
Condensed Interim Consolidated Financial Statements

Minsud Resources Corp.

For the Three Months Ended March 31, 2019 and 2018

(All Amounts in Canadian Dollars Unless Otherwise Noted)

Unaudited

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NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements have been prepared by the Corporation's management and the Corporation's independent auditors have not performed a review of these financial statements.

Minsud Resources Corp.

Condensed Interim Consolidated Statement of Comprehensive Loss

For the Three Months Ended March 31

Unaudited - see Notice to Reader

	2019	2018
Expenses		
General and administrative	\$ 7,464	\$ 13,330
Marketing and communications	1,048	9,349
Professional and regulatory fees	72,502	71,513
Stock-based compensation (note 9)	-	9,810
Taxes on ownership of subsidiary	3,650	3,650
Write-off of mineral properties (note 6)	1,570	1,561
Hyperinflation	29,053	-
Less:		
Interest income	(390)	-
Net Loss for the Period	(114,897)	(109,213)
Other Comprehensive Loss		
Currency translation adjustment	(553,213)	(316,487)
Comprehensive Loss for the Period	\$ (668,110)	\$ (425,700)
Loss per Share - basic and diluted	\$ -	\$ -
Weighted Average Number of Common Shares		
Outstanding - basic and diluted	147,737,294	138,451,694
Net Loss for the Period Attributable to:		
Non-controlling interest	\$ (266)	\$ (221)
Equity shareholders of the Company	(114,631)	(108,992)
	\$ (114,897)	\$ (109,213)
Comprehensive Loss for the Period Attributable to:		
Non-controlling interest	\$ (7,924)	\$ (1,695)
Equity shareholders of the Company	(660,186)	(424,005)
	\$ (668,110)	\$ (425,700)

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

Minsud Resources Corp.

Condensed Interim Consolidated Statement of Financial Position as at March 31, 2019

Unaudited - see Notice to Reader

	March 31, 2019	December 31, 2018 (Audited)
Assets		
Non-Current Assets		
Mineral properties (note 6)	\$ 12,538,733	\$ 12,974,827
Property and equipment (note 5)	17,548	20,908
	<u>12,556,281</u>	<u>12,995,735</u>
Current Assets		
Cash and cash equivalents	568,105	272,578
Prepaid expenses and deposits	10,644	28,660
Other receivables	127,830	131,054
	<u>706,579</u>	<u>432,292</u>
	<u>\$ 13,262,860</u>	<u>\$ 13,428,027</u>
Shareholders' Equity		
Issued capital (note 7)	\$ 17,838,301	\$ 17,456,648
Contributed surplus (notes 8 and 9)	5,727,540	5,593,873
Accumulated other comprehensive income (loss)	(3,972,963)	(3,424,646)
Deficit	(6,630,681)	(6,515,484)
Equity attributable to shareholders of the Company	<u>12,962,197</u>	<u>13,110,391</u>
Non-controlling interest (note 1)	43,967	47,838
	<u>13,006,164</u>	<u>13,158,229</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	109,792	135,587
Current portion of trust acquisition payable (note 6)	93,534	95,396
Other liabilities	53,370	38,815
	<u>256,696</u>	<u>269,798</u>
	<u>\$ 13,262,860</u>	<u>\$ 13,428,027</u>

Business of the Company (note 1)

Going Concern (note 2c)

Commitments (notes 6 and 11)

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

Approved on behalf of the Board of Directors

Signed "Carlos A. Massa", Director

Signed "Alberto F. Orcoven", Director

Minsud Resources Corp.

Condensed Interim Consolidated Statement of Changes in Equity

For the Three Months Ended March 31

Unaudited - see Notice to Reader

	<u>Number of Common Shares</u>	<u>Issued Capital</u>	<u>Contributed Surplus</u>	<u>Cumulative Translation Reserve</u>	<u>Deficit</u>	<u>Non- Controlling Interest</u>	<u>Total Equity</u>
Balance at January 1, 2019	146,681,694	\$17,456,648	\$ 5,593,873	\$(3,424,646)	\$(6,515,484)	\$ 47,838	\$13,158,229
Loss for the period attributable to shareholders of the Company	-	-	-	-	(114,631)	(266)	(114,897)
Loss for the period attributable to non-controlling interests	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	(545,555)	-	(7,658)	(553,213)
Total comprehensive loss for the period	146,681,694	17,456,648	5,593,873	(3,970,201)	(6,630,115)	39,914	12,490,119
Private placement proceeds (note 7)	5,278,000	391,100	136,700	-	-	-	527,800
Unit issuance costs (note 7)	-	(8,710)	(3,045)	-	-	-	(11,755)
Effects of change in non-controlling interest (note 1)	-	(737)	12	(2,762)	(566)	4,053	-
Balance at March 31, 2019	<u>151,959,694</u>	<u>\$17,838,301</u>	<u>\$ 5,727,540</u>	<u>\$(3,972,963)</u>	<u>\$(6,630,681)</u>	<u>\$ 43,967</u>	<u>\$13,006,164</u>

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

Minsud Resources Corp.

