CHILEAN METALS INC.
(FORMERLY INTERNATIONAL PBX VENTURES LTD.)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIOD ENDED

MARCH 31, 2014 AND 2013

(Unaudited – Prepared by Management)

CHILEAN METALS INC.
(FORMERLY INTERNATIONAL PBX VENTURES LTD.)

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NOTICE TO READER
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Management has prepared the condensed consolidated statements of financial position of Chilean Metals Inc (formerly International PBX Ventures Ltd.) as at March 31, 2014 and December 31, 2013 and the condensed consolidated statements of comprehensive income, change in equity and cash flows for the three-month periods ended March 31, 2014 and 2013. In accordance with National Instruments 51-102 released by the Canadian Securities Administrator, the Company discloses that they have not been audited or reviewed. Readers are cautioned that these statements may not be appropriate for their purposes.

Toronto, ON

May 30, 2014

CHILEAN METALS INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2014 AND DECEMBER 31, 2013
(Expressed in Canadian Dollars)

	Note	March 31, 2014	December 31, 2013
		$	$
ASSETS			
CURRENT ASSETS			
Cash		1,111,198	62,902
Amounts receivable		24,426	7,748
Advances, prepaid expenses and deposits		16,502	9,325
Assets held for sale	6	-	2,742,838
		1,152,126	2,822,813
EQUIPMENT	4	24,335	26,351
MINERAL PROPERTIES	5	5,564,813	5,564,813
		6,741,274	8,413,977
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	11(d) and (f)	1,104,209	1,099,458
Deferred acquisition deposit	5(a)	-	201,736
Loans payable	7(b)	200,000	343,310
Convertible debentures	7(a)	336,716	1,943,365
		1,640,925	3,587,869
SHAREHOLDERS' EQUITY			
ISSUED CAPITAL	8	47,517,549	47,517,549
SHARE SUBSCRIPTIONS		236,000	-
CONTRIBUTED SURPLUS		3,190,781	3,190,781
ACCUMULATED OTHER COMPREHENSIVE LOSS		-	-
DEFICIT		(45,843,981)	(45,882,222)
		5,100,349	4,826,108
		6,741,274	8,413,977

Nature of operations and continuance of business (Note 1)
Commitments (Note 16)

Approved and authorized for issue on behalf of the Board on May 30, 2014:

/s/"Terry Lynch"
Director

/s/"Peter Kent"
Director

(See accompanying notes to these consolidated financial statements)

CHILEAN METALS INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2014 AND 2013
(Expressed in Canadian Dollars)

		THREE MONTHS ENDED MARCH 31,	
	Note	2014	2013
		$	$
EXPENSES			
Administration fees	11(a), (c) and (e)	77,577	81,554
Amortization		2,016	25,759
Bank and interest charges	7	38,939	27,181
Foreign exchange loss		44,707	27,711
Generative exploration expense		-	-
Investor relations		-	23,296
Office and miscellaneous		52,505	71,243
Professional fees	11(b)	39,062	122,833
Transfer agent and regulatory		14,056	4,377
Travel, promotion and mining shows		11,798	30,487
		280,660	414,441
Loss before other items		(280,660)	(414,441)
OTHER ITEMS			
Realized gain on disposal of camp	6	318,901	-
NET INCOME (LOSS) FOR THE PERIOD		38,241	(414,441)
COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		38,241	(414,441)
Net Loss Per Share – Basic and Diluted		0.00	(0.03)
Weighted Average Number of Common Shares Outstanding		16,081,375	15,613,975

(See accompanying notes to these consolidated financial statements)

CHILEAN METALS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Common shares Shares	Common shares Amount	Share Subscriptions	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Shareholders' Equity
		$	$	$	$	$	$
Balance, January 1, 2013	**14,690,332**	**46,809,389**	**647,750**	**3,190,781**	**(31,059)**	**(26,348,623)**	**24,268,238**
Private placements	1,079,583	647,750	(647,750)	–	–	–	–
Share issuance cost	–	(20,536)	–	–	–	–	(20,536)
Comprehensive loss	–	–	–	–	–	(414,441)	(414,441)
Balance, March 31, 2013	**15,769,915**	**47,436,604**	–	**3,190,781**	**(31,059)**	**(26,763,064)**	**23,833,262**
Balance, January 1, 2014	**16,081,375**	**47,517,549**	–	**3,190,781**	–	**(45,882,222)**	**4,826,108**
Private placements	–	–	236,000	–	–	–	236,000
Share issuance cost	–	–	–	–	–	–	–
Comprehensive loss	–	–	–	–	–	38,241	38,241
Balance, March 31, 2014	**16,081,375**	**47,517,549**	**236,000**	**3,190,781**	–	**(45,843,981)**	**5,100,349**

