CHILEAN METALS INC.

(FORMERLY INTERNATIONAL PBX VENTURES LTD.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014

(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 September 30, 2014	As at December 31, 2013
ASSETS		
Current assets		
Cash	**$ 244,096**	$ 62,902
Amounts receivable	**35,092**	7,748
Advances, prepaid expenses and deposits	**53,851**	9,325
Assets held for sale (note 7)	**-**	2,742,838
Total current assets	**333,039**	2,822,813
Non-current assets		
Equipment (note 5)	**19,412**	26,351
Mineral properties (note 6)	**4,509,809**	5,564,813
Total assets	**$ 4,862,260**	$ 8,413,977
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 13)	**$ 575,322**	$ 1,099,458
Deferred acquisition deposit (Note 6(a))	**-**	201,736
Loans payable (notes 8(b) and (c))	**94,000**	343,310
Convertible debentures (note 8(a))	**-**	1,943,365
Total liabilities	**669,322**	3,587,869
Shareholders' equity		
Issued capital (note 9)	**48,358,997**	47,517,549
Contributed surplus	**3,392,781**	3,190,781
Deficit	**(47,558,840)**	(45,882,222)
Total shareholders' equity	**4,192,938**	4,826,108
Total equity and liabilities	**$ 4,862,260**	$ 8,413,977

Nature of operations and going concern (note 1)
Commitments and contingencies (note 15)
Subsequent event (note 6(b))

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 September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Administrative expenses				
Administration fees (note 13)	**$ 48,660**	$ 56,468	**$ 332,765**	$ 204,603
Amortization	**2,786**	23,494	**6,939**	79,192
Bank and interest charges	**2,481**	45,938	**53,192**	103,239
Foreign exchange loss (gain)	**(92,141)**	(1,395)	**(50,136)**	18,003
Generative exploration expense (recovery)	**(1,030)**	(6,484)	**(15,702)**	33,192
Investor relations	**2,320**	(7,567)	**13,698**	18,684
Office and miscellaneous	**30,525**	40,181	**121,367**	173,817
Professional fees (note 13)	**80,043**	50,200	**196,259**	287,437
Share-based payments (note 13)	**-**	-	**202,000**	-
Transfer agent and regulatory	**16,079**	9,468	**49,426**	17,153
Travel, promotion and mining shows	**3,095**	9,858	**29,968**	52,551
Net operating loss before other items	**(92,818)**	(220,161)	**(939,776)**	(987,871)
Other items				
Financing costs for convertible debentures	**-**	(937,605)	**-**	(957,605)
Realized loss on disposal of marketable securities	**-**	(31,307)	**-**	(31,307)
Realized gain on disposal of camp	**-**	-	**318,901**	-
Impairment loss on mineral property (note 6)	**(1,055,743)**	-	**(1,055,743)**	-
Net loss for the period	**(1,148,561)**	(1,189,073)	**(1,676,618)**	(1,976,783)
Other comprehensive loss				
Item that will be reclassified subsequently to income				
Reversal of unrealized loss on sale of marketable securities	**-**	31,059	**-**	31,059
Net comprehensive loss for the period	**$ (1,148,561)**	$ (1,158,014)	**$ (1,676,618)**	$ (1,945,724)
Basic and diluted net loss per share (note 12)	**$ (0.05)**	$ (0.07)	**$ (0.09)**	$ (0.12)
Weighted average number of common shares outstanding - basic and diluted (note 12)	**24,593,375**	16,078,657	**19,542,298**	15,878,404

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)

	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Operating activities		
Net loss for the period	**$ (1,676,618)**	$ (1,976,783)
Items not affecting cash:		
Amortization	**6,939**	79,192
Share-based payments	**202,000**	-
Impairment loss on mineral property	**1,055,743**	-
Realized loss on disposal of marketable securities	**-**	31,307
Financing costs for convertible debts	**-**	934,380
Non-cash working capital items:		
Amounts receivable	**(27,344)**	88,436
Advances, prepaid expenses and deposits	**(44,526)**	14,944
Accounts payable and accrued liabilities	**(524,136)**	(86,357)
Net cash used in operating activities	**(1,007,942)**	(914,881)
Financing activities		
Share capital issued	**851,200**	647,750
Share subscriptions	**-**	(647,750)
Share issuance costs	**(9,752)**	(20,536)
Deferred share issuance costs	**-**	20,536
Loan repayments	**(249,310)**	-
Issuance (repayment) of convertible debentures	**(1,943,365)**	934,380
Net cash provided by (used in) financing activities	**(1,351,227)**	934,380
Investing activities		
Acquisition of and expenditures on mineral properties	**(739)**	(117,784)
Proceeds from sale of marketable securities	**-**	693
Deferred acquisition deposit	**(201,736)**	-
Assets held for sale	**2,742,838**	-
Net cash provided by (used in) investing activities	**2,540,363**	(117,091)
Net change in cash	**181,194**	(97,592)
Cash, beginning of period	**62,902**	122,392
Cash, end of period	**$ 244,096**	$ 24,800
Supplemental disclosures		
Interest paid	**$ 108,760**	$ 55,476

