



Plata Latina Minerals Corporation

**Consolidated Financial Statements
For the Year ended December 31, 2023**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Plata Latina Minerals Corporation

Opinion

We have audited the accompanying consolidated financial statements of Plata Latina Minerals Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has incurred ongoing losses and will continue to incur further losses in the course of developing its business. The Company has not yet generated revenue from operations as it is in the exploration stage. As at December 31, 2023, the Company had an accumulated deficit of \$11,937,038 and working capital of \$285,454. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year ended. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.



Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.


- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year ended and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Catherine Tai.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

March 28, 2024

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

As at	Note	December 31, 2023 \$	December 31, 2022 \$
Assets			
Current assets			
Cash and cash equivalents		291,810	348,813
Amounts receivable	3	8,806	5,054
Prepaid expenses		7,321	-
Total assets		307,937	353,867
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	22,483	20,039
Shareholders' equity			
Share capital	6	11,490,446	11,490,446
Reserves	6	732,046	693,874
Deficit		(11,937,038)	(11,850,492)
		285,454	333,828
Total liabilities and shareholders' equity		307,937	353,867

Nature of operations and going concern 1

Approved by the Board of Directors on March 28, 2024:

"Joseph Longpre"
Audit Committee Chair

"Letitia Wong"
Director

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, 2023	Year ended December 31, 2022
	Note	\$	\$
Expenses			
Filing fees and transfer agent		12,716	11,076
Investor relations		225	2,445
Office administration		21,799	17,993
Professional fees	7	131,293	123,870
Salaries and benefits	7	16,194	23,572
		(182,227)	(178,956)
Other income (expenses)			
Royalty income	4	132,803	126,110
Interest income		6,861	-
Foreign exchange loss		(43,983)	(3,752)
Loss for the year		(86,546)	(56,598)
Other comprehensive income (loss)			
Item that may be reclassified to income or loss:			
Foreign currency translation adjustment		38,172	30,458
Loss and comprehensive income for the year		(48,374)	(26,140)
Weighted average number of shares outstanding			
Basic and diluted #		79,034,671	79,034,671
Basic and diluted loss per share \$		(0.00)	(0.00)

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

Plata Latina Minerals Corporation

Consolidated Statements of Changes in Shareholders' Equity (Expressed in Canadian Dollars)

	Share Capital (Note 6)		Reserves				Total Shareholders' Equity
	Number of Shares	Amount	Accumulated Other Comprehensive Loss	Options and Warrants	Total Reserves	Deficit	
	#	\$	\$	\$	\$	\$	\$
December 31, 2022	79,034,671	11,490,446	(926,642)	1,620,516	693,874	(11,850,492)	333,828
Loss for the year	-	-	-	-	-	(86,546)	(86,546)
Foreign currency translation adjustment	-	-	38,172	-	38,172	-	38,172
December 31, 2023	79,034,671	11,490,446	(888,470)	1,620,516	732,046	(11,937,038)	285,454
December 31, 2021	79,034,671	11,490,446	(957,100)	1,620,516	663,416	(11,793,894)	359,968
Loss for the year	-	-	-	-	-	(56,598)	(56,598)
Foreign currency translation adjustment	-	-	30,458	-	30,458	-	30,458
December 31, 2022	79,034,671	11,490,446	(926,642)	1,620,516	693,874	(11,850,492)	333,828

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, 2023 \$	Year ended December 31, 2022 \$
Operating activities		
Loss for the year	(86,546)	(56,598)
Items not affecting cash and cash equivalents:		
Unrealized foreign exchange gain	43,790	-
Changes in non-cash working capital:		
Amounts receivable	(3,752)	(846)
Prepaid expenses	(7,321)	7,321
Accounts payable and accrued liabilities	2,444	1,478
Net cash used in operating activities	(51,385)	(48,645)
Effect of foreign exchange on cash and cash equivalents	(5,618)	30,458
Change in cash and cash equivalents	(57,003)	(18,187)
Cash and cash equivalents, beginning of the year	348,813	367,000
Cash and cash equivalents, end of the year	291,810	348,813

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

Plata Latina Minerals Corporation

Notes to the Consolidated Financial Statements

For the Year ended December 31, 2023

(Expressed in Canadian Dollars, unless otherwise stated)

1. NATURE OF OPERATIONS AND GOING CONCERN

Plata Latina Minerals Corporation (“Plata” or the “Company”) was incorporated under the laws of British Columbia, Canada. Plata’s registered and records office is at 1100 – 1111 Melville Street, Vancouver, British Columbia, Canada, V6E 3V6. On April 11, 2012, the Company’s common shares commenced trading on the TSX Venture Exchange under the symbol “PLA”. The consolidated financial statements as at December 31, 2023, included Plata and its two active wholly owned subsidiaries: Plaminco S.A. de C.V. (“Plaminco”) and Plata Latina US Ltd. (“Plata US”), which are collectively referred to as the “Company”. Plaminco is organized under the laws of Mexico and Plata US under the laws of Colorado, U.S.

