



**Plata Latina Minerals Corporation**

Management's Discussion & Analysis  
**For the Nine Months ended September 30, 2016**

## INTRODUCTION

This management's discussion and analysis ("MD&A") of Plata Latina Minerals Corporation ("Plata" or the "Company") for the nine months ended September 30, 2016, takes into account information available up to and including November 28, 2016. It should be read in conjunction with the condensed consolidated interim financial statements for the nine months ended September 30, 2016 and the audited consolidated financial statements for the year ended December 31, 2015, which 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 Company has prepared the condensed consolidated interim financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements including IAS 34, *Interim Financial Reporting*.

Throughout this document the terms we, us, our, the Company and Plata refer to Plata Latina Minerals Corporation and its subsidiaries in the period. 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](http://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.

## **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 Licence, 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 November 28, 2016, the Company has paid the Vendors US\$159,655 on the License and US\$370,345 remains outstanding with US\$20,345 due in December 2016 and US\$350,000 due in 2017.

In addition to the Vaquerias Option, the Company holds two titled adjacent concessions, known as Sol and Luna (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 ahistorical 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 silver<sup>1</sup>.

## **Other Mineral Exploration Interests**

In addition to Naranjillo and Vaquerias, the Company has mineral exploration interests in various early-stage exploration concessions:

### *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.

### *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. During the year ended December 31, 2015 the Catalina IV licence was withdrawn by the Company.

The project falls within a Protected Natural Area and requires a submission of an environmental impact assessment ("EIA") and state permission to drill.

## **QUARTER IN REVIEW**

### **Exploration at the Naranjillo Property**

During the nine months ended September 30, 2016, Plata has continued to evaluate its alternatives for securing financing whether through a financing or other alternative structure, including a strategic alliance. In addition, the Company has continued to analyse and interpret the exploration results to date.

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<sup>1</sup> 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.

## Letter of Intent for Purchase Option of Naranjillo Property

On July 12, 2016, the Company executed a letter of intent ("LOI") with a wholly-owned subsidiary of Fresnillo plc ("Fresnillo") under which Fresnillo has the option to acquire its Naranjillo Property for cash payment of US\$2,150,000 over 3 years and is required to spend US\$3,000,000 in exploration on the Naranjillo Property. The agreement is subject to a 3% NSR on the Property in favour of the Company. The Naranjillo Property is located in Guanajuato, Mexico and adjacent to Fresnillo's Cerro Blanco project. In July 2016, the Company received the first option payment of US\$100,000. In September 2016, second option payment of US\$100,000 was received.

With an executed letter of intent, the Company and Fresnillo are currently working on an option agreement to advance the transaction.

## OUTLOOK

The Company plans to continue to explore its properties in Mexico and intends to enhance its project portfolio through successful exploration pending funding needs met. With the signing of the purchase option agreement with Fresnillo in July 2016, the Company is turning its attention to advancing and expanding its property portfolio.

In addition, the Company may 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.

In March 2013 the Mexican government denied the Company's initial application for a permit to drill at the Palo Alto Property. The Company is in an appeal process and has recently won an injunction which instructed the authority responsible to re-examine the legal merits of the permit to drill applications of the Company. The Company believes that the legal basis for the original denial is faulty and that the legal challenge will ultimately be successful. Resolution is expected in 2016, 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 intends to carry out an exploration program at the La Joya Project, subject to financing. The Company continues prospecting and placing exploration licenses on any promising ground of interest. Negotiations for prospective ground will proceed as opportunities arise.

To support these activities, in the short-term the Company is evaluating its options with respect to a securing additional financing whether through a financing or other alternative structure, including a strategic alliance. The Company intends to move forward prudently taking into account the current cash position and working capital.

## SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

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

|   | 2016        |              |              | 2015         |              |              | 2014         |              |
|---|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | Q3          | Q2           | Q1           | Q4           | Q3           | Q2           | Q1           | Q4           |
| Revenue                                       | \$ -        | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| Net loss                                      | \$ (12,408) | \$ (139,825) | \$ (151,563) | \$ (235,137) | \$ (142,035) | \$ (293,019) | \$ (190,714) | \$ (377,185) |
| Basic and diluted loss per share              | \$ 0.00     | \$ (0.01)    | \$ (0.01)    | \$ (0.01)    | \$ (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'.

|  | Three months ended<br>September 30, |                     | Nine months ended<br>September 30, |                     |
|--|-------------------------------------|---------------------|------------------------------------|---------------------|
|  | 2016                                | 2015                | 2016                               | 2015                |
| <b>Expenses</b>  |                                     |                     |                                    |                     |
| Salaries and benefits  | \$ (64,504)                         | \$ 88,751           | \$ 82,366                          | \$ 296,809          |
| Office and administration (note 8)                             | 14,529                              | 23,485              | 52,961                             | 83,161              |
| Professional services  | 53,495                              | 20,588              | 141,661                            | 55,593              |
| Rent   | 193                                 | (3,725)             | 621                                | 2,035               |
| Share-based payments (note 7)                                  | 4,292                               | 1,344               | 5,198                              | 11,553              |
| Investor relations   | 2,977                               | -                   | 2,977                              | 12,371              |
| Exploration (note 5)   | 2,725                               | 576                 | 6,252                              | 11,911              |
| Filing and regulatory services                                 | 8,009                               | 1,600               | 11,877                             | 9,056               |
| Fiscal and advisory services                                   | 741                                 | 1,814               | 2,300                              | 7,775               |
| Travel   | 246                                 | 8,106               | 4,867                              | 21,016              |
| Depreciation   | 196                                 | 1,943               | 588                                | 6,666               |
| Gain on sale of property, plant & equipment                    | -                                   | (6,080)             | -                                  | (6,080)             |
| Loss on termination of management company arrangement (note 8) | -                                   | -                   | -                                  | 112,661             |
| Loss from operations   | (22,899)                            | (138,402)           | (311,668)                          | (624,527)           |
| Interest income  | 10,065                              | 4,068               | 10,434                             | 1,036               |
| Foreign exchange gain (loss)                                   | 6,815                               | (1,312)             | 16,466                             | 7,994               |
| Finance costs (note 6)   | (6,389)                             | (6,389)             | (19,028)                           | (10,278)            |
| <b>Net loss for the period</b>                                 | <b>(12,408)</b>                     | <b>(142,035)</b>    | <b>\$ (303,796)</b>                | <b>\$ (625,775)</b> |
| <b>Other comprehensive income</b>                              |                                     |                     |                                    |                     |
| <b>Items that may be reclassified to profit or loss</b>        |                                     |                     |                                    |                     |
| Foreign currency translation differences                       | (230,197)                           | (335,389)           | (1,100,830)                        | 33,815              |
| <b>Comprehensive loss for the period</b>                       | <b>\$ (242,605)</b>                 | <b>\$ (477,424)</b> | <b>\$ (1,404,626)</b>              | <b>\$ (591,960)</b> |

### **Three and nine months ended September 30, 2016 compared to three and nine months ended September 30, 2015**

For the three and nine months ended September 30, 2016, the Company incurred net loss of \$12,408 and \$303,796 as compared to \$142,035 and \$625,775 for the comparable periods of 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 three quarters in 2016 were lower by \$214,443 versus the same period in 2015, a result of the CEO's voluntarily renouncing of his 2015 accrued salaries and reduction of his 2016 compensation by half.

Professional fees for the three and nine months in 2016 (\$53,495 and \$141,661, respectively) were higher comparing to the same periods in 2015 (\$20,588 and \$55,593, respectively). The increased fees

were the results of the accounting and advisory fees relating to the filing of IVA refunds and the reclassification of consultants' fees from salaries and benefits to professional fees.

Finance costs for the three and nine months ended September 30, 2016 were \$6,389 and \$19,028 (comparable periods in 2015 - \$6,389 and \$10,278), respectively. The increase was attributable to interest accrued on a loan of \$250,000 received in May 2015 from a Director of the Company. See note 6 of the condensed consolidated interim financial statements (unaudited) for the nine months ended September 30, 2016.

#### *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 three and nine months ended September 30, 2016, the foreign currency translation differences were comprehensive loss of \$230,197 and \$1,100,830 (2015 comparable periods – comprehensive loss of \$335,389 and comprehensive income of \$33,815), respectively.

#### **EXPLORATION AND EVALUATION EXPENDITURES**

At September 30, 2016, the carrying value of exploration and evaluation assets was \$6,920,119 (December 31, 2015 - \$7,994,641).