Condensed Interim Consolidated Statement of Changes in Equity

For the Three Months Ended March 31

Unaudited - see Notice to Reader

	Number of Common Shares	Issued Capital	Contributed Surplus	Cumulative Translation Reserve	Deficit	Non- Controlling Interest	Total Equity
Balance at January 1, 2018	138,451,694	\$16,896,697	\$ 5,359,146	\$(8,233,676)	\$(6,129,157)	\$ 31,856	\$ 7,924,866
Loss for the period attributable to shareholders of the Company	-	-	-	-	(108,992)	-	(108,992)
Loss for the period attributable to non-controlling interests	-	-	-	-	-	(221)	(221)
Other comprehensive income for the period	-	-	-	(308,071)	-	(8,416)	(308,071)
Total comprehensive loss for the period	138,451,694	16,896,697	5,359,146	(8,541,747)	(6,238,149)	23,219	7,507,582
Continued vesting of stock options (note 9)	-	-	9,810	-	-	-	9,810
Effects of change in non-controlling interest (note 1)	-	-	-	(6,942)	19	6,923	-
Balance at March 31, 2018	138,451,694	\$16,896,697	\$ 5,368,956	\$(8,548,689)	\$(6,238,130)	\$ 30,142	\$ 7,508,976

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

Minsud Resources Corp.

Condensed Interim Consolidated Statement of Cash Flows

For the Three Months Ended March 31

Unaudited - see Notice to Reader

	2019	2018
Cash Provided By (Used In):		
Operating Activities		
Net loss	\$ (114,897)	\$ (109,213)
Items not affecting cash:		
Hyperinflation - monetary loss	29,053	-
Stock-based compensation	-	9,810
Mineral property write-offs	1,570	1,561
	<u>(84,274)</u>	<u>(97,842)</u>
Net changes in non-cash working capital:		
Other receivables	(6,805)	(9,865)
Accounts payable and accrued liabilities	(919)	22,058
	<u>(91,998)</u>	<u>(85,649)</u>
Financing Activities		
Issuance of share capital	527,800	-
Share issuance costs	(11,755)	-
	<u>516,045</u>	<u>-</u>
Investing Activities		
Mineral property expenditures	(128,520)	(64,237)
Purchase of property and equipment	-	(3,789)
	<u>(128,520)</u>	<u>(68,026)</u>
Change in Cash and Cash Equivalents	295,527	(153,675)
Cash and Cash Equivalents - Beginning of Period	<u>272,578</u>	<u>525,517</u>
Cash and Cash Equivalents - End of Period	<u>\$ 568,105</u>	<u>\$ 371,842</u>

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

Minsud Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2019 and 2018

Unaudited - see Notice to Reader

1. Business of the Company

Minsud Resources Corp. (the “Company”) was incorporated under the Ontario Business Corporations Act on October 11, 2007 and is a publicly listed company on the TSX Venture Exchange under the symbol “MSR”. The registered office is located at 340 Richmond Street West, Toronto Ontario.

The Company is principally engaged in the process of exploring its mineral resource properties located in Argentina. To date, the Company has not earned significant revenues and is considered to be in the development stage. The realization of amounts shown for resource properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to develop these properties and generate future profitable operations or proceeds of disposition from these properties.

These condensed interim consolidated financial statements include the accounts of the Company, its wholly-owned subsidiary, Minsud Argentina Inc. (“MAI”), and MAI’s subsidiary Minera Sud Argentina S.A. (“MSA”), and have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS-IASB”) as further discussed in Note 2.

MAI acquired 10,309,400 of the 10,852,000 outstanding common shares of MSA at May 10, 2011, representing a 95% ownership interest in MSA. The Company entered into a put and call option agreement with respect to the remaining 542,600 shares of MSA (representing 5% of the total number of issued and outstanding shares of MSA) which includes an irrevocable covenant to not divest or encumber such shares. The put and call option agreement allows the remaining 542,600 shares of MSA to be exchanged for 790,000 common shares of the Company at the option of either party.

