PERUVIAN METALS CORP.

(formerly Duran Ventures Inc.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2019

(Unaudited)

(Expressed in Canadian dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

PERUVIAN METALS CORP.
(formerly Duran Ventures Inc.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2019

(Unaudited)

(Expressed in Canadian dollars)

PERUVIAN METALS CORP. (formerly Duran Ventures Inc.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)
AS AT

	March 31, 2019 $	December 31, 2018 $
ASSETS		
CURRENT		
Cash	72,634	80,162
Marketable securities (Note 6)	14,820	25,000
Prepaid expenses and advances	12,599	16,881
Amounts receivable	103,555	72,270
Inventory	41,655	36,355
TOTAL CURRENT ASSETS	245,263	230,668
PROPERTY, PLANT AND EQUIPMENT (Note 7)	1,879,498	2,049,044
EXPLORATION AND EVALUATION ASSETS (Notes 8 and 14)	-	582,051
TOTAL ASSETS	2,124,761	2,861,763
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilites	918,680	891,545
Promissory notes and interest payable (Note 9)	204,686	168,054
Due to related parties (Note 10)	353,160	334,152
TOTAL CURRENT LIABILITIES	1,476,526	1,393,751
ASSET RETIREMENT AND RECLAMATION OBLIGATIONS (Note 11)	166,658	164,600
TOTAL LIABILITIES	1,643,184	1,558,351
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 12(a))	52,134,874	52,052,772
WARRANT RESERVE (Note 12(b))	199,328	199,328
SHARE-BASED PAYMENT RESERVE (Note 13)	74,930	107,032
ACCUMULATED OTHER COMPREHENSIVE LOSS	(17,290)	(40,000)
DEFICIT	(51,675,617)	(50,753,497)
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO SHAREHOLDERS	716,225	1,565,635
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTEREST	(234,648)	(262,223)
TOTAL SHAREHOLDERS' EQUITY	481,577	1,303,412
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,124,761	2,697,163

GOING CONCERN (Note 2)

COMMITMENTS AND CONTINGENCIES (Note 20)

SUBSEQUENT EVENTS (Note 21)

APPROVED ON BEHALF OF THE BOARD:

Signed "*Steve Brunelle*", Director

Signed "*Jeffrey Reeder*", Director

See accompanying notes to the unaudited condensed consolidated interim financial statements.

PERUVIAN METALS CORP. (formerly Duran Ventures Inc.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)
FOR THE THREE MONTHS ENDED MARCH 31,

	2019 **$**	2018 $
EXPENSES		
Plant start-up expenses (Note 16)	**116,542**	166,444
Exploration and evaluation expenditures (Note 14)	**24,459**	68,976
General and administrative (Note 17)	**126,738**	110,920
Impairment of exploration and evaluation assets (Note 8)	**582,051**	-
Loss before the following:	**849,790**	346,340
Foreign exchange loss	**6,955**	8,539
Interest expense	**6,632**	7,140
Amortization	**12,580**	235
Accretion expense	**2,058**	-
Realized loss on sale of marketable securities (Note 6)	**16,530**	-
NET LOSS FOR THE PERIOD	**894,545**	362,254
NET LOSS (INCOME) FOR THE PERIOD ATTRIBUTABLE TO:		
Non-controlling interest	**(27,575)**	24,698
Shareholders	**922,120**	337,556
	894,545	362,254
Loss per share - basic and diluted (Note 15)	**0.012**	0.006
Weighted average number of common shares Outstanding - basic and diluted	**80,045,364**	60,047,308

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND OTHER COMPREHENSIVE LOSS

(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)
FOR THE THREE MONTHS ENDED MARCH 31,

	2019	2018
	$	$
Net loss for the period	**894,545**	362,254
Items that are or may be subsequently reclassifed to net loss:		
Unrealized (gain) loss on marketable securities	**(6,180)**	45,000
Reclassification of realized loss on marketable securities to net loss	**(16,530)**	-
Other comprehensive loss for the period	**871,835**	407,254
Total comprehensive loss (income) attributable to:		
Non-controlling interest	**(27,575)**	24,698
Shareholders	**899,410**	382,556
	871,835	407,254

