CHILEAN METALS INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2016

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

NOTICE TO READER

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

Chilean Metals Inc.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	As at March 31, 2016	As at December 31, 2015
ASSETS		
Current assets		
Cash	$ 7,372	$ 456
Amounts receivable	14,487	7,709
Advances, prepaid expenses and deposits	13,097	4,031
Total current assets	34,956	12,196
Non-current assets		
Equipment (note 4)	11,330	12,249
Mineral exploration properties (note 5)	5,001,310	4,897,865
Total assets	$ 5,047,596	$ 4,922,310
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (notes 11(a)(vi) and 13)	$ 826,250	$ 730,683
Advances from related party (notes 11(a)(iv), 11(a)(v) and 15)	119,000	54,000
Loans payable (note 6(a))	94,000	94,000
Deferred transaction advance (note 14)	50,000	50,000
Debentures payable (notes 6 and 15)	200,104	273,514
Total liabilities	1,289,354	1,202,197
Shareholders' equity		
Issued capital (note 7)	48,385,997	48,385,997
Shares to be issued (note 15)	277,862	-
Contributed surplus	3,392,781	3,392,781
Warrants (note 9)	24,336	72,898
Deficit	(48,322,734)	(48,131,563)
Total shareholders' equity	3,758,242	3,720,113
Total equity and liabilities	$ 5,047,596	$ 4,922,310

Nature of operations and going concern (note 1)
Commitments and contingencies (notes 5, 6, 13 and 14)
Subsequent events (notes 14 and 15)

On behalf of the Board:

(Signed) *Terry Lynch*
Terry Lynch
Director

(Signed) *Peter Kent*
Peter Kent
Director

The notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

Chilean Metals Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended March 31, 2016	2015
Administrative expenses		
Administration fees (note 11)	**$ 49,328**	$ 55,142
Amortization (note 4)	**919**	1,312
Bank and interest charges (note 6)	**44,688**	4,046
Foreign exchange loss (gain)	**(862)**	17,055
Investor relations	**17,541**	838
Office and miscellaneous	**35,657**	41,741
Professional fees (note 11)	**24,229**	20,812
Transfer agent and regulatory	**10,773**	12,634
Travel, promotion and mining shows	**8,898**	6,385
Net loss and comprehensive loss for the period	**$ (191,171)**	$ (159,965)
Basic and diluted net loss per share (note 10)	**$ (0.01)**	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted (note 10)	**25,193,375**	24,620,042

The notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

Chilean Metals Inc.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended March 31, 2016	Three months ended March 31, 2015
Operating activities		
Net loss for the period	**$ (191,171)**	$ (159,965)
Items not affecting cash:		
Amortization	**919**	1,312
Accrued interest	**34,090**	733
Non-cash working capital items:		
Amounts receivable	**(6,778)**	18,389
Advances, prepaid expenses and deposits	**(9,066)**	(3,338)
Accounts payable and accrued liabilities	**95,567**	138,987
Net cash used in operating activities	**(76,439)**	(3,882)
Financing activities		
Shares to be issued	**121,800**	-
Advance from related party	**65,000**	-
Issuance of debentures, net of issue costs	**-**	159,262
Net cash provided by financing activities	**186,800**	159,262
Investing activities		
Acquisition of and expenditures on mineral exploration properties	**(103,445)**	(177,222)
Net cash used in investing activities	**(103,445)**	(177,222)
Net change in cash	**6,916**	(21,842)
Cash, beginning of period	**456**	70,255
Cash, end of period	**$ 7,372**	$ 48,413

The notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

Chilean Metals Inc.
Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Common Shares						
	Number	Amount	Shares to be Issued	Contributed Surplus	Warrants	Deficit	Total
Balance, December 31, 2014	**24,593,374**	**$ 48,358,997**	**$ -**	**$ 3,392,781**	**$ -**	**$ (47,524,939)**	**$ 4,226,839**
Shares issued for mineral exploration properties	600,000	27,000	-	-	-	-	27,000
Warrants issued on debentures	-	-	-	-	45,168	-	45,168
Net comprehensive loss for the period	-	-	-	-	-	(159,965)	(159,965)
Balance, March 31, 2015	**25,193,374**	**$ 48,385,997**	**$ -**	**$ 3,392,781**	**$ 45,168**	**$ (47,684,904)**	**$ 4,139,042**
Balance, December 31, 2015	**25,193,374**	**$ 48,385,997**	**$ -**	**$ 3,392,781**	**$ 72,898**	**$ (48,131,563)**	**$ 3,720,113**
Shares to be issued	-	-	121,800	-	-	-	121,800
Exercise of warrants	-	-	156,062	-	(48,562)	-	107,500
Net comprehensive loss for the period	-	-	-	-	-	(191,171)	(191,171)
Balance, March 31, 2016	**25,193,374**	**$ 48,385,997**	**$ 277,862**	**$ 3,392,781**	**$ 24,336**	**$ (48,322,734)**	**$ 3,758,242**

The notes to the unaudited condensed consolidated interim financial statements are an integral part of these statements.

1. Nature of operations and going concern

Chilean Metals Inc. (the "Company") is a mining exploration company and is in the business of acquiring and exploring mineral properties in Chile and Nova Scotia. There has been no determination whether properties held contain ore reserves, which are economically recoverable.

The Company is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of British Columbia. The Company's shares are listed on the TSX Venture Exchange ("TSX-V"), OTCQB and Santiago Stock Exchange, Venture Market. The head office and principal address of the Company are located at Suite 205 - 490 Adelaide Street West, Toronto, Ontario, Canada, M5V 1T2. The Company's registered and records office address is at Suite 700 – 595 Burrard Street, PO Box 49290, Vancouver, British Columbia, Canada, V7X 1S8.

The recoverability of carrying amounts for mineral exploration properties and options is dependent upon confirmation of the Company's interest in the underlying mineral claims, the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and achieve profitable production or alternatively, profitably dispose of the properties. It is reasonably possible that economically recoverable reserves may not be discovered and accordingly a material portion of the carrying value of mineral exploration properties could be written-off.

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 unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty.

These unaudited condensed consolidated interim financial statements have been prepared on the going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. These unaudited condensed consolidated interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. During the three months ended March 31, 2016, the Company incurred a net loss of $191,171 (three months ended March 31, 2015 - $159,965). As at March 31, 2016, the Company has incurred significant losses since inception totaling $48,322,734 (December 31, 2015 - $48,131,563). As at March 31, 2016, the Company has a working capital deficiency of $1,254,398 (December 31, 2015 - $1,190,001); the continuing operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that additional funds will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern and accordingly use accounting principles applicable to a going concern.

2. Basis of presentation

These unaudited condensed consolidated interim financial statements for the three months ended March 31, 2016, including comparatives, have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. These unaudited condensed consolidated interim financial statements may not include all information and note disclosures required by IFRS for annual financial statements and therefore, should be read in conjunction with the annual audited financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS.

These unaudited condensed consolidated interim financial statements for the three months ended March 31, 2016 were approved and authorized for issue by the Company's Board of Directors on May 30, 2016.

2. Basis of presentation (continued)

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis under the historical cost convention, except for the revaluation of certain financial instruments. In addition, these unaudited condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. Significant accounting policies

The policies applied in these unaudited condensed consolidated interim financial statements are based on IFRSs issued and outstanding as of May 30, 2016, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed consolidated interim financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2015, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2016 could result in restatement of these unaudited condensed consolidated interim financial statements.

Change in accounting policies

The Company adopted the following accounting pronouncements during the period.

(i) IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. At January 1, 2016, the Company adopted these amendments and there was no material impact on the Company's unaudited condensed consolidated interim financial statements.

