Plata Latina Minerals Corporation

Consolidated Financial Statements
For the period ended December 31, 2011 and 2010

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Plata Latina Minerals Corporation

We have audited the accompanying consolidated financial statements of **Plata Latina Minerals Corporation**, which comprise the consolidated statements of financial position as at December 31, 2011 and 2010 and the consolidated statements of operations and comprehensive loss, equity and cash flows for the year ended December 31, 2011 and for the period from April 1, 2010 to December 31, 2010, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Plata Latina Minerals Corporation** as at December 31, 2011 and 2010 and its financial performance and its cash flows for the year ended December 31, 2011 and for the period April 1, 2010 to December 31, 2010 in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Vancouver, Canada,
April 20, 2012.

Chartered Accountants

Plata Latina Minerals Corporation

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

		December 31, 2011		December 31, 2010
Assets:				
Current assets:				
Cash (note 3)	$	1,172,112	$	310,496
Trade and other receivables (note 4)		19,194		10,605
Prepaid expenses (note 8, 11)		145,892		3,272
		1,337,198		324,373
Exploration and evaluation expenditures (note 6)		799,745		-
Property, plant and equipment (note 7)		20,669		-
Long-term receivables		166,079		-
Total assets	**$**	**2,323,691**	**$**	**324,373**
Shareholders' equity:				
Common shares (note 8)	$	2,959,320	$	508,530
Reserves (note 8)		586,570		165,789
Deficit		(1,451,455)		(388,572)
		2,094,435		285,747
Liabilities:				
Current liabilities:				
Accounts payable & accrued liabilities (note 5)		229,256		38,626
Total shareholders' equity and liabilities	**$**	**2,323,691**	**$**	**324,373**

These consolidated financial statements have been authorized for issue by the Board of Directors on April 20, 2012

APPROVED BY THE DIRECTORS

/s/ Michael Clarke
Michael Clarke

/s/ Gilmour Clausen
Gilmour Clausen

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

Plata Latina Minerals Corporation

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

	Year ended December 31, 2011	From April 1, 2010[1] to December 31, 2010
Expenses:		
Salaries and benefits	$ 354,103	$ 218,387
Exploration (note 6)	307,602	112,198
Professional services	113,044	45,105
Office and administrative	70,580	6,122
Rent	44,803	2,461
Unrealized foreign exchange loss	5,015	1,886
Investor relations	11,712	-
Filing and regulatory	816	700
Finance costs	2,818	1,713
Depreciation	6,707	-
Net loss for the period	**(917,200)**	**(388,572)**
Other comprehensive income:		
Foreign currency translation differences	(74,612)	(681)
Comprehensive loss for the period	**$ (991,812)**	**$ (389,253)**
Basic and diluted loss per share	**$ (0.032)**	**$ (0.021)**
Weighted average shares outstanding	**28,476,945**	**18,190,909**

[1]*Date of incorporation*

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

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

	Share capital		Reserves			
	Number of Shares	Amount	Foreign Currency Translation	Warrants	Deficit	Total
Balance, January 1, 2011	19,500,000	$ 508,530	$ (681)	$ 166,470	$ (388,572)	$ 285,747
Shares issued for cash	9,335,000	2,800,500	-	-	-	2,800,500
Fair value allocated to warrants issued	-	(349,710)	-	349,710	-	-
Effect of extension of warrants issued January 14, 2011	-	-	-	145,683	(145,683)	-
Comprehensive loss for the period	-	-	(74,612)	-	(917,200)	(991,812)
Balance, December 31, 2011	**28,835,000**	**$ 2,959,320**	**$ (75,293)**	**$ 661,863**	**$ (1,451,455)**	**$ 2,094,435**

	Share capital		Reserves			
	Number of Shares	Amount	Foreign Currency Translation	Warrants	Deficit	Total
Issuance of shares upon incorporation, beginning balance at April 1, 2010	7,500,000	$ 75,000	$ -	$ -	$ -	$ 75,000
Shares issued for cash	12,000,000	600,000	-	-	-	600,000
Fair value allocated to warrants issued	-	(166,470)	-	166,470	-	-
Comprehensive loss for the period	-	-	(681)	-	(388,572)	(389,253)
Balance, December 31, 2010	**19,500,000**	**$ 508,530**	**$ (681)**	**$ 166,470**	**$ (388,572)**	**$ 285,747**