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	Share Subscriptions	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
Balance, December 31, 2012	**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)
Convertible debenture shares	311,460	83,605	-	-	-	-	83,605
Net comprehensive loss for the period	-	-	-	-	31,059	(1,976,783)	(1,945,724)
Balance, September 30, 2013	**16,081,375**	**$ 47,520,208**	**$ -**	**$ 3,190,781**	**$ -**	**$ (28,325,406)**	**$ 22,385,583**
Balance, December 31, 2013	**16,081,375**	**$ 47,517,549**	**$ -**	**$ 3,190,781**	**$ -**	**$ (45,882,222)**	**$ 4,826,108**
Private placements	8,512,000	851,200	-	-	-	-	851,200
Share issue costs - cash	-	(9,752)	-	-	-	-	(9,752)
Share-based payments	-	-	-	202,000	-	-	202,000
Net comprehensive loss for the period	-	-	-	-	-	(1,676,618)	(1,676,618)
Balance, September 30, 2014	**24,593,375**	**$ 48,358,997**	**$ -**	**$ 3,392,781**	**$ -**	**$ (47,558,840)**	**$ 4,192,938**

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. (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 ("TSX-V") and OTCQX International. 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 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 and nine months ended September 30, 2014, the Company incurred a net loss of $1,148,561 and $1,676,618, respectively (three and nine months ended September 30, 2013 - $1,189,073 and $1,976,783, respectively). As at September 30, 2014, the Company has incurred significant losses since inception totalling $47,558,840 (December 31, 2013 - $45,882,222). At at September 30, 2014, the Company has a working capital deficiency of $336,283 (December 31, 2013 - $765,056); 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 presentation

The unaudited condensed consolidated interim 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 and nine months ended September 30, 2014 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, 2013, which have been prepared in accordance with IFRS.

These unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2014 were approved and authorized for issue by the Company's Board of Directors on November 25, 2014.

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.

3. Basis of consolidation

These unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2014 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 unaudited condensed consolidated interim 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.

4. Significant accounting policies

The policies applied in these unaudited condensed consolidated interim financial statements are based on IFRSs issued and outstanding as of November 25, 2014, 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, 2013, 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, 2014 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 32, Financial Instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. At January 1, 2014, the Company adopted these amendments and there was no material impact on the Company's unaudited condensed consolidated interim financial statements.

(ii) IAS 36, Impairment of Assets ("IAS 36") was amended in May 2013 to provide guidance on recoverable amount disclosures for non-financial assets. At January 1, 2014, the Company adopted these amendments and there was no material impact on the Company's unaudited condensed consolidated interim financial statements.

(iii) IFRIC 21, Levies ("IFRIC 21") 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. At January 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed consolidated interim financial statements.

(Expressed in Canadian Dollars)

4. Significant accounting policies (continued)

Recent accounting pronouncements

(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. The Company is currently assessing the impact of this pronouncement.

5. Equipment

Cost

	Field Equipment	Furniture and office equipment	Camp	Total
Balance, December 31, 2012	**$ 83,278**	**$ 123,676**	**$ 453,662**	**$ 660,616**
Reclassified to assets held for sale	-	-	(453,662)	(453,662)
Balance, December 31, 2013 and September 30, 2014	**$ 83,278**	**$ 123,676**	**$ -**	**$ 206,954**

Accumulated depreciation

	Field Equipment	Furniture and office equipment	Camp	Total
Balance, December 31, 2012	**$ 59,061**	**$ 100,225**	**$ 184,628**	**$ 343,914**
Depreciation	11,945	9,372	72,176	93,493
Reclassified to assets held for sale	-	-	(256,804)	(256,804)
Balance, December 31, 2013	**71,006**	**109,597**	**-**	**180,603**
Depreciation	3,232	3,707	-	6,939
Balance, September 30, 2014	**$ 74,238**	**$ 113,304**	**$ -**	**$ 187,542**

