



**Plata Latina Minerals Corporation**

Management's Discussion & Analysis  
**For the Six Months ended June 30, 2020**

## PLATA LATINA MINERALS CORPORATION

Management's Discussion and Analysis  
For the Six Months ended June 30, 2020

---

### INTRODUCTION

This management's discussion and analysis ("MD&A") of Plata Latina Minerals Corporation ("Plata" or the "Company") for the six months ended June 30, 2020, takes into account information available up to and including August 21, 2020, the date of this report. This MD&A should be read in conjunction with the condensed interim consolidated financial statements (the "financial statements") for the six months ended June 30, 2020 and the audited consolidated financial statements for the year ended December 31, 2019, prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB"). The financial statements referred to above are available on the Company's website at [www.plminerals.com](http://www.plminerals.com) and on the SEDAR website at [www.sedar.com](http://www.sedar.com). The information provided herein supplements, but does not form part of, the consolidated interim condensed financial statements for the six months ended June 30, 2020.

The financial information disclosed in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and comply with International Accounting Standard, IAS 34, *Interim Financial Reporting*.

### 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 the future advance royalty proceeds of up to US \$1,000,000 from Fresnillo PLC in accordance to the terms with respect to its acquisition of the Company's Naranjillo Property and the Company's ability to raise further capital to sustain its operations.

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.

## PLATA LATINA MINERALS CORPORATION

Management's Discussion and Analysis  
For the Six Months ended June 30, 2020

---

### DESCRIPTION OF BUSINESS

Plata is a Canadian based resources exploration company and 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"). On April 11, 2012, Plata began trading on the TSX Venture Exchange under the symbol "PLA".

Plata and its subsidiaries are engaged in mineral exploration, principally in the Mexican Silver Belt in the states of Guanajuato, Jalisco, Aguas Calientes and Hidalgo, Mexico. Plata holds interests in its Mexican properties through its wholly owned subsidiary, Plaminco. In February 2020, the Company sold the Naranjillo property to Fresnillo and retains a 3% net smelter return royalty ("Royalty") in Naranjillo. Plaminco also holds mineral interests in three properties in Mexico: Vaquerias, Palo Alto and La Joya. All three properties are along the Mexican Silver Belt, located within 165 kilometres of Naranjillo.

The Company's objective has been to discover 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. Plata's extensive experience along the Mexican Silver Belt led to the staking of the Naranjillo Property in 2012 which was subsequently successfully sold to Fresnillo in February 2020. Between 2012 and 2014, the Company discovered and further delineated the silver-gold vein system. Management continues to consider a variety of longer-term strategic alternatives for the Company.

### YEAR TO DATE IN REVIEW

#### Sale of the Naranjillo Property to Fresnillo

In February 2017, Plata entered into an option agreement with respect to its Naranjillo Property ("Naranjillo") with a wholly owned subsidiary of Fresnillo. Under the option agreement, Fresnillo was granted the right to explore Naranjillo over a three-year period with total cash payments of US \$1,650,000 and exploration expenditures of US \$3,000,000 in three years. As at December 31, 2019, Fresnillo had fulfilled both of its commitments under the option agreement in cash payments of US \$1,650,000 and in exploration expenditures of US \$3,000,000.

In February 2020, Fresnillo exercised its option to purchase Naranjillo for US \$500,000 and granted the Company a 3% net smelter return ("NSR") royalty. Starting February 2021, Fresnillo will also make advance royalty payments of US \$100,000 annually until the earlier of (i) US \$1,000,000 of advance royalty payments have been paid, or (ii) Naranjillo commences commercial production of minerals.

#### Option Agreement with Electrum on the Vaquerias, Palo Alto and La Joya Properties

In January 2020, Plata entered into an option agreement with a wholly owned subsidiary of the Electrum Group ("Electrum") for its other three mineral properties in Mexico: Vaquerias, Palo Alto and La Joya (the "Three Properties"). Electrum was granted a four-month period with the exclusive right to evaluate the Three Properties. Electrum had the option to acquire any or all of the Three Properties by paying US \$100,000 per property. During the option period, Electrum paid mining duty taxes totalling \$115,718 on the Three Properties. In April 2020, Electrum advised Plata that it would not proceed with the option to purchase any of the Three Properties.