There was limited activity on the properties as there was no drilling program underway and thus the most significant expenditures related to time allocated to on-going analysis and interpretation of the exploration results to date and the payments of semi-annual land taxes and land option of \$148,134.

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 September 30, 2016, the Company had cash of \$139,880 (December 31, 2015 – \$55,270) and negative working capital of \$279,334 (December 31, 2015 – positive working capital of \$109,924). Amounts receivable as at September 30, 2016 was \$452,132 (December 31, 2015 - \$885,832) of which over 99 percent is made up of IVA recoverable to the Company from the Government of Mexico, for which the Company expects a full recovery. During the nine months ended September 30, 2016, Plata received IVA refunds of \$282,641 and in November 2016, received another IVA refund of \$203,963.

Operating activities for the three and nine months ended September 30, 2016 used cash of \$97,873 and generated cash of \$90,044, respectively as compared to use of cash of \$52,575 and \$211,518 in the same periods in 2015.

Investing activity was limited to the exploration and evaluation costs associated with payment of semi-annual land taxes and on-going analysis and interpretation on Naranjillo. In the three and nine months to September 30, 2016, the Company used cash of \$30,593 and \$250,546, respectively for exploration and evaluation expenditures as compared to \$10,513 and \$252,524 for the same periods of 2015.

#### **GOING CONCERN**

The Company has not generated revenue from operations. At September 30, 2016, the Company had cash of \$139,880, negative working capital of \$279,334, and a deficit of \$6,037,703. In May 2015, Plata received a loan from a director of the Company for \$250,000 and has periodically received refunds associated with the Mexican value added tax recoverable ("IVA"). In July and September 2016, the

Company received a total of US\$200,000 from Fresnillo plc. ("Fresnillo") associated with a letter of intent. Notwithstanding the Loan and the IVA received, the Company does not have sufficient working capital to fund 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.

The Company will continue to rely on equity subscriptions to fund its ongoing operating and capital requirements. Access to funding to finance its operations is dependent on a number of factors, some of which is beyond the Company's control, which may impede access to the equity markets. As a result, there is no assurance that the Company can continue to access the equity markets to raise sufficient capital to fund its operating and capital requirements.

### **CONTRACTUAL OBLIGATIONS**

At September 30, 2016, the Company had no contractual obligations other than those disclosed on the balance sheet and certain optional mineral property acquisition payments relating to the Vaquerias Option and associated net smelter return.

### **SHARE CAPITAL INFORMATION**

As at November 28, 2016, 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 remaining 5,615,000 warrants expired on August 27, 2016.

### **CORPORATE MANAGEMENT CHANGES**

On August 1, 2016 Margaret Brodie, the Chief Financial Officer, resigned as an officer of the Company and accepted an appointment to the board of directors. The board of directors appointed Patricia Fong as Chief Financial Officer who is currently the CFO of two resources companies in Vancouver, B.C.

### **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 EVENT**

On November 7, 2016, the term of a loan from a Director of the Company was extended from December 31, 2016 to December 31, 2017. See below *Related party transactions*.

## 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 had been mainly 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. In addition, certain other professional administrative services have been provided by other related companies and charged at cost. The Company was charged for the following with respect to these arrangements:

|                           | Three months ended September 30 |      | Nine months ended September 30, |            |
|---------------------------|---------------------------------|------|---------------------------------|------------|
|                           | 2016                            | 2015 | 2016                            | 2015       |
| Salaries and benefits     | \$ -                            | \$ - | \$ -                            | \$ 125,149 |
| Office and administrative | -                               | -    | -                               | 39,464     |
| Total                     | \$ -                            | \$ - | \$ -                            | \$ 164,613 |

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 September 30, 2016, there was nil balance (December 31, 2015 – \$8,794) due from the management company. At September 30, 2016, there was an amount owing to former related companies associated with these arrangements of \$10,708 (December 31, 2015 – \$17,936). Amounts are due on demand, unsecured, and have no terms of repayment.

### *Loan from a Director of the Company*

On May 5, 2015, the Company received from a director of the Company a loan of \$250,000 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 million or the issuance of any debt instrument by the Company, unless consented by the director. The term of the loan has been extended from December 31, 2015 to December 31, 2016 and further extended to December 31, 2017 on November 7, 2016. At September 30, 2016, interest payable on the loan was \$35,695.

