



Plata Latina Minerals Corporation

Management's Discussion & Analysis
For the Year ended December 31, 2018

PLATA LATINA MINERALS CORPORATION

Management's Discussion and Analysis

For the Year ended December 31, 2018

INTRODUCTION

This management's discussion and analysis ("MD&A") of Plata Latina Minerals Corporation ("Plata" or the "Company") for the year ended December 31, 2018, takes into account information up to and including April 2, 2019, the date of this report. This MD&A supplements but does not form part of the audited consolidated financial statements for the year ended December 31, 2018. As such, this MD&A should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2018, prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The consolidated financial statements referred to above are available on the Company's website at www.plminerals.com and on the SEDAR website at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking information which deals with intentions, beliefs, expectations and future results as they pertain to the Company and the Company's industry. This forward-looking information also includes information regarding the financial condition and business of the Company, as they exist at the date of this MD&A. Forward-looking information is often, but not always, identified by the use of words such as "seeks", "believes", "plans", "expects", "intends", "estimates", "anticipates", "objective", "strategy" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. This forward-looking information includes, without limitation, information about the Company's opportunities, strategies, competition, expected activities and expenditures as the Company pursues its business plan, the adequacy of the Company's available cash resources and other statements about future events or results. In particular, and without limiting the generality of the foregoing, this MD&A contains forward-looking information concerning its exploration of the Naranjillo Property (defined herein) and the Company's other properties, which information has been based on exploration on the Naranjillo Property to date, the exploration of other properties of the Company, the proposed expenditures for exploration work and ability to raise further capital. Forward-looking information is information about the future and is inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, such as business and economic risks and uncertainties, including, without limitation, those referred to under the heading "Risks and Uncertainties". The forward-looking information is based on a number of assumptions, including assumptions regarding general market conditions, the availability of financing for proposed transactions and programs on reasonable terms, the ability of outside service providers to deliver services in a satisfactory and timely manner, prevailing commodity prices and exchange rates and prevailing regulatory, tax and environmental laws and regulations. The Company's forward-looking information is based on the beliefs, expectations and opinions of management of the Company on the date the information is provided. For the reasons set forth above, investors should not place undue reliance on forward-looking information.

The Company undertakes no obligation to reissue or update any forward-looking statements or information as a result of new information or events after the date hereof except as may be required by law. All forward-looking statements and information herein are qualified by this cautionary statement.

This MD&A includes many cautionary statements, including those stated under the heading "Risks and Uncertainties". You should read these cautionary statements as being applicable to all related forward-looking information wherever it appears in this MD&A.

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DESCRIPTION OF BUSINESS

Plata is a Canadian based resources exploration company and has five wholly owned subsidiaries: Plaminco S.A. de C.V. ("Plaminco"), Minera Central Vaquerias S.A. de C.V. ("MCV"), Minera Exploradora del Centro S.A. de C.V. ("MEC"), Servicio PLMC ("Servicio") and Plata Latina US Ltd. ("Plata US"). On April 11, 2012, Plata began trading on the TSX Venture Exchange under the symbol "PLA".

Plata and its subsidiary, Plaminco, are engaged in mineral exploration, principally in the Mexican Silver Belt in the states of Guanajuato, Aguascalientes and Jalisco, Mexico. Plaminco holds mineral interests in four properties in Mexico: Naranjillo, Vaquerias, Palo Alto and La Joya.

The Company's objective is to discover one or more new silver-gold vein districts in the style of the historical San Dimas, Fresnillo, Zacatecas, Guanajuato and Pachuca-Real del Monte districts of Mexico. Plata's extensive experience along the Mexican Silver Belt led to the staking of the Naranjillo Property in 2012. Between 2012 and 2014, the Company discovered and further delineated the silver-gold vein system.