The Company and its subsidiaries were in the business of acquiring, exploring and evaluating mineral property assets, principally in Mexico. Through its wholly owned subsidiary, Plaminco, the Company held interests in four Mexican mineral properties – Naranjillo, Vaquerias, Palo Alto and La Joya. In February 2020, the Company sold the Naranjillo property to Fresnillo and retains a 3% net smelter return royalty (“Royalty”) in Naranjillo. In 2022, the Company’s applications to terminate the mineral licenses held under Vaquerias and Palo Alto were processed and the licenses of these two properties were terminated. In fiscal 2022, the Company submitted paperwork to the Direccion General de Minas (“DGM”) of Mexico to withdraw the termination of the La Joya license. In September 2023, the Company received confirmation from the DGM that the termination of the La Joya license had been revoked.

These consolidated financial statements (the “Financial Statements”) have been prepared on a going concern basis which assumes that the Company will be able to continue its operations and meet its obligations as they become due. Plata has incurred ongoing losses and will continue to incur further losses in the course of developing its business. Plata has not yet generated revenue from operations as it is in the exploration stage. As at December 31, 2023, Plata had a deficit of \$11,937,038 (2022 - \$11,850,492) and working capital of \$285,454 (2022 - \$333,828). To continue its operations and develop its business plan, the Company may be required to raise additional equity financing. With recent years of continuing high inflation and increased interest rates, there is no assurance that such financing will be available with acceptable terms. These uncertainties may cast significant doubt on the Company’s ability to continue as a going concern

These Financial Statements do not give effect to adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business.

2. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation

These Financial Statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

These Financial Statements have been prepared on the historical cost basis except for financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Plata Latina Minerals Corporation

Notes to the Consolidated Financial Statements

For the Year ended December 31, 2023

(Expressed in Canadian Dollars, unless otherwise stated)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

These Financial Statements are presented in Canadian dollars, which is the Company's functional currency. The functional currencies of Plata's subsidiaries are: (a) U.S. dollar for Plata US; and (b) Mexican peso for Plaminco.

Principles of consolidation

These Financial Statements include the accounts of Plata and its wholly owned subsidiaries, Plaminco and Plata US. Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of the five subsidiaries are included in the 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.

Critical accounting judgments, estimates and assumptions

The preparation of these Financial Statements requires management to make certain judgments, estimates and assumptions that impact the Company's reported financial position. Judgment and estimates are based on historical experience and expectation of future events within reasonable circumstances. Actual outcomes could differ from these estimates. Revisions to these estimates are recognized in the period in which the estimates are revised and in future periods affected.

The significant judgments and estimates that affect these Financial Statements are as follows:

a) *Going concern*

The Company uses judgment in assessing its ability to continue as a going concern for the next twelve months. In considering the factors with respect to continuing high inflation and interest rates, which are affecting the Company's continued operations. The Company concludes that there is a material uncertainty that may cast significant doubt about its ability to continue as a going concern.

b) *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.

Plata Latina Minerals Corporation

Notes to the Consolidated Financial Statements

For the Year ended December 31, 2023

(Expressed in Canadian Dollars, unless otherwise stated)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of Plata and its subsidiaries was determined by conducting an analysis of the consideration factors identified in IAS 21, the Effects of Changes in Foreign Exchange Rates ("IAS 21").

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 profit or loss.

Foreign operations

A subsidiary that has a functional currency other than Canadian dollars translates its results of operations to Canadian dollars at the average rate during the period. Assets and liabilities are translated at exchange rates prevailing at period end rates of exchange. The resulting changes are recognized in accumulated other comprehensive income (loss) within reserves in shareholders' equity.

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 profit or loss at the time of disposal.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and a cashable investment with an original maturity of three months.

As at December 31, 2023, the Company had a cash balance of \$33,244 (2022 - \$348,813) and cash equivalents of \$258,566 (2022 – nil).

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.

Exploration and evaluation costs expensed

Until the Company acquires the permit, license or the right to explore the mineral properties, costs incurred are expensed as property investigations in the period in which they are incurred.

Exploration and evaluation assets

Once the legal right to explore has been acquired, exploration and evaluation expenditures are 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.

