Condensed Interim Consolidated Financial Statements

Minsud Resources Corp.

For the Three Months Ended March 31, 2021 and 2020

(All Amounts in Canadian Dollars Unless Otherwise Noted)

Unaudited

INDEX

Condensed Interim Consolidated Statement of Comprehensive Income (Loss)	**1**
Condensed Interim Consolidated Statement of Financial Position	**2**
Condensed Interim Consolidated Statement of Changes in Shareholders' Equity	**3 - 4**
Condensed Interim Consolidated Statement of Cash Flows	**5**
Notes to the Condensed Interim Consolidated Financial Statements	**6 - 23**

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

	2021	2020
Expenses		
General and administrative	$ 9,118	$ 8,814
Marketing and communications	1,818	1,223
Professional and regulatory fees	90,801	77,258
Stock-based compensation	8,738	-
Gain on disposition of property and equipment	(16,273)	-
Taxes on ownership of subsidiary	10,000	3,650
Write-off of mineral properties (note 6)	-	4,926
Hyperinflation - monetary loss (gain)	(31,541)	24,480
Less:		
Interest income	-	(341)
Net Loss for the Period	(72,661)	(120,010)
Other Comprehensive Income		
Items that may be reclassified to profit and loss:		
Currency translation adjustment	29,483	1,019,799
Comprehensive Income (Loss) for the Period	$ (43,178)	$ 899,789
Income (Loss) per Share - basic and diluted	$ (0.00)	$ 0.00
Weighted Average Number of Common Shares Outstanding - basic and diluted	156,210,694	156,210,694
Loss for the Period Attributable to:		
Non-controlling interest	$ (49)	$ (234)
Equity shareholders of the Company	(72,612)	(119,776)
	$ (72,661)	$ (120,010)
Comprehensive Income (Loss) for the Period Attributable to:		
Non-controlling interest	$ (5,058)	$ 500
Equity shareholders of the Company	(38,120)	899,289
	$ (43,178)	$ 899,789

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, 2021
Unaudited - see Notice to Reader

	March 31, 2021	December 31, 2020 (Audited)
Assets		
Non-Current Assets		
Mineral properties (note 6)	$ 13,824,157	$ 13,535,836
Other receivables	-	24,339
Property and equipment (note 5)	26,326	19,678
Deferred tax asset	27,569	28,324
	13,878,052	13,608,177
Current Assets		
Cash and cash equivalents	676,898	747,294
Prepaid expenses and deposits	45,218	20,070
Other receivables	469,193	512,534
Current portion of deferred tax asset	4,812	7,412
	1,196,121	1,287,310
	$ 15,074,173	$ 14,895,487
Shareholders' Equity		
Issued capital (note 2(b) and 7)	$ 18,093,269	$ 18,098,392
Contributed surplus (note 2(b), 8 and 9)	5,955,994	5,947,256
Cumulative translation reserve	(5,060,030)	(5,094,522)
Deficit	(8,826,348)	(8,753,736)
Equity attributable to shareholders of the Company	10,162,885	10,197,390
Non-controlling interest (note 2(b))	34,396	34,331
	10,197,281	10,231,721
Liabilities		
Non-Current Liabilities		
Deferred exploration recovery (note 12)	4,109,934	3,850,736
Trust acquisition payable (note 6)	252,230	255,260
	4,362,164	4,105,996
Current Liabilities		
Accounts payable and accrued liabilities (note 10)	172,334	178,028
Income taxes payable	164,749	180,939
Current portion of trust acquisition payable (note 6)	126,115	127,630
Other liabilities	51,530	71,173
	514,728	557,770
	$ 15,074,173	$ 14,895,487

Business of the Company (note 1)
Going Concern (note 2(c))
Commitments (note 11)
South 32 Limited Agreement (note 12)
Subsequent Event (note 13)