As at March 31, 2019, MAI held 144,951,699 of the 145,494,299 outstanding common shares of MSA, representing an ownership interest of 99.63%. As at December 31, 2018, MAI held 136,951,699 of the 137,494,299 outstanding common shares of MSA, representing an ownership interest of 99.61%. As at March 31, 2019, and December 31, 2018, the 542,600 shares of MSA not owned by MAI represented non-controlling interests of 0.37% and 0.39% respectively.

2. Basis of Presentation and Going Concern

a) Statement of Compliance

The Company’s condensed interim consolidated financial statements have been prepared in accordance with IAS 34, “Interim Financial Reporting”. These condensed interim consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2018, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These condensed interim consolidated financial statements have been prepared following the same accounting policies used in the preparation of the Company’s audited consolidated financial statements for the year ended December 31, 2018, and were approved by the Company’s Board of Directors on May 29, 2019.

Minsud Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2019 and 2018

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2. Basis of Presentation and Going Concern (continued)

b) Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company, its wholly-owned subsidiary, MAI, and MAI's subsidiary MSA. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those

returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that ownership of a majority of voting rights results in control. To support this presumption, and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangement
- The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of an investee begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the Company's accounting policies. All intra-Company assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

Minsud Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2019 and 2018

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2. Basis of Presentation and Going Concern (continued)

c) Going Concern

The Company has not yet established whether its mineral properties contain resources or reserves that are economically recoverable. The recovery of amounts capitalized as mineral properties is dependent upon the discovery of economically recoverable resources or reserves, the ability of the Company to arrange appropriate financing to complete the development of properties, and upon future profitable production, or alternatively, upon the Company's ability to dispose of its interests on an advantageous basis, all of which are uncertain.

The Company's ability to continue as a going concern is dependent upon, but not limited to, its ability to raise financing necessary to fund its exploration programs, maintain its mineral properties concession rights and exploration agreements with purchase options, discharge its liabilities as they become due and generate positive cash flows from operations.

These condensed interim consolidated financial statements are prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of the business for the foreseeable future. There are material uncertainties regarding the Company's ability to continue as a going concern. The Company has not generated revenue from operations. During the period ended March 31, 2019, the Company incurred a net loss of \$114,897 (2018 - \$109,213) and as of that date, the Company's deficit was \$6,630,971 (December 31, 2018 - \$6,515,484). As at March 31, 2019, the Company has current assets of \$706,579 (December 31, 2018 - \$432,292) and current liabilities of \$256,696 (December 31, 2018 - \$269,798). The Company has working capital of \$449,883 as at March 31, 2019 (December 31, 2018 - \$162,494).

These condensed interim consolidated financial statements do not give effect to adjustments that may be necessary, should the Company be unable to continue as a going concern. If the going concern assumption is not used then the adjustments required to report the Company's assets and liabilities at liquidation values could be material to these financial statements.

The prices of metals and minerals fluctuate widely and are affected by many factors outside of the Company's control. The prices of metals and minerals and future expectation of such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. This in turn may impact the Company's ability to raise equity financing for its long term working capital requirements.

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Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2019 and 2018

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3. Significant Accounting Policies

The accounting policies are consistent with those of the Company's audited consolidated financial statements for the year ended December 31, 2018 .

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The most significant judgments, estimates and assumptions include those related to the ability of the Company to continue as a going concern, recoverability of amounts capitalized as mineral properties, determinations as to whether exploration costs are expensed or deferred, the fair value of stock based compensation and warrants, the recognition of deferred tax assets, evaluation of contingencies and determination of the Company's functional currency, and the determination of the functional currency of MSA as not being hyperinflationary. Management has determined that judgments, estimates and assumptions reflected in these condensed interim consolidated financial statements are reasonable.

5. Property and Equipment

As at March 31, 2019	Vehicles	Office Equipment	Other	Total
Cost				
Balance, beginning of period	\$ 98,620	\$ 34,827	\$ 3,017	\$ 136,464
Additions	-	-	-	-
Currency translation adjustments	(14,528)	(5,131)	(445)	(20,104)
Effects of hyperinflation (note 3c)	9,904	3,498	303	13,705
Balance, end of period	93,996	33,194	2,875	130,065
Accumulated depreciation				
Balance, beginning of period	(82,527)	(30,322)	(2,707)	(115,556)
Depreciation	(2,120)	(475)	(33)	(2,628)
Currency translation adjustments	12,359	4,512	402	17,273
Effects of hyperinflation (note 3c)	(8,288)	(3,046)	(272)	(11,606)
Balance, end of period	(80,576)	(29,331)	(2,610)	(112,517)
Net carrying amount as at March 31, 2019	\$ 13,420	\$ 3,863	\$ 265	\$ 17,548