(See accompanying notes to these consolidated financial statements)

CHILEAN METALS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2014 AND 2013
(Expressed in Canadian Dollars)

	THREE MONTHS ENDED MARCH 31,	
	2014	2013
	$	$
OPERATING ACTIVITIES		
Net income (loss) for the period	38,241	(414,441)
Less items not affecting cash		
Amortization	2,017	25,759
	40,258	(388,682)
Change in non-cash components of working capital		
Amounts receivable	(16,678)	61,527
Advances, prepaid expenses and deposits	(7,177)	219
Accounts payable and accrued liabilities	4,751	90,912
NET CASH USED IN OPERATING ACTIVITIES	21,154	(236,024)
INVESTING ACTIVITIES		
Acquisition of and expenditures on mineral properties	–	(1,587)
Deferred acquisition deposit	(201,736)	–
Assets held for sale	2,742,838	–
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	2,541,102	(1,587)
FINANCING ACTIVITIES		
Share capital issued	–	647,750
Share subscriptions	236,000	(647,750)
Payment of convertible debentures	(1,606,649)	–
Loans received during the period	–	155,344
Loan repayments	(143,310)	–
Share issuance costs	–	(20,536)
Deferred share issuance costs	–	20,536
CASH PROVIDED BY FINANCING ACTIVITIES	(1,513,959)	155,344
INCREASE (DECREASE) IN CASH	1,048,296	(82,267)
CASH – BEGINNING OF PERIOD	62,902	122,392
CASH – END OF PERIOD	1,111,198	40,125

SUPPLEMENTAL DISCLOSURES		
Interest paid	97,480	26,343
Income tax paid	–	–

(See accompanying notes to these consolidated financial statements)

1. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS

Chilean Metals Inc. (formerly International PBX Ventures Ltd; the "Company") is an exploration stage company and is in the business of acquiring and exploring mineral properties in Chile. 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. 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 properties and options is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development and achieve profitable production or alternatively, 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 properties could be written-off.

These consolidated 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 consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. As at March 31, 2014, the Company has incurred significant losses since inception totalling $45,843,981. The Company has a working capital deficiency of $488,799; 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.

2. BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These unaudited condensed consolidated interim financial statements for the three months ending March 31, 2013 including comparatives have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting.' The 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, 2013, which have been prepared in accordance with IFRS.

These condensed consolidated interim financial statements for the three-month period ended March 31, 2014 (including comparatives) were approved and authorized for issue by the Company's Board of Directors on May 30, 2014.

These consolidated financial statements have been prepared on a going concern basis under the historical cost convention, except for the revaluation of certain financial instruments.

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2. BASIS OF PREPARATION (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed below.

3. SIGNIFICANT ACCOUNTING POLICIES

[a] Basis of consolidation

These consolidated financial statements include the accounts of the Company, its wholly-owned Chilean subsidiary, Minera IPBX Ltda., and its wholly-owned Canadian subsidiaries, Tierra de Oro Resources Ltd. and Chilean Metals Exploration Ltd. These consolidated financial statements include the indirectly 100% owned subsidiaries of SPN Metals Exploration Ltd., TDO Metals Exploration Ltd., Pintada Minerals Inc., Pintada Holdings Inc., Palo Negro Mining Inc., Palo Negro Holdings Inc., Verna Explorations Ltd., and Verna Holdings Ltd. The Company also has a 100% indirect interest in three Chilean subsidiaries: Minera Tierra de Oro Ltda., Minera Palo Negro Ltda. and Minera Sierra Pintada Ltda. All material inter-company balances and transactions have been eliminated on consolidation.

[b] Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

[c] Marketable securities

The Company classifies its marketable securities as available-for-sale and therefore carries them at fair market value with the unrealized gain or loss recorded in accumulated other comprehensive income. Fair values were determined by reference to published price quotations in an active market as at March 31, 2014. When marketable securities are disposed of any unrealized gain or loss in the accumulated other comprehensive income will become realized and the corresponding gain or loss will be recognized in the net operating income or loss from operations.