Plata Latina Minerals Corporation

Notes to the Consolidated Financial Statements

For the Year ended December 31, 2023

(Expressed in Canadian Dollars, unless otherwise stated)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Exploration and evaluation assets (continued)

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 profit or loss 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.

Decommissioning and restoration provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a provision for a decommissioning liability is recognized at its present value in the period in which it is incurred, which is generally when an environmental disturbance occurs or a constructive obligation is determined. Upon initial recognition of the liability, a corresponding amount is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using the unit of production method.

Following the initial recognition of a decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes in the estimated provision resulting from revisions to the estimated timing and amount of cash flows, or changes in the discount rate. Changes to estimated future costs are recognized in the statement of financial position by either increasing or decreasing the decommissioning liability and the decommissioning asset. At December 31, 2023 and 2022, the Company did not have any decommissioning liabilities.

Share capital

Common shares issued are recorded in share capital at the value of proceeds received, net of issue costs. The fair value of common shares issued as consideration for exploration and evaluation assets or other non-cash consideration is based on the trading price of these shares on the date they are issued.

Proceeds received on the issuance of units, consisting of common shares and warrants, are allocated first to common shares based on the quoted market price of the common shares at the time the units are priced, then to warrants on a residual value basis.

Share-based compensation

The Company recognizes share-based compensation on stock option grants. The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and each tranche is recognized using the graded vesting method over the period during which the options vest. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest.

For directors, officers and employees, the fair value of the options is measured at the date of grant, and the options are recognized over the vesting period. For non-employees, share-based compensation is measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The fair value is recorded at the earlier of the vesting date, or the date the goods or services are received.

The offset to the recorded cost is to reserve. Consideration received on the exercise of stock options is recorded as share capital and the related reserves are transferred to share capital.

Plata Latina Minerals Corporation

Notes to the Consolidated Financial Statements

For the Year ended December 31, 2023

(Expressed in Canadian Dollars, unless otherwise stated)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Loss per share

Loss per share is calculated by dividing the loss for the period by the weighted average number of common shares outstanding during the period. The Company calculates the dilutive effect on loss per share by presuming the exercise of outstanding options and warrants. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Accordingly, basic and diluted loss per share is the same for the years presented. Shares subject to escrow restrictions are excluded from the weighted average number of common shares unless their release is subject only to the passage of time.

Financial instrument classification and measurement

Financial assets are classified according to their contractual cash flow characteristics and the business models under which they are held. On initial recognition, a financial asset is classified as: amortized cost, fair value through profit and loss ("FVPL") or fair value through other comprehensive income ("FVOCI").

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVPL:

- it is held with the objective of collecting contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect 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 made on an investment-by-investment basis.

All financial assets not classified as amortized cost or FVOCI are classified as and measured at FVPL. This includes all derivative assets. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVOCI may be irrevocably designated as FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as FVPL, directly attributable transaction costs. Measurement of financial assets in subsequent periods depends on whether the financial asset has been classified as amortized cost, FVPL or FVOCI. Measurement of financial liabilities subsequent to initial recognition depends on whether they are classified as amortized cost or FVPL. Financial assets and financial liabilities classified as amortized cost are measured subsequent to initial recognition using the effective interest method.

Loss allowances for 'expected credit losses' are recognized on financial assets measured at amortized cost, contract assets and investments in debt instruments measured at FVOCI, but not to equity investments. A loss event is not required to have occurred before a credit loss is recognized.

The Company has classified and measured its financial instruments as described below:

- Cash and cash equivalents, amounts receivables are classified as and measured at amortized cost.
- Accounts payable and accrued liabilities are classified as and measured at amortized cost.

Plata Latina Minerals Corporation

Notes to the Consolidated Financial Statements

For the Year ended December 31, 2023

(Expressed in Canadian Dollars, unless otherwise stated)

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Income taxes

i) *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.

ii) *Deferred income tax*

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax basis. 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. Deferred income tax assets and liabilities are presented as non-current.

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 FVOCI 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.

Standards issued or amended not yet effective

Accounting standards or amendment to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

Plata Latina Minerals Corporation

Notes to the Consolidated Financial Statements

For the Year ended December 31, 2023

(Expressed in Canadian Dollars, unless otherwise stated)

3. AMOUNTS RECEIVABLE

	December 31, 2023	December 31, 2022
	\$	\$
Mexican value added tax (“IVA”) recoverable	7,686	4,140
Goods and services tax receivable	1,120	914
	<u>8,806</u>	<u>5,054</u>

4. EXPLORATION AND EVALUATION ASSETS

Through its wholly owned subsidiary, Plaminco, the Company held four mineral properties in Mexico.

