PlataLatina
Minerals

Plata Latina Minerals Corporation

Consolidated Financial Statements
For the Year Ended December 31, 2016

Independent auditors' report

To the Shareholders of
Plata Latina Minerals Corporation

We have audited the accompanying consolidated financial statements of **Plata Latina Minerals Corporation**, which comprise the consolidated statements of financial position as at December 31, 2016 and 2015 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Plata Latina Minerals Corporation** as at December 31, 2016 and 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 to the consolidated financial statements which indicates that **Plata Latina Minerals Corporation** incurred a net loss of $2,998,665 during the year ended December 31, 2016. In addition, the Company has a deficit of $8,732,572. These conditions, along with other matters as set forth in note 1, indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Ernst & Young LLP
Chartered Professional Accountants

Vancouver, Canada
May 1, 2017

Plata Latina Minerals Corporation
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2016	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	$ 166,718	$ 55,270
Amounts receivable (note 4)	241,426	885,832
Prepaid expenses	7,397	1,846
	415,541	942,948
Non-current assets		
Exploration and evaluation expenditures (note 5)	3,417,067	7,994,641
Property, plant and equipment	327	1,301
Total assets	$ 3,832,935	$ 8,938,890
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	497,236	566,357
Loan payable to related party (note 7)	292,083	266,667
	789,319	833,024
Deferred tax liability (note 13)	174,150	1,025,013
Shareholders' equity		
Share capital (note 8)	$ 11,072,622	$ 11,072,622
Reserves (note 8)	529,416	1,742,138
Deficit	(8,732,572)	(5,733,907)
	2,869,466	7,080,853
Total liabilities and shareholders' equity	$ 3,832,935	$ 8,938,890

Nature of operations and going concern (note 1)
Subsequent events (note 12)
Commitments (note 14)

Approved on behalf of the Board of Directors:

/s/ Michael Clarke
President and Chief Executive Officer

/s/ Gilmour Clausen
Chairman

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

Plata Latina Minerals Corporation

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

		Year ended December 31, 2016		Year ended December 31, 2015
Expenses				
Salaries and benefits (note 9)	$	49,378	$	395,479
Directors' fees (note 9)		46,250		50,000
Professional fees (note 9)		205,198		92,258
Office and administration (note 9)		28,190		57,554
Rent		1,244		617
Investor relations		2,977		20,948
Filing and regulatory services		14,831		18,041
Travel		326		6,076
Project investigation costs (note 5)		6,431		22,197
Share-based payments (note 8)		5,198		13,949
Depreciation		783		6,961
Gain on sale of property, plant & equipment		-		(3,743)
Gain on termination of office lease		-		(189,359)
Loss on termination of management company arrangement (note 9)		-		112,198
Loss from operations		(360,806)		(603,176)
Interest income		37,952		1,395
Foreign exchange gain		4,332		9,953
Interest expense (note 7)		(25,416)		(16,667)
Impairment on exploration and evaluation assets (note 5)		(3,305,263)		-
Net loss before tax		(3,649,201)		(608,495)
Income tax recovery (expense) (note 13)		650,536		(252,410)
Net loss for the year		**(2,998,665)**		**(860,905)**
Other comprehensive income				
Items that may be reclassified to profit or loss				
Foreign currency translation differences		(1,217,920)		132,145
Comprehensive loss for the year	**$**	**(4,216,585)**	**$**	**(728,760)**
Basic and diluted net loss per share	$	(0.044)	$	(0.013)
Weighted average number of shares outstanding		67,432,826		67,432,826

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

Plata Latina Minerals Corporation
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital (note 8)		Reserves				
	Number of Shares	Amount	Accumulated other comprehensive income (loss)	Options and Warrants	Total Reserves	Deficit	Total Equity
Balance, January 1, 2016	67,432,826	$ 11,072,622	$ 128,484	$ 1,613,654	$ 1,742,138	$ (5,733,907)	$ 7,080,853
Share-based payments expense	-	-	-	5,198	5,198	-	5,198
Comprehensive loss	-	-	(1,217,920)	-	(1,217,920)	(2,998,665)	(4,216,585)
Balance, December 31, 2016	**67,432,826**	**$ 11,072,622**	**$ (1,089,436)**	**$ 1,618,852**	**$ 529,416**	**$ (8,732,572)**	**$ 2,869,466**