[d] Equipment

Equipment is recorded at cost less accumulated amortization less impairment losses. Amortization method, useful life and residual values are assessed annually and currently is recognized on the declining balance basis at the following rates per annum:

Office equipment	30%
Field equipment	30%

Where an item of equipment comprises significant components with different useful lives, the components are accounted for as separate items of equipment. Subsequent costs to replace parts of an item of equipment are recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and the cost of the item can be measured reliably. The costs of day-to-day servicing are recognized in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[e] Mineral properties

Exploration and evaluation costs, including the acquisition, exploration and development of mineral properties are capitalized as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and the commercial viability of the project. The capitalized costs are presented as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. Capitalized costs include costs directly related to exploration and evaluation activities in the area of interest. General and administrative costs are only allocated to the asset to the extent that those costs can be directly related to operational activities in the relevant area of interest. When a license is relinquished or a project is abandoned, the related costs are recognized in profit and loss immediately. Upon commencement of commercial production, the related accumulated costs are amortized to income using the units of production method over estimated recoverable ore reserves. Management periodically assesses the carrying values of non-producing properties and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that have lapsed, the unrecoverable amounts are expensed.

The recoverability of the carried amounts of mineral properties is dependent on the existence of economically recoverable ore reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contain economically recoverable reserves. Amounts capitalized as mineral properties represent costs incurred to date, less write-downs and recoveries, and do not necessarily reflect present or future values. The costs incurred include materials and fuel used, surveying costs, drilling costs and payments made to contractors.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

[f] Impairment

The Company’s tangible and intangible assets are reviewed for indications of impairment at each statement of financial position date. If indications of impairment exist, the asset’s recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset’s fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[g] Decommissioning liabilities

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities and may from time to time incur decommissioning liabilities and the associated retirement costs related to site reclamation and abandonment. The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. As at March 31, 2014 and December 31, 2013 the Company had not incurred any decommissioning liabilities related to the exploration and development of its mineral properties.

[h] Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

[i] Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

[j] Foreign currency translation

The reporting currency of the Company is the Canadian dollar.

The functional currency of the Company, its Canadian and Chilean subsidiaries is the Canadian dollar.

Items included in the financial statements of each of the Company's Chilean subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[j] Foreign currency translation (continued)

Management determines the functional currency by examining the primary economic environment of each mineral property. The Company considers the following factors in determining its functional currency:

a. The currency that mainly influence labor, material and other costs of providing goods;
b. The currency in which funds from financing activities are generated;
c. The currency in which receipts from operating activities are usually retained; and
d. Whether the activities are carried out as an extension of the Company rather than being carried out with a significant degree of autonomy.

Assets and liabilities of entities with functional currencies other than Canadian dollars are translated at the year end rates of exchange, and the results of their operations are translated at average rates of exchange for the year. The resulting translation adjustments are included in accumulated other comprehensive income in shareholders' equity.

[k] Income taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under the liability method, deferred income taxes and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying value and the tax bases of the deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred tax assets are not recognized if it is probable that the asset will not be realized.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities, not arising in a business combination, that does not affect accounting or taxable profit;
- goodwill; and
- investments in subsidiaries, associates and jointly controlled entities where the timing of reversal of the temporary differences can be controlled and reversal in the foreseeable future is not probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

[l] Financial instruments

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or financial assets at fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company’s cash are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At March 31, 2014, the Company’s amounts receivable is classified as loans and receivables. The Company has classified marketable securities as available for sale.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[l] Financial instruments (continued)

Financial assets (continued)

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as financial liabilities at FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable, loans payable and convertible debentures are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. The Company is not exposed to any derivative instruments and foreign exchange hedges in place at this time.

[m] Share-based payments

The Company has a stock option plan, which is described in Note 9. The Company applies the fair value method to all share-based payments and to all grants that are direct awards of stock that call for settlement in cash or other assets. Options granted under the Company's stock option plan vest as determined by the directors at the time of grant. Compensation expense is recognized over the applicable vesting period with a corresponding increase in contributed surplus. When the options are exercised, share capital is credited for the consideration received and the related contributed surplus is decreased. The Company uses the Black Scholes option pricing model to estimate the fair value of share based payments.

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Where the share options are awarded to employees, the fair value is measured at grant date, and each tranche is recognized on the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss, unless the fair value cannot be estimated reliably, in which case they are recorded at the fair value of the equity instruments granted.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

[n] Comprehensive loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net profit such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses. The Company's comprehensive loss, components of other comprehensive income, and cumulative translation adjustments are presented in the consolidated statements of comprehensive loss and the consolidated statements of change of equity.

