



**Plata Latina Minerals Corporation**

**Condensed Interim Consolidated Financial Statements  
For the Six Months ended June 30, 2019**

*(Unaudited – Prepared by Management)*

*(Expressed in Canadian Dollars)*

### **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 Chartered Professional Accountants of Canada.

# Plata Latina Minerals Corporation

## Condensed Interim Consolidated Statements of Financial Position

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

| As at                                             | June 30,<br>2019 | December 31,<br>2018 |
|---------------------------------------------------|------------------|----------------------|
| <b>Assets</b>                                     |                  |                      |
| <b>Current assets</b>                             |                  |                      |
| Cash                                              | \$ 157,598       | \$ 265,682           |
| Amounts receivable (Note 3)                       | 11,943           | 16,045               |
| Prepaid expenses                                  | 4,762            | 7,597                |
|                                                   | 174,303          | 289,324              |
| <b>Non-current assets</b>                         |                  |                      |
| Deposit (Note 7)                                  | 18,885           | 19,686               |
| Equipment (Note 5)                                | 28,246           | 41,040               |
| Exploration and evaluation assets (Note 4)        | 867,871          | 1,198,136            |
| <b>Total assets</b>                               | \$ 1,089,305     | \$ 1,548,186         |
| <b>Liabilities</b>                                |                  |                      |
| <b>Current liabilities</b>                        |                  |                      |
| Accounts payable and accrued liabilities (Note 6) | \$ 16,713        | \$ 28,411            |
| Other liabilities (Note 7)                        | 38,819           | 135,739              |
|                                                   | 55,532           | 164,150              |
| <b>Non-current liabilities</b>                    |                  |                      |
| Other liabilities (Note 7)                        | -                | 18,923               |
| Deferred tax liability                            | 129,335          | 129,335              |
|                                                   | 184,867          | 312,408              |
| <b>Shareholders' equity</b>                       |                  |                      |
| Share capital (Note 8)                            | 11,490,446       | 11,490,446           |
| Reserves (Note 8)                                 | 665,062          | 670,829              |
| Deficit                                           | (11,251,070)     | (10,925,497)         |
|                                                   | 904,438          | 1,235,778            |
| <b>Total liabilities and shareholders' equity</b> | \$ 1,089,305     | \$ 1,548,186         |

Nature of operations and going concern (Note 1)

Approved by the Board of Directors on August 20, 2019:

/s/ Margaret Brodie  
Audit Committee Chair

/s/ W. Durand Eppler  
Director

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

# Plata Latina Minerals Corporation

## Condensed Interim Consolidated Statements of Comprehensive Loss

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

|                                                             | Three months ended<br>June 30, |              | Six months ended<br>June 30, |              |
|-------------------------------------------------------------|--------------------------------|--------------|------------------------------|--------------|
|                                                             | 2019                           | 2018         | 2019                         | 2018         |
| <b>Expenses</b>                                             |                                |              |                              |              |
| Salaries and benefits (Note 9)                              | \$ 41,168                      | \$ 60,215    | \$ 92,071                    | \$ 77,379    |
| Directors' fees (Note 9)                                    | -                              | 15,000       | -                            | 30,000       |
| Professional fees (Note 9)                                  | 68,863                         | 63,395       | 128,318                      | 123,090      |
| Office administration                                       | 9,503                          | 17,988       | 12,647                       | 24,056       |
| Investor relations                                          | 1,264                          | 7,427        | 2,054                        | 8,642        |
| Filing fees and transfer agent                              | 761                            | 6,133        | 9,664                        | 12,294       |
| Travel                                                      | -                              | 1,000        | -                            | 2,703        |
| Property evaluations (Note 4)                               | 1,530                          | (2,126)      | 18,438                       | 16,990       |
| Depreciation (Note 5)                                       | 5,684                          | 1,860        | 11,333                       | 1,860        |
|                                                             | (128,773)                      | (170,892)    | (274,525)                    | (297,014)    |
| <b>Other income (expenses)</b>                              |                                |              |                              |              |
| Interest income                                             | 141                            | 130          | 141                          | 130          |
| Foreign exchange gain (loss)                                | (1,515)                        | 10,105       | 1,700                        | (2,318)      |
| Impairment on exploration and evaluation assets<br>(Note 4) | -                              | -            | (51,427)                     | -            |
| <b>Loss before income taxes</b>                             | (130,147)                      | (160,657)    | (324,111)                    | (299,202)    |
| Income tax expense                                          | (1,462)                        | (2,086)      | (1,462)                      | (2,086)      |
| <b>Loss for the period</b>                                  | (131,609)                      | (162,743)    | \$ (325,573)                 | \$ (301,288) |
| <b>Other comprehensive loss</b>                             |                                |              |                              |              |
| Items that may be reclassified to profit or loss            |                                |              |                              |              |
| Foreign currency translation adjustment                     | (20)                           | (72,086)     | (5,767)                      | 107,601      |
| <b>Loss and comprehensive loss for the period</b>           | \$ (131,629)                   | \$ (234,829) | \$ (331,340)                 | \$ (193,687) |
| Basic and diluted loss per share                            | \$ (0.002)                     | \$ (0.00)    | \$ (0.00)                    | \$ (0.004)   |
| Weighted average number of shares outstanding               | 74,409,671                     | 72,423,664   | 74,409,671                   | 72,423,664   |