	Share Capital (note 8)		Reserves				
	Number of Shares	Amount	Accumulated other comprehensive income (loss)	Options and Warrants	Total Reserves	Deficit	Total Equity
Balance, January 1, 2015	67,432,826	$ 11,072,622	$ (3,661)	$ 1,599,705	$ 1,596,044	$ (4,873,002)	$ 7,795,664
Share-based payments expense	-	-	-	13,949	13,949	-	13,949
Comprehensive income (loss)	-	-	132,145	-	132,145	(860,905)	(728,760)
Balance, December 31, 2015	**67,432,826**	**$ 11,072,622**	**$ 128,484**	**$ 1,613,654**	**$ 1,742,138**	**$ (5,733,907)**	**$ 7,080,853**

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

Plata Latina Minerals Corporation
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended December 31, 2016	Year ended December 31, 2015
Cash provided by (used in):		
Operating activities		
Net loss before tax	$ (3,649,201)	$ (608,495)
Items not affecting cash:		
Share-based payments	5,198	13,949
Depreciation	783	6,961
Gain on sale of property, plant and equipment	-	(3,743)
Gain on termination of office lease	-	(189,359)
Loss on termination of management company arrangement	-	112,198
Interest expense	25,416	16,667
Unrealized foreign exchange gain	(50,934)	(30,396)
Impairment on exploration and evaluation assets	3,305,263	-
Income taxes paid	-	(800)
	(363,475)	(683,018)
Net changes in non-cash working capital items:		
Amounts receivable	507,764	225,341
Prepaid expenses	(5,551)	108,560
Accounts payable and accrued liabilities	54,238	216,983
Deferred rent	-	(245,805)
Cash provided (used in) by operating activities	**192,976**	**(377,939)**
Financing activities		
Loan received from related party	-	250,000
Cash provided by financing activities	**-**	**250,000**
Investing activities		
Exploration and evaluation expenditures	(315,552)	(243,989)
Property option payments	241,923	-
Purchase of property, plant and equipment	-	(1,567)
Proceeds on sale of property, plant and equipment	-	32,146
Office lease prepayments received, net of assets acquired	-	168,317
Cash used in investing activities	**(73,629)**	**(45,093)**
Effect of exchange rate changes on cash	(7,899)	8,100
Increase (decrease) in cash	**111,448**	**(164,932)**
Cash and cash equivalents, beginning of year	55,270	220,202
Cash and cash equivalents, end of year	**$ 166,718**	**$ 55,270**

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

1. Nature of operations and going concern

Plata Latina Minerals Corporation ("Plata") was incorporated on April 1, 2010 and is organized under the laws of British Columbia, Canada. Plata's registered and records office is located at Suite 2600 – 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1L3. The consolidated financial statements as at December 31, 2016 consist 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", 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. On April 11, 2012, Plata began trading on the TSX Venture Exchange ("TSX-V") under the symbol "PLA".

The Company is in the business of acquiring and exploring mineral property interests and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The amounts of exploration and evaluation expenditures represent acquisition and exploration costs and do not necessarily represent current values. 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.

In July 2016, the Company entered into a letter of intent ("LOI") with Metalúrgica Reyna, S.A. de C.V., a wholly-owned subsidiary of Fresnillo PLC ("Fresnillo"), under which Fresnillo is granted the right to explore the Naranjillo Property (the "Property") for a total cash commitment of US $1,650,000 over three years, of which US $200,000 had been received in 2016. In addition, Fresnillo is required to expend US$3,000,000 in exploration on the Property. Subsequent to the year ended December 31, 2016, on February 8, 2017, the Company completed and signed a definitive Option Agreement (the "Agreement") with Fresnillo. Details of the terms of the Agreement are described in note 5. The transaction was subject to the approval of the TSX Venture Exchange ("TSXV"). On March 15, 2017, the Company received from the TSXV a conditional approval which required Plata to obtain written consent of its shareholders holding, in the aggregate, over 50% of the issued and outstanding common shares of the Company. On March 28, 2017, the Company received the required shareholder approval and on April 3, 2017, the TSXV provided Plata the final approval of the transaction.