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

Approved on behalf of the Board of Directors

Signed "Paul Andersen " , Director

Signed "Alberto F. Orcoyen" , Director

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, 2021	156,210,694	$ 18,098,392	$ 5,947,256	$ (5,094,522)	$ (8,753,736)	$ 34,331	$ 10,231,721
Loss for the period attributable to shareholders of the Company	-	-	-	-	(72,612)	-	(72,612)
Loss for the period attributable to non-controlling interests	-	-	-	-	-	(49)	(49)
Other comprehensive income for the period	-	-	-	34,492	-	(5,009)	29,483
	156,210,694	18,098,392	5,947,256	(5,060,030)	(8,826,348)	29,273	10,188,543
Stock-based compensation (note 9)	-	-	8,738	-	-	-	8,738
Effects of change in non-controlling interest (note 2)	-	(5,123)	-	-	-	5,123	-
Balance at March 31, 2021	156,210,694	$ 18,093,269	$ 5,955,994	$ (5,060,030)	$ (8,826,348)	$ 34,396	$10,197,281

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, 2020	156,210,694	$18,113,596	$ 5,841,750	$ (4,714,327)	$ (7,063,717)	$ 40,496	$ 12,217,798
Loss for the period attributable to shareholders of the Company	-	-	-	-	(119,776)	-	(119,776)
Loss for the period attributable to non-controlling interests	-	-	-	-	-	(234)	(234)
Other comprehensive income for the period	-	-	-	1,019,065	-	734	1,019,799
	156,210,694	18,113,596	5,841,750	(3,695,262)	(7,183,493)	40,996	13,117,587
Effects of change in non-controlling interest (note 2)	-	(4,039)	-	1,000	9	3,030	-
Balance at March 31, 2020	156,210,694	$ 18,109,557	$ 5,841,750	$ (3,694,262)	$ (7,183,484)	$ 44,026	$ 13,117,587

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

	2021	2020
Cash Provided By (Used In):		
Operating Activities		
Net loss	$ (72,661)	$ (120,010)
Items not affecting cash:		
Hyperinflation - monetary loss	(31,541)	24,480
Share-based payments (note 9)	8,738	-
Mineral property write-offs	-	4,926
	(95,464)	(90,604)
Net changes in non-cash working capital:		
Other receivables	17,328	576
Receivables	24,339	-
Accounts payable and accrued liabilities	37,029	41,943
Prepaid expenses	(14,622)	-
	(31,390)	(48,085)
Investing Activities		
Mineral property expenditures	(290,306)	(481,274)
Purchase of property and equipment	(7,898)	(8,217)
Proceeds from deferred exploration recovery (note 12)	259,198	974,481
	(39,006)	484,990
Change in Cash and Cash Equivalents	(70,396)	436,905
Cash and Cash Equivalents - Beginning of Period	747,294	712,925
Cash and Cash Equivalents - End of Period	$ 676,898	$ 1,149,830
Cash and cash equivalents is comprised of:		
Cash	623,377	1,144,912
Cash equivalents	53,521	4,918
Total	$ 676,898	$ 1,149,830

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

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.

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, 2020, which were prepared with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee. 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, 2020, and were approved by the Board of Directors of the Company on May 31, 2021.

b) Basis of Consolidation

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").

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, 2021, MAI held 144,951,699 (December 31, 2020 - 144,951,699) of the 145,494,299 (December 31, 2020 - 145,494,299) outstanding common shares of MSA, representing an ownership interest of 99.63% (December 31, 2020 - 99.63%). As at March 31, 2021 and December 31, 2020, the 542,600 shares of MSA not owned by MAI represented a non-controlling interests of 0.37% for both periods.

2. Basis of Presentation and Going Concern (continued)

b) Basis of Consolidation (continued)

Consolidation of an investee begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. 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(s); and
- 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.

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 inter-company assets and liabilities, equity, income, expenses and cash flows relating to intercompany transactions are eliminated in full on consolidation.

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. The Company has not generated revenue from operations. During the period ended March 31, 2021, the Company incurred a net loss of $72,661 (2020 - $120,010) and as of that date, the Company's deficit was $8,826,348 (December 31, 2020 - $8,753,736). As at March 31, 2021, the Company has current assets of $1,196,121 (December 31, 2020 - $1,287,310) and current liabilities of $514,728 (December 31, 2020 - $557,770). The Company has working capital of $681,393 as at March 31, 2021 (December 31, 2020 - $729,540).

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company's operations. The extent of the impact of this outbreak and related containment measures on the Company's operations cannot be reliably estimated at the date these condensed interim consolidated financial statements which were authorized for issue on May 31, 2021.