Recent accounting pronouncements

Certain pronouncements were issued by the International Accounting Standards Board ("IASB") or the IFRS Interpretations Committee ("IFRIC") that are mandatory for accounting periods on or after January 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

(i) IFRS 9 - Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

(ii) IFRS 16, Leases ("IFRS 16") was issued in January 2016, and supersedes IAS 17, Leases. This standard introduces a single lessee accounting model. The new standard will affect the initial present value of unavoidable future lease payments as lease assets and lease liabilities on the statement of financial position, including for most leases which are currently accounted for as operating leases. The Standard is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted.

(Expressed in Canadian Dollars)

4. Equipment

Cost

	Field equipment	Furniture and office equipment	Total
Balance, December 31, 2014	**$ 83,278**	**$ 123,676**	**$ 206,954**
Balance, December 31, 2015	**83,278**	**123,676**	**206,954**
Balance, March 31, 2016	**$ 83,278**	**$ 123,676**	**$ 206,954**

Accumulated amortization

	Field equipment	Furniture and office equipment	Total
Balance, December 31, 2014	**$ 75,129**	**$ 114,326**	**$ 189,455**
Amortization	2,445	2,805	5,250
Balance, December 31, 2015	**77,574**	**117,131**	**194,705**
Amortization	428	491	919
Balance, March 31, 2016	**$ 78,002**	**$ 117,622**	**$ 195,624**

Net book value

	Field equipment	Furniture and office equipment	Total
At December 31, 2015	**$ 5,704**	**$ 6,545**	**$ 12,249**
At March 31, 2016	**$ 5,276**	**$ 6,054**	**$ 11,330**

5. Mineral exploration properties

	Tierra de Oro (a)	Zulema (b)	Other (c - e)	Total
Balance, December 31, 2014	**$ 4,460,483**	**$ 57,304**	**$ 48,587**	**$ 4,566,374**
Acquisition and staking	-	90,732	-	90,732
Exploration				
Project management	-	14,433	-	14,433
Claim costs	108,969	117,357	-	226,326
Exploration and acquisition costs 2015	108,969	222,522	-	331,491
Balance, December 31, 2015	**4,569,452**	**279,826**	**48,587**	**4,897,865**
Exploration				
Project management	-	9,717	-	9,717
Claim costs	50,191	43,537	-	93,728
Exploration and acquisition costs 2016	50,191	53,254	-	103,445
Balance, March 31, 2016	**$ 4,619,643**	**$ 333,080**	**$ 48,587**	**$ 5,001,310**

(a) Tierra de Oro, Chile

The Company owns a 100% interest in exploration concessions in Region III, Chile.

5. Mineral properties (continued)

(b) Zulema aka. Chicharra Property, Chile

The Company owns 100% of the rights to certain exploitation concessions (including those described below) and certain exploration concessions in Region III, Chile.

In October 2014, the Company completed the acquisition of nine mining concessions from Compañia Minera Casale, a company jointly owned by Chilean subsidiaries of Barrick Gold Corp. and Kinross Gold Corporation, respectively, for the sum of US$50,000 ($56,569).

In March 2015, the Company completed the acquisition of three mining concessions from private Chilean owners. Under the terms of the agreement, the Company paid the vendors US$50,000 ($60,703) in cash and issued 600,000 shares (valued at $27,000).

(c) Hornitos Property, Chile

The Company owns mining concessions in Region III, Chile. Currently, the Company is not conducting active exploration on the property.

(d) Palo Negro Property, Chile

The Company owns mining concessions in Region III. Chile. Currently, the Company is not conducting active exploration on the property.

(e) Tabaco, Chile

The Company owns mining concessions near Vallenar, Chile. Currently, the Company is not conducting active exploration on the property.

6. Debentures and loans

(a) On May 31, 2014, the Company entered into a loan agreement for the $94,000 to be repaid on May 31, 2015. The loan bears interest at 12% per annum with the interest prepaid. The Company is currently in discussions with the holder regarding the repayment of this loan.