#### Going Concern with respect to the pandemic COVID-19

As of the date of this report, COVID-19 continues to spread and resurge as second and third waves in some countries. The persisting outbreak impedes economic recovery and creates volatilities in the financial and commodity markets. The pandemic has not had a significant adverse impact on the Company as its mineral properties are on care and maintenance. However, if the outbreak continues to persist for long period of time, it may affect the Company's sustainability and ability to obtain financing. Currently tightened capital market conditions mean there is no assurance that the Company will be able to obtain the required funding or on acceptable terms. These uncertainties might cast significant doubt on the

## **PLATA LATINA MINERALS CORPORATION**

Management's Discussion and Analysis

For the Six Months ended June 30, 2020

---

Company's ability to continue as a going concern. The Company has implemented cost control measures to mitigate its liquidity risk.

### **EXPLORATION AND EVALUATION ASSETS**

#### ***Naranjillo Property – 3% Net Smelter Return Royalty (“NSR”)***

The Naranjillo Property (“Naranjillo”) is situated in Guanajuato, Mexico and consists of three mineral exploration licenses, La Sibila, La Sibila I and La Sibila II, issued by the Mexican General Directorate of Mines (“GDM”) on April 20, September 23 and August 26 of 2011, respectively. The three licenses total 11,482 hectares in area and are valid for 50 years until 2061.

In February 2017, the Company entered into an option agreement with Metalúrgica Reyna S.A. de C.V., a wholly owned subsidiary of Fresnillo PLC (“Fresnillo”). Under the option agreement, Fresnillo was granted the right to explore Naranjillo over a three-year period for a total cash payment of US \$1,650,000 and by spending US \$3,000,000 in exploration on the Naranjillo Property within three years.

At the end of the three years, Fresnillo had the option to acquire Naranjillo for an additional US \$500,000 and to grant the Company a 3% NSR royalty (“Royalty”). Fresnillo will be required to pay advance royalty payments of US \$100,000 annually until the earlier of (a) a maximum of US \$1,000,000 in advance royalty payments have been paid, or (b) Naranjillo commences commercial production of minerals. Fresnillo has the option to reduce the Royalty by 1% by paying an additional US \$1,000,000, and, thereafter, may reduce the remaining 2% Royalty to nil by paying an additional US \$5,000,000.

As at December 31, 2019, Fresnillo had fulfilled both of its commitments in cash payments of US \$1,650,000 and in exploration expenditures of US \$3,000,000. In February 2020, Fresnillo executed its option to acquire Naranjillo for \$682,550 (US \$500,000) and granted the Company a 3% NSR royalty. Starting February 2021, Fresnillo will make advance royalty payment of US \$100,000 annually until the earlier of either a maximum of US \$1,000,000 have been paid or Naranjillo starts commercial production.

#### ***Vaquerias, Palo Alto and La Joya Properties (the “Three Properties”)***

##### Vaquerias Property (“Vaquerias”)

Vaquerias consists of two mineral concession licenses: Sol and Luna. The Sol and Luna licenses were issued by the GDM on December 13 and December 8 of 2011, respectively and are valid until 2061. Together these two licenses encompass 4,411 hectares and cover several kilometres of the projected continuation of the Vaquerias vein beneath post-mineral cover to the east of the old workings.

##### Palo Alto Property (“Palo Alto”)

Palo Alto is in the state of Aguas Calientes, Mexico and holds three licenses: Catalina, Catalina II, and Catalina III issued by the GDM on November 22, 2012, November 4, 2011, and November 30, 2011, respectively. The three licenses are valid until 2061 to 2062 and cover 4,722 hectares.

##### La Joya Property (“La Joya”)

La Joya, located in the state of Hidalgo, Mexico, is a conceptual exploration target similar to Naranjillo. La Joya's sole license, La Carmen, was issued by the GDM on December 21, 2010 and is valid until 2060. The property covers 924 hectares and surrounds a third-party license. The Company has carried out reconnaissance work on and around the licensed areas and such related costs are expensed as property evaluation cost.