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.

The above noted events and condition give rise to a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These 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 was not used then the adjustments required to report the Company's assets and liabilities at liquidation values could be material to these consolidated financial statements.

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, 2020.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments with respect to future events. These estimates and judgements are based on past experience and other factors, in particular, forecasts of future events that are reasonable in the circumstances. The actual results are likely to differ from the estimates, assumptions and judgements made by management.

The following paragraphs describe the most critical management estimates and assumptions in the recognition and measurement of assets, liabilities and expenses and the most critical management judgments in applying accounting policies.

Estimates

i) Share-based payments and fair value of warrants

The estimate of share-based payment costs and of the fair value of warrants requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own shares, the expected life of options and expected extinguishments. The model used by the Company is the Black-Scholes option pricing model. Changes in the subjective input assumptions, such as the expected price volatility, can materially affect the fair value estimate.

Critical Judgments

i) Impairment of mineral properties

Mineral properties are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. When an indicator of impairment is identified, the Company determines the recoverable amount of the mineral property, which is the higher of an asset's fair value less costs of disposal or value in use. An impairment loss is recognized if the carrying value exceeds the recoverable amount. The recoverable amount of a mineral property may be determined by reference to estimated future operating results and discounted net cash flows, current market valuations of similar properties or a combination of the above. In undertaking this review, management of the Company is required to make significant estimates of, amongst other things: reserve and resource amounts, future production and sale volumes, forecast commodity prices, future operating, capital and reclamation costs to the end of the mine's life and current market valuations from observable market data which may not be directly comparable. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverable amount of a specific mineral property asset. Changes in these estimates could have a material impact on the carrying value of the mineral property amounts and the impairment losses recognized.

4. Significant Accounting Judgments, Estimates and Assumptions (continued)

Critical Judgments (continued)

ii) Deferred tax assets and liabilities

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the temporary differences between accounting carrying values and tax basis are expected to be recovered or settled. The determination of the ability of the Company to utilize tax loss carry forwards and other deferred tax assets to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is probable that the Company will benefit from these prior losses and other deferred tax assets. Changes in economic conditions, commodity prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

iii) Going Concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

iv) Functional currency of foreign subsidiaries

Management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. As part of this approach, management gives priority to indicators like the currency that mainly influences costs and the currency in which those costs will be settled and the currency in which funds from financing activities are generated. Management also assesses the degree of autonomy the foreign operation has with respect to operating activities.

v) Hyper-inflationary accounting

The Company has designated Argentina as a hyper-inflationary economy and has therefore employed the use of the hyper-inflationary accounting to consolidate and report MSA. The determination of whether an economy is hyper-inflationary requires the Company to make certain estimates and judgments, such as an assessment of historic inflation rates and anticipation of future trends. In addition, the application of hyperinflationary accounting requires the selection and use of price indices to estimate the impact of inflation on the non-monetary assets and liabilities, and results of operations of the Company. The selection of price indices is based on the Company's assessment of various available price indices on the basis of reliability and relevance. Changes in any such estimates may significantly impact the carrying value of those nonmonetary assets or liabilities, and results of operations, which are subject to hyper-inflationary adjustments, and the related gains and losses within the consolidated statements of loss and comprehensive loss.

4. Significant Accounting Judgments, Estimates and Assumptions (continued)

Critical Judgments (continued)

vi) Deferred exploration recoveries

Management considered the facts and circumstances surrounding the receipt of deferred exploration recoveries (note 12), in determining that it represents a liability to the Company. The payment represents a portion of the funding that will form the consideration for South32's investment in MSA, should South32 exercise its right to acquire a 50.1% direct interest in MSA. In management's view, as the Company continues to operate the Chita Valley Project, this payment for the future sale of a controlling interest in MSA is considered to be a present obligation of the Company.