(b) On March 26, 2015, the Company issued $190,000 of debentures bearing interest at a rate of 14% per annum and maturing on the earliest of the sale of the Copaquire 3% net smelter royalty ("NSR") (see note 5(a)) and October 31, 2016. As part of the issuance, the Company paid an origination fee of $26,600. The debentures could be repaid prior to July 1, 2015 by paying a bonus of 20% of the principal. As the debentures were not repaid as of July 1, 2015, the Company was required to issue 1,900,000 warrants, exercisable at a price of $0.05 per share until October 31, 2016 (see note 9). On November 1, 2016, if the debentures are not repaid in full plus a bonus of 100% of the principal, the holders shall have the right to acquire $190,000/US$1,000,000 percent of the Copaquire NSR. The debenture is secured by the shares of the Company's subsidiary, IPBX, that holds the Copaquire NSR.

During the three months ended March 31, 2016, $95,000 of the debenture principal was converted to exercise the 1,900,000 warrants.

6. Debentures and loans (continued)

(b) (continued) The Company valued the debt component of the debentures by calculating the present value of the principal and interest payments, discounted at a rate of 30%, being management's best estimate of the rate that an unsecured debenture without warrants with similar terms would bear. The Company valued the equity component using the Black-Scholes option pricing model with the following assumptions: a 1.34 years expected average life; 143% expected volatility; risk-free interest rate of 0.61%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life. Based on this calculation, the liability component is $144,832 ($114,094 net of transaction costs), the equity component is $45,168 (reclassified to warrants on warrant issuance) and the right to acquire the Copaquire NSR is valued at $nil. Accretion charges attributable to the debenture for the three months ended March 31, 2016 were $24,192. This amount is added to the liability component and is included in bank and interest charges.

(c) On April 22, 2015, the Company issued $40,000 of debentures bearing interest at a rate of 14% per annum and maturing on the earliest of the sale of the Copaquire 3% NSR (see note 5(a)) and October 31, 2016. The debentures could be repaid prior to July 1, 2015 by paying a bonus of 20% of the principal. As the debentures were not repaid as of July 1, 2015, the Company was required to issue 400,000 warrants, exercisable at a price of $0.05 per share until October 31, 2016 (see note 9). On November 1, 2016, if the debentures are not repaid in full plus a bonus of 100% of the principal, the holders shall have the right to acquire $40,000/US$1,000,000 percent of the Copaquire NSR. The debenture is secured by the shares of the Company's subsidiary, IPBX, that contains the Copaquire NSR.

The Company valued the debt component of the debentures by calculating the present value of the principal and interest payments, discounted at a rate of 30%, being management's best estimate of the rate that a non-secured debenture without warrants with similar terms would bear. The Company valued the equity component using the Black-Scholes option pricing model with the following assumptions: a 1.34 years expected average life; 185% expected volatility; risk-free interest rate of 0.69%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life. Based on this calculation, the liability component is $29,660 ($29,410 net of transaction costs), the equity component is $10,340 (reclassified to warrants on warrant issuance) and the right to acquire the Copaquire NSR is valued at $nil. Accretion charges attributable to the debenture for the three months ended March 31, 2016 were $3,138. This amount is added to the liability component and is included in bank and interest charges.

(d) On May 5, 2015, the Company issued $60,000 of debentures bearing interest at a rate of 14% per annum and maturing on the earliest of the sale of the Copaquire 3% NSR (see note 5(a)) and October 31, 2016. As part of the issuance, the Company paid a brokerage fee of $3,600. The debentures could be repaid prior to July 1, 2015 by paying a bonus of 20% of the principal. As the debentures were not repaid as of July 1, 2015, the Company was required to issue 600,000 warrants, exercisable at a price of $0.05 per share until October 31, 2016 (see note 9). On November 1, 2016, if the debentures are not repaid in full plus a bonus of 100% of the principal, the holders shall have the right to acquire $60,000/US$1,000,000 percent of the Copaquire NSR. The debenture is secured by the shares of the Company's subsidiary, IPBX, that contains the Copaquire NSR.