[o] Loss per share

The Company uses the treasury stock method in computing loss per share. Under this method, basic loss per share is computed by dividing losses available to common shareholders by the weighted average number of common shares outstanding during the period. For the three month periods ended March 31, 2014 and 2013, the existence of warrants and options causes the calculation of fully diluted loss per share to be antidilutive. Accordingly, fully diluted loss per share information has not been shown.

[p] Critical accounting estimates and judgements

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year are:

(i) Impairment of mineral properties and equipment;

(ii) Share-based payments; and

(iii) Deferred income taxes.

Critical accounting judgements made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year are:

(i) Going concern; and

(ii) Determination of functional currency.

[q] Adoption of new pronouncements

The Company will adopt the following new accounting standards in for fiscal year beginning January 1, 2014

IAS 32, Financial Instruments: Presentation ("IAS 32")

Amendments to IAS 32 provide specific guidance for when an entity can offset financial assets and liabilities by clarifying when a legally enforceable right to do so exists, and when an entity meets the criterion for the intent to settle on a net basis. These amendments are effective for annual periods beginning after January 1, 2014. IAS 32 did not have a material impact on the condensed consolidated financial statements.

IAS 36, Impairment of Assets ("IAS 36")

In May 2013, the IASB amended IAS 36 to provide guidance on recoverable amount disclosures for nonfinancial assets. The amendments to IAS 36 must be applied retrospectively by the Company for the annual period beginning January 1, 2014. The Company is currently assessing the impact on the presentation of its financial statements. The Company has presented the disclosures in its condensed consolidated financial statements according this standard.

IFRIC 21, Levies ("IFRIC 21")

This interpretation addresses when an entity should recognize a liability to pay a government levy (other than income taxes). IFRIC 21 is an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"). IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This interpretation is effective for annual periods beginning after January 1, 2014. The Company is currently assessing the impact of this new interpretation on its consolidated financial statements. IFRIC 21 did not have a material impact on the condensed consolidated financial statements.

[r] Accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the Interpretations of the International Financial Reporting Interpretations Committee that are mandatory for accounting periods noted below. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IFRS 9, Financial Instruments ("IFRS 9")

This standard was issued in November, 2009 with the intent to replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39") in three phases. In November 2009 and October 2010, phase 1 of IFRS 9 was issued and amended, respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified as subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified as Fair value through profit or loss, financial guarantees and certain other exceptions. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2015 (with earlier application still permitted). The IASB recently deferred the originally planned effective date of January 1, 2015 and at present the effective date has not been determined. The Company is currently assessing the impact of this new standard on its financial statements.

4. EQUIPMENT

COSTS	Field equipment $	Furniture and office equipment $	Camp $	**Total $**
As at December 31, 2012	83,278	123,676	453,662	660,616
Reclassified to assets held for sale	-	-	(453,662)	(453,662)
As at December 31, 2013	83,278	123,676	-	206,954
Additions	-	-	-	-
As at March 31, 2014	**83,278**	**123,676**	**-**	**206,954**

ACCUMULATED AMORTIZATION	Field equipment $	Furniture and office equipment $	Camp $	**Total $**
As at January 1, 2013	59,061	100,225	184,628	343,914
Amortization for the year	11,945	9,372	72,176	93,493
Reclassified to assets held for sale	-	-	(256,804)	(256,804)
As at December 31, 2013	71,006	109,597	-	180,603
Amortization for the period	1,615	401	-	2,016
As at March 31, 2014	**72,621**	**109,998**	**-**	**182,619**

NET BOOK VALUE				**Total**
As at December 31, 2013	12,272	14,079	-	26,351
As at March 31, 2014	**10,657**	**13,678**	**-**	**24,335**

