
Condensed Interim Consolidated Financial Statements

Minsud Resources Corp.

For the Three Months Ended March 31, 2015

Unaudited

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NOTICE TO READER

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

Minsud Resources Corp.

Condensed Interim Consolidated Statement of Comprehensive Loss

For the Three Months Ended March 31, 2015 and 2014

Unaudited - see Notice to Reader

(All Amounts in Canadian Dollars Unless Otherwise Noted)

	2015	2014
Expenses		
General and administrative	\$ 5,725	\$ 7,429
Marketing and communications	13,395	9,558
Professional and regulatory fees	64,428	54,236
Stock-based compensation (note 9)	20,837	7,348
Taxes on ownership of subsidiary	6,168	6,003
Write-off of mineral properties (note 6)	14,985	-
Less:		
Interest income	-	-
Net Loss for the Period	(125,538)	(84,574)
Other Comprehensive Income (Loss)		
Currency translation adjustment	330,241	(750,999)
Comprehensive Income (Loss) for the Period	\$ 204,703	\$ (835,573)
Loss per Share - basic and diluted	\$ -	\$ -
Weighted Average Number of Common Shares Outstanding - basic and diluted	65,104,604	48,470,934
Net Loss for the Period Attributable to:		
Non-controlling interest	\$ (691)	\$ (391)
Equity shareholders of the Company	(124,847)	(84,183)
	\$ (125,538)	\$ (84,574)
Comprehensive Loss for the Period Attributable to:		
Non-controlling interest	\$ 3,003	\$ (10,478)
Equity shareholders of the Company	201,700	(825,095)
	\$ 204,703	\$ (835,573)

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

Minsud Resources Corp.

Condensed Interim Consolidated Statement of Financial Position as at March 31, 2015

Unaudited - see Notice to Reader

(All Amounts in Canadian Dollars Unless Otherwise Noted)

	March 31, 2015	December 31, 2014 (Audited)
Assets		
Non-Current Assets		
Mineral properties (note 6)	\$ 7,385,567	\$ 6,750,920
Property and equipment (note 5)	17,888	20,570
	<u>7,403,455</u>	<u>6,771,490</u>
Current Assets		
Cash and cash equivalents	153,422	205,131
Prepaid expenses and deposits	14,558	21,282
Other receivables	30,955	23,235
	<u>198,935</u>	<u>249,648</u>
	<u>\$ 7,602,390</u>	<u>\$ 7,021,138</u>
Shareholders' Equity		
Issued capital (note 7)	\$ 10,669,507	\$ 10,669,507
Share subscriptions payable (note 12)	234,796	-
Contributed surplus (notes 8 and 9)	3,248,594	3,227,757
Cumulative translation reserve	(2,967,300)	(3,293,847)
Deficit	(4,752,775)	(4,627,928)
	<u>6,432,822</u>	<u>5,975,489</u>
Equity attributable to shareholders of the Company	66,567	63,564
Non-controlling interest (note 1)	<u>6,499,389</u>	<u>6,039,053</u>
Liabilities		
Non-Current Liabilities		
Property acquisition payable (note 6)	177,324	162,428
Trust acquisition payable (note 6)	332,483	304,553
	<u>509,807</u>	<u>466,981</u>
Current Liabilities		
Accounts payable and accrued liabilities	321,839	272,399
Current portion of property acquisition payable (note 6)	66,497	81,214
Current portion of trust acquisition payable (note 6)	126,660	116,020
Other liabilities	78,198	45,471
	<u>593,194</u>	<u>515,104</u>
	<u>\$ 7,602,390</u>	<u>\$ 7,021,138</u>
Business of the Company (note 1)		
Going Concern (note 2b)		
Commitments (notes 6 and 11)		
Subsequent Event (note 12)		

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

Approved on behalf of the Board of Directors

Signed "Carlos A. Massa", Director

Signed "Alberto F. Orcoyen", Director

Minsud Resources Corp.