In February 2017, the Company completed an option agreement with Metalúrgica Reyna S.A. de C.V. (a wholly owned subsidiary of Fresnillo plc, together "Fresnillo") for the Naranjillo Property ("Naranjillo"). The option agreement provides Fresnillo the right to explore Naranjillo over a three-year period. Further details are in section under "Naranjillo Option Agreement".

The Company also holds three other mineral properties along the Mexican Silver Belt, including Vaquerias, Palo Alto and La Joya. All three properties are located within 165 kilometres of Naranjillo.

YEAR IN REVIEW

In 2018, Fresnillo completed a multi-rig drill program with 20 drill holes on the Naranjillo Property for its exploration commitments under the Naranjillo Option Agreement. Highlights include hole CB-96 intersecting 8,401 g/t AgEq (comprised of 5,507 g/t Ag and 34.74 g/t Au) over 3.45 metres (3.13 metres true thickness) and hole CB-88 intersecting 4,060 g/t AgEq (comprised of 1,410 g/t Ag and 31.80 g/t Au) over 0.50 metres (0.38 metres true thickness). The drill results from Naranjillo continue to demonstrate the discovery of a significant and extensive epithermal vein system, typical of the Mexican Silver Belt.

In 2018, the Company undertook a strategic objective to explore the base metal opportunities in addition to its current silver exploration targets. As such, the Company embarked on an initiative in assessing exploration/development assets in the U.S. for prospects of joint venture, option agreement or merger and acquisition. To achieve these objectives, in May 2018, the Company retained personnel and expanded its presence in Denver, Colorado by assuming an office space from Leagold Mining Corporation ("Leagold"). Under the arrangement, Plata received payments for a year's rents and portion of the personnel's benefits less the purchased costs of office assets. In September 2018, the Company entered into an agreement with a third party in sharing office lease and personnel costs of the Denver office.

On May 31, 2018, the Company issued 6,976,845 common shares at \$0.045 per share for a debt restructuring to equity in settlement of \$313,958 due to a director.

On June 1, 2018, Michael Clarke retired from his role as President and Chief Executive Officer and director of the Company. W. Durand Eppler, a director and Chair of the Audit Committee, was appointed as Interim President and Chief Executive Officer.

On September 30, 2018, Robert Blakestad stepped down as director of the Company for personal reasons.

On October 30, 2018, the Company settled indebtedness of \$201,250 due to its directors for accrued director fees and \$30,000 due to a former officer for accrued management fees by issuing 4,625,000 common shares at \$0.05 per share.

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EXPLORATION AND EVALUATION ASSETS

Naranjillo Property

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

A Technical Report prepared by David S. Dunn, an independent "Qualified Person" as defined under NI 43-101 was completed with respect to the Naranjillo Property on February 27, 2012 (the "Technical Report"). The Technical Report recommended that the Company carry out a phase three diamond core drilling program of approximately 10,000 metres as well as a supporting ground-magnetic geophysical survey. Portions of the information identified and contained in this document are based on assumptions, qualifications and procedures which are not fully described herein. Reference can be made to the full text of the Technical Report, which is available for review under the Company's profile on the Sedar website at www.sedar.com.

Naranjillo Option Agreement with Fresnillo

On February 8, 2017, the Company 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) provides Fresnillo the right to explore the Naranjillo Property for a total cash payment of US \$1,650,000 over three years (of which US \$1,400,000 have been received as of the date of this MD&A). 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.

At the end of the three years, Fresnillo has the option to acquire the Naranjillo Property for an additional US \$500,000 and grants the Company a 3% net smelter return royalty ("Royalty"). Fresnillo will be required to pay advance royalty payments of US \$100,000 annually ("Advanced Royalty Payment"), until the earlier of (a) a maximum of US \$1,000,000 in Advance Royalty Payment 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 Property

During the year ended December 31, 2016, the Company assessed impairment on the Naranjillo Property based on the terms of the Naranjillo Option Agreement. The assessment determined that the carrying value of Naranjillo was lower than its recoverable amount, which is the greater of the its value in use (the "VIU") and its fair value less cost to sell (the "FVLCS"). The recoverable amount was determined to be the FVLCS. In calculating the FVLCS, the Company used significant assumptions and estimates (the "Assumptions and Estimates") as follows: i) discount rate of 15%, and ii) probability-weighted cash flows from the Option Payment, the Advanced Royalty Payments, and the Additional Option Payments. Consequently, the Company recognized \$3,305,263 of impairment in profit or loss of 2016.