Minsud Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2019 and 2018

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5. Property and Equipment (continued)

As at March 31, 2018	Office			
	Vehicles	Equipment	Other	Total
Cost				
Balance, beginning of period	\$ 59,471	\$ 12,801	\$ 911	\$ 73,183
Additions	-	3,687	102	3,789
Currency translation adjustments	(2,753)	(593)	(42)	(3,388)
Balance, end of period	56,718	15,895	971	73,584
Accumulated depreciation				
Balance, beginning of period	(37,363)	(9,610)	(783)	(47,756)
Depreciation	(1,763)	(477)	(13)	(2,253)
Currency translation adjustments	1,735	447	36	2,218
Balance, end of period	(37,391)	(9,640)	(760)	(47,791)
Net carrying amount as at March 31, 2018	\$ 19,327	\$ 6,255	\$ 211	\$ 25,793

Depreciation expense has been capitalized to mineral properties.

6. Mineral Properties

As at March 31, 2019	San Juan Province Chita Valley			Santa Cruz Province			TOTAL
	Chita	Brechas Vacas	Minas de Pinto	La Rosita	San Antonio	Other	
Balance, beginning of period	\$ 7,672,542	\$ 2,581,801	\$ 1,874,359	\$ 838,754	\$ -	\$ 7,371	\$12,974,827
Property rights/exploration agreements	-	-	13,478	-	-	-	13,478
Exploration	93,951	313	24,950	1,497	1,505	-	122,216
Write-offs	-	-	-	-	(1,505)	-	(1,505)
Currency translation adjustments	(1,039,627)	(363,705)	(261,811)	(116,578)	-	(1,086)	(1,782,807)
Effects of hyperinflation (note 3c)	706,727	247,956	177,660	79,441	-	740	1,212,524
Balance, end of period	\$ 7,433,593	\$ 2,466,365	\$ 1,828,636	\$ 803,114	\$ -	\$ 7,025	\$12,538,733

Minsud Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2019 and 2018

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6. Mineral Properties (continued)

As at March 31, 2018	San Juan Province Chita Valley			Santa Cruz Province			TOTAL
	Chita	Brechas Vacas	Minas de Pinto	La Rosita	San Antonio	Other	
Balance, beginning of period	\$ 5,330,162	\$ 1,032,452	\$ 945,334	\$ 462,807	\$ -	\$ 5,620	\$ 7,776,375
Property rights/exploration agreements	-	-	13,495	-	-	-	13,495
Exploration	(96,921)	43,618	56,610	6,137	1,561	669	11,674
Write-offs	-	-	-	-	(1,561)	-	(1,561)
Currency translation adjustments	(219,130)	(43,879)	(39,937)	(19,289)	-	(262)	(322,497)
Balance, end of period	\$ 5,014,111	\$ 1,032,191	\$ 975,502	\$ 449,655	\$ -	\$ 6,027	\$ 7,477,486

Chita Property

On September 28, 2006, the Company, through MSA, entered into an Exploration Agreement (the "Chita Agreement") including a Purchase Option to purchase a 100% ownership interest in the mining properties pursuant to certain terms and conditions, with the owners of the mining properties identified as Proyecto Chita, located 30 km from Iglesia, in the Chita Valley, in the Province of San Juan, Argentina. The Chita Property includes the Chita I, II, III, IV, V and VI mining concessions, as well as the Romina, Lucrecia and Mabel mining concessions covering 3,492 hectares.

On August 3, 2012, the Company exercised its Purchase Option to acquire a 100% interest in the Chita Property in exchange for a series of cash payments totaling US\$420,000. On September 12, 2012, the ownership interest in the Chita Property was transferred to the Company and registered by the Ministry of Mines in San Juan Province.

On September 12, 2017, the Company made the final payment pursuant to the Purchase Option resulting in a 100% ownership interest in the Chita Property.

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For the Three Months Ended March 31, 2019 and 2018

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6. Mineral Properties (continued)

Brechas Vacas Property

On September 7, 2007, the Company, through MSA, entered into an Exploration Agreement including a Purchase Option (the "Brechas Vacas Agreement") with the owners of the mining properties (the "BV Owners") identified as Proyecto Brechas Vacas, located 35 km from Iglesia in the Chita Valley, in the Province of San Juan, Argentina. Included in the Brechas Vacas properties are the Luis, Luis I and Luis IV mining concessions covering 2,579 hectares.