Condensed Interim Consolidated Statement of Changes in Equity

For the Three Months Ended March 31, 2015 and 2014

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(All Amounts in Canadian Dollars Unless Otherwise Noted)

	Number of Common Shares	Issued Capital	Share Subscriptions Payable	Contributed Surplus	Currency Translation Reserve	Non- Controlling Interest	Deficit	Total Equity
Balance at January 1, 2015	65,104,604	\$10,669,507	\$ -	\$ 3,227,757	\$(3,293,847)	\$ 63,564	\$(4,627,928)	\$ 6,039,053
Private placement proceeds (note 12)	-	-	234,796	-	-	-	-	234,796
Continued vesting of stock options (note 9)	-	-	-	20,837	-	-	-	20,837
Loss for the period	-	-	-	-	-	(691)	(124,847)	(125,538)
Other comprehensive loss for the period	-	-	-	-	326,547	3,694	-	330,241
Balance at March 31, 2015	<u>65,104,604</u>	<u>\$10,669,507</u>	<u>\$ 234,796</u>	<u>\$ 3,248,594</u>	<u>\$(2,967,300)</u>	<u>\$ 66,567</u>	<u>\$(4,752,775)</u>	<u>\$ 6,499,389</u>

Minsud Resources Corp.

Condensed Interim Consolidated Statement of Changes in Equity

For the Three Months Ended March 31, 2015 and 2014

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(All Amounts in Canadian Dollars Unless Otherwise Noted)

	<u>Number of Common Shares</u>	<u>Issued Capital</u>	<u>Contributed Surplus</u>	<u>Currency Translation Reserve</u>	<u>Non- Controlling Interest</u>	<u>Deficit</u>	<u>Total Equity</u>
Balance at January 1, 2014	43,757,266	\$ 9,041,202	\$ 2,673,844	\$(2,500,779)	\$ 74,012	\$(4,236,369)	\$ 5,051,910
Common shares issued pursuant to property option agreement (note 6)	210,000	21,000	-	-	-	-	21,000
Private placement proceeds (note 7)	10,420,004	772,480	269,520	-	-	-	1,042,000
Share issuance costs (note 7)	-	(18,753)	(6,541)	-	-	-	(25,294)
Continued vesting of stock options (note 9)	-	-	7,348	-	-	-	7,348
Loss for the period	-	-	-	-	(391)	(84,183)	(84,574)
Other comprehensive loss for the period	-	-	-	(740,912)	(10,087)	-	(750,999)
Effects of change in non-controlling interest (note 1)	-	9,921	142	(6,812)	685	(3,936)	-
Balance at March 31, 2014	<u>54,387,270</u>	<u>\$ 9,825,850</u>	<u>\$ 2,944,313</u>	<u>\$(3,248,503)</u>	<u>\$ 64,219</u>	<u>\$(4,324,488)</u>	<u>\$ 5,261,391</u>

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

Minsud Resources Corp.

Condensed Interim Consolidated Statement of Cash Flows

For the Three Months Ended March 31, 2015 and 2014

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(All Amounts in Canadian Dollars Unless Otherwise Noted)

	2015	2014
Cash Provided By (Used In):		
Operating Activities		
Net loss	\$ (125,538)	\$ (84,574)
Items not affecting cash:		
Stock-based compensation	20,837	7,348
Mineral property write-offs	14,985	-
	<u>(89,716)</u>	<u>(77,226)</u>
Net changes in non-cash working capital:		
Other receivables	(7,720)	(5,780)
Prepaid expenses	(7,834)	(8,715)
Accounts payable and accrued liabilities	40,573	67,913
	<u>(64,697)</u>	<u>(23,808)</u>
Financing Activities		
Issuance of share capital	-	772,480
Contributed surplus	-	269,520
Share issuance costs	-	(25,294)
Share subscriptions payable	234,796	-
	<u>234,796</u>	<u>1,016,706</u>
Investing Activities		
Mineral property expenditures	<u>(221,808)</u>	<u>(244,987)</u>
	<u>(221,808)</u>	<u>(244,987)</u>
Change in Cash and Cash Equivalents	(51,709)	747,911
Cash and Cash Equivalents - Beginning of Period	<u>205,131</u>	<u>205,036</u>
Cash and Cash Equivalents - End of Period	<u>\$ 153,422</u>	<u>\$ 952,947</u>
Supplemental Cash Flow Information		
Interest received	<u>\$ -</u>	<u>\$ -</u>
Significant Non-Cash Transactions Not Disclosed Above		
Common shares issued pursuant to property option agreement (note 6)	\$ -	\$ 21,000