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

# Plata Latina Minerals Corporation

## Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

|                                         | Share Capital (Note 8) |                      | Reserves                                      |                      |                   | Deficit                | Total Shareholders' Equity |
|-----------------------------------------|------------------------|----------------------|-----------------------------------------------|----------------------|-------------------|------------------------|----------------------------|
|                                         | Number of Shares       | Amount               | Accumulated other comprehensive income (loss) | Options and Warrants | Total Reserves    |                        |                            |
| Balance, 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                     | -                      | -                    | -                                             | -                    | -                 | (325,573)              | (325,573)                  |
| Foreign currency translation adjustment | -                      | -                    | (5,767)                                       | -                    | (5,767)           | -                      | (5,767)                    |
| <b>Balance, June 30, 2019</b>           | <b>79,034,671</b>      | <b>\$ 11,490,446</b> | <b>\$ (955,454)</b>                           | <b>\$ 1,620,516</b>  | <b>\$ 665,062</b> | <b>\$ (11,251,070)</b> | <b>\$ 904,438</b>          |

|                                         | Share Capital (Note 8) |                      | Reserves                                      |                      |                   | Deficit                | Total Shareholders' Equity |
|-----------------------------------------|------------------------|----------------------|-----------------------------------------------|----------------------|-------------------|------------------------|----------------------------|
|                                         | Number of Shares       | Amount               | Accumulated other comprehensive income (loss) | Options and Warrants | Total Reserves    |                        |                            |
| Balance, December 31, 2017              | 67,432,826             | \$ 11,072,622        | \$ (1,096,603)                                | \$ 1,620,516         | \$ 523,913        | \$ (9,811,518)         | \$ 1,785,017               |
| Shares issued for loan settlement       | 6,976,845              | 313,958              | -                                             | -                    | -                 | -                      | 313,958                    |
| Loss for the period                     | -                      | -                    | -                                             | -                    | -                 | (301,288)              | (301,288)                  |
| Foreign currency translation adjustment | -                      | -                    | 107,601                                       | -                    | 107,601           | -                      | 107,601                    |
| <b>Balance, June 30, 2018</b>           | <b>74,409,671</b>      | <b>\$ 11,386,580</b> | <b>\$ (989,002)</b>                           | <b>\$ 1,620,516</b>  | <b>\$ 631,514</b> | <b>\$ (10,112,806)</b> | <b>\$ 1,905,288</b>        |