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, 2011	From April 1, 2010[1] to December 31, 2010
Cash provided by (used in):		
Operating activities:		
Net loss for the period	$ (917,200)	$ (388,572)
Items not affecting cash:		
Unrealized foreign exchange loss	5,015	1,886
Depreciation	6,707	-
	(905,478)	(386,686)
Net change in non-cash working capital items:		
Trade and other receivables	(8,589)	(10,605)
Prepaid expenses	(36,645)	(3,272)
Accounts payable and accrued liabilities	67,443	35,633
Cash used in operating activities	**(883,269)**	**(364,930)**
Financing activities:		
Proceeds from private placement	2,800,500	675,000
Share issue costs prepaid in relation to financing associated with initial public offering	(60,649)	-
Cash provided by financing activities	**2,739,851**	**675,000**
Investing activities:		
Exploration and evaluation expenditures	(782,385)	-
Purchase of property, plant and equipment	(30,292)	-
Long-term receivables	(177,046)	-
Cash used in investing activities	**(989,723)**	**-**
Effect of exchange rate changes on cash	(5,243)	426
Increase in cash during the period	**861,616**	**310,496**
Cash, beginning of period	310,496	-
Cash, end of period	**$ 1,172,112**	**$ 310,496**

[1] *Date of incorporation*

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

1. Reporting entity

Plata Latina Minerals Corporation ("Plata") was incorporated on April 1, 2010 and is organized under the laws of British Columbia, Canada. Plata's corporate office is located at Suite 400 - 837 West Hastings Street, Vancouver, BC, Canada V6C 3N6. The consolidated financial statements as at December 31, 2011 consist of Plata and its wholly-owned subsidiary, Plaminco S.A. De C.V. ("Plaminco", together referred to as the "Company"). Plaminco is organized under the laws of Mexico.

The Company is in the process of acquiring and exploring mineral property interests and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The amounts shown as exploration and evaluation expenditures represent acquisition and exploration costs and do not necessarily represent present or future values. Recoverability of the amounts shown for exploration and evaluation expenditures is dependent upon the discovery of economically recoverable mineral reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain financing necessary to complete the exploration and development of its mineral properties, and on future profitable production or proceeds from the disposition of the mineral properties.

Although the Company has taken steps to verify title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title.

2. Significant accounting policies

a) *Statement of compliance*

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

The accounting policies applied in these consolidated financial statements are based on IFRS effective for the year ending December 31, 2011 as issued and outstanding as of April 20, 2012, the date the Board of Directors approved the statements.

b) *Basis of preparation*

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements are prepared in Canadian dollars. The functional currency of Plata is Canadian dollars and the functional currency of Plaminco is Mexican pesos.

c) *Basis of consolidation*

These consolidated financial statements include the accounts of Plata and its 100% owned subsidiary, Plaminco. All intra-company balances and transactions are eliminated on consolidation.

d) *Foreign currency*

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

Foreign currency translation

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

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

Foreign operations

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

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

e) *Cash*

Cash consists of cash balances in business accounts held in major financial institutions which are available on demand by the Company.

f) *Trade and other receivables*

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

g) *Mineral exploration and evaluation expenditures*

Pre-license costs

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

Exploration and evaluation costs

Once the legal right to explore has been acquired, exploration and evaluation expenditures will be capitalized, unless the directors conclude 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 materials and fuels used, surveying costs, drilling costs and payments made to contractors.

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

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

All capitalized exploration and evaluation expenditure is monitored for indications of impairment at the end of each reporting period. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

h) Property, plant and equipment

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

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

Vehicles	3 Years
Computers	2 Years

i) Financial instruments

Financial assets

Upon initial recognition all financial assets are classified into one of the following four categories: fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity, or available-for-sale. The Company determines the classification of its financial assets at initial recognition. All financial assets are initially recorded at fair value.

The subsequent measurement of financial assets depends on their classification as follows:

FVTPL - This category comprises derivatives that are not designated as hedging instruments and financial assets acquired or incurred principally for the purpose of selling or repurchasing them in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement.

The Company has not designated any financial assets upon initial recognition as at fair value through profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method, less any impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

The Company has designated its long term receivables as loans and receivables and the fair value approximates the carrying value for the period ending December 31, 2011.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method, less impairment. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the income statement.

The Company did not have any held-to-maturity investments for the period ending December 31, 2011.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with unrealized gains and loss recognized as other comprehensive income (loss) in the consolidated statement of operations and comprehensive loss. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the income statement.