Net book value

	Field Equipment	Furniture and office equipment	Camp	Total
At December 31, 2013	**$ 12,272**	**$ 14,079**	**$ -**	**$ 26,351**
At September 30, 2014	**$ 9,040**	**$ 10,372**	**$ -**	**$ 19,412**

(Expressed in Canadian Dollars)

6. Mineral properties

	Copaquire (a)	Sierra Pintada (b)	Tierra de Oro (c)	Other (d - h)	Total
Balance, December 31, 2012	**$ 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 recovery cost	(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**
Exploration					
Claim costs	-	-	-	739	739
Impairment loss	-	(1,055,743)	-	-	(1,055,743)
Balance, September 30, 2014	**$ -**	**$ -**	**$ 4,460,483**	**$ 49,326**	**$ 4,509,809**

(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

Subsequent to September 30, 2014, the Company dropped all exploitation and exploration concessions.

(c) Tierra de Oro, Chile

The Company owns a 100% interest in exploitation and exploration concessions covering 5,667 hectares in Region III, Chile.

(d) Hornitos Property, Chile

The Company owns eleven claims, covering 3,009 hectares located 35 kilometres south of Copiapo, Chile. Currently, the Company is not conducting active exploration on the property.

(Expressed in Canadian Dollars)

6. Mineral properties (continued)

(e) Palo Negro Property, Chile

The Company owns mining concessions covering 6,046 hectares in Chile. Currently, the Company is not conducting active exploration on the property.

(f) Zulema aka. Chicharra Property, Chile

The Company has acquired 100% of the rights to exploitation concessions over an area of 877 hectares.

(g) Tabaco, Chile

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

(h) 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. Currently, the Company is not conducting active exploration on the property.

7. Assets held for sale

During the nine months ended September 30, 2014, the Company disposed of the Copaquire Property and Camp pursuant to the Sale Agreement described in note 6(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 September 30, 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, September 30, 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 was recognized 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.

(Expressed in Canadian Dollars)

8. Convertible debentures and loans

(a) During the period ended September 30, 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.

	Amount
Balance, December 31, 2013	**$ 1,943,365**
Accrued interest	29,241
Less: maturity repayments	(1,972,606)
Balance, September 30, 2014	**$ -**

(b) The Company had two loans totalling $200,000 from a former director, who resigned in March 2012. Both loans were interest bearing at 1% per month, unsecured, and due on demand. During the period ended September 30, 2014, $140,000 was repaid with a remaining balance of $60,000 principal and $34,000 in accrued interest. On May 31, 2014, the Company entered into a new loan agreement for the remaining aggregate balance of $94,000 to be repaid on May 31, 2015. The loan bears interest at 12% per annum with the interest prepaid.

(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 September 30, 2014 plus accrued interest of $10,350.

9. Issued capital

a) Authorized share capital

At September 30, 2014, 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, 2012	**14,690,332**	**$ 46,809,389**
Private placements	1,079,583	647,750
Share issuance costs	-	(20,536)
Convertible debenture shares	311,460	83,605
Balance, September 30, 2013	**16,081,375**	**$ 47,520,208**
Balance, December 31, 2013	**16,081,375**	**$ 47,517,549**
Private placement (i)	8,512,000	851,200
Share issuance costs	-	(9,752)
Balance, September 30, 2014	**24,593,375**	**$ 48,358,997**

(Expressed in Canadian Dollars)

9. Issued capital (continued)

b) Common shares issued (continued)

(i) On June 11, 2014, the Company completed a non-brokered private placement for 8,512,000 units, each unit consisting of one common share and one half of a common share purchase warrant at a price of $0.10 per unit for total gross proceeds of $851,200. Each whole common share purchase warrant shall entitle the holder to acquire one common share of the Company at a price of $0.15 per share until June 11, 2015.

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

	Number of stock options	Weighted average exercise price ($)
Balance, December 31, 2012	**865,000**	**2.50**
Expired	(560,000)	2.80
Balance, September 30, 2013	**305,000**	**1.90**
Balance, December 31, 2013	**305,000**	**1.90**
Expired	(135,000)	2.87
Granted (i)	2,000,000	0.25
Balance, September 30, 2014	**2,170,000**	**0.32**

(i) On June 11 2014, the Company granted stock options to certain members of management and certain directors of the Company for the purchase of a total of 2,000,000 common shares. The options are exercisable for a period of five years at an exercise price of $0.25 per share. Options vested immediately. The fair value of these options at the date of grant was estimated at $202,000 using the Black-Scholes option pricing model with the following assumptions: a five year expected average life; 169% volatility; risk-free interest rate of 1.60%; and a dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the options.