In exchange for the right to evaluate, prospect and explore the properties, the Company paid the BV Owners a series of staggered payments totaling US\$240,000 (\$263,568) within four years of the date of the Brechas Vacas Agreement. In addition to the exploration rights, the BV Owners granted to the Company, an irrevocable and exclusive option to purchase a 50% ownership interest in these properties pursuant to certain terms and conditions stated in the Brechas Vacas Agreement.

On September 6, 2011, MSA exercised its option to purchase a 50% ownership interest in these properties for consideration of US\$210,000 (\$207,748). In order to facilitate this, on December 23, 2011, ownership of the properties was transferred by the BV Owners to the Brechas Vacas Trust. MSA simultaneously acquired a 50% beneficial interest in the Brechas Vacas Trust in exchange for the consideration of US\$210,000 in accordance with the terms of the option agreement dated September 7, 2007, and an extension agreement dated November 23, 2011.

The remaining 50% beneficial interest in the Brechas Vacas Trust held by the BV Owners was subject to a new exclusive and irrevocable purchase option agreement (the "BV Option") dated January 3, 2012 granted in favour of MSA, as amended by way of a First Addendum dated December 19, 2013 and a Second Addendum dated June 24, 2016. The BV Option can be exercised by MSA at any time on or before June 26, 2022, and provides MSA with an irrevocable and exclusive right to purchase the remaining 50% beneficial interest in the Brechas Vacas Trust in addition to the exclusive right to evaluate, prospect and explore the Brechas Vacas properties.

MSA has also agreed to pay semi-annual contingency staggered payments for a total of US\$740,000 in cash and US\$40,000 payable in shares of the Company between July 4, 2012 and June 26, 2021.

In order to exercise the BV Option, the Company would have to pay US\$735,000, which would be settled through a cash payment of US\$535,000 and a payment of US\$200,000 to be settled by the issuance of an equivalent number of common shares of the Company. The issuance of common shares would be subject to the approval of the TSX Venture Exchange and would be issued at the market price of of the common shares on the TSX Venture Exchange as of the date any commitment comes due. If MSA exercises the BV Option prior to June 26, 2022, 50% of the remaining staggered payments will be added back to the final exercise price of the BV Option.

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6. Mineral Properties (continued)

Brechas Vacas Property (continued)

Once, and if, the Option is exercised and the remaining 50% of the beneficial interest of the Brechas Vacas Trust is transferred to MSA, the BV owners will retain a 0.6% Net Smelter Return ("NSR") on the Brechas Vacas Properties with the Company having the option to purchase a 0.3% NSR, at any time, for a one-time payment of US\$400,000.

The following table summarizes the payments made and outstanding related to the Brechas Vacas property:

	<u>\$US</u>	<u>Shares</u>	<u>Status</u>
Initial Exploration Agreement	\$ 240,000	-	Paid
Option Exercise (First 50%)	210,000	-	Paid
Brechas Vacas Trust (paid)	740,000	40,000	Paid
Brechas Vacas Trust (outstanding)	330,000	-	
Total Payments	<u>\$ 1,190,000</u>	<u>40,000</u>	

As at March 31, 2019, the Company made cash payments totaling US\$410,000 (\$482,843) and issued 629,000 common shares of the Company related to twelve installments to the BV Owners pursuant to the terms of the Option. As at March 31, 2019, the Company was in compliance with their staggered payments schedule. The contingency payments still outstanding but not overdue, amount to US\$330,000.

Minas de Pinto Property

On May 7, 2010, the Company, through MSA, entered into an Exploration Agreement including a Purchase Option (the "Minas de Pinto Agreement") with the owners of the mining properties identified under the name of Proyecto Minas de Pinto, located 30 km from Iglesia, in the Chita Valley in the Province of San Juan, Argentina. Included in Proyecto Minas de Pinto are the Arqueros, San Marcos, Estrellita, Paulita, Paulita II, Pierina II, Pierina III, San Pablo, San Urbano and Rosita II mining concessions covering 2,443 hectares.

Pursuant to the Minas de Pinto Agreement, the owners granted to the Company the irrevocable and exclusive right to evaluate, prospect and explore the properties using any method, and at the Company's sole discretion. In addition to the exploration rights, the owners granted to the Company an irrevocable and exclusive option to purchase a 100% ownership interest in the properties pursuant to certain terms and conditions stated in the Minas de Pinto Agreement. The Company made aggregate payments of US\$252,500 by the respective due dates in accordance with the Minas de Pinto Agreement.

On April 22, 2014, the Minas de Pinto Owners settled the Minas de Pinto Trust and transferred 100% of the mineral properties governed by the Minas de Pinto agreement to the Minas de Pinto Trust. The Company acquired a 50% interest in the Minas de Pinto Trust for total consideration of US\$412,500 with the first payment due upon signing and the final payment due May 7, 2018.