The Company has not generated revenue from operations as it is at exploration stage. At December 31, 2016, the Company had cash of $166,718, negative working capital of $373,778, and a deficit of $8,732,572. In May 2015 Plata received a loan from a director of the Company for $250,000 with terms described in note 7 (the "Loan") and has periodically received refunds associated with the Mexican value added tax recoverable ("IVA"). During the fiscal year 2016, in addition to the advance option payments of US $200,000 from Fresnillo, the Company received IVA refunds of $505,835. With the completion of the Agreement with Fresnillo, Plata has the potential to receive five instalments of US $250,000 over three years with the first instalment due on August 8, 2017. However, notwithstanding Fresnillo's semi-annual option payments and the remaining IVA receivable, Plata will not have sufficient working capital to fund its operations for the next twelve months. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Plata has historically raised funds principally through the sale of securities. The Company expects that it will obtain funding through equity financing, debt financing or some other means depending on market conditions and other relevant factors at the time. However, there can be no assurance that the Company will be able to obtain such additional funding or obtain it on acceptable terms. These consolidated financial statements do not give effect to any adjustment which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the consolidated financial statements.

2. Basis of Presentation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

The accounting policies applied in these consolidated financial statements are based on IFRS effective for the year ending December 31, 2016 as issued and outstanding as of May 1, 2017, the date the Board of Directors approved the statements.

b) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis except evaluation and exploration assets. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

The consolidated financial statements are prepared in Canadian dollars. The functional currency of Plata is Canadian dollars, the functional currency of Plaminco, MCV, MEC and Servicio is Mexican pesos, and the functional currency of Plata US is the United States dollar.

c) Basis of consolidation

These consolidated financial statements include the accounts of Plata and its 100% 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 subsidiaries are included in the consolidated financial statements from the date which control is transferred to the Company until the date that control ceases. All intercompany transactions and balances have been eliminated on consolidation.

d) Foreign currency

The consolidated financial statements are presented in Canadian dollars. Each entity in the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency translation

Transactions in currencies other than the functional currency are recorded at rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation of non-monetary items are recognised in the profit or loss or other comprehensive income (loss), should specific criteria be met.

Foreign operations

A subsidiary that has a functional currency other than Canadian dollars translates its statement of operations items to Canadian dollars at the average rate during the period. Assets and liabilities are translated at exchange rates prevailing at the end of each reporting period. Exchange variations resulting from the retranslation at closing rate of the net investment in such subsidiaries, together with differences between their statement of operations items translated at actual and average rates, are recognized in other comprehensive income (loss) as part of the foreign currency translation reserve.

For the purpose of foreign currency translation, the net investment in a foreign operation is determined inclusive of foreign currency intercompany balances for which settlement is neither planned nor likely to occur in the foreseeable future. The balance of the foreign currency translation reserve relating to a foreign operation that is disposed of, or partially disposed of, is recognized in the statement of operations at the time of disposal.

e) *Cash and cash equivalents*

Cash and cash equivalents include amounts held in banks and short-term investments with maturities at a point of purchase of 90 days or less or are cashable after 30 days at the option of the Company. Interest from cash and cash equivalents is recorded on an accrual basis.

f) *Amounts receivable*

Amounts receivable are stated at carrying value less provision for impairment, which approximates fair value due to their short terms to maturity. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due accordingly.

g) *Mineral exploration and evaluation expenditures*

Pre-license costs are expensed in the period in which they are incurred.

Exploration and evaluation costs

Once the legal right to explore has been acquired, exploration and evaluation expenditures will be capitalized, unless the Company concludes that a future economic benefit is not likely to be realized, in which case the expenditures will be charged to profit or loss as incurred. These costs include, but are not limited to, drilling costs, payments made to contractors, materials and fuels used and surveying costs.