During the years ended December 31, 2018 and 2017, the Company reviewed the estimated probabilities of the remaining Option Payments, Advanced Royalty Payments and Additional Option Payments of the Option Agreement. Based on Fresnillo's active exploration programs on the Naranjillo Property in 2017 and 2018, the Company concluded that Fresnillo would continue its commitments and obligations under the Naranjillo Option Agreement. As such, the Company determined that the Assumptions and Estimates used in the impairment assessment in 2016 remained the same and no impairment was resulted in 2018. In fiscal year 2017, the Company incurred \$82,810 in exploration expenditures. As these costs were not recoverable under the Option Agreement, the amount of \$82,810 was written off as impairment in profit or loss of 2017.

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Vaquerias Optioned Property

The Vaquerias Optioned Property consisted of the Vaquerias license held by way of an interest through a Purchase Option Agreement (the "Vaquerias Option Agreement") between the Company and the vendors entered on June 30, 2011. The Vaquerias license covered 100 hectares and several old silver mines. The Vaquerias Option Agreement gave the Company the right to purchase the Vaquerias licence for US \$530,000 until December 31, 2017, with the vendors retaining a 2% net smelter return. In addition, the Company had the option to purchase the 2% net smelter return for US \$500,000 within 18 months of exercising the Vaquerias Option.

During the year ended 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 Vaquerias Optioned Property to test the lateral extent of mineralization exposed in historical mine workings. The assay results showed minimal potential on the Vaquerias vein within the small optioned license. As a result, on November 20, 2017, the Company provided the vendors a notice to terminate the Vaquerias Option Agreement effectively immediately, and the final option payment of US \$330,000 was cancelled accordingly.

Upon the termination of the Vaquerias Option Agreement in November 2017, the Company recognized an impairment of \$546,834, which represented the total capitalized costs related to the Vaquerias Optioned Property, to profit or loss of 2017.

Vaquerias Property

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

During the year ended December 31, 2018, the Company assessed the carrying value of the Vaquerias Property and recognized impairment of \$579,740 in profit or loss of 2018 (2017 – \$546,834 written off from the Vaquerias Optioned Property) as no exploration funding is currently planned on the property.

Palo Alto Property

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

The Palo Alto Property falls within a protected natural area in Aguas Calientes and requires the submission of an environmental impact assessment ("EIA") and Federal permission to drill. The Company has been waiting for the regulatory approval and issuance of a drill permit.

During the year ended December 31, 2018, the Company performed impairment assessment on the carrying value of the Palo Alto Property. 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 (2017 - \$nil)

La Joya Property

The La Joya property is located in the state of Hidalgo, Mexico, and is a conceptual exploration target similar to Naranjillo. The La Joya property consists of the La Carmen license issued by the GDM on December 21, 2010 and is valid until 2060. The property covers 924 hectares and surrounds a third-party license. The Company has been negotiating with the interior license owners before advancing to drilling on the property. The Company has carried out reconnaissance work on and around the licensed areas and such related costs are expensed as property revaluations.

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OUTLOOK

The Company optioned its Naranjillo Property to Fresnillo in February 2017. Fresnillo has subsequently carried out multi-rig drilling programs at Naranjillo, both in 2017 and again in 2018, for a current total of 45 holes. The drill results have expanded the extent of the epithermal vein system and continued to show significant, moderate to high-grade mineralization, typical of the Mexican Silver Belt. As of the date of this report, Fresnillo has been fulfilling its cash and exploration commitments under the terms of the Naranjillo Option Agreement, with another drill program anticipated for 2019. Fresnillo has the option to acquire the Naranjillo property by February 2020. The Company will continue to communicate with Fresnillo on the progress of their evaluation of the Naranjillo project.