The Company valued the debt component of the debentures by calculating the present value of the principal and interest payments, discounted at a rate of 30%, being management's best estimate of the rate that a non-secured debenture without warrants with similar terms would bear. The Company valued the equity component using the Black-Scholes option pricing model with the following assumptions: a 1.34 years expected average life; 176% expected volatility; risk-free interest rate of 0.73%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life. Based on this calculation, the liability component is $44,933 ($40,958 net of transaction costs), the equity component is $15,067 (reclassified to warrants on warrant issuance) and the right to acquire the Copaquire NSR is valued at $nil. Accretion charges attributable to the debenture for the three months ended March 31, 2016 were $5,258. This amount is added to the liability component and is included in bank and interest charges.

(Expressed in Canadian Dollars)

6. Debentures and loans (continued)

(e) On August 26, 2015, the Company issued $25,000 of debentures bearing interest at a rate of 14% per annum and maturing on the earliest of the sale of the Copaquire 3% NSR (see note 5(a)) and October 31, 2016. As part of the debentures, the Company was required to issue 250,000 warrants, exercisable at a price of $0.05 per share until October 31, 2016 (see note 9). On November 1, 2016, if the debentures are not repaid in full plus a bonus of 100% of the principal, the holders shall have the right to acquire $25,000/US$1,000,000 percent of the Copaquire NSR. The debenture is secured by the shares of the Company's subsidiary, IPBX, that contains the Copaquire NSR.

During the three months ended March 31, 2016, $12,500 of the debenture principal was converted to exercise the 250,000 warrants.

The Company valued the debt component of the debentures by calculating the present value of the principal and interest payments, discounted at a rate of 30%, being management’s best estimate of the rate that a non-secured debenture without warrants with similar terms would bear. The Company valued the equity component using the Black-Scholes option pricing model with the following assumptions: a 1.18 years expected average life; 168% expected volatility; risk-free interest rate of 0.39%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life. Based on this calculation, the liability component is $22,677 ($21,531 net of transaction costs), the equity component is $2,323 (reclassified to warrants on warrant issuance) and the right to acquire the Copaquire NSR is $nil. Accretion charges attributable to the debenture for the three months ended March 31, 2016 were $1,502. This amount is added to the liability component and is included in bank and interest charges.

7. Issued capital

a) Authorized share capital

At March 31, 2016, the authorized share capital consisted of an unlimited number of common shares, non-voting Class A preference shares with a par value of $1.00 and Class B preference shares with a par value of $5.00. The common shares do not have a par value.

b) Common shares issued

	Number of common shares	Amount
Balance, December 31, 2014	**24,593,374**	**$ 48,358,997**
Shares issued for mineral exploration properties (note 5(b))	600,000	27,000
Balance, March 31, 2015	**25,193,374**	**$ 48,385,997**
Balance, December 31, 2015 and March 31, 2016	**25,193,374**	**$ 48,385,997**

8. Stock options

The Company has implemented a stock option plan (“the Plan”) to be administered by the Board of Directors. Pursuant to the Plan the Board of Director’s has discretion to grant options for up to a maximum of 10% of the issued and outstanding common shares of the Company at the date the options are granted. The option price under each option shall be not less than the discounted market price on the grant date. The expiry date of an option shall be set by the Board of Directors at the time the option is awarded, and shall not be more than ten years after the grant date. Options granted to directors, employees and consultants, other than consultants engaged in investor relations activities, will vest immediately upon granting, unless otherwise approved by the relevant regulatory authorities. Options granted to employees and consultants engaged in investor relations activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the options vesting in any three-month period.

