000)	(0.06)	(150,000)	(0.06)
Outstanding, end of the period	<u>250,000</u>	<u>0.06</u>	<u>400,000</u>	<u>0.06</u>

As at March 31, 2020, the Company's outstanding and exercisable options are as follows:

Expiry date	Exercise Price \$	Options outstanding #	Options exercisable #	Weighted average remaining life (years)
June 9, 2020	0.06	75,000	75,000	0.19
August 1, 2021	0.06	100,000	100,000	1.33
June 5, 2022	0.06	75,000	75,000	2.18
		<u>250,000</u>	<u>250,000</u>	<u>1.24</u>

Warrants

At March 31, 2020, the Company had no outstanding warrants.

Plata Latina Minerals Corporation

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months ended March 31, 2020

(Expressed in Canadian Dollars, unless otherwise stated)

7. RELATED PARTY TRANSACTIONS

Compensation of Key Management

Key management includes the Company's directors, officers and VP Exploration. Their compensation paid or accrued for the three months ended March 31, 2020 and 2019 was as follows:

	Nature of compensation	Transactions		Balances	
		For the three months ended		outstanding	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
		\$	\$	\$	\$
President and CEO	Salaries and benefits	73,251	-	73,251	-
Vice President, Exploration	Salaries and benefits	16,169	12,703	-	-
CFO and Corporate Secretary	Professional fees	16,500	16,500	-	-
Total		105,920	29,203	73,251	-

For the three months ended March 31, 2020, the Company accrued a compensation in the amount of \$73,251 (March 31, 2019 - \$nil) owed to the CEO for his services to the Company from June 1, 2018 to March 31, 2020, based on his annual compensation of US \$30,000 (Note 5). The accrued compensation of \$73,251 was subsequently paid in April 2020.

8. FINANCIAL INSTRUMENT AND RISK MANAGEMENT

Fair value

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

The Company classifies its financial instruments into three levels of the fair value hierarchy according to the relative reliability of the inputs used to measure the fair values. The fair value hierarchy is as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – quoted prices in inactive markets or inputs are observable directly or indirectly for the asset or liability; and

Level 3 – inputs that are unobservable as there are little or no market activities

Risk management

The Company is exposed to financial instrument related risks arising from its normal operations. The Company manages and mitigates these risk exposures as follows:

Foreign currency risk

The Company operates in Canada, United States and Mexico. It maintains Mexican Peso ("MXN") and US Dollar (US\$) bank accounts in Mexico and USA and is subject to currency gains or losses from these two currencies against the Canadian Dollar. The Company has no hedging against its foreign currency risk exposure.

At March 31, 2020 and December 31, 2019, the Company was exposed to currency risk through the following assets and liabilities denominated in US\$:

	March 31, 2020	December 31, 2019
Cash	US\$ 498,146	US\$ 149,627
Accounts payable and accrued liabilities	(55,014)	-

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Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months ended March 31, 2020

(Expressed in Canadian Dollars, unless otherwise stated)

US\$	443,132	US\$	149,627
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8. FINANCIAL INSTRUMENT AND RISK MANAGEMENT (CONTINUED)

At March 31, 2020 and December 31, 2019, the Company was exposed to currency risk through the following assets and liabilities denominated in MXN:

	March 31, 2020	December 31, 2019
Cash	MXN 543,193	MXN 11,351
Accounts payable and accrued liabilities	(5,533)	(934,973)
	<u>MXN 537,660</u>	<u>MXN (923,622)</u>

A 10% change of the Canadian dollar against the US\$ at March 31, 2020 would have increased or decreased net loss by \$70,167 (December 31, 2019 – \$19,433) and would have increased or decreased the comprehensive loss by \$12,856 (December 31, 2019 – \$8). A 10% change of the Canadian dollar against the MXN at March 31, 2020 would have increased or decreased the comprehensive loss by \$3,261 (December 31, 2019 – \$6,356). This analysis assumes that all other variables, in particular interest rates, remain consistent.

Liquidity risk

Liquidity risk is the risk that the Company's financial assets are insufficient to meet its financial liabilities. The Company manages liquidity risk with budgets and cash forecasts to ensure there is sufficient cash to meet its obligations. At March 31, 2020, the Company had cash of \$819,813 (December 31, 2019 - \$197,584) to settle current liabilities of \$108,620 (December 31, 2019 - \$88,850).

On February 25, 2020, Fresnillo completed the acquisition of the Company's Naranjillo property for US \$500,000. Starting February 2021, Fresnillo will also make advance royalty payments of US \$100,000 annually until the earlier of (a) a maximum of US \$1,000,000 have been paid or (b) commercial mineral production commences from the Naranjillo Property.

In March 2020, the WHO declared COVID-19 a global pandemic which has led to international economic downturn, financial market volatility and health crisis. The Company continues to monitor the development of COVID-19 and its impact on the Company's operations and liquidity. Plata has sufficient cash resources for the next twelve months. It may require additional capital if the pandemic persists longer than the current fiscal year. There is no assurance that the Company will be able to obtain additional funding or on acceptable terms, resulting from the adverse effect of the pandemic on the financing market.

Commodity Price risk

While no resource estimate has yet been prepared for the Company's core mineral resource properties, the market value of the Company is subject to the fluctuations of the prices of precious metals and their outlooks.

Credit risk

Credit risk arises from cash held with financial institutions, as well as credit exposure on amounts receivable. Credit risk exposure on cash is limited through maintaining the Company's balances with high-credit quality financial institutions and assessing institutional exposure. As at March 31, 2020, the Company's maximum exposure to credit risk was the carrying value of its cash and amounts receivable.

Plata Latina Minerals Corporation

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months ended March 31, 2020

(Expressed in Canadian Dollars, unless otherwise stated)

8. FINANCIAL INSTRUMENT AND RISK MANAGEMENT (CONTINUED)

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. 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. No changes were made in the objectives, policies or procedures for the three months ended March 31, 2020.

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.

9. SEGMENT INFORMATION

The Company operates in one reportable and operating segment, being the exploration and evaluation of mineral resources properties in Mexico.

The Company's non-current assets located in the following geographic locations are as follows:

	Canada	Mexico	United States	Total
	\$	\$	\$	\$
Non-current assets as at:				
March 31, 2020	-	-	-	-
December 31, 2019	-	529,090	-	529,090

10. SUBSEQUENT EVENT

In January 2020, the Company entered into an option agreement with a wholly owned subsidiary of the Electrum Group with respect to the Company's three mineral properties in Mexico: *Vaquerias*, *Palo Alto* and *La Joya*. Electrum has the option to acquire all or any one of the three properties for US \$100,000 each and a four-month evaluation period.

Subsequent to the quarter ended March 31, 2020, in April 2020, Electrum informed the Company that it has decided not to proceed with the option to purchase any one of the Company's mineral properties in Mexico.