The Company did not have any available-for-sale financial assets for the period ending December 31, 2011.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

Upon initial recognition all financial liabilities are classified as FVTPL unless they are designated at inception as other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are initially recorded at fair value, and include directly attributable borrowing costs in the case of loans and borrowings.

The subsequent measurement of financial liabilities depends on their classification as follows:

FVTPL - This category comprises derivative financial instruments that are not designated as hedging instruments, and financial liabilities acquired or incurred principally for the purpose of selling or repurchasing them in the near term. They are carried in the balance sheet at fair value with changes in fair value recognized in the income statement.

The Company has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Other financial liabilities - This category includes accounts payables and accrued liabilities, all of which are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortized cost using the effective interest method.

j) Impairment of assets

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

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

k) Provisions

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

Decommissioning and restoration provisions

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. The Company recognizes a liability for decommissioning and restoration provision (“DRP”) in the period in which it is incurred if a reasonable estimate of the costs can be made. The Company records the present value of the estimated future cash flows associated with site closure and reclamation as a liability when it is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized costs are amortized over the life of the related assets. The DRP is adjusted each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the discount rate. The Company has no material DRP as of December 31, 2011.

l) Income taxes

Current income tax

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

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

Deferred income tax

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 tax is provided using the balance sheet method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination that affect neither accounting or 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 balance sheet date.

m) Share capital

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

n) Accounting for warrants

The fair value of warrants issued in connection with common share placements are recognized on the date of issue as reserves. The Company uses the Black-Scholes option pricing model to estimate the fair value of the warrants issued at the time the services are provided.

o) Loss per share

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

p) *Other comprehensive income (loss)*

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

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

q) *Significant accounting estimates, judgements and assumptions*

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

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

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

- *Warrants*

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

- *Carrying value of exploration and evaluation expenditures*

  The carrying values and assessment of impairment of exploration and evaluation expenditures is based on costs incurred and management's estimate of net recoverable value. Estimates may not necessarily reflect actual recoverable value as this will be dependent on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to achieve commercial production.

r) *New accounting standards, amendments and interpretations not yet effective*

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2013, except for IFRS 9, which has now been extended to periods on or after January 1, 2015. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

(Expressed in Canadian Dollars, unless otherwise stated)

- IFRS 9, *Financial Instruments: Classification and Measurement* is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

- IFRS 10, *Consolidated Financial Statements* builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance where it is difficult to assess. IFRS 10 replaces the consolidated requirements in SIC-12, *Consolidated-Special Purpose Entities*, and IAS 27, *Consolidated and Separate Financial Statements*.

- IFRS 11, *Joint Arrangements* provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*.

- IFRS 12, *Disclosures of Interest in Other Entities* provides the disclosure requirements for all forms of interests in other entities, including subsidiaries, joint agreements, associates and consolidated structured entities.

- IFRS 13, *Fair Value Measurement* provides a single source of guidance on how to measure fair value where its use is already required or permitted by other IFRS and enhances disclosure requirements for information about fair value measurements.

The Company is currently evaluating the impact of these standards, if any, on its consolidated financial statements.

3. Cash

Cash consists of cash in non-interest bearing operating accounts held at major financial institutions which are available on demand by the Company.

4. Trade and other receivables

	December 31, 2011	December 31, 2010
Creditable value added tax	$ -	$ 10,605
Sales tax receivable	14,668	-
Other receivables	4,526	-
Trade and other receivables	**$ 19,194**	**$ 10,605**

The Company anticipates full recovery of the amounts within the next 12 months, and therefore no impairment has been recorded against these receivables. The Company holds no collateral for any receivable amounts outstanding as at December 31, 2011.

(Expressed in Canadian Dollars, unless otherwise stated)

5. Accounts payable and accrued liabilities

	December 31, 2011	December 31, 2010
Trade payables	$ 131,160	$ 12,707
Accrued liabilities	90,953	25,000
Due from related party (note 11)	7,143	919
Accounts payable and accrued liabilities	**$ 229,256**	**$ 38,626**

All trade payables are non-interest bearing and payable within 30 days. All other payables and accrued liabilities have an average life before payment of 90 days.