(Expressed in Canadian Dollars)

8. Stock options (continued)

The following table reflects the continuity of stock options for the years presented:

	Number of stock options	Weighted average exercise price ($)
Balance, December 31, 2014 and March 31, 2015	**2,170,000**	**0.32**
Balance, December 31, 2015 and March 31, 2016	**1,880,000**	**0.25**

The following table reflects the actual stock options issued and outstanding as of March 31, 2016:

Expiry date	Exercise price ($)	Remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
June 11, 2019	0.25	3.20	1,880,000	1,880,000

9. Warrants

The following table reflects the continuity of warrants for the periods presented:

	Number of warrants	Weighted average exercise price ($)
Balance, December 31, 2014 and March 31, 2015	**4,256,000**	**0.15**
Balance, December 31, 2015	**3,150,000**	**0.05**
Exercised (note 6)	(2,150,000)	0.05
Balance, March 31, 2016	**1,000,000**	**0.05**

The following table reflects the actual warrants issued as of March 31, 2016:

Number of warrants outstanding	Grant date fair value ($)	Exercise price ($)	Expiry date
1,000,000	24,336	0.05	October 31, 2016

10. Net loss per share

The calculation of basic and diluted loss per share for the three months ended March 31, 2016 was based on the loss attributable to common shareholders of $191,171 (three months ended March 31, 2015 - $159,965) and the weighted average number of common shares outstanding of 25,193,375 (three months ended March 31, 2015 - 24,620,042). Diluted loss per share did not include the effect of 1,880,000 options outstanding (three months ended March 31, 2015 - 2,170,000 options outstanding) or the effect of 1,000,000 warrants outstanding (three months ended March 31, 2015 - 4,256,000 warrants outstanding) as they are anti-dilutive.

(Expressed in Canadian Dollars)

11. Related party balances and transactions

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

As at March 31, 2016, the directors and/or officers of the Company collectively control 3,024,533 common shares of the Company or approximately 12% of the total common shares outstanding. As at March 31, 2016, Samuel Stern, controls approximately 13% of the total common shares outstanding. To the knowledge of directors and officers of the Company, the remainder of the outstanding common shares are held by diverse shareholders. These holdings can change at any time at the discretion of the owner.

(a) The Company entered into the following transactions with related parties:

	Notes		Three months ended March 31, 2016		Three months ended March 31, 2015
Administration expense	(i)	**$**	**36,000**	$	36,000
Accounting expense	(ii)	**$**	**10,611**	$	13,377
Geological consulting expense	(iii)	**$**	**5,600**	$	17,110

(i) For the three months ended March 31, 2016, the Company incurred consulting fees included in administration expenses from companies controlled by an officer of $36,000 (three months ended March 31, 2015 - $36,000).

(ii) For the three months ended March 31, 2016, the Company incurred accounting expenses from companies related to an officer of $10,611 (three months ended March 31, 2015 - $13,377).

(iii) For the three months ended March 31, 2016, the Company incurred geological consulting expenses from a company controlled by a former officer of $5,600 (three months ended March 31, 2015 - $17,110).

(iv) As at March 31, 2016, the Company has an advance payable from a son of an officer of $54,000. These amounts are unsecured, non-interest bearing and due on demand. Subsequent to March 31, 2016, the advance was included in the private placement closed (see note 15).

(v) During the three months ended March 31, 2016, a shareholder advanced $65,000. These amounts are unsecured, non-interest bearing and due on demand. Subsequent to March 31, 2016, the advance was included in the new debenture issuance (see note 15).

(vi) As at March 31, 2016, included in accounts payable and accrued liabilities is $78,242 (December 31, 2015 - $77,686) due to directors and key management. These amounts are unsecured, non-interest bearing and due on demand.