## PLATA LATINA MINERALS CORPORATION

Management's Discussion and Analysis

For the Six Months ended June 30, 2020

In January 2020, Plata entered into an option agreement with Minera Argentita Exploracion, a wholly owned subsidiary of the Electrum Group ("Electrum"), with respect to its three Mexican properties - Vaquerias Palo Alto and La Joya (together, the "Three Properties"). For details of the agreement with Electrum, see disclosure under "*Option Agreement with Electrum on the Vaquerias, Palo Alto and La Joy Properties*".

In April 2020, Electrum advised the Company that it had decided not to proceed with the option to purchase any of the Three Properties.

### OUTLOOK

As of the date of this report, global economies continue to be impacted adversely by the COVID-19 pandemic. The Company is closely monitoring the development of the pandemic and the potential impact on its operations and liquidity. As described in the "Year To Date In Review" section, in February 2020, the Company completed the sale of the Naranjillo property to Fresnillo and received a sale proceed of \$682,550 (US \$500,000). Furthermore, 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 met from the sale proceeds and future annual advance royalty payments.

However, if COVID-19 continues to persist for a long duration of period, Plata may require additional capital for its operations. With the currently tightened capital markets, there is no assurance that the Company will be able to obtain additional funding and on acceptable terms.

Following the strategic transaction with Fresnillo in February 2020, Plata plans to emerge in 2020 as a refreshed publicly listed vehicle ready to evaluate new opportunities. The Company is seeking its next project or transformational transaction and is open to evaluating opportunities as they arise.

### SUMMARY OF QUARTERLY RESULTS

The following summarizes the Company's quarterly results for the last eight quarters:

	2020		2019				2018	
	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	-	-	-	-	-	-	-	-
Loss for the period	(283,231)	177,478	(83,015)	(149,034)	(131,609)	(193,964)	(642,231)	(170,460)
Comprehensive (loss) income for the period	(149,309)	63,381	(90,913)	(148,683)	(131,629)	(199,711)	(646,441)	(199,021)
Basic and diluted income (loss) per share	(0.00)	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)

In the first quarter of 2020, the Company's Naranjillo property in Mexico was sold for \$682,550 (US \$500,000) which resulted in a gain of \$135,492 on the transaction. In the fourth quarter of 2019 and 2018, the Company recognized impairment on its exploration and evaluation assets of \$107,294 and \$798,069, respectively. Changes in comprehensive income (loss) are mainly related to foreign currency fluctuations on intercompany advances and loans as discussed below under *other comprehensive income (loss)*.

## PLATA LATINA MINERALS CORPORATION

Management's Discussion and Analysis  
For the Six Months ended June 30, 2020

---

### RESULTS OF OPERATIONS

#### ***Three and six months ended June 30, 2020 vs. three and six months ended June 30, 2019***

Losses for the three and six months ended June 30, 2020 were \$283,231 and \$105,753, respectively, compared to \$131,609 and \$325,573 for the same periods in 2019. The lower loss for the six months of 2020 was primarily the result of a gain of \$135,492 from the sale of the Naranjillo property to Fresnillo. Other variance details are as follows:

- *Office administration for the three and six months ended June 30, 2020 - \$7,265 (2019 - \$9,503) and \$24,074 (2019 - \$12,647) respectively.*

For the six months of 2020, office costs were higher than the comparative period in 2019, it is due to travel expenses incurred for the completion of the sale transaction of the Naranjillo property in Mexico and related legal fees.

- *Property evaluation for the three and six months ended June 30, 2020 - \$7,289 (2019 - \$1,530) and \$12,799 (2019 - \$18,438) respectively.*

For the six months of 2020, the mining duties were paid by Electrum, a party who was interested in and performed a due diligence evaluation on the Company's three mineral properties in Mexico, whereas in 2019 the mining duties were made by the Company

- *Salaries and benefits for the three and six months ended June 30, 2020 - \$26,937 (2019 - \$41,168) and \$116,357 (2019 - \$92,071) respectively.*

The higher salaries and benefits for the six months of 2020 were attributable to compensation of \$62,275 (US \$45,000) to the CEO for his services to the Company that was previously deferred for the period from June 1, 2018 to December 31, 2019.

- *Gain on sale of exploration and evaluation assets for the six months of 2020 - \$135,492 (2019 - \$nil)*

In February 2020, Fresnillo acquired the Company's Naranjillo property for \$682,550 (US \$500,000), resulting in a gain of \$135,492 on the sale of the property.