## CRITICAL ACCOUNTING ESTIMATES

The preparation of the condensed consolidated interim 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 condensed consolidated interim 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 recognized in the period in which the estimates are revised and in future periods affected.

Management considers the policies described in Note 2 of the audited consolidated financial statements for the year ended December 31, 2015 to be the most critical in understanding the judgments that are involved in the preparation of the Company's condensed consolidated interim financial statements and the uncertainties that could impact its results of operations, financial condition and cash flows.

## 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 Company's financial instruments are classified into the following categories of financial assets and liabilities (shown at carrying value):

| Category                                 | Measurement                 | September<br>30, 2016 | December 31,<br>2015 |
|--|-----------------------------|-----------------------|----------------------|
| Cash and cash equivalents                | Loans and receivables       | \$ 139,880            | \$ 55,270            |
| Amounts receivable                       | Loans and receivables       | \$ 452,132            | \$ 885,832           |
| Accounts payable and accrued liabilities | Other financial liabilities | \$ (587,806)          | \$ (566,357)         |
| Loan payable to related party            | Other financial liabilities | \$ (285,695)          | \$ (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, US dollars and Mexican pesos. The functional and reporting currency of the parent company is Canadian dollars. Foreign exchange risk arises due to the amount of the Mexican pesos and US dollar cash, receivables or payables that will vary in Canadian dollar terms due to changes in exchange rates. The Company has not hedged its exposure to currency fluctuations.

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At September 30, 2016, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars ("US\$"):

|  | September 30,<br>2016 |         | December 31,<br>2015 |         |
|--|-----------------------|---------|----------------------|---------|
| Cash                                     | US\$                  | 83,621  | US\$                 | 50,435  |
| Accounts payable and accrued liabilities |                       | (2,720) |                      | (1,504) |
|  | US\$                  | 80,901  | US\$                 | 48,931  |

A 10% change of the Canadian dollar against the US dollar at September 30, 2016 would have increased or decreased net loss by \$10,612 (December 31, 2015 – \$605) and would have increased or decreased the comprehensive loss by \$15,609 (December 31, 2015 – \$6,772). A 10% change of the Canadian dollar against the Mexican peso at September 30, 2016 would have increased or decreased the comprehensive loss by \$252,650 (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 (see discussion on going concern in financial statements).

#### *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 bank accounts and short-term investments 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 September 30, 2016 is the carrying values of its cash, 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 September 30, 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, 2015, 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, 2015, which is available on the Company's website at [www.plminerals.com](http://www.plminerals.com) and SEDAR at [www.sedar.com](http://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**

|                                 |   |
|---------------------------------|---|
| Head Office                     | 1100 – 1111 Melville Street<br>Vancouver, BC V6E 3V6  |
| Registered &<br>Records Office  | Blake, Cassels & Graydon LLP<br>595 Burrard Street, Suite 2600, Three Bentall Centre<br>Vancouver, BC, Canada, V7X 1L3                  |
| Telephone:                      | +1 (720) 984-1076   |
| Directors                       | Robert B. Blakestad<br>Michael Clarke<br>Gilmour Clausen - Chairman<br>W. Durand Eppler<br>Letitia Wong<br>Margaret Brodie              |
| Officers                        | Michael Clarke – President and Chief Executive Officer<br>Purni Parikh - Corporate Secretary<br>Patricia Fong - Chief Financial Officer |
| Registrar and<br>Transfer Agent | Computershare Investors Services Inc.<br>#401 - 510 Burrard Street<br>Vancouver, BC, Canada V6C 3B9                                     |
| Auditor                         | Ernst & Young LLP, Chartered Public Accountants<br>700 West Georgia Street, 23rd Floor,<br>Vancouver, BC, Canada, V7Y 1C7               |
| Solicitors                      | Blake, Cassels & Graydon LLP<br>595 Burrard Street, Suite 2600, Three Bentall Centre<br>Vancouver, BC, Canada, V7X 1L3                  |
| Shares Listed                   | TSX Venture Exchange<br>Trading symbol ~ PLA  |
| Investor Relations              | Michael Clarke – President and CEO<br>+1 (720) 984-1076   |