In mid-2018, the Company commenced a strategic plan to explore opportunities (including base metal projects) beyond the Mexican Silver Belt. These activities are focused on identifying drill-ready exploration targets that may provide the basis for targeted fundraising and cost-effective programs which offer the potential to advance Plata's portfolio. Such efforts are ongoing.

SELECTED ANNUAL INFORMATION

The Company's selected annual information for the three most recently completed financial years is as follows:

	For the years ended December 31,		
	2018	2017	2016
Revenue	\$ -	\$ -	\$ -
Loss for the year	(1,113,979)	(1,078,946)	(2,998,665)
Basic and diluted loss per share	(0.02)	(0.02)	(0.04)
Total assets	1,548,186	2,660,651	3,832,935
Total long term liabilities	148,258	(170,673)	(174,150)

SUMMARY OF QUARTERLY RESULTS

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

	2018				2017			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss	\$ (642,231)	\$ (170,460)	\$ (162,743)	\$ (138,545)	\$ (725,403)	\$ (106,431)	\$ (161,842)	\$ (85,270)
Total comprehensive (loss) income	\$ (646,441)	\$ (126,935)	\$ (234,829)	\$ 41,142	\$ (1,047,827)	\$ (20,101)	\$ (122,756)	\$ 104,571
Basic and diluted loss per share	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.00)

In the fourth quarter of 2018 and 2017, the Company recognized impairment on its exploration and evaluation assets by writing off \$798,069 and \$629,644, respectively from the carrying values of these assets.

RESULTS OF OPERATIONS

The following financial information is derived from the Company's consolidated financial statements for the years ended December 31, 2018 and 2017.

For the three months ended December 31, 2018 and 2017 ("Q4")

Loss before tax for the three months ended December 31, 2018 was \$642,231 as compared to \$725,403 for 2017 Q4. Details of the variances are described below.

- In 2018 Q4, salaries and benefits were \$43,696 (2017 – \$17,185). In May 2018, the Company's US subsidiary added part-time consultants and employee to assess certain corporate development opportunities for the Company. The increased payroll costs were partially offset by the retirement of the Chief Executive Officer in June 2018.

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- Professional fees during the fourth quarter of 2018 were \$77,459 (2017 - \$60,751). In October 2018, the Company settled the indebtedness owed to directors and former CFO with the issuance of its common shares. The transaction resulted in increased legal fees and related regulatory filings. In addition, the geological consultant's fees in Mexico were expensed in 2018 whereas in 2017 majority of his fees were capitalized to mineral assets.
- Filing fees and transfer agent for 2018 Q4 were \$4,105 (2017 - \$850). In the fourth quarter of 2018, the debt settlement and the associated shares issuance resulted in increased costs in filings with various regulatory exchanges and the issuance of new share certificates.
- Depreciation was \$6,115 for 2018 Q4 (2017 - \$nil). In June 2018, the Company assumed office assets from Brio's former subsidiary in U.S. The office assets are amortized between two and five years.
- Impairment on exploration and evaluation assets for 2018 Q4 was \$798,069 (2017 - \$629,644). In 2018, the project costs of Vaquerias (\$579,740) and Palo Alto (\$218,329) were written off as no further exploration planned on these properties. In 2017, the Company wrote off \$82,810 from the Naranjillo project and \$546,834 from the Vaquerias optioned property.
- In 2018 Q4, the Company settled \$30,000 of accrued management fee with the former CFO with its common shares. The renouncing of the remaining balance by the former CFO resulted in a gain of \$123,560 on the settlement of management fees (2017 - \$nil).