5. Property and Equipment

As at March 31, 2021	Vehicles	Office Equipment	Total
Cost			
Balance, beginning of period	$ 86,659	$ 26,580	$ 113,239
Additions	-	7,898	7,898
Disposals	(25,888)	-	(25,888)
Currency translation adjustments	(8,130)	(2,494)	(10,624)
Effects of hyperinflation	8,895	3,077	11,972
Balance, end of period	61,536	35,061	96,597
Accumulated depreciation			
Balance, beginning of period	(86,659)	(6,902)	(93,561)
Depreciation	-	(1,823)	(1,823)
Disposals	26,915	-	26,915
Currency translation adjustments	7,103	717	7,820
Effects of hyperinflation	(8,895)	(727)	(9,622)
Balance, end of period	(61,536)	(8,735)	(70,271)
Net carrying amount as at March 31, 2021	$ -	$ 26,326	$ 26,326

5. Property and Equipment (continued)

As at March 31, 2020	Vehicles	Office Equipment	Other	Total
Cost				
Balance, beginning of period	$ 90,931	47,605	2,781	141,317
Additions	-	8,217	-	8,217
Currency translation adjustments	1,301	681	40	2,022
Effects of hyperinflation	7,194	4,002	220	11,416
Balance, end of period	99,426	60,505	3,041	162,972
Accumulated depreciation				
Balance, beginning of period	(83,513)	(30,396)	(2,614)	(116,523)
Depreciation	(2,013)	(1,641)	(32)	(3,686)
Currency translation adjustments	(1,210)	(447)	(38)	(1,695)
Effects of hyperinflation	(6,607)	(2,405)	(207)	(9,219)
Balance, end of period	(93,343)	(34,889)	(2,891)	(131,123)
Net carrying amount as at March 31, 2020	$ 6,083	$ 25,616	$ 150	$ 31,849

Depreciation expense has been capitalized to mineral properties.

6. Mineral Properties

	San Juan Province Chita Valley				
As at March 31, 2021	Chita	Brechas Vacas	Minas de Pinto	Other	Total
Balance, beginning of period	$ 7,482,884	$ 3,683,626	$ 2,362,744	$ 6,582	$ 13,535,836
Property rights/exploration agreements	-	-	32,622	-	32,622
Exploration	66,631	52,338	(6,097)	-	112,872
Currency translation adjustments	(634,257)	(331,478)	(210,102)	(618)	(1,176,455)
Effects of hyperinflation	711,354	371,629	235,606	693	1,319,282
Balance, end of period	$ 7,626,612	$ 3,776,115	$ 2,414,773	$ 6,657	$ 13,824,157

6. Mineral Properties (continued)

	San Juan Province Chita Valley			Santa Cruz Province		
As at March 31, 2020	**Chita**	**Brechas Vacas**	**Minas de Pinto**	**La Rosita**	**Other**	**Total**
Balance, beginning of period	$ 7,230,810	$2,697,438	$1,832,991	$758,203	$ 6,797	$12,526,239
Exploration	40,993	842,816	11,827	826	-	896,462
Write-offs	-	-	-	-	(4,788)	(4,788)
Currency translation adjustments	93,292	42,617	24,434	10,132	62	170,537
Effects of hyperinflation	515,289	226,206	134,942	56,170	399	933,006
Balance, end of period	$ 7,880,384	$3,809,077	$2,004,194	$825,331	$ 2,470	$14,521,456

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 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.

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.

Brechas Vacas Property

On September 7, 2007, the Company, through MSA, entered into an Exploration Agreement including a Purchase Option (the "Initial Brechas Vacas Agreement") with the owners of the mining properties (the "BV Owners") identified as Proyecto Brechas Vacas, located 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.

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 Initial Brechas Vacas Agreement.

6. Mineral Properties (continued)

Brechas Vacas Property (continued)

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, 2022.

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 issuance of a number of common shares of the Company equal to US$200,000. 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 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.

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.

As at March 31, 2021, the Company had made aggregate cash payments totaling US$620,000 ($758,847) (December 31, 2020 - US$620,000 ($758,847)) and issued 629,000 common shares of the Company related to the fifteen installments to the BV Owners pursuant to the terms of the Option.

6. Mineral Properties (continued)

Brechas Vacas Property (continued)

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

	$US	Shares	Status
Initial Exploration Agreement	$ 240,000	$ -	Paid
Option Exercise (First 50%)	210,000	-	Paid
Brechas Vacas Trust	620,000	40,000	Paid
Brechas Vacas Trust	120,000	-	Outstanding
Total Payments	$ 1,190,000	$ 40,000	

As at March 31, 2021, the Company was in compliance with its staggered payments schedule. The contingency payments outstanding, but not overdue, amount to US$120,000.