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6. Mineral Properties (continued)

Minas de Pinto Property (continued)

The remaining 50% beneficial interest in the Minas de Pinto Trust held by the Minas de Pinto Owners was subject to a new exclusive and irrevocable purchase option agreement (the "Option") granted in favour of MSA. The Option provides MSA with an irrevocable and exclusive right to purchase the remaining 50% beneficial interest in the Minas de Pinto Trust in addition to the exclusive right to evaluate, prospect and explore the Minas de Pinto properties for consideration of US\$1,335,000 payable at any time on or before May 7, 2019.

On May 8, 2017, the Company and the Minas de Pinto Owners signed an addendum to extend the period in which the Company can acquire the remaining 50% beneficial interest by exercising the Option prior to November 7, 2020. The addendum modified the payment schedule and increased the total amount to be paid to US\$417,500.

The following table summarizes the payments made and outstanding related to the Minas de Pinto property:

	\$US	Status
Initial Exploration Agreement	\$ 252,500	Paid
Minas de Pinto Trust (paid)	347,500	Paid
Minas de Pinto Trust (outstanding)	<u>70,000</u>	
Total Payments	<u>\$ 670,000</u>	

As at March 31, 2019, the Company had made eight payments totalling US \$347,500 (\$440,077) related to the acquisition of the 50% interest in the Minas de Pinto Trust. As at March 31, 2019, the Company was in compliance with their staggered payments schedule. The remaining payments of US\$70,000 (\$93,534) have been accrued as the current portion of property acquisition payable. Subsequent to the period ended March 31, 2019, the Company paid the ninth instalment of US\$35,000 (\$47,204).

La Rosita Property

The La Rosita Property, a gold and silver prospect in which the Company has a 100% ownership interest, is located within the Deseado Massif and the Area of Special Mining Interest of Santa Cruz Province. The La Rosita Property consists of the Alfa, Alfa II and Alfa III mining concessions, however, the majority of the exploration activity carried out by the Company has been on the Alfa II concession.

San Antonio Property

The San Antonio Property, a prospect in which the Company has a 100% ownership interest, is located within the Deseado Massif and the Area of Special Mining Interest of Santa Cruz Province. During the period ended March 31, 2019, the Company wrote off exploration expenses of \$ (2018 - \$1,561), as it is focused on the exploration and evaluation of its other properties, and has no current plans to explore the San Antonio Property.

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7. Issued Capital

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares, issuable in series.

During the period ended March 31, 2019, the Company issued 5,278,000 units (pursuant to a non-brokered private placement) for proceeds of \$527,800, of which \$136,700 was allocated to warrants (see note 8).

Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.15 per share until March 13, 2021.

The common shares issued pursuant to the non-brokered private placement are subject to a four month hold period expiring on July 14, 2019.

In connection with the private placement, the Company paid legal fees and expenses of \$11,755 of which \$3,045 was allocated to warrants (see note 8).

8. Warrants

	Number	Amount	Weighted Average Exercise Price
Balance - January 1, 2018	43,652,770	\$ 871,239	\$ 0.20
Expired	(26,753,330)	(489,646)	(0.22)
Issued for cash	8,230,000	220,564	0.15
Issuance costs		(3,849)	
Balance - December 31, 2018	25,129,440	598,308	\$ 0.15
Issued for cash	5,278,000	136,700	0.15
Issuance costs		(3,045)	
Balance - March 31, 2019	<u>30,407,440</u>	<u>\$ 731,963</u>	<u>\$ 0.15</u>

During the period ended March 31, 2019, the Company issued 5,278,000 warrants (pursuant to a non-brokered private placement) as discussed in note 7. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.15 per share until July 14, 2021.

The fair value of the Warrants was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	1.75%
Expected life	2 years
Expected volatility	98%
Share price	\$0.074

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

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8. Warrants (continued)

As at March 31, 2019, the following Warrants were issued and outstanding:

<u>Exercise Price</u>	<u>Warrants Outstanding</u>	<u>Remaining Contractual Life (Years)</u>	<u>Expiry Date</u>
\$ 0.15	6,500,000	0.22	July 27, 2019
\$ 0.15	9,449,000	0.66	November 29, 2019
\$ 0.15	950,440	0.74	December 28, 2019
\$ 0.15	8,230,000	1.20	June 13, 2020
\$ 0.15	5,278,000	1.96	March 13, 2021
	<u>30,407,440</u>	<u>0.96</u>	