For the years ended December 31, 2018 and 2017

Loss for fiscal year 2018 was \$1,113,979 (2017 - \$1,078,946) and the variances are as follows:

- Salaries and benefits were \$168,832 (2017 - \$51,975). The increase was the result of assuming an office in U.S. and its personnel in May 2018. The higher salaries in 2018 were also due to the expensing of all of the former CEO's salaries in profit or loss whereas in 2017 \$51,975 of his salary were capitalized to the exploration and evaluation assets.
- Directors' fees were \$45,000 (2017 - \$60,000). In 2018, the directors' fees were for nine months until September 2018 whereas in 2017 the directors' fees were for twelve months.
- Professional fees for the year of 2018 were \$256,402 (2017 - \$232,861). In 2018, there were two debt-for-share transactions (May and October) resulting in higher legal fees associated with regulatory submissions and approvals. In addition, the geological consultant's fees in Mexico were all expensed in 2018 whereas in 2017 his consulting fees were mostly capitalized to mineral assets.
- Office administration for 2018 was \$45,301 (2017 - \$35,128). The increase was attributed to the assumption of the U.S office in May 2018.
- 2018's filing fees and transfer agent were \$16,816 (2017 - \$13,197). In 2018, additional filing activities were incurred relating to the two debt conversions to shares. Transfer agent fees were also higher from costs associated in the issuance and deliveries of new share certificates.
- In 2018, Plata settled a loan and accrued fees owing to its directors and a former officer with the issuance of its common shares. The deemed prices (\$0.045 on the loan and \$0.05 on accrued fees) of these issued shares were higher than the market share prices (\$0.04 on the loan and \$0.03 on accrued fees) resulting in a gain of \$127,384 on the debt settlement.

Other Comprehensive Income (Loss) ("OCI")

OCI (loss) is in respect with foreign currency revaluations at each reporting date the fluctuations among the Canadian Dollar, Mexican Peso and U.S. Dollar. This foreign currency translation adjustments include the impact of foreign exchange on intercompany loans whose retranslation is treated as equity (until the foreign operation is disposed of) and the translation of the foreign operation from its functional currency to Canadian Dollars. For the year ended December 31, 2018, the impact of the foreign currency translation differences was comprehensive income of \$146,916 (2017 - comprehensive loss of \$7,167).

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EXPLORATION AND EVALUATION EXPENDITURES

At December 31, 2018, the carrying value of exploration and evaluation assets was \$1,198,136 (2017 - \$2,446,785). In 2018, the value of the exploration and evaluation assets was reduced by \$1,248,649 mainly due to cost recoveries from Fresnillo's option payments of \$646,442 (US \$500,000) on the Naranjillo project and the write-offs of \$798,069 on the Vaquerias and Palo Alto projects offsetting by i) expenditures of \$77,140 incurred during the year and ii) foreign exchange increase of \$118,722 due to the stronger Canadian dollars versus the Mexican Peso.

Foreign exchange movements represent the non-cash impact of the retranslation of Plaminco's exploration and evaluation expenditures, denominated in Mexican pesos. The exchange variations resulting from the retranslation at closing rate are recognized in other comprehensive income as part of the foreign currency translation reserve.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2018, the Company had cash of \$265,682 (2017 - \$172,557) and working capital of \$125,174 (2017 - negative working capital of \$491,095).

In 2018, the Company settled a director's loan of \$313,958 and accrued fees of \$231,250 owing to its directors and the former officer with the issuance of its common shares of 6,976,845 and 4,625,000, respectively. Additional accrued liabilities of \$123,560 were also settled by the former officer's renunciation. Consequently, the Company's 2018 working capital was in positive position post to the two debt conversions to equity.

The Company is at exploration stage and has no revenue generated from operations yet. It has incurred ongoing losses and will continue to incur further losses in the course of developing its business. In February 2017, the Company executed an option agreement with Fresnillo. Under the agreement, the Company will receive a total cash payment of US \$1,650,000 (as of the MD&A date, US \$1,400,000 have been received). Based on the annual budget of 2019 approved by the board of Plata, the Company will have sufficient working capital to continue its operations for the next twelve months.