6. Exploration and evaluation expenditures

Capitalized

The following is a summary of movements in exploration and evaluation assets during the period:

	Naranjillo Project	Total
As at December 31, 2010	$ -	$ -
Additions	799,745	799,745
As at December 31, 2011	**$ 799,745**	**$ 799,745**

Naranjillo Project

The Company holds its interest in the area of known as the Naranjillo Project through its wholly-owned subsidiary, Plaminco. The mineral exploration concessions were issued by the Mexican General Directorate of Mines ("GDM") as follows:

Licence	Hectares	Date received	Licence valid until
La Sibila	4,749	April 20, 2011	April 19, 2061
La Sibila I	2,957	September 23, 2011	September 22, 2061
La Sibila II	4,995	August 26, 2011	August 25, 2061
La Sibila III	19,000	*Pending*	*Pending*

Expensed

The following is a summary of exploration and evaluation expenditures expensed by category:

	Year ended December 31, 2011
Drilling	$ 68,694
Assaying	16,371
Contractor and general labour	93,210
Travel, food and accommodations	35,995
Environmental	9,625
Survey work	15,834
Vehicles and related costs	8,662
Claims and taxes	49,334
Administrative and other	9,877
Exploration	**$ 307,602**

(Expressed in Canadian Dollars, unless otherwise stated)

The following property's exploration and evaluation expenditures were expensed in the year ended December 31, 2011:

Los Agustinos Project

The Los Agustinos project consists of the Felipe Mateo license issued by the GDM to Plaminco on December 13, 2011. This license covers 6,966 hectares and is valid for fifty years following issuance of title.

El Puesto Project

Title to the Miguel Angel license for the El Puesto Project was issued on March 25, 2011. The Miguel Angel concession covered 5,786 hectares and was valid until February 3, 2061. During 2011, the Company decided to discontinue exploration activities or advancement on the El Puesto properties.

La Joya Project

The GDM issued title to the La Carmen license for the La Joya Project on December 21, 2010. The La Carmen concession covers 5,635 hectares, and is valid until December 20, 2060.

Palo Alto Project

The issuance of the title to two of the Catalina licenses for the Palo Alto project are pending final signature from the GDM. The Catalina III license, which covers 2,228 hectares, was issued to Plaminco on November 30, 2011 and is valid until November 29, 2061.

Vaquerias Project

During the year ended December 31, 2011, the Company finalized a purchase option agreement for the core Vaquerias license of 100 hectares for US$500,000 over four years with the vendors retaining a 2% net smelter return. The agreement provides Plaminco with the option of purchasing the net smelter return for US$500,000 within 18 months of exercising the purchase option.

The GDM issued title to the Sol license for the Vacquerias Project on December 13, 2011. The Sol license is valid until December 12, 2061. The Sol concession totals 4,900 hectares. The adjacent Luna license, which covers 3,500 hectares, was issued to Plaminco on December 8, 2011 and is valid until December 7, 2061. An additional concession, Tierra, is pending formal title.

7. Property, plant and equipment

Cost		**Vehicles**		**Computer**		**Total**
As at December 31, 2010	$	-	$	-	$	-
Additions		28,903		1,389		30,292
Net Exchange Differences		(3,370)		-		(3,370)
As at December 31, 2011	**$**	**25,533**	**$**	**1,389**	**$**	**26,922**

Accumulated depreciation		**Vehicles**		**Computer**		**Total**
As at December 31, 2010	$	-	$	-	$	-
Depreciation		6,129		578		6,707
Net Exchange Differences		(454)		-		(454)
As at December 31, 2011	**$**	**5,675**	**$**	**578**	**$**	**6,253**

(Expressed in Canadian Dollars, unless otherwise stated)

Net Book Value		**Vehicles**		**Computer**		**Total**
As at December 31, 2010	$	-	$	-	$	-
As at December 31, 2011	**$**	**19,858**	**$**	**811**	**$**	**20,669**

8. Capital and reserves

a) Authorized share capital

At December 31, 2011, the authorized share capital comprised of an unlimited number of common shares. The common shares do not have a par value and all issued common shares are fully paid.

b) Reconciliation of changes in share capital

	Number of Shares		**Amount**
Balance, December 31, 2010	19,500,000	$	508,530
Shares issued for cash	9,335,000		2,800,500
Fair value allocated to warrants issued	-		(349,710)
Balance, December 31, 2011	**28,835,000**	**$**	**2,959,320**

On January 14, 2011, Plata completed a private placement of 9,335,000 units at $0.30 per unit for gross proceeds of $2,800,500. Each unit comprises a common share and one-half of one common share purchase warrant. Each full warrant is exercisable into one common share of the Company at an exercise price of $0.60 per common share for a period of one year expiring on January 14, 2012. The fair value of the warrants issued was estimated at $349,710 using the Black-Scholes option pricing model and recorded as an increase in reserves.