- *Cost recovery on exploration and evaluation expenditures for the six months of 2020 - \$63,565 (2019 - \$nil)*

In January 2020, the Company entered into an option agreement with Electrum with respect to the Company's three mineral properties in Mexico. With the exclusive right to evaluate these properties, it was agreed that Electrum was to pay first semester 2020 and second semester 2019 mining duties on these properties. The 2019 mining duties of \$63,565 were accrued as exploration and evaluation expenditures in fiscal year 2019, which resulted in cost recovery in fiscal year 2020.

#### *Other Comprehensive Income (Loss) ("OCI")*

OCI (loss) is in respect with foreign currency revaluations at each reporting date the fluctuations among the Canadian Dollar, Mexican Peso and U.S. Dollar. This foreign currency translation adjustments include 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 to Canadian Dollars. For the six months ended June 30, 2020, the impact of the foreign currency translation differences was comprehensive income of \$19,825 (2019 – comprehensive loss of \$5,767).

## PLATA LATINA MINERALS CORPORATION

Management's Discussion and Analysis

For the Six Months ended June 30, 2020

---

### EXPLORATION AND EVALUATION EXPENDITURES

In February 2020, the Company completed the sale of one of its four mineral properties, the Naranjillo property, to Fresnillo for \$682,550 (US \$500,000), recognizing a gain of \$135,492 on the transaction. Fresnillo granted the Company a 3% NSR royalty. Starting February 2021, Fresnillo will also make advance royalty payments of US \$100,000 annually until the earlier of (i) US \$1,000,000 have been paid, or (ii) Naranjillo commences commercial production.

In January 2020, the Company entered into an option agreement with the Electrum Group ("Electrum") for its other three mineral properties in Mexico: Vaquerias, Palo Alto and La Joya (the "Three Properties"). Electrum was granted a four-month period with the exclusive right to evaluate the Three Properties. Electrum had the option to acquire any or all of the Three Properties by paying US \$100,000 per property. During the option period, Electrum paid mining duty taxes on the Three Properties totalling \$115,718 (MXN\$1,959,667). In April 2020, Electrum informed the Company that it would not exercise the option to acquire any of the properties.

As there are no exploration plans for the Vaquerias and Palo Alto properties in 2020, the remaining amounts of \$2 have been written off from the exploration and evaluation assets in 2020. The Company's carrying value of exploration and evaluation assets as at June 30, 2020 was \$nil (December 31, 2019 - \$529,090).

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, CAPITAL RESOURCES AND GOING CONCERN

As at June 30, 2020, the Company had cash of \$582,508, an increase of \$384,924 as compared to \$197,584 at December 31, 2019. The cash increase was primarily from the sale of the Company's Naranjillo property to Fresnillo for \$682,550 (US \$500,000) in February 2020. Commencing February 2021, Fresnillo will also make advance royalty payments of US \$100,000 annually until either the royalty payments have reached US \$1,000,000 or Naranjillo Property starts commercial production.

The Company had working capital of \$579,634 as at June 30, 2020 compared to \$136,472 at December 31, 2019. The Company manages liquidity risk and cash resources by monitoring regularly the actual and projected cash flows. Based on the 2020 annual budget approved by the board of directors, the Company evaluates that it currently has sufficient liquidity for the next twelve months from the cash flows generated from the sales proceed and future advance royalty payments on the Naranjillo property.

As at June 30, 2020, the Company had a deficit of \$11,588,872 (December 31, 2019 - \$11,483,119). The Company has incurred ongoing loss and will continue to incur further loss in the course of operating its business. As of the report date, the COVID-19 pandemic continues to spread and resurge in many countries, impeding recovery of global economies and tightening the financial markets. There are uncertainties to whether financing would be available to the Company if the need for funding was to arise. These circumstances might cast significant doubt on the Company's ability to continue as a going concern.

#### *Cash Flows*

Under operating activities, for the six months ended June 30, 2020, \$299,481 were used for the operations (2019 - \$383,606). In 2020, the Company has reduced the operating costs to preserve its cash resources during this unprecedented time of the global pandemic.