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

Minsud Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2015

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(All Amounts in Canadian Dollars Unless Otherwise Noted)

1. Business of the Company

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

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

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

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

As at March 31, 2015 and December 31, 2014, MAI held 48,195,340 of the 48,737,940 outstanding common shares of MSA, representing an ownership interest of 98.89%. As at March 31, 2015 and December 31, 2014, the 542,600 shares of MSA not owned by MAI represented a non-controlling interest of 1.11%. Subsequent to the period ended March 31, 2015, MAI subscribed for and additional 6,756,359 common shares of MSA, which resulted in MAI holding 54,951,699 of the 55,494,299 outstanding shares of MSA, representing an ownership interest of 99.02%.

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, 2014, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed interim consolidated financial statements have been prepared following the same accounting policies used in the preparation of the Company's audited consolidated financial statements for the year ended December 31, 2014, and were approved by the Company's Board of Directors on May 29, 2015.

Minsud Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2015

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2. Basis of Presentation and Going Concern (continued)

b) 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 financial statements are prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of the business for the foreseeable future. There are material uncertainties regarding the Company's ability to continue as a going concern. The Company has not generated revenue from operations. During the period ended March 31, 2015, the Company incurred a net loss of \$125,538 (2014 - \$84,574) and as of that date, the Company's deficit was \$4,752,775 (December 31, 2014 - \$4,627,928). As at March 31, 2015, the Company has current assets of \$198,935 (December 31, 2014 - \$249,648) and current liabilities of \$593,194 (December 31, 2014 - \$515,104). The Company has a working capital deficiency as at March 31, 2015 of \$394,259 (December 31, 2014 - \$265,456). Subsequent to the period ended March 31, 2015, the Company issued 9,000,000 units pursuant to a non-brokered private placement for gross proceeds of \$900,000 as described in note 12.

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

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

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, 2014.

Minsud Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2015

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(All Amounts in Canadian Dollars Unless Otherwise Noted)

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The most significant judgments, estimates and assumptions include those related to the ability of the Company to continue as a going concern, recoverability of amounts capitalized as mineral properties, determinations as to whether costs are expensed or deferred, evaluation of contingencies and determination of the Company's functional currency.

Management has determined that judgments, estimates and assumptions reflected in these consolidated financial statements are reasonable.

5. Property and Equipment

As at March 31, 2015	Vehicles	Office Equipment	Other	Total
Cost				
Balance, beginning of period	\$ 65,271	\$ 15,661	\$ 1,844	\$ 82,776
Additions	-	-	-	-
Currency translation adjustments	3,797	911	107	4,815
Balance, end of period	69,068	16,572	1,951	87,591
Accumulated depreciation				
Balance, beginning of period	(47,373)	(13,522)	(1,311)	(62,206)
Depreciation	(3,434)	(398)	(25)	(3,857)
Currency translation adjustments	(2,775)	(789)	(76)	(3,640)
Balance, end of period	(53,582)	(14,709)	(1,412)	(69,703)
Net carrying amount as at March 31, 2015	\$ 15,486	\$ 1,863	\$ 539	\$ 17,888

Minsud Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2015

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(All Amounts in Canadian Dollars Unless Otherwise Noted)

5. Property and Equipment (continued)

As at March 31, 2014	Vehicles	Office Equipment	Other	Total
Cost				
Balance, beginning of period	\$ 78,447	\$ 17,923	\$ 2,216	\$ 98,586
Additions	-	-	-	-
Currency translation adjustments	(12,005)	(2,743)	(339)	(15,087)
Balance, end of period	66,442	15,180	1,877	83,499
Accumulated depreciation				
Balance, beginning of period	(41,247)	(14,215)	(1,461)	(56,923)
Depreciation	(3,490)	(413)	(25)	(3,928)
Currency translation adjustments	6,480	2,195	225	8,900
Balance, end of period	(38,257)	(12,433)	(1,261)	(51,951)
Net carrying amount as at March 31, 2014	\$ 28,185	\$ 2,747	\$ 616	\$ 31,548

Depreciation expense has been capitalized to mineral properties.