On October 5, 2011, the share purchase warrants were extended to June 30, 2012. The extension increased the fair value of the warrants by $145,683 to $495,393 over the original fair value with the corresponding change in the fair value charged to the deficit.

c) Nature and purpose of reserves

Translation reserve

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

Warrants

The following summarized the Company's warrants at December 31, 2011:

Date of Issue	Exercise Price	Expiry Date	December 31, 2010	Issued	Exercised	December 31, 2011
April 30, 2010	$0.10	April 30, 2012	12,000,000	-	-	12,000,000
January 14, 2011	$0.60	June 30, 2012	-	4,667,500	-	4,667,500
			12,000,000	**4,667,500**	**-**	**16,667,500**

The fair value of the warrants issued was determined by calculating the combined fair value of the common shares and warrants issued and prorating based on the actual proceeds received using the relative fair value method. The fair value of the warrants was calculated using the Black-Scholes valuation model using the following weighted average assumptions:

(Expressed in Canadian Dollars, unless otherwise stated)

	December 31, 2011	December 31, 2010
Risk-free interest rate	1.78%	1.90%
Expected life	1.85 years	2 years
Expected volatility	99%	104%
Expected dividend yield	Nil	Nil

Comparative companies in the process of exploring mineral resource properties were used to determine the historical volatility of Plata.

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

d) *Share issue costs prepaid*

At December 31, 2011, $106,009 of share issue costs were recorded as prepaid expenses in relation to the anticipated initial public offering.

9. Income tax

		Year ended December 31, 2011		From April 1, 2010[1] to December 31, 2010
Loss before income tax	$	(917,200)	$	(388,572)
Statutory tax rate		26.5%		28.5%
Income tax benefit		(243,058)		(110,743)
Reconciling items:				
Difference between statutory and foreign tax rate		(12,641)		(1,265)
Difference between statutory and future tax rates		8,152		10,487
Tax losses not recognized in the period that the benefit arose		235,796		99,169
Non-deductible expenses		11,751		2,352
Tax expenses for the period	$	-	$	-

[1] *Date of incorporation*

Deferred income taxes result primarily from temporary differences in the recognition of certain revenue and expense items from financial and income tax reporting purposes. Deferred tax assets have not been recognized in respect of the following items:

		December 31, 2011		December 31, 2010
Deferred income tax assets				
Non-capital losses and other future tax deductions	$	279,500	$	86,000
Mineral properties and deferred development		67,700		14,400
Unrecognized deferred tax assets	**$**	**347,200**	**$**	**100,400**

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 deductible temporary difference will be deducted from taxable income in future years.

As of December 31, 2011, the Company has Canadian loss carry forwards of $836,500 (2010 – $300,000) and Mexican loss carry forwards of $163,300 (2010 – $36,900) available to reduce future years' income tax for tax purposes. The tax loss carry forwards expire at various times between 2020 and 2031.

10. Financial risk management objectives and policies

a) Risk management

The main risks that could adversely affect the Company's financial assets, liabilities and future cash flows are foreign currency risk, liquidity risk, and credit risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Company manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Foreign currency risk

The Company incurs expenditures in Canadian dollars, US dollars and Mexican pesos. The functional and reporting currency of the parent company is Canadian dollars. Foreign exchange risk arises due to the amount of the Mexican pesos and US dollar cash, receivables or payables that will vary in Canadian dollar terms due to changes in exchange rates. The Company has not hedged its exposure to currency fluctuations.

At December 31, 2011, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars and Mexican pesos dollars:

	December 31, 2011	December 31, 2010
Cash and cash equivalents	$ 77,362	$ 39,558
Accounts receivable	1,114	1,936
Long-term receivable	-	166,079
Accounts payable and accrued liabilities	(16,882)	(88,223)

A 10% change of the Canadian dollar against the US dollar at December 31, 2011 would have increased or decreased net loss by $6,159 and a 10% change of the Canadian dollar against the Mexican peso at December 31, 2011 would have increased or decreased the comprehensive loss by $11,935. This analysis assumes that all other variables, in particular interest rates, remain consistent.