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

# Plata Latina Minerals Corporation

## Condensed Interim Consolidated Statements of Cash Flows

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

|                                                      | Three months ended<br>June 30, |                   | Six months ended<br>June 30, |                   |
|------------------------------------------------------|--------------------------------|-------------------|------------------------------|-------------------|
|                                                      | 2019                           | 2018              | 2019                         | 2018              |
| <b>Operating activities</b>                          |                                |                   |                              |                   |
| Loss for the period                                  | \$ (131,609)                   | \$ (162,743)      | \$ (325,573)                 | \$ (301,288)      |
| Items not affecting cash:                            |                                |                   |                              |                   |
| Depreciation                                         | 5,684                          | 1,860             | 11,333                       | 1,860             |
| Impairment on exploration and evaluation assets      | -                              | -                 | 51,427                       | -                 |
| Changes in non-cash working capital (i):             |                                |                   |                              |                   |
| Amounts receivable                                   | (2,841)                        | (5,950)           | 3,913                        | 15,907            |
| Prepaid expenses and deposit                         | 3,245                          | (16,943)          | 2,835                        | (14,074)          |
| Accounts payable and accrued liabilities             | (24,313)                       | (9,306)           | (11,698)                     | (16,317)          |
| Other liabilities                                    | (49,125)                       | (5,921)           | (115,843)                    | (5,921)           |
| <b>Cash used in operating activities</b>             | <b>(198,959)</b>               | <b>(199,003)</b>  | <b>(383,606)</b>             | <b>(319,833)</b>  |
| <b>Investing activities (i)</b>                      |                                |                   |                              |                   |
| Exploration and evaluation expenditures              | -                              | (2,639)           | (51,427)                     | (50,314)          |
| Option receipts on exploration and evaluation assets | (3,864)                        | (18,788)          | 325,403                      | 310,197           |
| Cash received on assumption of other liabilities     | -                              | 252,288           | -                            | 252,288           |
| <b>Cash provided by investing activities</b>         | <b>(3,864)</b>                 | <b>230,861</b>    | <b>273,976</b>               | <b>512,171</b>    |
| <b>Effect of foreign exchange on cash</b>            | <b>3,491</b>                   | <b>13,883</b>     | <b>1,546</b>                 | <b>3,323</b>      |
| <b>(Decrease) increase in cash</b>                   | <b>(199,332)</b>               | <b>45,741</b>     | <b>(108,084)</b>             | <b>195,661</b>    |
| <b>Cash, beginning of the period</b>                 | <b>356,930</b>                 | <b>322,477</b>    | <b>265,682</b>               | <b>172,557</b>    |
| <b>Cash, end of the period</b>                       | <b>\$ 157,598</b>              | <b>\$ 368,218</b> | <b>\$ 157,598</b>            | <b>\$ 368,218</b> |

(i) Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.

Supplemental cash flow information (Note 11)

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

# Plata Latina Minerals Corporation

## Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months ended June 30, 2019

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

---

### 1. NATURE OF OPERATIONS AND GOING CONCERN

Plata Latina Minerals Corporation (“Plata” or the “Company”) was incorporated on April 1, 2010 under the laws of British Columbia, Canada. Plata's registered and records office is 1100 – 1111 Melville Street, Vancouver, British Columbia, Canada, V6E 3V6. The condensed interim consolidated financial statements as at June 30, 2019, 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. On April 11, 2012, Plata began trading on the TSX Venture Exchange under the symbol “PLA”.

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 generated revenue from operations as it is in the exploration stage. At June 30, 2019, Plata had a deficit of \$11,251,070 (December 31, 2018 - \$10,925,497) and working capital of \$118,771 (December 31, 2018 - \$125,174). Plata recognizes that it will require to raise further funding through equity financing, debt financing and/or loans from related parties. However, there is no assurance that Plata will be able to obtain such additional funding or on acceptable terms. These uncertainties may cast significant doubt on the Company's ability to continue 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 these financial statements.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and 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 audited consolidated financial statements for the year ended December 31, 2018.

#### Basis of Preparation

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. The functional currency of Plata is the Canadian dollar, the functional currency of Plaminco, MCV, MEC, and Servicio is the Mexican peso, and the functional currency of Plata US is the United States dollar.

# Plata Latina Minerals Corporation

## Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months ended June 30, 2019

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars, unless otherwise stated)

---

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Basis 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 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 Estimates, Assumptions and Judgments

The preparation of these financial statements under IFRS requires management to make estimates, assumptions and judgments that impact the Company's reported financial position. Judgment and estimates are based on historical experience and expectation of future events within reasonable circumstances. Uncertainty on these estimates and assumptions could result in material adjustments to the carrying amounts in the financial results. Revisions to these estimates are recognized in the period in which the estimates are revised and in future periods affected.