6. Mineral Properties

As at March 31, 2015	San Juan Province Chita Valley			Santa Cruz Province			TOTAL
	Brechas Vacas	Chita	Minas de Pinto	San Antonio	La Rosita	Other	
Balance, beginning of period	\$1,420,431	\$ 3,408,026	\$1,262,637	\$ 159,759	\$ 496,998	\$ 3,069	\$6,750,920
Property rights/exploration agreements	-	8,021	14,027	-	-	-	22,048
Exploration	98,702	130,386	11,018	216	10,146	1,285	251,753
Write-offs	-	-	-	(14,985)	-	-	(14,985)
Currency translation adjustments	80,018	189,435	69,978	8,942	27,272	186	375,831
Balance, end of period	\$1,599,151	\$ 3,735,868	\$1,357,660	\$ 153,932	\$ 534,416	\$ 4,540	\$7,385,567

Minsud Resources Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2015

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(All Amounts in Canadian Dollars Unless Otherwise Noted)

6. Mineral Properties (continued)

As at March 31, 2014	San Juan Province Chita Valley			Santa Cruz Province			TOTAL
	Brechas Vacas	Chita	Minas de Pinto	San Antonio	La Rosita	Other	
Balance, beginning of period	\$1,624,178	\$ 2,039,717	\$ 867,504	\$ 173,547	\$ 566,093	\$ 111	\$5,271,150
Property rights/exploration agreements	-	59,491	-	-	-	-	59,491
Exploration	18,766	117,319	25,920	4,253	8,804	-	175,062
Currency translation adjustments	(242,119)	(305,967)	(125,258)	(26,120)	(82,742)	(17)	(782,223)
Balance, end of period	\$1,400,825	\$ 1,910,560	\$ 768,166	\$ 151,680	\$ 492,155	\$ 94	\$4,723,480

Brechas Vacas Property

Initial Exploration Agreement

On September 7, 2007, the Company, through its subsidiary MSA, entered into an Exploration Agreement including a Purchase Option (the "Brechas Vacas Agreement") with the owners of the mining properties (the "BV Owners") identified as Proyecto Brechas Vacas, located 35 km from Iglesia in the Chita Valley, in the Province of San Juan, Argentina. Included in the Brechas Vacas properties are the Luis, Luis I and Luis IV mining concessions covering 2,580 hectares.

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

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

Minsud Resources Corp.

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6. Mineral Properties (continued)

Brechas Vacas Property (continued)

Option Agreement Related to the Remaining 50 % Interest of the Brechas Vacas Trust

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 "Option") granted in favor of MSA. The Option 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.

The Option is subject to semi-annual staggered payments to the BV Owners of US\$710,000 in aggregate commencing on July 4, 2012, and ending on December 9, 2016, in addition to an aggregate payment of US\$220,000 to be settled by the issuance of an equivalent number of common shares of the Company sometime between June 28, 2013 and December 9, 2016. The Option can be fully exercised by MSA at any time on or before June 7, 2017 (the "Expiration Date"). The Option's exercise price is US\$1,070,000 payable by cash payments of US\$535,000 and a payment of US\$535,000 to be satisfied by the issuance of an equivalent number of common shares of the Company. The issuance of common shares of the Company is subject to the Exchange's approval and will be issued at the market price as of the date any commitment becomes due. If MSA decides to exercise the Option before the Expiration Date, 75% of any outstanding payments, whether accrued or not, will be added to the final exercise price of the Option.

On December 19, 2013, MSA and the BV Owners signed an addendum to the Option that extends the period of time in which the Company is to pay the semi-annual staggered payments of US\$560,000 remaining as at the date of the addendum, with the final payment due June 24, 2019. The addendum also extends the period of time in which the Company is to issue an equivalent number of common shares of the Company to settle the balance of US\$200,000 remaining as at the date of the addendum. Pursuant to the addendum, the Expiration Date of the Option is extended to December 19, 2019. The cash payments and the issuance of such shares is to take place on various dates between December 19, 2014 and June 24, 2019.