Liquidity risk

Liquidity risk arises through excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company seeks to achieve this by maintaining sufficient cash.

The Company has no contractual obligations other than accounts payables and accrued liabilities described in note 5.

(Expressed in Canadian Dollars, unless otherwise stated)

Commodity price risk

While no resource estimate has yet been prepared for the Company's core mineral resource property, the market value of the Company is related to the price of silver and the outlook for this mineral. The Company currently does not have any operating mines and hence does not have any hedging or other commodity based risks in respect of its operational activities.

Credit risk

Credit risk arises from cash held with banks and financial institutions, as well as credit exposure on trade and other receivables. The maximum exposure to credit risk is equal to the carrying value of cash and trade and other receivables.

b) Fair value

The Company's financial instruments consist of cash, trade and other receivables, long-term receivable and accounts payable and accrued liabilities. The fair value of the Company's financial instruments is estimated by management to approximate their carrying value based on their immediate or short-term maturity.

c) Capital management

Capital includes warrants and equity attributable to the equity holders of Plata.

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.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. No changes were made in the objectives, policies or procedures during the period ended December 31, 2011.

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

11. Related parties

Compensation of directors and key management personnel

Director and key management personnel compensation comprised:

		Year ended December 31, 2011		From April 1, 2010[1] to December 31, 2010
Salaries and benefits	$	288,721	$	137,300
Signing bonus		-		75,000
Non-cash benefits		10,069		6,087
Total	$	**298,790**	$	**213,387**

[1]*Date of incorporation*

(Expressed in Canadian Dollars, unless otherwise stated)

Directors and key management personnel of the Company control 72 percent of the voting shares of the Company, either directly or through entities over which they have control. The amounts disclosed in the table are the amounts recognized as an expense during the reporting period.

Related party transactions

The Company shares office space, equipment, personnel and various administrative services with other companies related by virtue of certain common directors and management. From January 1, 2011, these services have been provided through a management company equally owned by the Company and other related companies. Costs incurred by the management company are allocated between the related companies based on time incurred and use of services and are charged at cost. There is no fee or administrative charge from the management company. During the year ended December 31, 2011 the Company was charged $275,051 (December 31, 2010 - $nil) in connection with these arrangements, which was largely in relation to the payment of salaries and rent. Amounts are unsecured and due on demand.

At December 31, 2011, there was a balance of $32,454 (December 31, 2010 - $nil) of prepaid expenses paid to the management company. In addition, there is an amount of $7,143 payable (December 31, 2010 - $919) to a related company for office and administrative costs paid on behalf of Plata.

12. Commitments

The Company is committed to payments under operating leases for building through 2016 in the total amount of approximately $84,000. Annual payments are:

2012	$	33,000
2013		23,000
2014		13,000
2015		13,000
2016		2,000

13. Segment information

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

		Canada		Mexico		Total
Long-term assets as at:						
December 31, 2011	$	94,368	$	892,125	$	986,493
December 31, 2010	$	-	$	-	$	-
Net loss for the period ended:						
December 31, 2011	$	(556,043)	$	(361,157)	$	(917,200)
December 31, 2010[1]	$	(299,616)	$	(88,956)	$	(388,572)

[1]*From April 1, 2010 (date of incorporation) to December 31, 2011*

14. Subsequent events

a) On March 1, 2012, the Company's stock option plan was approved by the board of directors of the Company which provides eligible directors, officers, employees and consultants with the opportunity to acquire an ownership interest in the Company and is the basis for the Company's long-term incentive scheme. On March 22, 2012 the Company issued 1,185,000 options to purchase shares in connection with the completion of listing on the TSX Venture Exchange. The options issued are exercisable at $0.50 per common share for a period of 5 years from the date of grant, to the directors, executive officers, employees and consultants.

b) On March 21, 2012, the President and Chief Executive Officer of the Company contributed funds of $85,590 to the capital of the Company in order to increase the cost base associated with his common shares. This contribution was completed in order to meet the requirements of the regulatory authorities as part of the prospectus process in support of listing the Company on the TSX Venture Exchange.

c) On April 9, 2012, the Company completed an initial public offering for gross proceeds of $3,450,000 for the issuance of 6,900,000 common shares and then on April 11, 2012 began trading on the TSX Venture Exchange under the symbol "PLA".