The significant estimates, assumptions and judgments made by management in preparing these financial statements were the same as those applied to the audited consolidated financial statements for the year ended December 31, 2018.

### New Accounting Standard

#### IFRS 16 - Leases

On January 1, 2019, the Company adopted IFRS 16 *Leases*. IFRS 16 addresses accounting for leases and lease obligations and replaces IAS 17, *Leases*. The standard requires lessees to recognize right-of-use assets and lease liabilities at the lease commencement date. The Company has assessed the lease agreement of its U. S. office and concluded that the agreement does not constitute the ability to direct the right-of-use of the underlying office premises in the context of IFRS 16. Therefore, the adoption of the standard has no impact on these financial statements.

## 3. AMOUNTS RECEIVABLE

|                                             | June 30,<br>2019 | December 31,<br>2018 |
|---------------------------------------------|------------------|----------------------|
| Mexican value added tax ("IVA") recoverable | \$ 8,834         | \$ 12,224            |
| Good and services tax receivable            | 3,109            | 3,821                |
|                                             | <u>\$ 11,943</u> | <u>\$ 16,045</u>     |

# Plata Latina Minerals Corporation

## Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months ended June 30, 2019

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars, unless otherwise stated)

---

### 4. EXPLORATION AND EVALUATION ASSETS

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

#### ***Naranjillo Project***

The Naranjillo project 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 (which superseded the Letter of Intent signed on July 12, 2016) granted Fresnillo the option to explore the Naranjillo Property for a total cash payment of US \$1,650,000 over three years (the “Option Payment”). In addition, Fresnillo is required to spend US \$3,000,000 in exploration on the Naranjillo Property over the three-year period. If Fresnillo fails to meet the obligations of the Naranjillo Option Agreement, it will forfeit all rights to the Naranjillo Property. As at June 30, 2019, Plata has received from Fresnillo the Option Payments totalling US \$1,400,000 (CAD \$1,740,734). Subsequent to the period ended June 30, 2019, Plata received the final option payment of US\$250,000 (CAD \$330,525).

At the end of the three-year period, if Fresnillo wishes to acquire 100% of the Naranjillo Property, it will pay the Company an additional US \$500,000 and grant the Company a 3% net smelter return royalty (“Royalty”) on the Naranjillo Property. Fresnillo will be required to pay advance royalty payments to the Company 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) commercial production of minerals commences from the Naranjillo Property. Fresnillo has the option to reduce the Royalty to 2% 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. The respective additional payments of US \$500,000, US \$1,000,000 and US \$5,000,000 are collectively referred to as the “Additional Option Payments”.

#### ***Impairment assessments on the Naranjillo Project***

During the year ended December 31, 2018, Plata assessed the carrying value of the Naranjillo Property. Based on Fresnillo’s active exploration programs on the Naranjillo Property in 2017 and 2018, Plata concluded that Fresnillo will continue its commitments and obligations under the Naranjillo Option Agreement. As such, no impairment was recognized in 2018. In fiscal year 2017, the Company incurred exploration expenditures of \$82,810 on the Naranjillo project, which were written off in profit or loss of 2017 as these costs were not recoverable under the Option Agreement.

# Plata Latina Minerals Corporation

## Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months ended June 30, 2019

*(Unaudited – Prepared by Management)*

*(Expressed in Canadian Dollars, unless otherwise stated)*

---

### 4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

#### ***Vaquerias Project***

On June 30, 2011, the Company entered into the Vaquerias Option Agreement with the vendors of the Vaquerias license. The Vaquerias Option Agreement gave the Company the right to purchase the Vaquerias license for US \$530,000 until December 31, 2017, with the vendors retaining a 2% net smelter return (the “Vaquerias Option”).

As at December 31, 2017, the Company had paid the vendors US \$200,000 (CAD \$213,195) on the Vaquerias license. In October 2017, the Company completed a small drilling program on the optioned Vaquerias property. The assay results showed minimal potential on the Vaquerias vein within the small optioned license. As a result, on November 20, 2017, the Company terminated the Vaquerias Option Agreement, and the final option payment of US \$330,000 was cancelled accordingly. Upon the termination of the Vaquerias Option Agreement, the Company recognized an impairment of \$546,834 which represented the total capitalized costs related to the optioned Vaquerias property, in profit or loss of 2017.