9. Stock Option Plan

On November 29, 2011 a new form of stock option plan (the "2011 Plan") was approved by the shareholders at the annual and special meeting of shareholders held that day. The 2011 Plan is a rolling stock option plan. Options to purchase up to 10% of the total number of Company Shares issued and outstanding at the date of any grant are issuable pursuant to the 2011 Plan. The 2011 Plan is a rolling plan as the number of options which may be granted pursuant to the 2011 Plan will increase as the number of the Company's shares, which are issued and outstanding, increases. If an option expires or is otherwise terminated for any reason, the number of the Company's shares in respect of that expired or terminated option shall again be available for the purposes of the 2011 Plan. Pursuant to the policies of the Exchange, the shareholders of the Company are required to approve on a yearly basis stock option plans which have a rolling plan ceiling. Options issued under the 2011 Plan are non-assignable and non-transferable and may be granted for a term not exceeding ten years. The 2011 Plan is administered by the Company's board of directors (the "Board of Directors") or a committee established by the Board of Directors for that purpose (the "Committee"). The 2011 Plan may be amended, subject to applicable regulatory and shareholder approval, or terminated by the Board of Directors or the Committee at any time, but such amendment or termination will not alter the terms or conditions of any option awarded prior to the date of such amendment or termination. Any option outstanding when the 2011 Plan is amended or terminated will remain in effect until it is exercised or expires or is otherwise terminated in accordance with the provisions of the 2011 Plan. The 2011 Plan provides that other terms and conditions, including vesting provisions, may be attached to a particular stock option at the discretion of the Board of Directors or the Committee, provided that, if required by any stock exchange on which the shares of the Company trades, options issued to consultants which provide investor relations activities must vest in stages over not less than 12 months with no more than one-quarter of the options vesting in any three-month period. All option grants are to be evidenced by the execution of an option agreement between the Company and the optionee which shall give effect to the provisions of the 2011 Plan. Options may be granted under the 2011 Plan only to directors, officers, employees and other service providers of the Company subject to the rules and regulations of applicable regulatory authorities and any Canadian stock exchange upon which the Company's shares may be listed or may trade from time to time.

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9. Stock Option Plan (continued)

The aggregate number of the Company's shares which may be reserved for issuance to any one individual under the 2011 Plan within any 12 month period shall not exceed 5% of the Company's shares issued and outstanding at the date of the grant (on a non-diluted basis). Further, the aggregate number of the Company's shares which may be reserved for issuance under the 2011 Plan: (a) to any consultant to the Company shall not exceed 2% of the number of the Company's shares issued and outstanding on the date of the grant (on a non-diluted basis) and (b) to all employees or consultants who provide investor relations activities shall not exceed 2% of the number of the Company's shares issued and outstanding on the date of the grant (on a non-diluted basis). In the event an optionee ceases to be a service provider or employee of the Company (other than by reason of death), the vested stock options will expire on the earlier of the expiry date stated in the option agreement executed in respect of such grant and one year following the date of termination. In the event of death of an optionee, all options will be automatically exercisable by the personal representatives of the optionee within, but only within, the period of one year next succeeding the optionee's death and prior to the expiry date of the option, whichever is sooner. The price at which an optionee may purchase a Company's share upon the exercise of an option will be as set forth in the option agreement executed in respect of such option and, in any event, will not be less than the market price of the Company's shares as of the date of the grant of the stock option (the "Grant Date") less any discounts from the market price allowed by the Exchange, subject to a minimum exercise price of \$0.10. The market price of the Company's shares means the closing price on the last trading day immediately preceding the Grant Date. The Company's shares will not be issued pursuant to options granted under the 2011 Plan until they have been fully paid for.

i) Movements in stock options during the period:

	Number of Options	Weighted Average Exercise Price
Balance - January 1, 2018	8,395,000	\$ 0.10
Options granted	-	-
Options expired	(405,000)	(0.10)
Balance - December 31, 2018 and March 31, 2019	<u>7,990,000</u>	<u>\$ 0.10</u>

ii) Stock options outstanding at the end of the period

Exercise Price	Options Vested	Options Unvested	Remaining Contractual Life (Years)	Expiry Date
\$ 0.10	780,000	-	0.11	May 12, 2019
\$ 0.10	830,000	-	0.64	November 20, 2019
\$ 0.10	2,380,000	-	1.71	December 14, 2020
\$ 0.10	4,000,000	-	2.71	December 15, 2021
	<u>7,990,000</u>	<u>-</u>	<u>1.94</u>	

As at March 31, 2019, the weighted average exercise price of options that had fully vested was \$0.10. As at March 31, 2019, 7,205,969 stock options are available for issuance at the discretion of the Company's Board of Directors pursuant to the Company's 2011 Plan.