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6. Mineral Properties (continued)

Brechas Vacas Property (continued)

The staggered payment and share issuance commitments related to this addendum are summarized as follows:

Year	Payment date	Cash Payments		Payments in Shares			
		\$US	Status	Shares	Price Per Share	\$US	Status
2012	July 4, 2012	\$ 50,000	Paid				
2012	December 28, 2012	50,000	Paid				
2013	June 28, 2013	50,000	Paid	419,000	\$ 0.05	\$ 20,000	Issued
2013	December 26, 2013	20,000	Paid	210,000	0.10	20,000	Issued
2014	June 24, 2014	20,000	Paid			-	
2014	December 19, 2014	20,000	Paid			-	
2015	June 24, 2015	25,000				-	
2015	December 19, 2015	25,000				-	
2016	June 24, 2016	30,000				-	
2016	December 19, 2016	30,000				-	
2017	June 24, 2017	50,000		(1)	(1)	30,000	
2017	December 19, 2017	60,000		(1)	(1)	30,000	
2018	June 24, 2018	80,000		(1)	(1)	40,000	
2018	December 19, 2018	100,000		(1)	(1)	40,000	
2019	June 24, 2019	100,000		(1)	(1)	40,000	
		<u>\$ 710,000</u>		<u>629,000</u>	<u>\$ 0.067</u>	<u>\$ 220,000</u>	

As at March 31, 2015, the Company's obligations pursuant to the Option are as follows:

	Cash	Shares		
	\$US	Shares	Price Per Share	\$US
Settled payments	<u>\$ 210,000</u>	<u>629,000</u>	<u>\$ 0.067</u>	<u>\$ 40,000</u>
Outstanding payments	<u>\$ 500,000</u>	<u>(1)</u>	<u>(1)</u>	<u>\$ 180,000</u>

(1) The number of common shares to be issued by the Company in connection with the payments discussed above is dependent upon the market price of the Company's shares at the time the shares are issued to the BV owners pursuant to the terms of the Option.

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6. Mineral Properties (continued)

Brechas Vacas Property (continued)

During the year ended December 31, 2014, the Company issued 210,000 common shares of the Company to the BV Owners at a value of \$0.10 per share in settlement of a payment of US\$20,000 (\$21,000) in connection with the Option discussed above.

Once the Option is exercised and the remaining 50% of the beneficial interest in the Brechas Vacas Trust is transferred to MSA, the BV Owners will retain a 1.5% Net Smelter Return ("NSR") on the Brechas Vacas properties with Minsud having the option to purchase a 0.75% NSR, at any time, for a one-time payment of US\$750,000.

As at March 31, 2015, the Company had made cash payments totaling US\$210,000 (\$218,922) and issued 629,000 common shares of the Company related to four installments to the BV Owners pursuant to the terms of the Option. As at March 31, 2015, the Company was in compliance with their staggered payments schedule.

Chita Property

Initial Exploration Agreement

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

Purchase Option

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. The exercise of the Purchase Option, and the conditions under which the Purchase Option was exercised, were accepted by the owners of the Chita property.

On September 12, 2012, the ownership interest in the Chita Property was transferred to the Company by an assignment of mining concession (Cesion de Manifestaciones de descubrimiento) signed under public notary, which is now registered by the Ministry of Mines in San Juan Province.

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6. Mineral Properties (continued)

Chita Property (continued)

In consideration for the transfer of ownership of the Chita Property, the Company is required to pay a total of US\$420,000, payable as follows: US\$30,000 payable in cash within ten days from the date on which the property owners accepted the Company's offer to exercise the purchase option; US\$40,000 payable in cash simultaneously with the execution of the public deed evidencing the transfer of the Chita Property to the Company; and US\$350,000 payable in ten semi-annual cash payments of US\$35,000 each, the first of which shall be payable six months after the date of execution of the above mentioned public deed. As of the date of these financial statements, the Company has made the first seven payments totaling US\$245,000 (\$263,010) and is in compliance with their payment commitments. The remaining payments of US\$175,000 have been accrued in property acquisition payable.

The payments related to the exercise of the Purchase Option will be made as follows (all amounts are in United States Dollars):

2015	\$	35,000
2016	\$	70,000
2017	\$	70,000

The financing of the purchase of the Chita property is without recourse against the Company. Should the Company fail to meet the payment obligations noted above, the purchase agreement stipulates that the Company will retain an ownership interest in the Chita Property proportional to the amounts paid versus the total payments required pursuant to the purchase agreement. The purchase agreement requires the residual ownership interest that is proportional to the unpaid amounts, to be transferred to the original owners of the Chita Property.