Naranjillo Property – Acquired by Fresnillo

In February 2017, the Company entered into an option agreement (the “Naranjillo Option Agreement”) with a wholly owned subsidiary of Fresnillo PLC (“Fresnillo”) granting Fresnillo the option to explore the Naranjillo Property for a total of cash consideration of US \$1,650,000 and aggregate exploration expenditures of US \$3,000,000 over a three-year period.

On February 24, 2020, Fresnillo exercised its option to acquire the Naranjillo Property by paying \$663,950 (US \$500,000) and granting the Company a 3% net smelter return royalty (“Royalty”). The Company recognized a gain of \$135,492 on the sale transaction in 2020.

Under the Naranjillo Option Agreement, Fresnillo is required to pay an annual advance royalty payment of US \$100,000 (the “Advanced Royalty Payment”), until the earlier of (a) a maximum of US \$1,000,000 in the Advance Royalty Payments have been paid, or (b) Naranjillo commences commercial production.

Fresnillo has the option to reduce the Royalty by 1% by paying an additional US \$1,000,000 and may further reduce the remaining 2% Royalty to \$nil by paying an additional US \$5,000,000.

Royalty Income from the Naranjillo Property

During the year ended December 31, 2023, the Company received from Fresnillo an advance royalty payment of \$132,803 (US \$100,000) (2022 - \$126,110 (US \$100,000)) which was recorded as royalty income in the statements of loss and comprehensive loss.

As at December 31, 2023, the Company has received three advance royalty payments totalling \$388,111 (US \$300,000) from Fresnillo.

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

The Three Properties together comprise six mineral concession licenses which were valid until 2060 and 2062. To maintain the licenses in good standing, annual concession fees and land taxes were submitted to the Mexican authority.

In 2020, the Company elected not to continue with the required payments of land taxes and concession fees for the Three Properties and submitted applications to terminate their mineral licenses. As at December 31, 2023, the licenses of Vaquerias and Palo Alto were relinquished.

During the year ended December 31, 2022, a company expressed interest in acquiring the mineral license held by La Joya. As such, an application of withdrawing the termination on La Joya had been submitted to the Direccion General de Minas (“DGM”) of Mexico. In September 2023, the Company received confirmation of the cancellation from the DGM.

Plata Latina Minerals Corporation

Notes to the Consolidated Financial Statements

For the Year ended December 31, 2023

(Expressed in Canadian Dollars, unless otherwise stated)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2023	December 31, 2022
	\$	\$
Trade payables	1,483	1,039
Accrued liabilities	21,000	19,000
	<u>22,483</u>	<u>20,039</u>

6. SHARE CAPITAL AND RESERVES

Authorized - unlimited number of common shares without par value

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the Financial Statements of the foreign operations, from the foreign operations' functional currency to the Company's presentation currency, as well as from the translation of inter-group loans that form the Company's net investment in its foreign subsidiaries.

Stock options

The Company has a 10% rolling stock option plan with the maximum number of options granted not to exceed 10% of the total number of common shares issued and outstanding at the grant date. Options granted to directors, officers, employees and consultants have a term up to five years and the exercise prices and the vesting periods are determined by the Board of Directors.

The Company's stock option activities as at December 31, 2023 and 2022 were as follows:

	2023		2022	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
	#	\$	#	\$
Outstanding, beginning of the year	-	-	75,000	0.06
Expired	-	-	(75,000)	(0.06)
Outstanding, end of the year	-	-	-	-

Reserves – options and warrants

As at December 31, 2023, the Company did not have any outstanding options or warrants.

7. RELATED PARTY TRANSACTIONS

Compensation of Key Management

Key management includes the Company's directors and officers. Their compensation paid for the years ended December 31, 2023 and 2022 was as follows:

	Nature of compensation	2023 \$	2022 \$
Executive Chairman and CEO (former)	Salaries and benefits	16,145	23,572
CFO and Corporate Secretary	Professional fees	42,000	42,000
Total		<u>58,145</u>	<u>65,572</u>

Plata Latina Minerals Corporation

Notes to the Consolidated Financial Statements

For the Year ended December 31, 2023

(Expressed in Canadian Dollars, unless otherwise stated)

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

At December 31, 2023, the carrying values of cash and cash equivalents, amounts receivable, and accounts payable and accrued 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; and

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

Risk management

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

Foreign currency risk

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

At December 31, 2023 and 2022, the Company was exposed to currency risk through the following assets and liabilities denominated in US\$:

	December 31, 2023		December 31, 2022	
Cash and cash equivalents	US\$	220,100	US\$	254,859