For the investing activities, the Company received cash proceed of \$682,550 (US \$500,000) from the sale of the Naranjillo property in February 2020. In addition, the Company also received from Electrum payment of \$63,565 pertaining to the Company's Mexican property mining duties. The payment was recorded as cost recovery on exploration and evaluation assets in 2020.

## PLATA LATINA MINERALS CORPORATION

Management's Discussion and Analysis  
For the Six Months ended June 30, 2020

---

### OUTSTANDING SHARE DATA

As at August 21, 2020, the Company's issued and outstanding common shares were 79,034,671. Stock options outstanding were 175,000 with a weighted average exercise price at \$0.06 per share expiring August 2021 and June 2022.

### PROPOSED TRANSACTIONS

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

### OFF-BALANCE SHEET ARRANGEMENTS

The Company did not have off balance sheet arrangements as at the report date of this MD&A.

### RELATED PARTY TRANSACTIONS

#### *Compensation of key management personnel*

Key management includes the Company's directors, officers and VP Exploration. Their compensation paid or accrued for the six months ended June 30, 2020 and 2019 was as follows:

	Nature of compensation	Transactions Six months ended		Balances outstanding	
		June 30, 2020 \$	June 30, 2019 \$	June 30, 2020 \$	June 30, 2019 \$
Executive Chairman and CEO	Salaries and benefits	83,413	-	-	-
Vice President, Exploration	Salaries and benefits	32,944	25,523	-	-
CFO and Corporate Secretary	Professional fees	33,000	33,000	-	-
Directors	Directors' fees	14,000	-	-	-
Total		163,357	58,523	-	-

For the six months ended June 30, 2020, the remuneration of \$83,413 paid to the Executive Chairman and CEO included \$62,275 (US \$45,000) for his services to the Company from June 1, 2018 to December 31, 2019, based on his annual compensation of US \$30,000.

### CRITICAL ACCOUNTING ESTIMATES

The preparation of the 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 will affect the financial statements is described below.

#### *a) Carrying value of exploration and evaluation expenditures*

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.

In February 2020, the Company completed the sale of the Naranjillo property to Fresnillo for \$682,550 (US \$500,000). Fresnillo granted the Company a 3% net smelter return royalty. Starting February 2021, Fresnillo will also make advance royalty payments of US \$100,000 annually until the earlier of (i)



## PLATA LATINA MINERALS CORPORATION

Management's Discussion and Analysis

For the Six Months ended June 30, 2020

US \$1,000,000 of advance royalty payments have been paid, or (ii) Naranjillo commences commercial production of minerals.

### b) *Going concern*

The Company uses judgment in assessing its ability to continue as a going concern for the next 12 months. In considering the factors affecting its going concern as disclosed in Note 1 of the condensed interim consolidated financial statements for the six months ended June 30, 2020, the Company expects that its operating requirements will be satisfied from the sale proceed and future annual advance royalty payments. Refer to Note 1 of the condensed interim consolidated financial statements for the six months ended June 30, 2020 for further information.

## FINANCIAL INSTRUMENT AND RISK MANAGEMENT

### Fair value

The carrying values of cash, amounts receivable, accounts payable and accrued liabilities, and current portion of other liabilities approximate their fair values due to the short-term maturity of these financial instruments. Long term portion of other liabilities are measured at amortized cost.

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 and US Dollar 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 June 30, 2020 and December 31, 2019, the Company was exposed to currency risk through the following assets and liabilities denominated in US dollars ("US\$"):

	June 30, 2020	December 31, 2019
Cash	US\$ 420,712	US\$ 149,627
Accounts payable and accrued liabilities	-	-
	<u>US\$ 420,712</u>	<u>US\$ 149,627</u>

At June 30, 2020 and December 31, 2020, the Company was exposed to currency risk through the following assets and liabilities denominated in Mexican Pesos ("MXN"):

	June 30, 2020	December 31, 2019
Cash	MXN 46,586	MXN 11,351
Accounts payable and accrued liabilities	(10,037)	(934,973)
	<u>MXN 36,549</u>	<u>MXN (923,622)</u>

A 10% change of the Canadian dollar against the US dollar at June 30, 2020 would have increased or decreased net loss by \$56,496 (December 31, 2019 – \$19,433) and would have increased or decreased the comprehensive loss by \$8,386 (December 31, 2019 – \$8). A 10% change of the Canadian dollar

## **PLATA LATINA MINERALS CORPORATION**

Management's Discussion and Analysis

For the Six Months ended June 30, 2020

---

against the MXN at June 30, 2020 would have increased or decreased the comprehensive loss by \$216 (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 June 30, 2020, the Company had cash of \$582,508 (December 31, 2019 - \$197,584) to settle current liabilities of \$21,335 (December 31, 2019 - \$88,850).