At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to operations at the time of abandonment or when it has been determined that there is evidence of impairment.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

All capitalized exploration and evaluation expenditures are monitored for impairment indicators at the end of each reporting period. Where a potential impairment is indicated, assessments are performed. To determine the impairment, the Company uses discounted cash flow model with weighted probabilities assigned to streams of cash flow expected to be recovered to derive the net present value of the exploration and evaluation asset. When the fair value is lower than the asset's carrying costs, the excess is recognized as an impairment loss in the statement of profit or loss. To the extent that exploration expenditures are not expected to be recovered, they are charged to the results of operations. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

h) *Property, plant and equipment*

Property, plant and equipment ("PPE") is stated at historical cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use.

Depreciation is calculated on a straight line basis over the following terms:

Office furniture	5 Years
Leasehold improvements	5 Years
Vehicles	3 Years
Equipment	3 Years
Computer hardware	2 Years

i) *Financial instruments*

Financial assets

Upon initial recognition all financial assets are initially recorded at fair value and designated into one of the following four categories: held to maturity, available-for-sale, loans and receivables, or at fair value through profit or loss ("FVTPL"). The designation depends on the purpose for which the financial assets were acquired.

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company has not designated any financial assets upon initial recognition as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's cash and cash equivalents and amounts receivable are classified as loans and receivables. The Company did not have any held-to-maturity investments for the years ending December 31, 2016 or 2015.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains or losses recognized in other comprehensive income and loss except for losses in value that are considered impairments which are recognized in earnings. The Company did not have any available-for-sale financial assets for the years ending December 31, 2016 or 2015.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All of the Company's financial liabilities are classified as other financial liabilities. The Company does not have any financial liabilities classified as FVTPL.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, to, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities, deferred rent and loan to related party are classified as other financial liabilities.

j) *Impairment of assets*

At the end of each reporting period, the Company assesses each long lived asset or cash generating unit to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of the fair value less cost to dispose and the value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risk of a specific asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

When an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

k) *Provisions*

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable than an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects where appropriate, the risks specific to the liability.

Decommissioning and restoration provisions

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. The Company recognizes a liability for decommissioning and restoration provision ("DRP") in the period in which it is incurred if a reasonable estimate of the costs can be made. The Company records the present value of the estimated future cash flows associated with site closure and reclamation as a liability when it is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized costs are amortized over the life of the related assets. The DRP is adjusted each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the discount rate. The Company has no material DRP as of December 31, 2016 and 2015.

l) *Income taxes*

Current income tax

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred income tax

Deferred tax is provided using the balance sheet method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination that affect neither accounting nor taxable profit or loss. Deferred tax is also not recognized for temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of deferred tax assets are reviewed at the end of each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes of the same taxable entity and levied by the same taxation authority.

m) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects.

n) Accounting for warrants

The fair value of warrants issued in connection with common share placements are recognized on the date of issue as reserves. The residual value is used to allocate value to the warrant.

o) Loss per share

The Company presents basic and fully diluted loss per share for its common shares. Basic loss per share is calculated by dividing loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period.

p) Other comprehensive income (loss)

Other comprehensive income (loss) is the change in the Company’s net assets that results from transactions, events and circumstances from sources other than the Company’s shareholders and includes items that are not included in net profit such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to foreign operations.

The Company’s comprehensive income (loss) and cumulative translation adjustments are presented in the consolidated statements of comprehensive income (loss) and the consolidated statements of changes in equity.

q) Significant accounting estimates, judgements and assumptions

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

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

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

i. *Carrying value of exploration and evaluation expenditures*

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

ii. *Options and warrants*

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

iii. *IVA recoverable*

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

r) New accounting policies adopted during the year

There were no new accounting policies adopted by the Company during fiscal year 2016.

3. Changes in Accounting Policies

New accounting standards, amendments and interpretations

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or 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 standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company does not expect any impact from this standard.

(Expressed in Canadian Dollars, unless otherwise stated)

IAS 7, *Statement of Cash Flows* was amended in January 2016 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 is reviewing 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 does not expect any impact from this standard.