Minas de Pinto Property

Initial Exploration Agreement

On May 7, 2010, the Company, through MSA, entered into an Exploration Agreement including a Purchase Option (the "Minas de Pinto Agreement") with the owners of the mining properties identified under the name of Proyecto Minas de Pinto, located 30 km from Iglesia, in the Chita Valley in the Province of San Juan, Argentina. Included in Proyecto Minas de Pinto are the Arqueros, San Marcos, Estrellita, Paulita, Paulita II, Pierina II, Pierina III, San Pablo, San Urbano and Rosita II mining concessions covering 2,445 hectares.

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6. Mineral Properties (continued)

Minas de Pinto Property (continued)

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 these properties pursuant to certain terms and conditions stated in the Minas de Pinto Agreement.

On September 12, 2012, the first addendum to the Minas de Pinto Agreement was signed to re-structure the payment schedule included in the Minas de Pinto Agreement in light of financial market conditions. Pursuant to the first addendum, in exchange for the right to evaluate, prospect and explore the properties, the Company shall pay to the owners a series of staggered payments totaling US\$500,000, with the first payment due May 7, 2013, and the final payment due May 7, 2016 (see the following payment schedule). As at the date of signing the first addendum, the Company had paid US\$165,000 (\$165,646).

Pursuant to the first addendum of the Minas de Pinto Agreement, if the purchase option relating to the mining properties described above were to be exercised, the Company would be required to make a payment of US\$1,335,000 at any time during the life of the agreement, but prior to May 7, 2017.

On November 5, 2013, the Company signed a second addendum to the Minas de Pinto Agreement. Pursuant to the second addendum, the payment of US \$75,000 due November 7, 2013 was replaced with a payment of US\$37,500 due November 7, 2013, and a payment of US\$37,500 due November 7, 2015. The restructured payments are within the terms of the Option Agreement.

The Minas de Pinto Trust

During the year ended December 31, 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 (see following schedule).

The financing of the acquisition of the first 50% interest in the Minas de Pinto Trust is an obligation without recourse. Accordingly, if the Company cannot satisfy future payments, it will only result in the Company having to return its interest in the Minas de Pinto Trust back to the former owners of the Minas de Pinto properties. After paying 50 % of the required payments related to the acquisition of the first 50% interest in the Minas de Pinto Trust, the return of the interest would be proportional to any unpaid balance.

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 favor 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.

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6. Mineral Properties (continued)

Minas de Pinto Property (continued)

The staggered payments related to the original Minas de Pinto Agreement following the addendum are summarized as follows:

<u>Year</u>	<u>Payment Date</u>	<u>\$US</u>	<u>Status</u>
2010	May 7, 2010	\$ 20,000	Paid
2010	November 7, 2010	20,000	Paid
2011	November 7, 2011	75,000	Paid
2012	September 13, 2012	50,000	Paid
2013	May 7, 2013	50,000	Paid
2013	November 7, 2013	37,500	Paid
		<u>\$ 252,500</u>	

As at March 31, 2015, the Company had paid US\$252,500 (\$255,093) related to six installments as required by the Minas de Pinto Agreement and the first and second addendums to the Minas de Pinto Agreement. As at March 31, 2015, the Company was in compliance with their staggered payments schedule.

The staggered payments related to the acquisition of the 50% interest in the Minas de Pinto Trust are summarized as follows:

<u>Year</u>	<u>Payment Date</u>	<u>\$US</u>	<u>Status</u>
2014	April 24, 2014	\$ 50,000	Paid
2015	May 7, 2015	50,000	
2015	November 7, 2015	50,000	
2016	May 7, 2016	57,500	
2017	May 7, 2017	75,000	
2018	May 7, 2018	130,000	
		<u>\$ 412,500</u>	

As at March 31, 2015, the Company had paid US \$50,000 (\$55,165) related to the acquisition of the 50% interest in the Minas de Pinto Trust. The remaining US\$362,500 has been accrued in trust acquisition payable. As at March 31, 2015, the Company was in compliance with their staggered payments schedule. Subsequent to the period ended March 31, 2015, the Company paid US\$50,000 (\$60,775) with respect to the second payment.