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Common Shares	Warrant Reserve	Share-based Payment Reserve	Accumulated Other Comp. Income	Deficit	Total	Non-Controlling Interest	Total Shareholders' Equity
	$	$	$	$	$	$	$	$
Balance, December 31, 2017	50,966,189	629,539	112,028	5,000	(50,079,918)	1,632,838	(117,146)	1,515,692
Shares issued for cash - exercise of warrants	356,077	(84,577)	-	-	-	271,500	-	271,500
Value of options expired	-	-	(26,028)	-	26,028	-	-	-
Net loss	-	-	-	-	(337,556)	(337,556)	(24,698)	(362,254)
Balance, March 31, 2018	51,322,266	544,962	86,000	5,000	(50,391,446)	1,566,782	(141,844)	1,424,938
Shares and warrants issued for cash	664,479	160,521	-	-	-	825,000	-	825,000
Warrants issued as finder's fee	-	7,582	-	-	-	7,582	-	7,582
Share issuance costs	(32,894)	(7,883)	-	-	-	(40,777)	-	(40,777)
Shares issued for cash - exercise of warrants	46,061	(10,811)	-	-	-	35,250	-	35,250
Shares issued for cash - exercise of options	52,860	-	(22,360)	-	-	30,500	-	30,500
Value of warrants expired	-	(495,043)	-	-	495,043	-	-	-
Value of options expired	-	-	(28,100)	-	28,100	-	-	-
Share based payments	-	-	71,492	-	-	71,492	-	71,492
Unrealized loss on marketable securities	-	-	-	(45,000)	-	(45,000)	-	(45,000)
Net loss	-	-	-	-	(885,194)	(885,194)	(120,379)	(1,005,573)
Balance, December 31, 2018	52,052,772	199,328	107,032	(40,000)	(50,753,497)	1,565,635	(262,223)	1,303,412
Shares issued for cash - exercise of options	82,102	-	(32,102)	-	-	50,000	-	50,000
Unrealized gain on marketable securities	-	-	-	6,180	-	6,180	-	6,180
Reclassification of realized loss on marktable securities	-	-	-	16,530	-	16,530	-	16,530
Net loss	-	-	-	-	(922,120)	(922,120)	27,575	(894,545)
Balance, March 31, 2019	52,134,874	199,328	74,930	(17,290)	(51,675,617)	716,225	(234,648)	481,577

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)
FOR THE THREE MONTHS ENDED MARCH 31,

	2019 **$**	2018 $
CASH FLOWS PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the period	**(894,545)**	(362,254)
Add items not requiring cash:		
Interest payable on promissory notes	**6,632**	7,140
Amortization	**12,580**	235
Accretion expense	**2,058**	-
Realized loss on sale of marketable securities	**16,530**	-
Impairment of exploration and evaluation assets	**582,051**	-
Writedown of property development costs	**-**	89,277
Changes in non-cash operating working capital:		
Decrease in prepaid expenses and advances	**4,282**	3,011
Increase in amounts receivable	**(31,285)**	(617)
(Increase) decrease in inventory	**(5,300)**	2,954
Increase (decrease) in accounts payable and accrued liabilities	**27,135**	(62,210)
Increase in due to related parties	**19,008**	39,276
Cash flows from operating activities	**(260,854)**	(283,188)
INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(9,977)**	(3,969)
Net proceeds from plant comissioning revenue	**166,943**	35,803
Proceeds on sale of marketable securities	**16,360**	-
Cash flows from investing activities	**173,326**	31,834
FINANCING ACTIVITIES		
Promissory notes received	**30,000**	-
Repayment of promissory notes and interest	**-**	(77,625)
Shares issued for cash - exercise of warrants	**50,000**	271,500
Cash flows from financing activities	**80,000**	193,875
Decrease in cash	**(7,528)**	(57,479)
Cash, beginning of the period	**80,162**	85,538
Cash, end of the period	**72,634**	28,059

1. GENERAL INFORMATION

Peruvian Metals Corp. ("Peruvian Metals" or "the Company") is a publicly listed company originally incorporated in British Columbia and subsequently continued in Ontario under the Canada Business Corporations Act. Effective September 5, 2018 the Company changed its name from Duran Ventures Inc. to Peruvian Metals Corp. The Company's common shares have been listed on the TSX Venture Exchange ("TSXVE") since July 4, 2007, and trade under the symbol "PER". The Company's shares were listed on the Risk Capital Segment of the Lima Stock Exchange (Segmento de Capital de Riesgo de la Bolsa de Valores de Lima) in Peru, from September 21, 2012 to November 6, 2018. The Company, directly and with exploration partners, is engaged in mineral processing and the exploration and development of mineral properties in Peru. The Company's principal office is located at 40 University Avenue, Suite 603, Toronto, Ontario, Canada M5J 1T1 and substantially all of the Company's corporate and administrative expenses are incurred in Canada.

2. GOING CONCERN

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and property, plant and equipment and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. The Company's assets are subject to increases in taxes and royalties, renegotiation of contracts, expropriation, currency exchange fluctuations and political uncertainty.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing registration or regulations, unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory, social and environmental requirements.