Minas de Pinto Property

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

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.

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.

6. Mineral Properties (continued)

Minas de Pinto Property (continued)

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.

On May 4, 2020, MSA entered into a Transfer Agreement, pursuant to which MSA acquired an additional 15% interest in the Minas de Pinto Trust in exchange for aggregate cash payments of US$400,000, payable in eight semi-annual payments of US$50,000 starting on May 7, 2020 until November 7, 2023. Furthermore, the parties entered into a second addendum to the Option, which would allow MSA to purchase the remaining 35% interest in the Minas de Pinto Trust by paying US$935,000 on or before April 7, 2024.

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- 50% interest	417,500	Paid
Minas de Pinto Trust- 15% interest	100,000	Paid
Minas de Pinto Trust- 15% interest	300,000	Outstanding
Total Payments	$ 770,000	
Minas de Pinto Trust (Outstanding)	$ 300,000	

As at March 31, 2021, the Company was in compliance with their staggered payments schedule. Payments related to the Transfer Agreement that are outstanding, but not yet overdue, amount to US$300,000 ($378,345), of which US$100,000 ($126,115) is repayable during the year ended December 31, 2021.

Subsequent to the period ended March 31, 2021, the Company paid an installment of US$50,000 ($60,770) (note 13).

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 II mine and Alfa III mining concession, however, the majority of the exploration activity carried out by the Company has been on the Alfa II mine.

6. Mineral Properties (continued)

La Rosita Property (continued)

During the year ended December 31, 2020, the Company did not make any investments to this property, at which time the cumulative capitalized mineral property costs were expensed as an impairment loss in profit or loss.

During the period ended March 31, 2021, the Company did not make any investments to this property.

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 year ended December 31, 2020, the Company did not issue any common shares.

During the period ended March 31, 2021, the Company did not issue any common shares.

8. Warrants

	Number	Amount	Weighted Average Exercise Price
Balance - January 1, 2020	17,759,000	$ 436,568	$ 0.15
Expired	(8,230,000)	(220,564)	0.15
Balance - December 31, 2020	9,529,000	216,004	0.15
Expired	(5,278,000)	(136,700)	(0.15)
Balance - March 31, 2021	4,251,000	$ 79,304	$ 0.15

During the year ended December 31, 2020, 8,230,000 warrants expired un-exercised.

As at March 31, 2021, the following Warrants were outstanding:

Exercise Price	Warrants Outstanding	Remaining Contractual Life (Years)	Expiry Date
$ 0.15	4,251,000	0.70	December 10, 2021
	4,251,000	0.70	

During the period ended March 31, 2021, 5,278,000 warrants expired un-exercised.

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.

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.

9. Stock Option Plan (continued)

i) Movements in stock options during the period:

	Number of Options	Weighted Average Exercise Price
Balance - January 1, 2020	6,380,000	$ 0.10
Options granted	1,400,000	0.10
Options expired	(2,380,000)	(0.10)
Balance - December 31, 2020	5,400,000	0.10
Options granted	539,000	0.15
Options expired	(492,250)	(0.10)
Balance - March 31, 2021	5,446,750	$ 0.10

During the period ended March 31, 2021, the Company:

a) Granted 539,000 incentive stock options to certain officers the Company. The options are exercisable at a price of $0.15 per share, all of which shall vest as to one-quarter on February 12, 2021, one quarter on August 12, 2021, one-quarter on February 12, 2022, and one quarter on August 12, 2022, and shall be exercisable for a period of five years from the date of issuance.

During the period ended March 31, 2021, the Chief Operating Officer of MSA resigned, resulting in the expiry of 92,250 of the options discussed above.

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

Expected dividend yield	Nil
Risk-free interest rate	0.25%
Expected life	5.0 years
Expected volatility	103%*
Share price	$0.06
Exercise price	$0.15

*Based on volatility of comparable companies

The fair value of stock options granted to non-employees was estimated using the Black-Scholes pricing model as the fair value of the services received could not be reliably measured.

b) 400,000 stock options issued to a former officer and director expired un-exercised.