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6. Mineral Properties (continued)

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.

San Antonio Property

The San Antonio Property, a prospect in which the Company has a 100% ownership interest, is located within the Deseado Massif and the Area of Special Mining Interest of Santa Cruz Province. During the period ended March 31, 2015, the Company wrote off exploration expenses of \$14,985 related to certain exploration permits for which the Company has no further plans to explore.

Other Properties

During the year ended December 31, 2014, the Company, through MSA, acquired two exploration permits adjacent to the Chita property in exchange for a 2% NSR on future production revenue from the acquired exploration permits. The Company has the right to purchase one half or 1% of the NSR by paying US\$750,000. The Chita Norte property is an exploration permit covering 1,881 hectares and the Chita Sur property is an exploration permit pending approval covering 1,304 hectares.

Property Agreement Payments

If MSA is unable to obtain sufficient United States Dollars to make the cash payments required by the property agreements as a result of regulations imposed by the Argentine government as they relate to the purchase of foreign currencies, each of MSA's agreements related to the Brechas Vacas and Minas de Pinto properties, as well as the financing obtained for the the acquisition of the Chita property and the 50% interest in the Minas de Pinto Trust, include clauses that allow the payments to be made in an equivalent amount of Argentinean Pesos. Any amounts paid in Argentinean Pesos will be calculated using the official foreign exchange rate of the day immediately prior to the payment date as published by the Banco Nacion Argentina.

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7. Issued Capital

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

8. Warrants

	<u>Number</u>	<u>Amount</u>	<u>Weighted Average Exercise Price</u>
Balance - January 1, 2015 and March 31, 2015	<u>24,737,338</u>	<u>\$ 564,782</u>	<u>\$ 0.35</u>

As at March 31, 2015, the following Warrants were issued and outstanding:

<u>Exercise Price</u>	<u>Warrants Outstanding</u>	<u>Remaining Contractual Life (Years)</u>	<u>Expiry Date</u>
\$ 0.35	3,600,000	0.44	September 10, 2015
\$ 0.35	10,420,004	0.89	February 21, 2016
\$ 0.35	9,617,334	1.41	August 28, 2016
\$ 0.35	<u>1,100,000</u>	<u>1.64</u>	November 20, 2016
	<u>24,737,338</u>	<u>1.07</u>	

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9. Stock Option Plan

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

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9. Stock Option Plan (continued)

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

i) Movements in stock options during the period:

	Number of Options	Weighted Average Exercise Price
Balance - January 1, 2015 and March 31, 2015	6,395,000	\$ 0.26

ii) Stock options outstanding at the end of the period

Exercise Price	Options Vested	Options Unvested	Remaining Contractual Life (Years)	Expiry Date
\$ 0.40	2,960,000	-	1.19	June 9, 2016
\$ 0.40	225,000	-	1.57	October 26, 2016
\$ 0.19	450,000	-	2.38	August 17, 2017
\$ 0.10	435,000	145,000	3.51	October 3, 2018
\$ 0.10	520,000	520,000	4.11	May 12, 2019
\$ 0.10	285,000	855,000	4.64	November 20, 2019
	<u>4,875,000</u>	<u>1,520,000</u>	<u>2.58</u>	

As at March 31, 2015 the weighted average exercise price of options that had fully vested was \$0.30.

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10. Related Party Transactions and Balances

During the period ended March 31, 2015, the Company incurred the following related party transactions:

i) Transactions

- a) A total of \$35,000 was charged by the CEO of the Company.
- c) A total salary of \$20,797 was charged by an individual related to the Company's CEO.
- d) A total of \$9,500 of accounting and regulatory compliance fees and \$5,250 of CFO fees was charged by an accounting firm in which the Company's CFO is a partner.
- e) A total of \$21,000 of professional fees and \$730 of mineral property exploration expenses were charged by the Company's Vice-President (Exploration). These amounts have been capitalized to mineral properties.
- f) The amount of stock-based compensation expense for the period ended March 31, 2015 related to the continued vesting of stock options issued to key members of management was \$13,981.

ii) Period-end balances

- a) As at March 31, 2015, accounts payable and accrued liabilities included \$19,948 payable to the CEO of the Company.
- b) As at March 31, 2015, accounts payable and accrued liabilities included \$3,041 payable to an individual related to the Company's CEO.
- b) As at March 31, 2015, accounts payable and accrued liabilities included \$77,086 payable to an accounting firm in which the Company's CFO is a partner.
- c) As at March 31, 2015, accounts payable and accrued liabilities included \$13,757 payable to the Company's Vice-President (Exploration).