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company also had a loss during the three month period ended March 31, 2019 and a cumulative deficit and working capital deficiency as at March 31, 2019. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern. The Company's continuance as a going concern is dependent upon its ability to obtain adequate financing or to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation. If the going concern assumption is not appropriate, material adjustments to the consolidated financial statements may be required.

3. BASIS OF CONSOLIDATION

These unaudited condensed consolidated interim financial statements include the accounts of the Company, which is incorporated in Canada under the Canada Business Corporations Act, and its wholly owned subsidiaries, Corongo Exploraciones SAC ("Corongo"), Empresa Querco SAC ("Querco"), Mamaniña Exploraciones SAC ("Mamaniña Exploraciones"), Hatum Minas SAC ("Hatum Minas"), Magellan Gold Peru SAC, and it's 80% owned subsidiary companies Minera Aguila de Ora SAC ("Madosac") and Insumos Y Minerales del Notre SRL ("Insumos"), all of which were incorporated in Peru. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those

3. BASIS OF CONSOLIDATION (continued)

returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases.

All inter-company balances and transactions have been eliminated. The unaudited condensed consolidated interim financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

For non-wholly owned, controlled subsidiaries, the net assets attributable to outside equity shareholders are presented as "non-controlling interests" in the equity section of the unaudited condensed consolidated interim statements of financial position.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These unaudited condensed consolidated interim financial statements of the Company and its subsidiaries were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company's 2018 annual financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The accounting policies and the application are consistent with those disclosed in Note 4 to the Company's consolidated financial statements as at and for the year ended December 31, 2018.

The policies applied in these unaudited condensed consolidated interim financial statements are based on the IFRS issued and effective as of March 31, 2019. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2019 could result in restatement of these interim consolidated financial statements. These unaudited condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on May 29, 2019.

(b) Basis of preparation

The unaudited condensed consolidated interim financial statements are presented in Canadian dollars. The unaudited condensed interim financial statements are prepared on the historical cost basis except for marketable securities which are measured at fair value. In addition, these unaudited condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(c) Adoption of New Standards

The Company has adopted the following new standards effective January 1, 2019.

IFRS 16 - Leases ("IFRS 16)
At inception of a contract, the Company assesses whether a contract is, or contains, a lease. Contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases giving rise to right-of-use assets.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Adoption of New Standards (continued)

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

There were no lease liabilities recognized under IFRS 16 upon adoption of this standard.

IFRS 2 – Share-based Payment ("IFRS 2")
IFRS 2 was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

IFRIC 23 Uncertainty Over Income Tax Treatments ("IFRIC 23")
IFRIC 23 was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates.

(c) Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are not mandatory for accounting periods beginning on or after January 1, 2019 or later periods. Many are not applicable or do not have significant impact to the Company and have been excluded. They have not been early adopted in these consolidated financial statements, and management is evaluating these pronouncements to determine the impact on consolidated financial statements. In all cases the Company intends to apply these standards from application date as indicated below:

- IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

- IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

(Expressed in Canadian dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Standards, Amendments and Interpretations Not Yet Effective (continued)

There are no other IFRS or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Areas of critical accounting estimates and judgements that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements are disclosed in Note 5 of the Company's consolidated financial statements as at and for the year ended December 31, 2018.

6. MARKETABLE SECURITIES

As at March 31, 2019, the Company's marketable securities consist of 247,000 common shares (December 31, 2018 – 500,000 common shares) of Tartisan Nickel Corp. ("Tartisan") (see Note 8). The fair value of the listed available for sale investment has been determined directly by reference to published price quotations in an active market.

7. PROPERTY, PLANT AND EQUIPMENT

Cost	Office furniture and equipment	Computer equipment	Vehicles and field equipment	Plant	Total
	$	$	$	$	$
Balance at December 31, 2017	29,582	28,591	15,148	1,953,449	2,026,770
Additions	-	-	28,089	190,479	218,568
Plant commissioning revenue	-	-	-	(34,417)	(34,417)
Writedown of property development costs	-	-	-	(89,276)	(89,276)
Balance at December 31, 2018	29,582	28,591	43,237	2,020,235	2,121,645
Additions	-	-	-	9,977	9,977
Plant commissioning revenue	-	-	-	(166,943)	(166,943)
Balance at March 31, 2019	29,582	28,591	43,237	1,863,269	1,964,679

Amortization and impairment	Office furniture and equipment	Computer equipment	Vehicles and field equipment	Plant	Total
	$	$	$	$	$
Balance at December 31, 2017	29,582	27,945	9,174	-	66,701
Additions	-	324	5,576	-	5,900
Balance at December 31, 2018	29,582	28,269	14,750	-	72,601
Additions	-	81	2,211	10,288	12,580
Balance at March 31, 2019	29,582	28,350	16,961	10,288	85,181

Carrying amounts	Office furniture and equipment	Computer equipment	Field equipment	Plant	Total
	$	$	$	$	$
At December 31, 2018	-	322	28,487	2,020,235	2,049,044
At March 31, 2019	-	241	26,276	1,852,981	1,879,498

As at March 31, 2019 and December 31, 2018, the plant is not yet in commercial production.