5. MINERAL PROPERTIES

	Copaquire $	Sierra Pintada $	Tierra de Oro $	Other $	Total $
Balance January 1, 2013	19,513,679	967,617	4,364,680	–	24,845,976
Acquisition and staking	77,734	88,126	95,803	48,587	310,250
Exploration					
Drilling Recover	(10,476)	–	–	–	(10,476)
Field Costs	1,547	–	–	–	1,547
Exploration and acquisition costs 2013	68,805	88,126	95,803	48,587	301,321
Camp cost recovery	(11,064)	–	–	–	(11,064)
Impairment loss	(17,025,440)	–	–	–	(17,025,440)
Reclassified to assets held for sale	(2,545,980)	–	–	–	(2,545,980)
Balance December 31, 2013	–	1,055,743	4,460,483	48,587	5,564,813
Acquisition and staking	–	–	–	–	–
Exploration					
Drilling (recover)	–	–	–	–	–
Field costs	–	–	–	–	–
Exploration and acquisition costs 2014	–	–	–	–	–
Camp cost recovery	–	–	–	–	–
Impairment loss	–	–	–	–	–
Reclassified to assets held for sale	–	–	–	–	–
Balance March 31, 2014	–	1,055,743	4,460,483	48,587	5,564,813

[a] Copaquire Property, Chile

On October 11, 2013 the Company, through its wholly owned Chilean subsidiary, Minera IPBX Ltda. (“IPBX”), entered into an agreement to sell 100% of its interest in the Copaquire Property as well as the camp located on the property (the “Camp”), to Teck Resources Chile Ltda. (“Teck”), a subsidiary of Teck Resources Limited for cash consideration of $2,706,862 (US$2,545,000) and $519,628 (US$488,556) respectively, plus a 3% net smelter royalty (NSR) payable to IPBX (the “Sale Agreement”). Under terms of the Sale Agreement, Teck will have the option to buy back 1% of the NSR for US$3 million at any time, and will assume all associated rights, permits and obligations (including future option payments). The sale closed on March 24, 2014.

The Company received an initial payment of $201,736 (US$200,000) upon the signing of the agreement on October 11, 2013 and this was classified as a deferred acquisition deposit on the statement of financial position at December 31, 2013 and subsequently removed upon the close of the sale on March 24, 2014.

[b] Sierra Pintada, Chile

The Company owns a 100% interest in exploitation and exploration concessions covering 4,970 hectares in Region III, Chile.

[c] Tierra de Oro, Chile

The Company owns a 100% interest in exploitation and exploration concessions covering 5,758 hectares in Region III, Chile.

[d] Other properties

During the period ended March 31, 2014 the Company expensed a total of $Nil (2013 - $Nil) in other exploration expenses.

[d] Other properties (continued)

[i] Hornitos Property, Chile

The Company has staked eleven claims, covering 3,009 hectares located 35 kilometres south of Copiapo, Chile. Currently, the Company does not actively pursue the property.

During the period ended March 31, 2014, the Company incurred maintenance costs of $Nil (2013 - $Nil) in connection with this property.

[ii] Palo Negro Property, Chile

The Company owns mining concessions covering 6,028 hectares in Chile. Currently, the Company is not conducting active exploration on the property.

During the period ended March 31, 2014, the Company expensed maintenance cost of $Nil (2013 - $Nil) in connection with this property.

[iii] Zulema aka. Chicharra Property, Chile

The Company has acquired 100% of the rights to an exploitation concession and has staked an area of 871 hectares in Chile.

During the year ended March 31, 2014, the Company incurred and expensed maintenance costs of $Nil (2013 - $Nil) in connection with this property.

[iv] Tabaco, Chile

The Company owns mining concessions covering 700 hectares in Chile. Currently, the Company is not conducting active exploration on the property.

During the period ended March 31, 2014, the Company incurred and expensed maintenance costs of $Nil (2013 - $Nil) in connection with this property.

[v] Other Property, Chile

The Company has acquired the 100% of the rights to an exploitation concession and has staked an area of 5,300 hectares in Chile.

During the period ended March 31, 2014 the Company incurred and expensed maintenance costs of $Nil (2013 - $Nil) in connection with this property.

6. ASSETS HELD FOR SALE

During the three month period ended March 31, 2014, the Company disposed of the Copaquire Property and Camp pursuant to the Sale Agreement described in Note 5(a) which it committed to disposing of during the year ended December 31, 2013. As at December 31, 2013, the Copaquire Property and Camp met the criteria to be classified as assets held for sale and as such were each measured respectively at the lower of their carrying amount and their fair value less costs to sell.

The table below outlines the Assets Held for Sale values at December 31, 2013 and March 31, 2014:

Assets Held for Sale	Amount
	$
Fair value less costs to sell of Copaquire Property	2,545,980
Carrying amount of Camp	196,858
Assets Held for Sale December 31, 2013	2,742,838
Disposition of Copaquire Property March 24, 2014	(2,545,980)
Disposition of Copaquire Camp March 24, 2014	(196,858)
Assets Held for Sale March 31, 2014	-

The Copaquire Mineral Property was measured at fair market value less costs to sell at December 31, 2013 as such no additional gain or loss to recognize at March 24, 2014 on final disposition.