9. Stock Option Plan (continued)

During the year ended December 31, 2020, the Company:

a) Granted 1,400,000 stock options to a former officer and director and a former director of the Company. The options have an exercise price of $0.10 per share and vested immediately upon grant. The options have a term of five years.

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

Expected dividend yield	Nil
Risk-free interest rate	0.24%
Expected life	5.0 years
Expected volatility	103%*
Share price	$0.10
Exercise price	$0.10

*Based on volatility of comparable companies

The fair value of stock options granted to non-employees was estimated using the Black-Scholes pricing model as the fair value of the services received could not be reliably measured.

ii) Stock options outstanding at the end of the period

Exercise Price	Options Vested	Options Unvested	Remaining Contractual Life (Years)	Expiry Date
$ 0.10	3,600,000	-	0.71	December 15, 2021
$ 0.10	1,400,000	-	4.30	July 16, 2025
$ 0.15	134,750	312,000	4.87	February 12, 2026
	5,134,750	312,000	1.93	

As at March 31, 2021, 10,174,319 stock options are available for issuance at the discretion of the Company's Board of Directors pursuant to the Company's 2011 Plan.

10. Related Party Transactions and Balances

During the period ended March 31, 2021, the Company incurred the following related party transactions:

i) Transactions

a) A total salary of $56,559 (2020 - $28,230) was charged by the Company's current CEO. This individual is also a director and was appointed as President and CEO of the Company since July 15, 2020. These amounts have been expensed to professional fees.

10. Related Party Transactions and Balances (continued)

i) Transactions (continued)

b) A total of $9,500 of accounting and regulatory compliance fees (2020 - $9,500) and $5,250 of CFO fees (2020 - $5,250) was charged by an accounting firm in which the Company's CFO is a partner. These amounts have been expensed to professional fees.

c) A total of $Nil (2020 - $3,500) of professional fees and $Nil (2020 - $163) of mineral property exploration expenses were charged by the Company's former Vice-President (Exploration). These amounts have been capitalized to mineral properties.

d) A total of $9,923 of professional fees (2020 - $6,924) and $260 (2020 - $1,018) of mineral property exploration expenses were charged by the Company's current Vice-President (Exploration). These amounts have been capitalized to mineral properties.

ii) Period-end balances

a) As at March 31, 2021, accounts payable and accrued liabilities included $11,067 (December 31, 2020 - $6,130) payable to the Company's current CEO.

b) As at March 31, 2021, accounts payable and accrued liabilities included $20,423 (December 31, 2020 - $12,923) payable to an accounting firm in which the Company's CFO is a partner.

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

11. Commitments

During the year ended December 31, 2020, the Company entered into a services agreement with a consultant for the position of Vice-President (Exploration) for a monthly fee of US$2,500. The services agreement has a term of one year expiring January 24, 2021. Either party can terminate the agreement without consequence by giving 60 days advance notice to the Company.

During the period ended March 31, 2021, the services agreement with the Vice-President (Exploration) was renewed for a monthly fee of US$3,500 until January 24, 2022.

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

12. South32 Limited Agreement

Earn-in Agreement

The Earn-in Agreement grants to South32 the right to acquire up to a 50.1% direct interest in MSA at the end of the earn-in period.

12. South32 Limited Agreement (continued)

Earn-in Agreement (continued)

Under the Earn-in Agreement, South32 will provide up to $14 million in capital contributions to MSA over a period of 4 years, as follows: (i) not less than $3.5 million by December 31, 2020; (ii) not less than an aggregate of $7 million by December 31, 2021; (iii) not less than an aggregate of $10.5 million by December 31, 2022; and (iv) not less than an aggregate of $14 million by December 31, 2023. South32 has the right to withdraw at the end of each year. Once South32 has complied with its funding obligations, South32 may exercise its right to acquire a 50.1% direct interest in MSA by electing to subscribe for MSA shares equal to 10% of MSA's shares, in consideration for its funding, and acquire the remaining 40.1% of MSA's shares from MAI for a consideration of $14 million.