(Expressed in Canadian dollars)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

The net book value of the Company's property, plant and equipment at March 31, 2019 by geographic location is as follows: Canada - $Nil (December 31, 2018 - $Nil), and Peru $1,879,498 (December 31, 2018 - $2,049,044).

8. EXPLORATION AND EVALUATION ASSETS

	December 31, 2017 $	December 31, 2018 $	Impairment Charge $	March 31, 2019 $
Hatum Minas Properties	582,051	582,051	(582,051)	-
Total Exploration Properties	582,051	582,051	(582,051)	-

Hatum Minas Properties

As at March 31, 2019 and December 31, 2018, the Hatum Minas Properties include the Panteria porphyry copper project (the "Panteria Project"). Title to the Hatum Minas Properties is held by the Company's wholly-owned Peruvian subsidiary, Hatum Minas.

The Company holds a 100% interest in the Panteria Project. On March 11, 2016, the Company entered into an option agreement (the "Agreement") on its Panteria Project with Minera Antares Peru SAC – a wholly owned subsidiary of First Quantum Minerals Ltd. (collectively "FQM"). Subsequent to March 31, 2019, the Company was advised by FQM of its decision to terminate the Agreement (See Note 21). For financial reporting purposes, due to the absence of sufficient verifiable information to support the existing carrying value of the Panteria Project, the Company recorded a write-down of exploration and evaluation assets of $582,051 during the three months ended March 31, 2019 (2018 - $Nil).

In 2017, the Company sold the Don Pancho property to Tartisan for cash consideration of $50,000 and 500,000 shares of Tartisan valued at $60,000 as at the date received, based on the quoted market price of the shares. Peruvian Metals will also receive an additional 500,000 shares of Tartisan as certain project milestones are achieved by Tartisan, and will retain a 2% net smelter royalty ("NSR") in the Don Pancho Project of which half (1%) can be purchased by Tartisan for US$500,000.

In 2017, the Company sold the Ichuña property to Tartisan for cash consideration of $50,000 and 500,000 shares of Tartisan valued $70,000 as at the date received, based on the quoted market price of the shares. Peruvian Metals will also receive an additional 500,000 shares of Tartisan as certain project milestones are achieved by Tartisan, and will retain a 2% NSR in the Ichuña project of which half (1%) can be purchased by Tartisan for US$500,000.

See Exploration and Evaluation Expenditures (Note 14).

9. PROMISSORY NOTES AND INTEREST PAYABLE

During the three months ended March 31, 2019, the Company issued promissory notes of $30,000 (2018 - $Nil) and repaid a total of $Nil in principal and interest (2018 - $77,625). The promissory notes are due on demand and $115,325 bear interest at an annual rate of 18% and $61,376 bear interest at an annual rate of 10%. As at March 31, 2019, the Company had promissory notes payable outstanding of $176,701 (December 31, 2018 - $146,701) and interest payable of $27,985 (December 31, 2018 - $21,353), of which $91,659 of principal (December 31, 2018 - $61,659) and $11,671 of interest payable (December 31, 2018 - $8,814) was due to an officer and a director of the Company. (See Note 10).

(Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS

Related parties include officers of the Company, the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including the directors of the Company. The remuneration of key management personnel of the Company for the three months ended March 31, 2019 and 2018 were as follows.

	Three Months ended March 31	
	2019	2018
	$	$
Aggregate compensation	**95,000**	71,328

As at March 31, 2019, a balance of $456,490 (December 31, 2018 - $404,625) was due to certain officers and directors of the Company. Of this amount $103,330 (December 31, 2018 - $70,473) relates to outstanding promissory notes and interest (See Note 9); $335,819 (December 31, 2018 - $287,853) relates to unpaid compensation; $Nil (December 31, 2018 - $30,000) relates to non-interest bearing advances, and $17,341 (December 31, 2018 - $16,299) relates to reimbursable expenses incurred in the normal course of business.

Certain directors and officers of the Company subscribed for 2,710,000 units in connection with the 2018 Offering as disclosed in Note 12 (a)(i).

During the three months ended March 31, 2019 the Company repaid a total of $Nil (2018 - $49,500) of promissory note principal and interest to related parties of the Company, and issued promissory notes of $30,000 (2018 - $Nil) to related parties. (See Note 9)

No stock options were granted to related parties under the Company's Plan during the three months ended March 31, 2019 and 2018.