The Copaquire Camp was measured at its carrying amount at December 31, 2013. The total proceeds attributed to the Camp from the Sale Agreement was $519,628. Therefore, the Company recognized a gain on the disposition of the Camp of $318,901 including foreign exchange loss.

7. CONVERTIBLE DEBENTURES AND LOANS

[a] During the period ended March 31, 2014 the Company's convertible debentures (“Debentures”) outstanding, bearing interest at a rate of 14% per annum matured on March 24, 2014 when the sale of Copaquire property closed. As at March 24, 2014, the total interest accrued on the debentures was $103,846

	Total
	$
Opening balance, January 1, 2014	1,943,365
Accrued interest	29,241
Less: Maturity Repayments	(1,635,890)
Balance, March 31, 2014	336,716

Up to May 30, 2014 the Company made subsequent convertible debenture repayments of $284,232.

[b] The Company had two loans totalling $200,000 from a former director, who resigned in March 2012. Both loans are interest bearing at 1% per month, unsecured, and due on demand. The Company accrued $6,000 (2013 - $6,000) of interest on the loans as at March 31, 2014.

[c] The Company had a loan outstanding for an aggregate amount of $115,000 at December 31, 2013. The loan was repaid during the period ended March 31, 2014 plus accrued interest of $10,350.

8. ISSUED CAPITAL

[a] Authorized: Unlimited number of common shares without par value

[b] Issued and outstanding

On March 26, 2014 the Company announced it intends to complete a non-brokered private placement on a best efforts basis of up to 12,000,000 units, each unit consisting of one common share and one half of a common share purchase warrant ("Unit") at a price of $0.10 per Unit for total gross proceeds of up to $1,200,000 (the "Offering") subject to TSX Venture Exchange approval. Each whole common share purchase warrant ("Warrant") shall entitle the holder to acquire one common share of the Company at a price of $0.15 per share for a period of 12 months following the date of closing of the Offering. The Company received conditional approval for the private from the TSX Venture Exchange on May 2, 2014.

During the year ended December 31, 2013, the Company issued 311,460 common shares with a cost base of $83,605 as part of the Convertible Debenture Private Placement ("Debenture") announced May 29, 2013.

No Acceleration Events have occurred by March 31, 2014 for any of the outstanding shares issued and completed with warrants in 2013 or 2014.

9. 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.

The continuity of options is as follows:

	Number of shares	Weighted average exercise price $
Outstanding, January 1, 2013	865,000	2.50
Expired	(560,000)	2.80
Outstanding, December 31, 2013	305,000	1.90
Expired	(5,000)	5.00
Outstanding, March 31, 2014	300,000	1.89

During the period ended March 31, 2014 5,000 options expired unexercised.

On April 3, 2013, the Company re-priced the exercise price of 540,000 stock options it previously granted on December 5, 2012 from $0.80 to $1.00 per common share subject to regulatory approval. The Company granted an additional 80,000 stock options on May 21, 2013 at an exercise price of $1.00 with an expiry date of May 21, 2018 subject to regulatory approval. The sum of these options granted are not presented in the continuity schedule above or the outstanding and exercisable schedule below as regulatory approval has not been sought.

9. STOCK OPTIONS (continued)

As at March 31, 2014, the following options were outstanding and exercisable:

Options outstanding					Options exercisable		
Exercise Price $	Fair Value $	Units of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price $	Units of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price $
1.00	0.25	10,000	0.01	1.00	10,000	0.01	1.00
1.20	0.70	210,000	0.87	1.20	210,000	0.87	1.20
3.80	2.72	80,000	0.06	3.80	80,000	0.06	3.80
		300,000	0.94	1.89	300,000	0.94	1.89

Stock options outstanding as at March 31, 2014 will expire between June 4, 2014 and June 25, 2015.

10. WARRANTS

The continuity of warrants is as follows:

	Number of shares	Weighted Average Exercise Price $
Balance, January 1, 2013	1,336,175	1.80
Issued	1,079,583	0.70
Expired	(264,000)	3.00
Balance, December 31, 2013	2,151,758	1.09
Balance, March 31, 2014	2,151,758	0.25

On December 4, 2013 the Company extended the expiry date of 1,079,583 warrants from December 31, 2013 to August 31, 2014.