At December 31, 2023 and 2022, the Company was exposed to currency risk through the following assets and liabilities denominated in MXN:

	December 31, 2023		December 31, 2022	
Cash and cash equivalents	MXN	2,336	MXN	9,954
Accounts payable and accrued liabilities		(8,073)		(143)
	MXN	(5,737)	MXN	9,811

A 10% change of the Canadian dollar against the US dollar at December 31, 2023 would have increased or decreased net loss by \$27,898 (2022 – \$33,235) and would have increased or decreased the comprehensive loss by \$1,000 (2022 – \$1,000). A 10% change of the Canadian dollar against the MXN at December 31, 2023 would have increased or decreased the comprehensive loss by \$18 (2022 – \$69). This analysis assumes that all other variables, in particular interest rates, remain consistent.

Liquidity risk

Liquidity risk is the risk that the Company’s financial assets are insufficient to meet its financial liabilities. The Company manages liquidity risk with budgets and cash forecasts to ensure there is sufficient cash to meet its obligations. At December 31, 2023, the Company had cash and cash equivalents of \$291,810 (2022 - \$348,813) to settle current liabilities of \$22,483 (2022 - \$20,039).

In February 2020, the Company sold the Naranjillo property (“Naranjillo”) to Fresnillo for \$663,950 (US \$500,000). Under the terms of the Naranjillo Option Agreement entered in February 2017, after the acquisition of Naranjillo, effective February 2021, Fresnillo is required to make an annual advance royalty payment of US \$100,000 until the earlier of (a) a maximum of US \$1,000,000 have been paid or (b) Naranjillo commences commercial mineral production. As of December 31, 2023, the Company has received three advance royalty payments of \$388,111 (US \$300,000).

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8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Commodity Price risk

The Company currently is seeking new business transactions in the resource industry. The recent years of rising interest rates, high inflation and the global pandemic of the past three years have impacted the world economy and supply chains, resulting in volatile fluctuations of commodity prices. This presents challenges to the Company's outlook in searching for business opportunities.

Credit risk

Credit risk arises from cash and cash equivalents held with financial institutions, as well as credit exposure on amounts receivable. 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. As at December 31, 2023, the Company's maximum exposure to credit risk was the carrying value of its cash and cash equivalents.

Capital management

The Company's objectives when managing capital are to conserve cash, safeguard the Company's ability to continue as a going concern and maintain flexible capital which optimizes the costs of capital at an acceptable risk level.

In assessing the capital structure of the Company, management includes in its assessment the components of shareholders' equity. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash. No changes were made in the objectives, policies or procedures for the year ended December 31, 2023.

9. SEGMENTED INFORMATION

The Company operates in one reportable and operating segment, being the exploration and evaluation of mineral resources properties in Mexico.

As at December 31, 2023 and 2022, there were no amounts capitalized for exploration and evaluation assets.

10. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
	\$	\$
Loss for the year	(86,546)	(56,598)
Statutory tax rate	27%	27%
Income tax benefit	(23,000)	(15,000)
Reconciling items:		
Difference between statutory and foreign tax rate	(186,000)	(156,000)
Tax losses not recognized in the period that the benefit arose	208,000	313,000
Non-deductible expenses	(1,000)	(1,000)
Adjustment to prior year provision versus statutory tax returns	2,000	(141,000)
Income tax expenses (recovery)	-	-

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Notes to the Consolidated Financial Statements

For the Year ended December 31, 2023

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10. INCOME TAXES (continued)

Deferred taxes

The significant components of the Company's deferred tax assets that have not been included on the consolidated statements of financial position are as follows:

	2023	2022
	\$	\$
Deferred tax assets		
Exploration and evaluation assets	315,549	280,000
Property and equipment	52,378	47,000
Non-capital losses available for future period	3,374,133	3,199,000
	3,742,060	3,526,000
Unrecognized deferred tax assets	(3,742,060)	(3,526,000)
Net deferred tax assets	-	-

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

	2023	2022
	\$	\$
Non-capital losses and other future tax deductions	11,990,000	11,396,000
Exploration and evaluation assets	1,052,000	935,000
Property and equipment	209,000	213,000
	13,251,000	12,544,000

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 at December 31, 2023, the Company has Canadian loss carried forward of \$7,406,711 (2022 – \$7,260,585) and US loss carried forward of \$14,758 (2022 - \$18,234), and Mexican loss carried forward of \$4,568,403 (2022 – \$4,117,190) available to reduce future years' income tax for tax purposes. The tax losses carried forward expire at various times between 2023 and 2043.