11. ASSET RETIREMENT AND RECLAMATION OBLIGATIONS

The Company's operations are governed by laws and regulations covering the protection of the environment. The Company will implement progressive measures for rehabilitation work to be carried out during the operation, closing and follow-up work upon closing of the Aguila Norte processing plant; consequently, the Company accounted for its asset retirement obligations for the plant using best estimates of future costs, based on information available at the reporting date. These estimates are subject to change following modifications to laws and regulations or as new information becomes available.

The Company received its final environmental permit for the Aguila Norte Plant in February 2018 and set up a provision for the asset retirement and reclamation obligations. As at December 31, 2018, the estimated undiscounted cash flow required to settle the asset retirement obligation for Aguila Norte Plant and its related tailings pond is $200,000 and is projected to be disbursed no earlier than 2023. A 5% discount rate and 2% inflation rate were used to evaluate this provision.

	$
Balance, December 31, 2017	-
Additions to asset retirement and reclamation obligations	164,600
Balance, December 31, 2018	164,600
Accretion	2,058
Balance, March 31, 2019	166,658

(Expressed in Canadian dollars)

12. CAPITAL STOCK AND WARRANT RESERVE

a) Authorized, Issued and Outstanding shares

Authorized - unlimited number of common shares with no par value,
- 100,000,000 preferred shares with no par value

A summary of common shares outstanding as at March 31, 2019 and December 31, 2018 and changes during the periods then ended are presented below:

	Shares #	Amount $
Balance, December 31, 2017	58,421,697	50,966,189
Issued in private placement (i)	16,500,000	825,000
Allocation to warrant reserve	-	(160,521)
Share issuance costs	-	(32,894)
Exercise of warrants (ii)	4,047,000	306,750
Allocation from warrant reserve	-	95,388
Exercise of stock options (iii)	610,000	30,500
Allocation from share-based payment reserve	-	22,360
Balance, December 31, 2018	79,578,697	52,052,772
Exercise of stock options (iv)	1,000,000	50,000
Allocation from share-based payment reserve	-	32,102
Balance, March 31, 2019	80,578,697	52,134,874

(i) In July 2018, the Company completed a non-brokered private placement financing (the "2018 Offering"). In total the 2018 Offering consisted of 16,500,000 units for aggregate gross proceeds to the Company of $825,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share at an exercise price of $0.10 for a period of two years from the closing of each tranche of the 2018 Offering. In the event that the closing sale price of the common shares on the TSXVE is greater than $0.20 per share for a period of 20 consecutive trading days at any time after the date that is four months and one day after the closing of the 2018 Offering, the Company may accelerate the expiry date of the warrants by giving notice to the holders thereof and in such case the warrants will expire on the 30th day after the date on which such notice is given by the Company. In connection with the 2018 Offering finder's fees of $28,320 in cash were paid and 446,000 finders warrants were issued (see Note 10).

(ii) During the year ended December 31, 2018, a total of 4,004,000 warrants were exercised at $0.075 per share for gross proceeds of $300,300, and 43,000 warrants were exercised at $0.15 per share for gross proceeds of $6,450.

(iii) During the year ended December 31, 2018 a total of 610,000 stock options were exercised at $0.05 per share for proceeds of $30,500.

(iv) During the three months ended March 31, 2019, a total of 1,000,000 stock options were exercised at $0.05 per share for proceeds of $50,000.

(Expressed in Canadian dollars)

12. CAPITAL STOCK AND WARRANT RESERVE (continued)

b) Share Purchase Warrants

A summary of warrants outstanding as at March 31, 2019 and December 31, 2018 and changes during the periods then ended are presented below:

	Warrants	Amount	Weighted average exercise price
	#	$	$
Balance, December 31, 2017	17,827,921	629,539	0.11
Issued in private placements (i)	16,500,000	152,638	0.10
Issued as finder's fee	446,400	7,582	0.05
Exercised	(4,047,000)	(95,388)	0.075
Expired	(12,119,921)	(495,043)	0.15
Balance, March 31, 2019 and December 31, 2018	18,607,400	199,328	0.10

(i) As a result of the 2018 Offering the Company issued 16,500,000 common share purchase warrants (valued at $152,638) with an exercise price of $0.10 and 446,400 finder's warrants with an exercise price of $0.05. The fair value of the common share purchase warrants and finder's warrants issued in the 2018 Offering was estimated at the date of grant using the Black-Scholes pricing model with the following assumptions: expected dividend yield 0%, expected volatility 85-88%, risk free interest rate of 2%, expected life of two years, and a share price of $0.04. Volatility is based on the historical trading activity of the Company's shares.