Besides the optioned Vaquerias property, the Company also holds two titled adjacent concessions: 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 until 2061. The project costs as at December 31, 2017, represented the total capitalized costs related to these two licenses.

During the six months ended June 30, 2019, the Company maintained the Vaquerias claims with land tax payment of \$28,753 which was written off in profit or loss as no exploration was planned in 2019. In December 2018, impairment was recognized and \$579,740 was written off in profit or loss of 2018.

#### ***Palo Alto Project***

The Palo Alto project 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 project falls within a Protected Natural Area in the state of Aguas Calientes and requires the submission of an environmental impact assessment (“EIA”) and Federal permission to drill. The Company has applied and been waiting for the regulatory approval of a drilling permit.

During the six months ended June 30, 2019, Palo Alto’s land taxes of \$22,674 were made to maintain the concessions. The amount was written off in profit or loss as no exploration was planned in 2019.

During the year ended December 31, 2018, as the approval for a permit to explore on the property was uncertain, the Company recognized impairment of \$218,329 in profit or loss of 2018.

# Plata Latina Minerals Corporation

## Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months ended June 30, 2019

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

### 4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

At June 30, 2019, the cumulative expenditures on exploration and evaluation assets were as follows:

|                                                 | Naranjillo          | Vaquerias   | Palo Alto   | Total               |
|-------------------------------------------------|---------------------|-------------|-------------|---------------------|
| <b>Balance, December 31, 2018</b>               | <b>\$ 1,198,134</b> | <b>\$ 1</b> | <b>\$ 1</b> | <b>\$ 1,198,136</b> |
| Claims and land taxes                           | -                   | 28,753      | 22,674      | 51,427              |
|                                                 | -                   | 28,753      | 22,674      | 51,427              |
| Option payments <sup>(1)</sup>                  | (325,403)           | -           | -           | (325,403)           |
| Foreign exchange movements                      | (4,862)             | -           | -           | (4,862)             |
| Impairment on exploration and evaluation assets | -                   | (28,753)    | (22,674)    | (51,427)            |
|                                                 | (330,265)           | -           | -           | (330,265)           |
| <b>Balance, June 30, 2019</b>                   | <b>\$ 867,869</b>   | <b>\$ 1</b> | <b>\$ 1</b> | <b>\$ 867,871</b>   |

|                                                 | Naranjillo          | Vaquerias         | Palo Alto         | Total               |
|-------------------------------------------------|---------------------|-------------------|-------------------|---------------------|
| <b>Balance, December 31, 2017</b>               | <b>\$ 1,775,223</b> | <b>\$ 494,574</b> | <b>\$ 176,988</b> | <b>\$ 2,446,785</b> |
| <i>Exploration</i>                              |                     |                   |                   |                     |
| Contractor and general labour                   | -                   | 14,749            | -                 | 14,749              |
| Camp costs and supplies                         | -                   | 3,279             | -                 | 3,279               |
| Travel and vehicle costs                        | -                   | 2,230             | -                 | 2,230               |
| Claims and land taxes                           | -                   | 27,474            | 29,408            | 56,882              |
|                                                 | -                   | 47,732            | 29,408            | 77,140              |
| Option payments <sup>(1)</sup>                  | (646,442)           | -                 | -                 | (646,442)           |
| Foreign exchange movements                      | 69,353              | 37,435            | 11,934            | 118,722             |
| Impairment on exploration and evaluation assets | -                   | (579,740)         | (218,329)         | (798,069)           |
|                                                 | (577,089)           | (494,573)         | (176,987)         | (1,248,649)         |
| <b>Balance, December 31, 2018</b>               | <b>\$ 1,198,134</b> | <b>\$ 1</b>       | <b>\$ 1</b>       | <b>\$ 1,198,136</b> |

<sup>(1)</sup> Option payments of \$325,403 (US \$250,000) (2018 - \$646,442 (US \$500,000)) were related to the Naranjillo Option Agreement with Fresnillo completed on February 8, 2017.