Cash Flows

Under operating activities, for the year ended December 31, 2018, \$463,212 were used for the operations (2017 - \$165,765). The lower cash outflows for 2017 operations were due to the refund payments of \$183,923 on the Mexican value added taxes.

In the investing area, on the exploration and evaluation assets, Plata spent \$77,140 in 2018 (2017 - \$385,659) but received cash inflows of \$646,442 (US \$500,000) in 2018 (2017 - \$523,102 (US \$450,000) from Fresnillo pertaining to the option payments on the Naranjillo property. In June 2018, Plata assumed an office lease in Denver, U.S. and took over the office assets including computers, office furniture and equipment at the purchased price of \$54,568 (US \$40,000).

GOING CONCERN

As at December 31, 2018, the Company had accumulated deficit of \$10,925,497 and working capital of \$125,174. The Company recognizes that it will require to raise additional funding through equity financing and/or debt financing. However, there is no assurance that the Company will be able to obtain such additional funding or obtain it on acceptable terms. These uncertainties may cast significant doubt on the Company's ability to continue as a going concern. The consolidated financial statements do not give effect to adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the consolidated financial statements.

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OUTSTANDING SHARE DATA

As at April 2, 2019, the Company's issued and outstanding common shares were 79,034,671; stock options outstanding were 550,000 with a weighted average exercise price at \$0.06 per share with expiry dates between 2020 and 2022 and had no outstanding warrants.

PROPOSED TRANSACTIONS

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

OFF-BALANCE SHEET ARRANGEMENTS

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

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 one year's rent of \$135,679 (US \$103,037).

The annual office lease commitments net of the first year's rent payment from Leagold are:

2019	\$	82,995	(US \$60,838)
2020		144,787	(US \$106,133)
2021		134,963	(US \$98,932)
	\$	<u>362,745</u>	

CORPORATE CHANGES

On June 1, 2018, Michael Clarke retired as President and Chief Executive Officer and director of the Company. W. Durand Eppler, a director and Chair of the Audit Committee, was appointed as Interim President and Chief Executive Officer.

On September 30, 2018, Robert Blakestad stepped down as a director of Plata for personal reasons.

RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Key management includes the Company's directors and officers. Their compensation paid or accrued for the years ended December 31, 2018 and 2017 was as follows:

	2018	2017
Salaries and benefits	\$ 84,138	\$ 51,975
Salaries capitalized to exploration and evaluation assets	-	51,975
Directors' fees	45,000	60,000
Professional fees	60,000	59,000
Share-based compensation	-	1,664
Total	<u>\$ 189,138</u>	<u>\$ 224,614</u>

On October 30, 2018, the Company settled accrued directors' fees of \$201,250 owing to its directors and \$30,000 being a portion of the accrued management fees owing to its former officer by issuing 4,625,000 common shares at \$0.05 per share. The balance of accrued management fees of \$123,560 was renounced by the former officer. At December 31, 2018, no amount was due to the related parties (2017 - \$309,810).

In May 2015, a director of the Company provided a \$250,000 loan to the Company bearing interest at 10% per annum. On May 31, 2018, the Company settled the loan and accrued interest totalling \$313,958 with the issuance of 6,976,845 common shares at \$0.045 per share. At December 31, 2018, loan payable was \$nil (2017 - \$313,958) and interest expense on the loan for the year ended December 31, 2018 was \$nil (2017 - \$21,875).

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CRITICAL ACCOUNTING ESTIMATES

The preparation of these consolidated financial statements requires management to make certain judgments, estimates and assumptions that impact the Company's reported financial position. Actual outcomes could differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in future periods affected.