In February 2020, Fresnillo completed the acquisition of the Company's Naranjillo property for \$682,550 (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.

The Company continues to closely monitor the development of COVID-19 pandemic and its impact on the Company's operations and liquidity. Plata has sufficient cash resources as a going concern for the next twelve months. It may require additional capital if the pandemic continues its resurgence and the Company's plan changes. 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 in precious metals prices and their outlooks.

### *Credit risk*

Credit risk arises from cash held with banks and 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. The Company's maximum exposure to credit risk as at June 30, 2020 was the carrying value of its cash and amounts receivable.

## **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. 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 during the six months ended June 30, 2020.

## PLATA LATINA MINERALS CORPORATION

Management's Discussion and Analysis

For the Six Months ended June 30, 2020

---

### 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 below and the other information filed with the Canadian securities regulators before investing in the Company's common shares. The risks described below are not the only ones faced. Additional risks that the Company currently believes are immaterial may become important factors that affect the Company's business. If any of the following risks occur, or if other occur, the Company's business, operating results and financial condition could be seriously harmed, and investors may lose part or all of their investment.

#### ***Economic, political instability and global pandemic may affect the Company's operation.***

The volatile global economic environment has created market uncertainty and volatility affecting the Company's operations. From mid-2008 until early 2009 there was a negative trend with regard to the market for metal commodities and related products as a result of global economic uncertainty, reduced confidence in financial markets, bank failures and credit availability concerns. Similar instability in the market for metal commodities has been experienced since April 2013. In March 2020, the World Health Organization announced the COVID-19 a global pandemic. These macro-economic events and/or crisis negatively affected the mining and minerals sectors in general and the Company in the mineral resources sector. All these global economic conditions could impact the Company's ability to obtain equity or debt financing in the future on terms favorable to the Company or at all. In such an event, the Company's operations and sustainability could be adversely impacted.

#### ***The Company's liquidity and capital resources are uncertain and will require financing***

As discussed under "Liquidity, Capital Resources and Going Concern" earlier in this MD&A, the Company has not generated revenue from operations. At June 30, 2020, the Company had accumulated a deficit of over \$11 million and had cash of \$582,508.

The COVID-19 pandemic continues to spread and resurges as second and third waves in many countries. The pandemic has led to international economic downturn, created volatilities in commodity prices and tightened the financial markets with global debts escalating.

Plata is an exploration stage company and has no revenue generated from operations yet. To continue its business, Plata may require to raise additional capital by way of equity securities and/or debt securities if the pandemic persists beyond current fiscal year. There is no assurance that Plata will be able to obtain the required funding or on acceptable terms. If Plata is unable to obtain the required capital, it could impact its ability to continue its operations.

#### ***The Company's mineral properties are in Mexico and may be subject to various levels of political, economic, legal and health risks.***

Mexico has historically been subject to political instability, changes and uncertainties, which have resulted in changes to existing governmental regulations affecting mineral exploration and mining activities. Mexico's status as a developing country may make it more difficult for Plata to do business or obtain any required financing. The Company's properties are subject to a variety of governmental regulations governing waste disposal, protection of historic and archaeological sites, mine development, protection of endangered and protected species and other matters. Mexican regulators have broad authority to shut down and/or levy fines against projects that do not comply with regulations or standards. The effect of these factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's business and financial condition.

The COVID-19 pandemic has added a severe health risk in Mexico. As of the date of this MD&A, Mexico has close to half a million of coronavirus cases. The Company's geological personnel and its supporting legal and administrative consultants in Mexico taking care of the Company's mineral properties could be at

## PLATA LATINA MINERALS CORPORATION

Management's Discussion and Analysis

For the Six Months ended June 30, 2020

---

health risk with the continual spread of the pandemic. This might result in disruption of the Company's operations.