4. Amounts receivable

		December 31, 2016		December 31, 2015
Mexican value added tax ("IVA") recoverable	$	239,772	$	876,978
Other receivables		-		8,794
Sales tax receivable		1,654		60
	$	241,426	$	885,832

During the fiscal year 2016, Plata received IVA refund of $545,543 including interest of $39,708 at an interest rate of approximately 7%. Subsequent to the year ended December 31, 2016, in January 2017, Plata received another IVA refund of $183,923. The Company anticipates full recovery of the amounts within the next twelve months, and therefore no impairment has been recorded against these receivables. Plata holds no collateral for any receivable amounts outstanding as at December 31, 2016.

At December 31, 2016, 99% of the receivables that were outstanding over one month are comprised of IVA recoverable in Mexico.

5. Exploration and evaluation expenditures

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

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 explore and acquire the Naranjillo property ("Property") for a total cash payment of US $1,650,000 (US $200,000 was received in 2016 upon signing the LOI) over 3 years. In addition, Fresnillo is required to expend in exploration of US $3,000,000 on the Property over the period. If Fresnillo fails to meet the obligations of the Option Agreement, it will forfeit all rights to the Property. At the end of the three-year period, if Fresnillo wishes to acquire the Property, it will pay the Company an additional US $500,000 and grant the Company with a 3% net smelter return royalty ("Royalty") on the Property. Fresnillo will be required to pay advance royalty payments of US $100,000 annually, until the earlier of (a) a maximum of US $1 million in advance royalty payments having been paid, or (b) commercial production of minerals commences from the Property. 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. On February 8, 2017, Plata entered into a definitive Option Agreement with Fresnillo on the terms stated above. On April 3, 2017, the transaction received the required approval from the TSX Venture Exchange.

(Expressed in Canadian Dollars, unless otherwise stated)

Naranjillo Project

Issued by the Mexican General Directorate of Mines ("GDM"), the mineral exploration concessions of Naranjillo project are 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

Impairment assessment

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

Vaquerias Project

On June 30, 2011, the Company entered into a Purchase Option Agreement (the "Agreement") with the vendors of Vaquerias. The Agreement gives the Company the right to purchase the Vaquerias License (the "License") for US$530,000 over six and half years until December 31, 2017, with the vendors retaining a 2% net smelter return ("Vaquerias Option"). In addition, the Company has the option to purchase the net smelter return for US$500,000 within 18 months of exercising the Vaquerias Option. As of December 31, 2016, the Company has paid the vendors US$179,655 on the License with US $20,345 due in June 2017 and US $330,000 in December 2017.

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

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 mineral concession title.

The Palo Alto project falls within a Protected Natural Area in the state of Aguas Calientes and requires the submission of an environmental impact assessment ("EIA") and Federal permission to drill. The initial submission for this permit was rejected by the Mexican Environmental agency (SEMARNAT) in 2013. The company appealed this rejection and in 2015 the company won this appeal before the Federal Tribunal for environmental matters, but this decision was reversed later in the same year.

(Expressed in Canadian Dollars, unless otherwise stated)

Because the designation of the protected area exists by voluntary acceptance from the surface owner, the Palo Alto land commune (Ejido), and because the Palo Alto Ejido in a 2011 general assembly vote gave its overwhelming support for the company's program, the company's legal counsel recommends that the company obtain the drill permit through the intervention of the Palo Alto Ejido. Alternatively, a new Aguas Calientes state governor believed to be mining friendly took office in early 2017, and the company is studying the additional possibility of making another Tribunal appeal with the support of the new state government. Resolution is not expected until 2017, and assuming a favorable outcome and subject to financing, the Company intends to carry out an initial drill program focused on exploring potential structures that have been identified through mapping and surface sampling.

Capitalized

Below is a summary of exploration and evaluation expenditures for the year ended December 31, 2016:

	Naranjillo	Vaquerias	Palo Alto	Total
Balance, January 1, 2016	**$ 6,867,730**	**$ 966,746**	**$ 160,165**	**$ 7,994,641**
Field work phase				
Contractor and general labour	-	-	572	572
Vehicles and related costs	-	-	330	330
Drilling phase				
Contractor and general labour	74,534	22,325	-	96,859
Travel, food and accommodations	1,520	12	-	1,532
Camp costs, supplies and other	16,225	1,564	-	17,789
Vehicles and related costs	2,622	1,118	-	3,740
Other				
Claims, taxes and acquisitions costs	43,571	112,127	13,834	169,532
Salaries and benefits	(24,693)	(1,900)	(1,900)	(28,493)
Legal fees	11,172	-	-	11,172
Depreciation	159	-	-	159
	125,110	135,246	12,836	273,192
Option payments [1]	(241,923)	-	-	(241,923)
Foreign exchange movements	(1,120,619)	(159,731)	(23,230)	(1,303,580)
Impairment on exploration and evaluation assets	(3,305,263)	-	-	(3,305,263)
Subtotal additions	(4,542,695)	(24,485)	(10,394)	(4,577,574)
Balance, December 31, 2016	**$ 2,325,035**	**$ 942,261**	**$ 149,771**	**$ 3,417,067**

[1] *Option payments of US$200,000 were related to the letter of intent with Fresnillo signed in July 2016.*

(Expressed in Canadian Dollars, unless otherwise stated)

Below is a summary of exploration and evaluation expenditures for the year ended December 31, 2015:

	Naranjillo	Vaquerias	Palo Alto	Total
Balance, January 1, 2015	**$6,386,460**	**$ 878,835**	**$ 117,683**	**$ 7,382,978**
Field work phase				
Contractor and general labour	-	-	3,420	3,420
Travel, food and accommodations	-	-	508	508
Camp costs, supplies and other	-	-	531	531
Vehicles and related costs	-	-	607	607
Drilling phase				
Assaying	1,508	-	-	1,508
Contract drilling	-	-	-	-
Contractor and general labour	87,803	22,345	-	110,148
Travel, food and accommodations	9,713	976	-	10,689
Camp costs, supplies and other	19,013	3,151	-	22,164
Vehicles and related costs	5,632	1,488	-	7,120
Other				
Claims, taxes and acquisitions costs	70,289	29,847	17,180	117,316
Salaries and benefits and share-based payme	149,472	11,498	11,498	172,468
Legal	3,986	944	6,627	11,557
Depreciation	3,375	-	-	3,375
Environmental	1,688	-	-	1,688
	352,479	70,249	40,371	463,099
Foreign exchange movements	128,791	17,662	2,111	148,564
Subtotal additions	481,270	87,911	42,482	611,663
Balance, December 31, 2015	**$6,867,730**	**$ 966,746**	**$ 160,165**	**$ 7,994,641**

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.

The expenditures of La Joya have not been capitalized as the board had not approved a spending plan for the property and until such time the project costs are held as project investigation costs.

Below is a summary of La Joya's project investigation costs expensed by category:

	2016	2015
Contractor and general labour	$ 1,731	$ 2,135
Vehicles and related costs	76	83
Claims and taxes	4,513	19,979
Assaying	111	-
Total	$ 6,431	$ 22,197

6. Accounts payable and accrued liabilities

	December 31, 2016	December 31, 2015
Trade payables	$ 161,292	$ 200,951
Accrued liabilities	325,886	317,523
Income tax payable	10,058	47,883
	$ 497,236	$ 566,357

(Expressed in Canadian Dollars, unless otherwise stated)

7. Loan Payable

In May 2015, the Company received a $250,000 loan from a director of the Company bearing interest at 10% per annum, subject to any prepayment by the Company, payable on the earlier of December 31, 2015; the date the Company completes a financing by way of sale of securities greater than $2,000,000 or the issuance of any debt instrument by the Company, unless consented by the Director. In March 2016, the term of the loan was extended to December 31, 2016 and in November 2016, the term was further extended to December 31, 2017. At December 31, 2016, interest payable on the loan was $42,083. Refer also to note 9.

8. Capital and reserves

a) *Authorized share capital*

At December 31, 2016, the authorized share capital comprised an unlimited number of common shares without par value.

b) *Foreign currency translation reserve*

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

c) *Options and warrants reserve*

Stock options

On March 1, 2012, the Company's stock option plan was approved by the Board of Directors which provides directors, officers, employees and consultants with the opportunity to acquire an ownership interest in the Company and is the basis for the Company's long-term incentive scheme.