The significant judgments and estimates that will affect these consolidated financial statements is described below.

a) Carrying value of exploration and evaluation expenditures

The carrying values and assessment of impairment of exploration and evaluation assets are based on costs incurred and management's estimate of net recoverable value. Estimates may not necessarily reflect actual recoverable value as this will be dependent on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to achieve commercial production. The recoverable amount of the Naranjillo project is dependent on the probabilities assigned to the various option payments and discount rates used in the discounted cash flows calculation. The recoverable value of the Vaquerias project represents historical costs incurred on the two licenses which the Company currently holds.

b) Going concern

The Company uses judgment in assessing its ability to continue as a going concern for the next 12 months. In considering the factors affecting its going concern as disclosed in Note 2 of the consolidated financial statements for the year ended December 31, 2018, the Company concluded that there is a material uncertainty that may cast significant doubt on its ability to continue as a going concern.

c) Options and warrants

The fair value of options and warrants is determined on the grant date. To compute the fair value, the Company uses the Black-Scholes option pricing model which requires management to make certain assumptions in relation to the expected life of options and warrants, future volatility of the stock price, expected dividend yield, risk-free interest rate and future forfeiture rate of options.

d) Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

RECENT ACCOUNTING PRONOUNCEMENTS

The Company adopted the following new standard and interpretations issued by the IASB or International Financial Reporting Interpretation Committee ("IFRIC") as of January 1, 2018.

IFRS 9 Financial Instruments

On January 1, 2018, Plata adopted IFRS 9, which replaced IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39"), on a retrospective basis using certain available transitional provisions. In accordance with the transitional provisions, the comparative information for prior periods have not been restated and the information presented for 2017 reflects the requirements of IAS 39 rather than IFRS 9.

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The nature and effect of the changes to IFRS 9 are as follows:

i) *Financial instrument classification and measurement*

IFRS 9 mainly retains the requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 had no significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments.

IFRS 9 provides a revised model for the classification and measurement of financial assets that eliminates the previous categories of financial assets under IAS 39 of "available-for-sale", "held-to-maturity", or "loans and receivables." Under IFRS 9, on initial recognition, a financial asset is classified as and measured at: amortized cost, fair value through profit or loss ("FVPL"), or fair value through other comprehensive income ("FVOCI"). The revised model for classifying financial assets results in classification according to their contractual cash flow characteristics and the business models under which they are held.

On initial recognition of an equity investment that is not held for trading, an irrevocable election is available to measure the investment at FVOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is available on an investment-by-investment basis.

The following table summarizes the impact of transition from IAS 39 to IFRS 9:

Asset/Liability	Measurement Original (IAS 39)	Measurement New (IFRS 9)	Subsequent measurement
Cash	Amortized cost	Amortized cost	Amortized cost
Amounts receivables	Loans and receivables	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost	Amortized cost
Other liabilities	Not applicable	Amortized cost	Amortized cost

ii) *Impairment of financial assets*

IFRS 9 replaced the 'incurred loss' model in IAS 39 with an 'expected credit loss' ("ECL") model. The new impairment model applies to financial assets classified as and measured at amortized cost, contract assets and investments in debt instruments measured at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39. The adoption of the ECL model under IFRS 9 did not have an impact on the carrying values of any of the Company's financial assets on the transition date.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

On January 1, 2018, the Company adopted IFRIC 22, which clarifies the date that should be used for translation when a foreign currency transaction involves an advance payment or receipt. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of the advance consideration.

The adoption of IFRIC 22 did not have a material impact on the Company's financial statements. As such, no adjustment was recognized on transition.

IFRS 16 Leases

IFRS 16 addresses accounting for leases and lease obligations and replaces the leasing guidance in IAS 17, *Leases*. The standard requires lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. The standard is effective for annual periods beginning on or after January 1, 2019. Under this standard, the present value of lease commitments will be shown as a liability on the statement of financial position together with an asset representing the right of use, including those leases classified as operating leases under the current standard IAS 17. This

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implies higher amounts of depreciation expense and interest expense on lease liabilities will be recorded in profit or loss in 2019 and future years. Additionally, a corresponding reduction in general and administrative costs is expected.