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10. Related Party Transactions and Balances

During the period ended March 31, 2019, the Company incurred the following related party transactions:

i) Transactions

- a) A total of \$35,000 of salary and directors' fees of MSA (2018 - \$35,000) was charged by the CEO of the Company.
- b) A total salary of \$15,519 (2018 - \$20,627) was charged by an individual related to the Company's CEO.
- c) A total of \$9,500 of accounting and regulatory compliance fees (2018 - \$9,553) and \$5,250 of CFO fees (2018 - \$5,250) was charged by an accounting firm in which the Company's CFO is a partner.
- d) A total of \$21,000 of professional fees (2018 - \$21,000) and \$231 (2018 - \$6,144) of mineral property exploration expenses were charged by the Company's Vice-President (Exploration). These amounts have been capitalized to mineral properties.
- e) The amount of stock-based compensation expense for the period ended March 31, 2019 related to the continued vesting of stock options issued to key members of management was \$Nil (2018 - \$7,564).
- f) Director's fees of \$Nil (2018 - \$3,000) were charged by members of the Company's Board of Directors.

ii) Period-end balances

- a) As at March 31, 2019, accounts payable and accrued liabilities included \$1,351 (December 31, 2018 - \$5,152) payable to the CEO of the Company.
- b) As at March 31, 2019, accounts payable and accrued liabilities included \$25,323 (December 31, 2018 - \$26,168) payable to an accounting firm in which the Company's CFO is a partner.
- c) As at March 31, 2019, accounts payable and accrued liabilities included \$7,910 (December 31, 2018 - \$7,910) payable to the Company's Vice-President (Exploration).

All related party transactions were in the normal course of operations.

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11. Commitments

- a) On April 18, 2017, the Company entered into a new services agreement with its President and CEO. Pursuant to the services agreement, an annual fee of \$140,000, consisting of salary and director's fees of MSA, was paid in monthly instalments by MSA. The services agreement continued in effect until December 31, 2017 and provided that the President and CEO may pursue outside business interests or directorships in other industries that did not interfere or conflict with his ability to carry out his duties as an officer and director of the Company and MSA. The services agreement contained a change of control provision, where "change of control" was defined as: (a) the acquisition by a person, group of persons or person acting jointly or in concert, or persons associated or affiliated within the meaning of the Securities Act (Ontario) with any such person, group of persons or any of such persons acting jointly or in concert, of more than 50% of the votes attaching to all shares in the capital of the Company that may be cast to elect directors of the Company; or (b) the election at any meeting of shareholders of a majority of directors not recommended by management. If, within six months following a "change of control", employment of the President and CEO was terminated by the Company without cause, the President and CEO would be entitled to a lump sum severance payment of \$280,000 and the immediate vesting of all unvested stock options.

The President and CEO could terminate the agreement without consequence by giving 90 days previous notice to the Company and MSA. Should the Company terminate the agreement without cause, the President and CEO would be entitled to a payment of \$140,000.

On January 12, 2018, the Company and the Company's President and CEO entered into a new services agreement for an annual fee of \$140,000, consisting of salary and director's fees of MSA, which will be paid in monthly installments by MSA. The new agreement continues in effect until December 31, 2018 and contains provisions similar to those included in the services agreement that expired December 31, 2017.

On January 4, 2019, the Company and the Company's President and CEO entered into a new services agreement for a fee of \$70,000, consisting of salary and director's fees of MSA, which will be paid in monthly installments by MSA. The new agreement continues in effect until June 30, 2019 and contains provisions similar to those included in the services agreement that expired December 31, 2018.

- b) On July 1, 2017, the Company and the Company's Vice-President (Exploration) signed a new consulting agreement for a fixed monthly fee of \$7,000 until June 30, 2018. The agreement provides that, in the event the Company does not renew the consulting agreement, all unvested stock options granted to the consultant will vest immediately and will remain exercisable for the full exercise period as stated in the original stock option agreement.

On July 1, 2018, the Company and the Company's Vice-President (Exploration) signed a new consulting agreement for a fixed monthly fee of \$7,000 until March 31, 2019 containing similar provisions to those included in the previous agreement.

The agreement can be terminated by either party at any time by providing 60 days advance notice to the other party.

Additional commitments related to the Company's mineral properties are disclosed in note 6.

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12. Subsequent Events

Subsequent to the period ended March 31, 2019, 780,000 stock options expired unexercised.

An additional subsequent event is disclosed in note 6.