(ii) The following warrants are outstanding as at March 31, 2019:

Expiry date	Number of warrants outstanding #	Exercise price $	Weighted average remaining contractual life (years)
August 22, 2019	1,000,000	0.075	0.39
November 22, 2019	661,000	0.075	0.64
July 6, 2020	9,140,000	0.10	1.26
July 6, 2020	374,400	0.05	1.26
July 19, 2020	7,360,000	0.10	1.30
July 19, 2020	72,000	0.05	1.30
	18,607,400		1.21

13. SHARE-BASED PAYMENTS – EMPLOYEE SHARE OPTION PLAN

The Company has adopted a share option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date immediately preceding the date on which the option is granted. The terms and conditions of the options are determined by the Board of Directors.

The aggregate number of share options shall not exceed 10% of the issued and outstanding common shares of the Company, and if any option granted under the Plan expires or terminates for any reason in accordance with the terms of the Plan without being exercised, that option shall again be available for the purpose of the Plan. In addition, the exercise price of options granted under the Plan shall not be lower than

(Expressed in Canadian dollars)

13. SHARE-BASED PAYMENTS – EMPLOYEE SHARE OPTION PLAN (continued)

the exercise price permitted by the TSXVE, and all options granted under the plan will have a term not to exceed five years after issuance. All options currently issued and outstanding vested 100% on the date of grant.

A summary of the status of the Plan as at March 31, 2019 and December 31, 2018, and changes during the periods ended on those dates are presented below:

	Number of options #	Weighted average exercise price $
Balance, December 31, 2017	1,650,000	0.10
Issued	3,000,000	0.05
Exercised	(610,000)	(0.05)
Expired/terminated	(565,000)	(0.15)
Balance, December 31, 2018	3,475,000	0.06
Exercised	(1,000,000)	(0.05)
Balance, March 31, 2019	2,475,000	0.06

As at March 31, 2019, the Company had outstanding share options issued to directors, officers, employees and consultants of the Company as follows:

Date of Grant	Options outstanding #	Options vested #	Exercise price $	Expiry date
November 28, 2018	1,000,000	1,000,000	0.05	November 28, 2019
August 1, 2018	250,000	250,000	0.05	August 1, 2020
August 28, 2018	500,000	500,000	0.05	August 28, 2020
April 27, 2017	625,000	625,000	0.10	April 27, 2022
June 28, 2017	100,000	100,000	0.10	June 28, 2022
	2,475,000	2,475,000		

The weighted average remaining contractual life of options issued and outstanding as at March 31, 2019 was 1.95 years (December 31, 2018 – 2.21 years).

The grant date fair value of the options granted was estimated using the Black-Scholes option pricing model, using the following weighted average assumptions:

	2019	2018
Risk-free interest rate	-	2%
Expected life (years)	-	1 - 2
Expected volatility	-	89% - 113%
Expected rate of forfeiture	-	nil
Expected dividend yield	-	nil
Share price	-	$0.05

Volatility is based on the historical trading activity of the Company's shares.

(Expressed in Canadian dollars)

14. EXPLORATION AND EVALUATION EXPENDITURES

During the three months ended March 31, 2019, the Company had net exploration and evaluation expenditures of $24,459 (2018 – $68,976).

Panteria Project
The Company holds a 100% interest in the Panteria Project located in south central Peru. Title to the concessions comprising this project is held by Hatum Minas. On March 11, 2016, the Company entered into an option agreement (the “Agreement”) on its Panteria Project with Minera Antares Peru SAC – a wholly owned subsidiary of First Quantum Minerals Ltd. (collectively “FQM”). Subsequent to March 31, 2019 the Company was advised by FQM of its decision to terminate the Agreement (See Note 21).

See Exploration and Evaluation Assets (Note 8).

Mansa Musa Project
The Mansa Musa Gold Project (previously known as Minasnioc Gold Project) concessions (“Mansa Musa”) are located in the Department of Huancavelica, approximately 300 kilometres southeast of Lima. Title to Mansa Musa is held by Querco.

Effective December 31, 2017 the Company entered into an option agreement (the “Mansa Musa Agreement”) on Mansa Musa with IAMGOLD Peru S.A., a wholly owned subsidiary of IAMGOLD Corporation (collectively “IAMGOLD”).

The Mansa Musa Agreement between the companies is comprised of three options. On signing the Mansa Musa Agreement IAMGOLD paid Peruvian Metals US $50,000 (CAD $64,930) and subsequently signed the access rights agreement with the local community and enter into the First Option period effective May 2018.