		As at March 31, 2016		As at December 31, 2015
Chief Executive Officer (Former), President and Director	**$**	**27,120**	$	27,120
Chief Financial Officer		**19,495**		24,539
VP Exploration (Former)		**30,590**		24,990
Directors		**1,037**		1,037
	$	**78,242**	$	77,686

(Expressed in Canadian Dollars)

11. Related party balances and transactions (continued)

(b) Remuneration of directors and key management personnel of the Company was as follows:

	Three months ended March 31, 2016	2015
Fees charged:		
Chief Executive Officer (Former), President and Director	**$ 36,000**	$ 36,000
Chief Financial Officer	**10,611**	13,377
VP Exploration (Former)	**5,600**	17,110
Total remuneration	**$ 52,211**	$ 66,487

Payments to directors and key management personnel of the Company include certain transactions with related parties in (a) above, and (b) remuneration to Directors and key management personnel of the Company.

The above noted transactions are in the normal course of business and approved by the Board of Directors.

12. Segmented information

The Company operates in one industry segment, namely exploration of mineral resources in one geographic region, Chile.

13. Commitments and contingencies

Environmental and legal

The Company's operations are subject to government environmental protection legislation. Environmental consequences are difficult to identify in terms of results, timetable and impact.

At this time, to management's best knowledge, the Company's operations are in compliance with current laws and regulations.

Property taxes

The Company has unpaid property tax for various mineral exploration property claims totaling approximately 283,194,000 Chilean Pesos ($551,000) which has been included in accounts payable and accrued liabilities as at March 31, 2016. In the event that the claims are put up for tax auction, the Company will have a notice period to make the payment for the portion of this amount required.

14. Proposed transaction

The Company has entered into seperate agreements to acquire four copper gold projects from Cogonov Inc. (“Cogonov”). The Projects are referred to as Fox River, Lynn, Parrsboro and Bass River.

The Company will acquire Fox River from Cogonov for 6,000,000 common shares and Lynn, Parrsboro and Bass River from Cogonov for 20,500,000 commons shares. The common shares will be issued to the shareholders of Cogonov (directly or indirectly). No new control persons or insiders are expected to be created in Chilean Metals by the issuance of the Chilean Metals shares.

As part of the original non-binding letter agreement, Chilean Metals received a non-refundable $50,000 fee, which will be accounted for as part of the acquisition at the time it closes.

The proposed acquisition is subject to TSX-V and other regulatory approvals.

15. Subsequent events

(i) Subsequent to March 31, 2016, 600,000 warrants were exercised through the conversion of the corresponding debentures with a principal balance of $30,000 and the remaining $30,000 principal was repaid.

(ii) Subsequent to March 31, 2016, the Company completed the placement of a $150,000 debenture due Oct 31 2018. The terms are as follows: 14% interest annually in arrears at loan repayment, secured on a pari passu basis with the previously granted debentures ($147,500 Face Value of debentures currently outstanding) by the shares of our Chilean subsidiary that contains a 3% royalty CMX retained through sale of its Copaquire asset to a subsidiary of Teck Resources Inc. 1,500,000 warrants, exercisable at $.12 per share by Oct 31, 2018, will be granted to debenture holder.

(iii) Subsequent to March 31, 2016, the Company issued a total of 10,000,000 common shares at a price of $0.07 per share for gross proceeds of $700,000. Finder’s fees of approximately $18,645 were paid and 216,350 warrants were issued entitling the holder to acquire 216,350 common shares at a price of $0.07 per share until June 1, 2017. Coincident with the closing of the investment Patrick Cruickshank, CEO, and Gary Lohman, VP Exploration, have been appointed to the Chilean Metals Board of Directors. To enable the appointments to take place Dan Gosselin has resigned from the Board of Directors. As part of the placement, an officer purchased 1,096,000 common shares.

(iv) Subsequent to March 31, 2016, the Company issued a bonus of $144,000 to the President of the Company. As a condition of the bonus, the President has relinquished any right to future severance in the event of termination or a change of control of the Company.