On January 20, 2014 the Company extended the expiry date of 238,100 warrants set to expire February 8, 2014 to August 31, 2014.

On March 24, 2014 the Company extended the expiry dates of 418,825 warrants set to expire on April 27, 2014 and 415,250 warrants set to expire on July 27, 2014 to August 31, 2014, and received TSX Venture approval on April 25, 2014 and April 30, 2014 respectively.

On March 24, 2014 the Company re-priced all outstanding warrants to have an exercise price of $0.25, including 238,100 warrants with an original exercise price of $2.50, 834,075 warrants with an original exercise price of $1.20, and 1,079,583 warrants with an original exercise price of $0.70, and received TSX Venture approval for re-pricing of all warrants.

Warrants outstanding at March 31, 2014 will expire on August 31, 2014.

11. RELATED PARTY TRANSACTIONS/BALANCES

During the period ended March 31, 2014 and 2013, the Company had the following related party transactions:

[a] The Company incurred administration expenses from officers or directors or companies controlled by officers or directors of $36,000 (2013 - $39,574).

[b] The Company incurred accounting expenses from officers or former officers or companies controlled by officers or former officers of $12,000 (2013 - $38,261).

[c] The Company incurred geological consulting expenses from a company controlled by an officer of $16,000 (2013 - $41,480).

[d] Included in accounts payable and accrued liabilities is $101,747 allegedly owing to a company controlled by former a director and officer for alleged past services provided. On February 27, 2013 a company controlled by a former officer and director of the Company, commenced action and filed a claim against the Company in the Supreme Court of British Columbia, Canada. The claim was for $101,747 with respect to alleged past services provided. The claim also includes interest and other related costs.

On March 20, 2013, the Company filed a counterclaim about alleged management fees payable of $101,747. The counterclaim is in the amount of $181,600. The Company intends and continues to vigorously defend itself against the claim and to pursue its counterclaim.

[e] The Company incurred consulting expenses from directors of $20,000 (2013 - $Nil).

[f] Included in accounts payable and accrued liabilities is $139,297 (2013 - $119,178) owing to officers, companies controlled by officers, former directors or officers or companies controlled by former directors or officers. Included in the amount of $119,178 from 2013 is $101,747 allegedly owing to its former Chief Executive Officer and with a company controlled by him for alleged past services provided. Refer to Note 10[d] for additional information.

[g] Included in convertible debentures was $150,000 owing to officers, directors, companies controlled by officers and directors, as well as accrued interest of $7,898 included in the convertible debenture line item.

[h] Included in the advances, prepaid expenses and deposits is $9,641 (2013 - $Nil) for prepaid travel, promotion and other expenses prepaid to officers covering periods subsequent to March 31, 2014.

11. KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence over are as follows:

Compensation	Fees charged $	Share-based benefits $	Period ended March 31, 2014 $	Fees charged $	Share-based benefits $	Period ended March 31, 2013 $
Directors	20,000	-	20,000	-	-	-
Chief Executive Officer	36,000	-	36,000	36,000	-	36,000
Chief Financial Officer (former)	-	-	-	38,361	-	38,361
Chief Financial Officer	12,000	-	12,000	-	-	-
Total	**68,000**	**-**	**68,000**	**74,361**	**-**	**74,361**

12. SEGMENTED INFORMATION

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

13. INCOME TAXES

Reconciliation to statutory rates - The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates of 25.75% (2012: 25.00%):

	2013	2012
Expected income tax benefit computed at statutory rates	$ 5,030,836	$ 622,960
Effect of:		
Permanent differences	14,505	(58,777)
Lower statutory tax rate of foreign subsidiaries	(1,030,028)	(46,736)
Change in enacted tax rates and other	73,687	147,553
Deferred tax assets not recognized	(4,089,000)	(665,000)
	$ –	$ –

Non-capital losses - The Company has non-capital losses of $10,280,000 available to offset future taxable income, expiring from 2014 to 2033. The Company also has $3,280,000 of capital losses that carry forward indefinitely. The non-capital losses expire as follows:

2014	$ 596,000
2015	712,000
2026	974,000
2027	1,192,000
2028	882,000
2029	725,000
2030	1,265,000
2031	1,648,000
2032	1,253,000
2033	1,033,000
	$ 10,280,000