### Property Evaluations

The Company holds title to the La Carmen license for its La Joya project. The La Carmen license was issued by the GDM on December 21, 2010 and is valid until December 20, 2060.

The La Joya project surrounds a third-party license. The Company has been negotiating with the interior license owners before advancing to drilling on the property. The Company carries out reconnaissance work on and around the licensed areas and such related costs are expensed as property investigations.

The reconnaissance costs incurred on the La Joya project and outside the licensed area for the six months ended June 30, 2019 and 2018 were as follows:

|                           | Three months ended June 30, |                   | Six months ended June 30, |                  |
|---------------------------|-----------------------------|-------------------|---------------------------|------------------|
|                           | 2019                        | 2018              | 2019                      | 2018             |
| Assaying                  | \$ -                        | \$ -              | \$ -                      | \$ 1,122         |
| Claims and taxes          | -                           | -                 | 6,023                     | 5,448            |
| Contractor and camp costs | 421                         | (2,339)           | 10,889                    | 7,240            |
| Travel and vehicles costs | 1,109                       | 213               | 1,526                     | 3,180            |
| <b>Total</b>              | <b>\$ 1,530</b>             | <b>\$ (2,126)</b> | <b>\$ 18,438</b>          | <b>\$ 16,990</b> |

## Plata Latina Minerals Corporation

### Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months ended June 30, 2019

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars, unless otherwise stated)

#### 5. EQUIPMENT

In June 2018, the Company entered into an asset purchase and assumption agreement with Brio Gold USA Inc. (“Brio”) and Leagold Acquisition Corp. II (Leagold) whereby the Company purchased office assets from Leagold (as a successor in interest to Brio). Assets acquired included computer hardware of \$40,926 (US \$30,000) and office furniture and equipment of \$13,642 (US \$10,000) (Note 7).

| <b>Cost</b>                     | Computer<br>Hardware | Office Furniture<br>and Equipment | Total       |
|---------------------------------|----------------------|-----------------------------------|-------------|
| December 31, 2018               | \$ 40,926            | \$ 13,642                         | \$ 54,568   |
| Foreign exchange movement       | (1,665)              | (555)                             | (2,220)     |
| June 30, 2019                   | \$ 39,261            | \$ 13,087                         | \$ 52,348   |
| <b>Accumulated depreciation</b> |                      |                                   |             |
| December 31, 2018               | \$ (11,937)          | \$ (1,591)                        | \$ (13,528) |
| Depreciation                    | (10,000)             | (1,333)                           | (11,333)    |
| Foreign exchange movement       | 594                  | 165                               | 759         |
| June 30, 2019                   | \$ (21,343)          | \$ (2,759)                        | \$ (24,102) |
| <b>Carrying amount</b>          |                      |                                   |             |
| December 31, 2018               | \$ 28,989            | \$ 12,051                         | \$ 41,040   |
| June 30, 2019                   | \$ 17,918            | \$ 10,328                         | \$ 28,246   |

#### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

|                     | June 30,<br>2019 | December 31,<br>2018 |
|---------------------|------------------|----------------------|
| Trade payables      | \$ 16,713        | \$ 8,011             |
| Accrued liabilities | -                | 20,400               |
|                     | \$ 16,713        | \$ 28,411            |

#### 7. OTHER LIABILITIES

On June 8, 2018, the Company’s subsidiary, Plata US entered into an Asset Purchase and Assumption Agreement (the “Assumption Agreement”) with Brio Gold USA Inc. (“Brio US”) and Leagold Acquisition Corp. II (“Leagold”) after Leagold’s amalgamation with Brio Gold Inc. (“Brio”) on May 24, 2018.

Leagold, as a successor in interest to Brio, was obligated to continue covering Brio’s executives’ benefits (“Benefit Obligations”) for periods specified in the executives’ employment agreements. The aggregate amount of the Benefit Obligations totalled \$188,282 (US \$142,985) for periods up to May 2020.

In addition to the Benefit Obligations, Brio US had an office lease in Denver, U.S. (“Office Lease”) committed to November 30, 2021 and owned office assets in that office. The Company agreed to purchase the office assets and assume the Office Lease and Benefit Obligations from Leagold. In assuming the obligations, the Company received from Leagold a payment of \$252,288 (US \$191,592) which included Benefit Obligations of \$188,282 and a year’s office rent of \$135,679 less office security deposit of \$19,001 and office asset purchase of \$52,672.