The following summarizes the changes in the Company's stock options for 2016 and 2015:

	December 31, 2016		December 31, 2015	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, start of period	1,265,000	$0.37	1,055,000	$0.50
Granted	100,000	0.06	375,000	$0.06
Forfeited	-	-	(165,000)	$0.50
Balance, end of period	1,365,000	$0.35	1,265,000	$0.37

At December 31, 2016, the Company's outstanding and exercisable options are as follows:

Expiry Date	Exercise Price	Number of Options Outstanding and Exercisable	Weighted average remaining contractual life (years)
April 11, 2017	$0.50	890,000	0.28
March 3, 2020	$0.06	225,000	3.17
May 25, 2020	$0.06	75,000	3.40
June 9, 2020	$0.06	75,000	3.44
August 1, 2021	$0.06	100,000	4.58
		1,365,000	1.42

(Expressed in Canadian Dollars, unless otherwise stated)

On August 1, 2016, the Company issued an option grant of 100,000 stock options; 75,000 to an officer and 25,000 to a consultant exercisable at $0.06 per share for 5 years from the date of grant. The fair value of the 100,000 options was estimated at $4,292, calculated using the Black-Scholes option pricing model with these assumptions: expected life of 5 years, annualized volatility of 94.81%, risk free interest rate of 0.63% and zero expected dividend yield.

For the year ended December 31, 2016, the Company recognized share-based payments of $5,198 (December 31, 2015 - $13,949) against its income. Nil amount (December 31, 2015 – $nil) was capitalized to exploration and evaluation expenditures during the year ended December 31, 2016 based on the proportion of geologist and management time incurred on the capitalized exploration properties.

The fair value of stock options is determined on the grant date. In order to compute this fair value, the Company uses the Black-Scholes option pricing model which requires management to make certain estimates, judgements, and assumptions in relation to the expected life of options, expected volatility, expected dividend yield and the risk-free interest rate, as well as the number of options expected to be exercised. Comparative companies in the process of exploring mineral resource properties were used to determine the historical volatility of Plata.

Option-pricing models require the input of highly subjective assumptions including the expected share price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's incentive stock options.

Warrants

On August 27, 2016, the Company's remaining warrants of 5,615,000 expired.

9. Related parties

Management company agreement

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

	2016	2015
Salaries and benefits	$ -	$ 130,271
Office and administrative	-	32,351
	$ -	$ 162,622

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 agreement of $112,198. Accompanying this relinquishment, Plata was released and indemnified from its obligations under the office leases.

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

Compensation of directors and key management personnel

Director and key management personnel compensation is as follows:

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

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

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

In May 2015, a director of the Company provided a $250,000 loan to the Company bearing interest at 10% per annum. For the year ended December 31, 2016, interest accrued on the loan was $25,416 (December 31, 2015 - $16,667). Refer also to note 7.

10. Financial risk management objectives and policies

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

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

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

a) *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 amounts 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.

At December 31, 2016, the Company was exposed to currency risk through the following assets and liabilities denominated in US dollars ("US$"):

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

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

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

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

Liquidity risk

Liquidity risk arises through excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company seeks to achieve this by maintaining sufficient cash and cash equivalents (refer to note 1 on 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 related to the price of silver and the outlook for this mineral. The Company currently does not have any operating mines and hence does not have any hedging or other commodity based risks in respect of its operational activities.

Credit risk

Credit risk arises from cash held with banks and financial institutions, as well as credit exposure on amounts receivable and long-term recoverable tax. Credit risk exposure on cash and cash equivalents is limited through maintaining the Company's balances with high-credit quality financial institutions and assessing institutional exposure. IVA recoverable (note 4) represents value added tax receivables generated on the purchase of supplies and services, which are refundable from the Mexican government. A full recovery is expected by management.