Upon entering into the First Option IAMGOLD has the right to earn a 60% interest in Mansa Musa over a 4 year period. As a condition of the First Option IAMGOLD must carry out sufficient drilling to determine a resource estimate and issue a Preliminary Economic Assessment prepared in accordance with National Instrument 43-101 standards (the “PEA”) demonstrating a minimum gold resource of 300,000 ounces. During the term of the First Option IAMGOLD will be also required to make payments to Peruvian Metals totaling US $500,000 as follows:

On entering First Option:	US $ 75,000 (paid)
First Anniversary of entering the First Option	US $100,000
Second Anniversary of entering the First Option	US $100,000
Third Anniversary of entering the First Option	US $100,000
Fourth Anniversary of entering the First Option	US $125,000

The Second Option will allow IAMGOLD to earn an additional 10% (total of 70%) in Mansa Musa over 4 years by completing a prefeasibility study in accordance with NI 43-101 standards (the “PFS”). The PFS must have a Measured and Indicated Resource of at least 1 million ounces of gold. Should IAMGOLD fail to produce the PFS as specified above it will still maintain its 60% interest in the Property.

Within 10 days of IAMGOLD vesting in the Second Option, if Peruvian Metals requests and IAMGOLD agrees, IAMGOLD will enter a Third Option in which it can increase its ownership in Mansa Musa to 75% (the “Third Option”) by arranging financing for Peruvian Metals’ 25% share of exploration, feasibility and mine development and construction costs. The financing will be done at Libor plus 8%.

Huachocolpa Properties
The Company holds a 100% interest in the Huachocolpa Properties, which consist of contiguous and non-contiguous mining concessions in the Department of Huancavelica, approximately 260 kilometres southeast of Lima. Title to the Huachocolpa Properties is held by Corongo.

(Expressed in Canadian dollars)

15. LOSS PER SHARE

a) Basic

Basic loss per share is calculated by dividing the net loss by the weighted average number of common shares in issue during the period.

	Three months ended March 31, 2019	2018
Net loss for the year	**$ 922,120**	$ 337,556
Weighted average number of common shares outstanding	**80,045,364**	60,047,308
Loss per share	**$ 0.012**	$ 0.006

b) Diluted

Diluted loss per common share is equal to the basic loss per common share for the three months ended March 31, 2019 and 2018 as all of the stock options and warrants outstanding are anti-dilutive.

16. PLANT START-UP EXPENSES

	Three months ended March 31 **2019** $	2018 $
Salaries and management fees	**57,624**	49,930
Office and general	**15,904**	13,291
Geological and laboratory	**9,649**	341
Security	**6,707**	2,328
Professional fees	**4,765**	572
Rent and utilities	**7,669**	6,689
Vehicles and equipment rentals	**14,224**	4,016
Writedown of property development costs	**-**	89,277
	116,542	166,444

17. GENERAL AND ADMINISTRATIVE

	Three months ended March 31 **2019** $	2018 $
Management and consulting fees	**72,500**	41,250
Accounting and administration	**1,806**	13,140
Shareholder relations and filing fees	**14,004**	25,772
Professional fees	**16,500**	9,622
Travel	**11,770**	10,972
Insurance	**4,236**	4,670
Rent	**5,100**	5,100
Telephone and communication	**822**	394
	126,738	110,920

18. FINANCIAL RISK FACTORS

The Company may be exposed to risks of varying degrees of significance that could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below. There have been no significant changes in the risks, objectives, policies and procedures from the previous period.

a) Credit risk management

Credit risk relating to cash and amounts receivable arises from the possibility that any counterparty to an instrument fails to perform. The Company does not feel there is significant counterparty risk that could have an impact on the fair value of cash and receivables.

b) Liquidity risk

The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its capital, development and exploration expenditures. The Company ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Cash includes cash on hand and balances with banks. The deposits are held in a Canadian chartered bank or a financial institution controlled by a Canadian chartered bank.

As of March 31, 2019, the Company had a cash balance of $72,634 (December, 31, 2018 - $80,162) to settle current liabilities of $1,476,526 (December 31, 2018 - $1,393,751). The Company's other current assets consist of marketable securities of $14,820 (December 31, 2018 - $25,000), amounts receivable of $103,555 (December 31, 2018 - $72,270), prepaid expenses and advances of $12,599 (December 31, 2018 - $16,881) and inventory of $41,655 (December 31, 2018 - $36,355).

c) Market risk

At the present time, the Company does not hold any interest in a mining property that is in production. The Company's viability and potential success depends on its ability to develop, exploit, and generate revenue from the development of mineral deposits. Revenue, cash flow, and profits from any future mining operations in which the Company is involved will be influenced by precious and/or base metal prices and by the relationship of such prices to production costs. Such prices can fluctuate widely and are affected by numerous factors beyond the Company's control.