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

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11. Commitments

- a) On June 30, 2014, the Company entered into a new services agreement with its President and CEO. Pursuant to the services agreement, an annual fee of \$84,000, consisting of salary and director's fees of MSA, will be paid in monthly installments by MSA. The services agreement continues in effect until December 31, 2014 and provides that the President and CEO may pursue outside business interests or directorships in other industries that do not interfere or conflict with his ability to carry out his duties as an officer and director of the Company and MSA. The services agreement contains a change of control provision, where "change of control" is defined as: (a) the acquisition by a person, group of persons or person acting jointly or in concert, or persons associated or affiliated within the meaning of the Securities Act (Ontario) with any such person, group of persons or any of such persons acting jointly or in concert, of more than 50% of the votes attaching to all shares in the capital of the Company that may be cast to elect directors of the Company; or (b) the election at any meeting of shareholders of a majority of directors not recommended by management. If, within six months following a "change of control", employment of the President and CEO is terminated by the Company without cause, the President and CEO shall be entitled to a lump sum severance payment of \$280,000 and the immediate vesting of all unvested stock options.

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

During the period ended March 31, 2015, the Company and the Company's President and CEO entered into a new services agreement with an effective date of January 1, 2015, for an annual fee of \$140,000, consisting of salary and director's fees of MSA, which will be paid in monthly installments by MSA. The new agreement expires December 31, 2015 and contains provisions similar to those included in the services agreement that expired December 31, 2014.

- b) On August 14, 2014, the Company and the Company's Vice-President (Exploration) signed a new semi-annual consulting agreement for a fixed monthly fee of \$5,000 until December 31, 2014. The agreement does not provide for any payments in the event of a change of control or termination.

During the period ended March 31, 2015, the Company and the Company's Vice-President (Exploration) signed a new consulting agreement with an effective date of January 1, 2015, for a fixed monthly fee of \$7,000 until December 31, 2015. The agreement does not provide for any payments in the event of a change of control or termination.

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

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11. Commitments (continued)

- c) During the period ended March 31, 2015, the Company signed a professional services letter of engagement with a consulting firm to prepare a National Instrument 43-101 Mineral Resource Estimate and Technical Report for the Chita Valley Project. The estimated cost to the Company to complete the engagement is \$56,673, with an initial retainer of \$20,000 due upon signing of the agreement and a second retainer of \$15,000 due by April 15, 2015. As at March 31, 2015, the Company had paid the initial retainer. Subsequent to the period ended March 31, 2015, the Company paid the second retainer of \$15,000.

The agreement can be terminated by either party at any time in the event of the failure of the other party to comply with any of the provisions of the agreement upon such other party being notified in writing by the party alleging such failure and failing to commence to (or completely) remedy such failure within 7 days of receiving such notice. Either party may otherwise terminate the agreement by providing the other party with at least 30 days prior written notice of termination.

Additional commitments are disclosed in note 6.

12. Subsequent Events

Subsequent to the period ended March 31, 2015, the Company issued 9,000,000 units (pursuant to a non-brokered private placement) for proceeds of \$900,000. Each unit consists of one common share and one warrant. Each warrant is exercisable into one common share of the Company at \$0.35 for a term of two years from the date of issue, provided that in the event that the 20 day closing price of the common shares on the TSX Venture Exchange or such other stock exchange that the common shares may be then listed on is greater than \$0.35, the Company shall be entitled to accelerate the exercise period of the warrants to a period of not less than 10 days after written notice is deemed to have been received by the holders of the warrants from the Company regarding same. The common shares and warrants issued will be subject to a four month hold period expiring August 10, 2015. As at March 31, 2015, the Company has received subscriptions of \$234,796, which have been recorded as share subscriptions payable as the shares had yet to be issued as at March 31, 2015.

Additional subsequent events are disclosed in notes 6 and 11.