# Plata Latina Minerals Corporation

## Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months ended June 30, 2019

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars, unless otherwise stated)

### 7. OTHER LIABILITIES (CONTINUED)

Leagold's payment was recorded under other liabilities. Payments on rent and executives' benefits have been amortized over the periods under other liabilities. Amount details of other liabilities at June 30, 2019 and December 31, 2018 were as follows:

|                              | June 30,<br>2019 | December 31,<br>2018 |
|------------------------------|------------------|----------------------|
| <b><u>Current</u></b>        |                  |                      |
| Deferred rent                | \$ -             | \$ 59,124            |
| Deferred benefit obligations | 38,919           | 76,615               |
| Total                        | 38,919           | 135,739              |
| <b><u>Non-current</u></b>    |                  |                      |
| Deferred benefit obligations | \$ -             | \$ 18,923            |

### 8. SHARE CAPITAL AND RESERVES

#### a) Share capital

Authorized – unlimited number of common shares without par value

#### b) Share issuances

On May 31, 2018, the Company issued 6,976,845 common shares at \$0.04 per share for a loan settlement of \$313,958 due to a director (Notes 9).

On October 30, 2018, the Company issued 4,025,000 common shares at \$0.05 per share to settle accrued directors' fees of \$201,250 owing to its directors. In addition, 600,000 common shares were also issued at \$0.05 per share to settle accrued management fees of \$30,000 owing to its former officer (Note 9).

#### c) 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.

#### d) Stock options

The Company has a stock option plan which provides directors, officers, employees and consultants the opportunity to acquire an ownership interest in the Company. The maximum number of options granted is 10% of the total number of common shares issued and outstanding at the grant date. Options granted have a five-year term and the exercise prices and the vesting periods are determined by the Board of Directors.

At June 30, 2019, the Company had outstanding stock options of 550,000 with a weighted average exercise price at \$0.06 per share (December 31, 2018 – 550,000 at \$0.06 per share).

At June 30, 2019, the Company's outstanding options were as follows:

| Expiry date    | Exercise price | Number of options | Weighted average remaining contractual life (year) |
|----------------|----------------|-------------------|----------------------------------------------------|
| March 3, 2020  | \$0.06         | 225,000           | 0.67                                               |
| May 25, 2020   | \$0.06         | 75,000            | 0.90                                               |
| June 9, 2020   | \$0.06         | 75,000            | 0.94                                               |
| August 1, 2021 | \$0.06         | 100,000           | 2.08                                               |
| June 5, 2022   | \$0.06         | 75,000            | 2.93                                               |
|                |                | 550,000           | 1.30                                               |

# Plata Latina Minerals Corporation

## Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months ended June 30, 2019

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars, unless otherwise stated)

### 9. RELATED PARTY TRANSACTIONS

#### Compensation of Key Management

Key management includes the Company's directors and officers. Their compensation paid or accrued for the following periods was as follows:

|                                                           | Three months ended June 30, |                  | Six months ended June 30, |                   |
|-----------------------------------------------------------|-----------------------------|------------------|---------------------------|-------------------|
|                                                           | 2019                        | 2018             | 2019                      | 2018              |
| Salaries and benefits                                     | \$ 12,820                   | \$ 35,792        | \$ 25,523                 | \$ 52,955         |
| Salaries capitalized to exploration and evaluation assets | -                           | -                | -                         | 17,164            |
| Directors' fees                                           | -                           | 15,000           | -                         | 30,000            |
| Professional fees                                         | 16,500                      | 15,000           | 33,000                    | 30,000            |
| Total                                                     | <u>\$ 29,320</u>            | <u>\$ 65,792</u> | <u>\$ 58,523</u>          | <u>\$ 130,119</u> |

On October 30, 2018, the Company settled accrued directors' fees of \$201,250 owing to its directors by issuing 4,025,000 common shares at \$0.05 per share. As of October 1, 2018, the directors' fees were discontinued post to the settlement of all accrued directors' fees with the issuance of common shares. As at June 30, 2019 and December 31, 2018, \$nil amount was due to the related parties (Note 8 (b)).