The Company is exposed to the price risk associated with the change in the market value of its marketable securities. The Company closely monitors equity prices to determine the appropriate course of action to take. A 1% change in the quoted market price of the marketable securities would result in a $150 change to the Company's net loss for the three months ended March 31, 2019.

d) Foreign exchange risk

The Company's financings are in Canadian dollars. Certain of the Company's transactions with its subsidiaries are incurred in foreign currencies and are therefore subject to gains or losses due to fluctuations in exchange rates.

As at March 31, 2019, the Company had cash balances of $21,490 (US $16,082) (December 31, 2018 - $13,275 (US $9,731)) in U.S. dollars, and $47,830 (S/. 118,804) (December 31, 2018 - $17,088 (S/. 42,277)) in Peruvian New Sol ("PNS"); and accounts payable of $610,941 (S/.1,636,293) (December 31, 2018 – $650,688 (S/.1,609,817)) in PNS.

(Expressed in Canadian dollars)

18. FINANCIAL RISK FACTORS (continued)

d) Foreign exchange risk (continued)

Sensitivity to a plus or minus 5% change in the foreign exchange rate would have affected the net loss by approximately $29,473 for the three months ended March 31, 2019 based on the net foreign currency monetary assets as at March 31, 2019.

The objective of the Company's foreign exchange risk management activities is to minimize transaction exposure associated with the Company's foreign currency-denominated cash balances.

The Company utilizes foreign exchange forward contracts to manage foreign exchange risks from time to time, at the determination of management.

e) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the Company's cash balances earn interest at fixed rates over the next three to twelve months. It is management's opinion that the Company is not exposed to significant interest rate risk.

A sensitivity analysis has determined that an interest rate fluctuation of 1% would not have resulted in significant fluctuation in the interest expense during the three months ended March 31, 2019.

f) Fair value of financial assets and liabilities

The book values of the cash, amounts receivable, accounts payable and accrued liabilities, promissory notes and interest payable and due to related parties approximate their respective fair values due to the short-term nature of these instruments.

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

	Carrying amount	Fair Value	Carrying amount	Fair Value
	As at March 31, 2019		As at December 31, 2018	
	$	$	$	$
Cash	72,634	72,634	80,162	80,162
Marketable securties	14,820	14,820	25,000	25,000
Amounts receivable	103,555	103,555	72,270	72,270
Accounts payable and accrued liabilities	(918,680)	(918,680)	(891,545)	(891,545)
Promissory notes and interest payable	(204,686)	(204,686)	(168,054)	(168,054)
Due to related parties	(353,160)	(353,160)	(334,152)	(334,152)

19. CAPITAL RISK MANAGEMENT

The Company defines capital as shareholders' equity which at March 31, 2019 was $481,577 (2018 - $1,303,412). The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support its exploration, development and operation activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to fund operations at the Aguila Norte Plant, pursue the exploration of its mineral properties, and maximize shareholder returns. The Company satisfies its capital requirements through

19. CAPITAL RISK MANAGEMENT (continued)

careful management of its cash resources and by utilizing bank indebtedness or equity issues, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets. As at March 31, 2019 and December 31, 2018, the Company had no bank debt.

Management reviews its capital management approach on an ongoing basis. There were no significant changes in the Company's approach to capital management during the three months ended March 31, 2019 and the year ended December 31, 2018. The Company and its subsidiaries are not subject to externally imposed capital requirements other than Policy 2.5 of the TSXVE, which requires adequate working capital or financial resources to maintain operations and cover general and administrative expenses for a period of 6 months.

As of March 31, 2019, the Company may not be compliant with the policies of the TSXVE. The impact of this violation is not known and is ultimately dependent on the direction of the TSXVE.

20. COMMITMENTS AND CONTINGENCIES

Lease agreements
The Company is party to an operating lease agreement for office space with remaining lease payments, before sub-lease income, of $13,500, expiring on August 31, 2019.

The Company's subsidiary, Madosac, has annual office rental obligations of US$20,400 ($26,010).

Management compensation
The Company has agreed to pay management compensation of total minimum annual payments of $300,000. Should IAMGOLD make the option payment of US$100,000 ($127,500) on the first anniversary of the First Option management will be entitled to a bonus of $20,000.

Environmental matters
The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Legal proceedings
The Company is, from time to time, involved in various claims and legal proceedings. The Company cannot reasonably predict the likelihood or outcome of these activities. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reasons thereof, will have a material effect on the financial condition or future results of operations. As at March 31, 2019 and December 31, 2018, no amounts have been accrued related to such matters.

21. SUBSEQUENT EVENTS

Subsequent to March 31, 2019, the Company was advised by FQM of its decision to terminate the Panteria Option Agreement.