The Company is in the process of completing its review and analysis of IFRS 16 and will apply IFRS 16 using the cumulative catch-up approach where the additional right-of-use assets and lease liabilities will be recorded from that date forward and will not require restatement of prior years' comparative information. The Company will provide the quantitative impact of adopting IFRS 16 in its first quarter 2019 unaudited condensed consolidated interim financial statements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

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

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

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

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

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

Risk management

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

Foreign currency risk

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

For the years ended December 31, 2018 and 2017, the Company was exposed to currency risk through the following assets and liabilities denominated in US dollars ("US\$"):

	2018		2017	
Cash	US\$	181,305	US\$	99,639
Accounts payable and accrued liabilities		(1,197)		(272)
	US\$	180,108	US\$	99,367

At December 31, 2018 and December 31, 2017, the Company was exposed to currency risk through the following assets and liabilities denominated in Mexican Pesos ("MXN"):

	2018		2017	
Cash	MXN	37,597	MXN	512,451
Accounts payable and accrued liabilities		(76,475)		(761,301)
	MXN	(38,878)	MXN	(248,850)

A 10% change of the Canadian dollar against the US dollar at December 31, 2018 would have increased or decreased net loss by \$20,930 (2017 – \$12,380) and would have increased or decreased the comprehensive loss by \$38,203 (2017 – \$1,229). A 10% change of the Canadian dollar against the Mexican peso at December 31, 2018 would have increased or decreased the comprehensive loss by \$270 (2017 – \$1,588). This analysis assumes that all other variables, in particular interest rates, remain consistent.

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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 December 31, 2018, the Company had cash of \$265,682 (2017 - \$172,557) to settle current liabilities of \$164,150 (2017 - \$704,961). The Company has sufficient liquidity to meet its commitments for fiscal year 2019. However, it will require additional funding to continue as a going concern beyond that.

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 banks and financial institutions, as well as credit exposure on amounts receivable. Credit risk exposure on cash is limited through maintaining the Company's balances with high-credit quality financial institutions and assessing institutional exposure. The Company's maximum exposure to credit risk as at December 31, 2018 was the carrying value of its cash and amounts receivable.

Capital Management

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

In assessing the capital structure of the Company, management includes in its assessment the components of shareholders' equity and cash. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash. No changes were made in the objectives, policies or procedures during the year ended December 31, 2018.

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

RISKS AND UNCERTAINTIES

An investment in the Company's common shares is highly speculative and subject to a number of risks and uncertainties. Only those persons who can bear the risk of the entire loss of their investment should participate. An investor should carefully consider the risks described in the Company's Management's Discussion and Analysis for the year ended December 31, 2018, and the other information filed with the Canadian securities regulators before investing in the Company's common shares. Plata's business is subject to a number of risks and uncertainties including those described in the Company's Management's Discussion and Analysis for the year ended December 31, 2018, which is available on the Company's website at www.plminerals.com and SEDAR at www.sedar.com. Any of the risks and uncertainties described in the above-noted document could have a material adverse effect on the Company's business and financial condition and accordingly, should be carefully considered in evaluating the Company's business.

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REVIEW BY QUALIFIED PERSON, QUALITY CONTROL AND REPORTS

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

QUALITY ASSURANCE AND QUALITY CONTROL

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

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Head Office,
Registered &
Records Office 1100 – 1111 Melville Street
Vancouver, BC
V6E 3V6 Canada

Telephone: +1 (800) 933-9925

Directors Gilmour Clausen - Chairman
Margaret Brodie
W. Durand Eppler
Letitia Wong

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

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

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

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

Shares Listed TSX Venture Exchange
Trading symbol ~ PLA

Investor Relations W. Durand Eppler – Interim President & CEO
+1 (800) 933-9925