### 10. COMMITMENTS

On June 8, 2018, the Company's subsidiary, Plata US entered into an asset purchase and assumption agreement (the "Assumption Agreement") with Brio Gold USA Inc. ("Brio US") and Leagold Acquisition Corp. II ("Leagold"). Pertaining to the Assumption Agreement, Plata assumed Brio's office lease in Denver, Co., U.S. ("Office Lease") which expires on November 30, 2021. Leagold, in transferring the Office Lease, provided the Company an advance payment of one year's rent of \$135,679 (US \$103,037) to May 2019.

As of June 30, 2019, the annual office lease commitments are:

|      |                   |                |
|------|-------------------|----------------|
| 2019 | \$ 68,275         | (US \$52,170)  |
| 2020 | 138,896           | (US \$106,133) |
| 2021 | 129,472           | (US \$98,932)  |
|      | <u>\$ 336,643</u> |                |

### 11. SUPPLEMENTAL CASH FLOW INFORMATION

|                                                                               | For the six months ended June 30, |           |
|-------------------------------------------------------------------------------|-----------------------------------|-----------|
|                                                                               | 2019                              | 2018      |
| Exploration and evaluation assets in accounts payable and accrued liabilities | \$ -                              | \$ 15,157 |
| Directors' fees in accounts payable and accrued liabilities                   | -                                 | 30,000    |
| Other cash flow information:                                                  |                                   |           |
| Interest paid                                                                 | \$ -                              | \$ -      |
| Income tax paid                                                               | 1,462                             | 2,086     |

See Note 7 for assumption of other liabilities.

# Plata Latina Minerals Corporation

## Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months ended June 30, 2019

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars, unless otherwise stated)

## 12. 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 (“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 June 30, 2019 and December 31, 2018, the Company was exposed to currency risk through the following assets and liabilities denominated in US\$:

|                                          | June 30,<br>2019 | December 31,<br>2018 |
|------------------------------------------|------------------|----------------------|
| Cash                                     | US\$ 61,775      | US\$ 181,305         |
| Accounts payable and accrued liabilities | (520)            | (1,197)              |
|                                          | US\$ 61,255      | US\$ 180,108         |

At June 30, 2019 and December 31, 2018, the Company was exposed to currency risk through the following assets and liabilities denominated in MXN:

|                                          | June 30,<br>2019 | December 31,<br>2018 |
|------------------------------------------|------------------|----------------------|
| Cash                                     | MXN 1,081,302    | MXN 37,597           |
| Accounts payable and accrued liabilities | (159,012)        | (76,475)             |
|                                          | MXN 922,290      | MXN (38,878)         |

A 10% change of the Canadian dollar against the US dollar at June 30, 2019 would have increased or decreased net loss by \$4,879 (December 31, 2018 – \$20,930) and would have increased or decreased the comprehensive loss by \$32,124 (December 31, 2018 – \$38,203). A 10% change of the Canadian dollar against the Mexican peso at June 30, 2019 would have increased or decreased the comprehensive loss by \$6,291 (December 31, 2018 – \$270). This analysis assumes that all other variables, in particular interest rates, remain consistent.

# Plata Latina Minerals Corporation

## Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months ended June 30, 2019

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars, unless otherwise stated)

### 13. FINANCIAL INSTRUMENT AND RISK MANAGEMENT (CONTINUED)

#### 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, 2019, the Company had cash of \$157,598 (December 31, 2018 - \$265,682) to settle current liabilities of \$55,532 (December 31, 2018 - \$164,150). The Company will require additional funding to continue as a going concern.

#### 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 June 30, 2019, the Company's maximum exposure to credit risk 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. 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, 2019.

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.

### 14. 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 are located in the following geographical locations:

|               | June 30,<br>2019  | December 31,<br>2018 |
|---------------|-------------------|----------------------|
| United States | \$ 47,131         | \$ 60,726            |
| Mexico        | 867,871           | 1,198,136            |
|               | <u>\$ 915,002</u> | <u>\$ 1,258,862</u>  |