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

(Expressed in Canadian Dollars, unless otherwise stated)

b) *Capital management*

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

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

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

11. Segment information

The Company operates in one industry segment, being mining. Geographic information is as follows:

	Canada	Mexico	United States	Total
Long-term assets as at:				
December 31, 2016	$ 1,153,924	$ 2,263,470	$ -	$ 3,417,394
December 31, 2015	$ 1,174,417	$ 6,821,525	$ -	$ 7,995,942
Net (loss) income before tax for the years ended:				
December 31, 2016	$ (405,050)	$ (3,383,965)	$ 139,814	$ (3,649,201)
December 31, 2015	$ (712,326)	$ (83,665)	$ 187,496	$ (608,495)

12. Subsequent events

On February 8, 2017, the Company signed an option agreement with Fresnillo with respect to the Company's Naranjillo Property (note 5).

On April 3, 2017, the Company received the final approval from the TSX Venture Exchange on the option agreement with Fresnillo (note 5).

(Expressed in Canadian Dollars, unless otherwise stated)

13. Income taxes

Income tax expense

The major components of income tax expense for the years ended December 31, 2016 and 2015 are:

		December 31, 2016		December 31, 2015
Current income tax:				
Current income tax charge	$	6,329	$	54,968
Deferred income tax:				
Relating to Mexican Special Mining Duty		(165,261)		-
Relating to origination and reversal of temporary differences		(491,604)		197,442
Income tax expense	$	(650,536)	$	252,410

A reconciliation between tax expense and accounting profit multiplied by the Company's domestic tax rate for the years ended December 31, 2016 and 2015 is as follows:

		December 31, 2016		December 31, 2015
Net loss before tax	$	(3,649,201)	$	(608,495)
Statutory tax rate		26%		26%
Income tax benefit		(948,792)		(158,209)
Reconciling items:				
Difference between statutory and foreign tax rate		(137,268)		25,171
Difference between statutory and future tax rates		-		1,185
Tax losses not recognized in the period that the benefit arose		220,422		257,907
Non-deductible expenses		46,617		(46,162)
Deferred taxes in respect of exploration expenditures		358,636		187,575
Deferred taxes in respect of Mexican Special Mining Duty		(165,261)		-
Other		(24,890)		(15,057)
Income tax expense	$	(650,536)	$	252,410

There was no change to the applicable statutory rate in the year.

Deferred taxes

Deferred income taxes result primarily from temporary differences in the recognition of certain revenue and expense items from financial and income tax reporting purposes. The approximate tax effect of each item that gives rise to the Company's recognised deferred income tax assets and liabilities as at December 31, 2016 and 2015 are as follows:

		December 31, 2016		December 31, 2015
Exploration assets	$	-	$	(595,548)
Mexican Special Mining Duty		(174,150)		(419,598)
Other		-		(9,867)
Deferred income tax liabilities, net	$	(174,150)	$	(1,025,013)

The deferred tax expense and associated deferred tax liability of $174,150 (December 31, 2015 - $1,025,013) are non-cash items. In future if the exploration properties are anticipated to be brought into production, the currently unrecognized deferred tax assets may be used to offset the deferred tax liabilities.

(Expressed in Canadian Dollars, unless otherwise stated)

The movement in the net deferred income tax position is as follows:

	December 31, 2016	December 31, 2015
At start of period	$ (1,025,013)	$ (888,753)
Income statement charge	656,865	(197,442)
Foreign exchange impact in equity	193,998	(18,818)
At end of period	$ (174,150)	$ (1,025,013)

The Company's unrecognized unused tax losses and other deductible temporary differences for which no deferred tax asset is recognized consists of the following:

	December 31, 2016	December 31, 2015
Non-capital losses and other future tax deductions	$ 7,660,900	$ 7,536,700
Exploration assets	1,072,700	-
Property, plant and equipment	40,100	40,900
	$ 8,773,700	$ 7,577,600

No deferred tax asset has been recognized because the amount of future taxable profit that will be available to realize such assets is not probable. The unrecognized available to be deducted difference will be deducted from taxable income in future years.

As of December 31, 2016, the Company has Canadian loss carry forwards of $4,964,000 (2015 – $4,442,000) and Mexican loss carry forwards of $2,443,000 (2015 – $2,462,000) available to reduce future years' income tax for tax purposes. The tax loss carry forwards expire at various times between 2017 and 2036.

14. Commitments

The Company has commitments relating to option payments on the Vaquerias project with a payment of US $20,345 due in June 2017 and a final payment of US $330,000 due in December 2017 (note 5).