During the period ended March 31, 2021, MSA received payments translated for financial reporting purposes at the period end foreign exchange rate of $259,198 (year ended December 31, 2020 - $2,929,532) related to the first tranche of payments. Actual cash received and translated at the foreign exchange rate at the date of receipt were $193,066 (year ended December 31, 2020 - $3,230,740). These payments have been deferred as a liability and represents a portion of the funding that will form the consideration for South32's investment in MSA, should South32 exercise its right to acquire a 50.1% direct interest in MSA as discussed above.

On February 4, 2021, South32 gave notice of its intention to fund exploration activities in 2021 as per the earn-in agreement.

Shareholders' Agreement

Upon the exercise of South32's right to acquire a 50.1% direct interest in MSA, the Company and South32 will sign a Shareholders' Agreement to govern the management and operation of MSA and, if warranted, further exploration, development and exploitation of the Project. The Shareholders' Agreement provides for the following phases.

Prefeasibility Study Election – "PFS funding"

South32 may undertake to complete a prefeasibility study ("PFS"), in which case it shall be entitled to subscribe for 50.1% of MSA's shares and shall have the right to acquire an additional 19.9% in MSA as described below exercisable on completion of the PFS.

If South32 has elected to fund a PFS at the end of the earn-in period, then, on or before the fifth anniversary of that election, South32 must deliver a PFS that complies with National Instrument 43-101 and CIM Definition Standards on Mineral Resources and Reserves by funding a minimum amount of $55 million less any amount contributed during the earn-in period. Upon delivering the PFS, South32 may either elect to (i) pay to MAI $20 million to acquire 19.9% of MSA's shares or (ii) fund a bankable feasibility study ("BFS"), in which case it shall be entitled to subscribe for 19.9% of MSA's shares (such that in either case South32 shall, following the relevant election, own 70% of MSA's shares and Minsud shall own 30% of such shares).

If South32 opts neither to fund the BFS nor to purchase MSA's shares from MAI, its ownership in MSA will be reduced to 49.0% and MAI's interest shall be 51%.

12. South32 Limited Agreement (continued)

Bankable Feasibility Study Election – "BFS funding"

If South32 has elected to fund a BFS, as long as such BFS is delivered on or before the third anniversary of that election and with effect from the BFS's date of approval by the Board of Director of MSA, South32 will have the sole, exclusive and irrevocable right to subscribe for, be issued and to acquire an additional 10% of the shares of MSA such that, in aggregate, it will hold 80% of the shares. If the BFS is delivered by South32 after the date which is the fourth anniversary but on or before the fifth anniversary of such election, the additional MSA shares to be issued and subscribed or acquired by South32 will be reduced to 5%. In this case, the aggregated participation will be 75%. If the BFS is delivered by South32 after the date which is the fifth anniversary but on or before the sixth anniversary of such election, South32's interest in MSA will remain at 70%. South32 must deliver a BFS that complies with National Instrument 43-101 and the CIM Definition Standards on Mineral Resources and Reserves.

Purchase Election

If South32 has elected to purchase MSA's shares from MAI at the end of the earn-in period, each party shall be obliged to contribute to approved annual programs and budgets in proportion to its participating interest. If a party does not elect to contribute, it will be diluted on a straight-line basis. In the case that the Company is reduced to less than ten percent (10%), it will be entitled to a two percent (2%) net smelter returns royalty on the Project in exchange for its remaining interest in MSA, pursuant to the terms of a royalty agreement.

In the five years following the purchase by South32 from MAI of MSA shares (pursuant to the elections referred to above), MAI will have a one-time right, exercisable by notice to South32, to elect not to contribute to the approved annual program and budget and to suspend dilution of its equity interest in MSA for the duration of such program while it seeks a third party to acquire its interest in MSA (the "sale period"). During the sale period, South32 will contribute 100% to any approved program and budget but, should Minsud fail to find a third-party buyer for its interest, the Company will have the right to claw back its participation as at the beginning of the sale period by paying 1.5 times the amount of the funding contributed by South32 during that period. Dilution will otherwise be applied retrospectively. Any shareholder holding at least 20% participation has a right of first refusal to match any third-party proposal.

13. Subsequent Event

A subsequent event is disclosed in note 6.