***The Company's activities are subject to environmental laws and regulations that may increase the Company's costs of doing business or restrict its operations.***

The Company's operations are subject to environmental regulations in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Any future changes in environmental regulations will likely impact the Company's operations.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or to be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

***Commodity metal price volatility and their price fluctuations may severely reduce the value of the Company.***

The market price of silver, gold and other metals is volatile and cannot be controlled. There is no assurance that if commercial quantities of silver, gold and other metals are discovered, a profitable market may exist or continue to exist for a production decision to be made or for the ultimate sale of metals. As the Company is not in production, no sensitivity analysis for price changes have been provided or carried out.

The Company's future profitability will depend upon the world market prices of the metals for which it is exploring. Prices fluctuate widely and are affected by numerous factors beyond the Company's control. The prices of metals are influenced by factors including:

- industrial and retail supply and demand;
- exchange rates;
- expectations with respect to inflation rates;
- interest rates;
- changes in global economies;
- confidence in the global monetary system;
- forward sales of metals by producers and speculators; and
- other global or regional political, social or economic events.

The supply of metals consists of a combination of new mine production and existing stocks held by governments, producers, speculators and consumers.

***Currency fluctuations may affect negatively the Company's operating costs.***

The Company's mineral properties are currently located in Mexico and costs associated with the Company's continued exploration of its mineral properties are denominated in Mexican Pesos. A depreciation of the Canadian dollars against the Mexican Pesos could increase the Company's cost of doing business. In addition, the U.S. dollar is subject to fluctuation in value in relation to the Canadian dollar. The Company does not utilize hedging programs to mitigate the effect of currency fluctuation.

## **PLATA LATINA MINERALS CORPORATION**

Management's Discussion and Analysis

For the Six Months ended June 30, 2020

---

### **REVIEW BY QUALIFIED PERSON, QUALITY CONTROL AND REPORTS**

The technical information contained in this document has been reviewed, approved and verified by Mark Stevens, a Qualified Person as defined under NI 43-101. Mr. Stevens is the VP, Exploration of Plata and has over 30 years of technical and managerial experience in exploration and mining.

### **QUALITY ASSURANCE AND QUALITY CONTROL**

All drill hole samples were submitted to a commercial laboratory in conjunction with a company quality assurance/quality control (QA/QC) program that meets standard engineering practice, both for the Plata Latina and Fresnillo analyses. Company QA/QC protocol included the inclusion of commercial standards and blanks, into the sample stream sent to the laboratory. Additionally, on a periodic basis samples were designated for a repeat assay. All QA/QC results were monitored to ensure that all analytical results were accurate and precise. It is further noted that the assay laboratories used by both companies, ALS Chemex Labs, is an independent international laboratory with ISO certification, and is widely regarded in the mining community.

**PLATA LATINA MINERALS CORPORATION**

Management's Discussion and Analysis  
For The Six months ended June 30, 2020

---

Head Office,  
Registered &  
Records Office

1100 – 1111 Melville Street  
Vancouver, BC  
V6E 3V6 Canada

Telephone: +1 (800) 933-9925

Directors W. Durand Eppler – Executive Chairman and Chief Executive Officer  
Margaret Brodie – Audit Committee Chair  
Letitia Wong

Officers W. Durand Eppler – Executive Chairman and Chief Executive Officer  
Mark Stevens – VP Exploration  
Patricia Fong - Chief Financial Officer and Corporate Secretary

Registrar and  
Transfer Agent

Computershare Investors Services Inc.  
#401 - 510 Burrard Street  
Vancouver, BC, Canada V6C 3B9

Auditors Davidson & Company LLP, Chartered Professional Accountants  
1200 – 609 Granville Street  
Vancouver, BC, Canada, V7Y 1G6

Solicitors Richards Buell Sutton LLP  
700 – 401 West Georgia Street  
Vancouver, BC, Canada, V6B 5A1

Shares Listed TSX Venture Exchange  
Trading symbol ~ PLA

Investor Relations W. Durand Eppler – Executive Chairman and Chief Executive Officer  
+1 (800) 933-9925