Deferred tax assets -The tax effects of temporary differences that give rise to significant portions of the future tax assets at December 31, 2013 and 2012 are presented below:

	2013	2012
Future income tax assets		
Non-capital loss carry forwards	$ 3,329,000	$ 2,948,000
Capital loss carry forwards	44,000	39,000
Loan receivable	31,000	30,000
Marketable securities	–	4,000
Property and equipment	29,000	26,000
Resource pools	4,730,000	1,258,000
Convertible debenture	243,000	–
Share issuance costs	24,000	36,000
Valuation allowance	(8,430,00)	(4,341,000)
Net deferred income tax asset (liability)	$ –	$ –

In assessing the realizability of deferred income tax assets, management considers whether it is more likely than not that some portion of the tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences reverse. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax assets considered realizable could change materially in the near term based on future taxable income during the carry forward period.

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares and alternative financing activities dependent on market conditions.

The Company includes the components of shareholders' equity in its management of capital.

As at March 31, 2014, the Company had capital resources consisting of cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, obtain loans or issue convertible debenture securities to raise cash.

The Company's investment policy is to invest its cash in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

15. FINANCIAL INSTRUMENTS AND RISK

Fair value

The Company's financial instruments consist of cash, marketable securities, accounts payable, convertible debenture and loans payable. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature and current market rates for similar financial instruments.

The following table summarizes the carrying values of the Company's financial instruments:

	March 31, 2014	December 31, 2013
	$	$
Assets:		
FVTPL (i)	1,111,198	62,902
Available for sale investments (ii)	-	-
Liabilities:		
Other financial liabilities (iii)	1,640,925	3,386,133

(i) Cash
(ii) Marketable securities
(iii) Accounts payable, convertible debentures and loans payable

The Company thoroughly examines the various financial instrument risks to which it is exposed, and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by management. There have not been any significant changes from the previous year as to how these risks are reviewed and monitored by management. The types of financial instrument risk exposures and the objectives and policies for managing these risks exposures is described below:

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
Level 3 – Inputs that are not based on observable market data

15. FINANCIAL INSTRUMENTS AND RISK (continued)

As at March 31, 2014, and December 31, 2013, the Company's financial instruments which are measured at fair value on a recurring basis is cash. This financial instrument are classified as Level 1 financial instruments.

Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents, marketable securities and amounts receivable. To minimize the credit risk the Company places these instruments with financial institutions. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts.

Liquidity Risk

The Company ensures its holding of cash is sufficient to meet its short-term general and administrative expenditures. The Company does not have investments in any asset backed deposits. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company's accounts payable and accrued liabilities aged concentration is as follows:

	Current	31-60 days	61+ days	Carrying Value
Trade accounts payable	$19,561	$23,977	$1,060,671	$1,104,209

The following are the contractual maturities of financial liabilities:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years
	$	$	$	$
At March 31, 2014				
Accounts payable	1,104,209	1,104,209	1,104,209	-
Loans payable	200,000	200,000	200,000	-
Convertible debentures	336,716	336,716	336,716	-
Total	1,640,925	1,640,925	1,640,925	-
At December 31, 2013				
Accounts payable	1,099,458	1,099,458	1,099,458	-
Loans payable	343,310	343,310	343,310	-
Convertible debentures	1,943,365	1,943,365	1,943,365	-
Total	3,386,133	3,386,133	3,386,133	-

Foreign Exchange Risk

The Company's functional currency is the Canadian dollar. However, the Company is exposed to the currency risk related to the fluctuation of foreign exchange rates as some of the company's operations are located in Chile. A significant change in the currency exchange rates between the Canadian dollar relative to the Chilean peso could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations. The sensitivity of the Company's net earnings and other comprehensive income to changes in the exchange rate between the Canadian dollar and the Chilean peso resulting from a 1% change in the Chilean peso exchange rate relative to the Canadian dollar would changed the Company's net loss by $3,732.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to interest rate risk because it does not have

15. FINANCIAL INSTRUMENTS AND RISK (continued)

loans that have a floating interest rate.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market price of molybdenum, gold and copper. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

16. COMMITMENTS

The Company is committed to settling the convertible debentures discussed on Note 7(a).

17. SUBSEQUENT EVENTS

[a] On April 25, 2014 and April 30, 2014 the Company received TSX Venture approval for all the amendments made to all outstanding warrants as announced in the Company's March 24, 2014 press release.