(Expressed in Canadian Dollars)

10. Stock options (continued)

The following table reflects the actual stock options issued and outstanding as of September 30, 2014:

Expiry date	Exercise price ($)	Remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
June 25, 2015	1.20	0.73	170,000	170,000
June 11, 2019	0.25	4.70	2,000,000	2,000,000
		4.39	**2,170,000**	**2,170,000**

11. Warrants

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

	Number of warrants	Weighted average exercise price ($)
Balance, December 31, 2012	**1,336,175**	**1.80**
Issued	1,079,583	0.70
Balance, September 30, 2013	**2,415,758**	**1.30**
Balance, December 31, 2013	**2,151,758**	**0.25**
Granted (note 9(b)(i))	4,256,000	0.15
Expired	(2,151,758)	0.25
Balance, September 30, 2014	**4,256,000**	**0.15**

The following table reflects the actual warrants issued as of September 30, 2014:

Number of warrants outstanding	Exercise price ($)	Expiry date
4,256,000	0.15	June 11, 2015

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

(ii) 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.

(iii) 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.

(Expressed in Canadian Dollars)

12. Net loss per share

The calculation of basic and diluted loss per share for the three and nine months ended September 30, 2014 was based on the loss attributable to common shareholders of $1,148,561 and $1,676,618, respectively (three and nine months ended September 30, 2013 - loss of $1,189,073 and $1,976,783, respectively) and the weighted average number of common shares outstanding of 24,593,375 and 19,542,298, respectively (three and nine months ended September 30, 2013 - 16,078,657 and 15,878,404, respectively). Diluted loss per share did not include the effect of 2,170,000 options outstanding (three and nine months ended September 30, 2013 - 305,000 options outstanding) or the effect of 4,256,000 warrants outstanding (three and nine months ended September 30, 2013 - 2,415,758 warrants outstanding) as they are anti-dilutive.

13. 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 September 30, 2014, 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. 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:

		Three months ended September 30,		Nine months ended September 30,	
	Notes	**2014**	**2013**	**2014**	**2013**
Administration expense	(i)	**$ 36,000**	$ 36,000	**$ 148,000**	$ 108,000
Accounting expense	(ii)	**$ 11,032**	$ 37,012	**$ 48,076**	$ 124,115
Geological consulting expense	(iii)	**$ 9,520**	$ 16,800	**$ 49,560**	$ 81,160
Consulting expense	(iv)	**$ -**	$ -	**$ 65,000**	$ -

(i) For the three and nine months ended September 30, 2014, the Company incurred administration expenses from companies controlled by an officer of $36,000 and $148,000 (three and nine months ended September 30, 2013 - $36,000 and $108,000).

(ii) For the three and nine months ended September 30, 2014, the Company incurred accounting expenses from officers or former officers or companies related to officers or former officers of $11,032 and $48,076 (three and nine months ended September 30, 2013 - $37,012 and $124,115).

(iii) For the three and nine months ended September 30, 2014, the Company incurred geological consulting expenses from a company controlled by an officer of $9,520 and $49,560 (three and nine months ended September 30, 2013 - $16,800 and $81,160).

(iv) For the three and nine months ended September 30, 2014, the Company incurred consulting expenses from directors of $Nil and $65,000 (three and nine months ended September 30, 2013 - $Nil).

(v) Included in accounts payable and accrued liabilities is $101,747 allegedly owing to a company controlled by a former 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 regarding 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.

(Expressed in Canadian Dollars)

13. Related party balances and transactions (continued)

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

(vi) Certain officers and directors, either directly or through a company they control, purchased an aggregate of 1,610,000 units in the June 11, 2014 private placement (see note 9(b)(i)).

(vii) As at September 30, 2014, included in accounts payable and accrued liabilities is $2,651 (December 31, 2013 - $17,431) due to related parties.

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

	Three months ended September 30,		Nine months ended September 30,	
	2014	**2013**	**2014**	**2013**
Fees charged:				
Directors	**$ -**	$ -	**$ 65,000**	$ -
Chief Executive Officer	**36,000**	36,000	**148,000**	108,000
Chief Financial Officer	**11,032**	-	**14,576**	-
Chief Financial Officer (former)	**-**	37,012	**33,500**	124,115
VP Exploration	**9,520**	16,800	**49,560**	81,160
Share-based benefits:				
Directors	**-**	-	**72,720**	-
Chief Executive Officer	**-**	-	**80,800**	-
Chief Financial Officer	**-**	-	**12,120**	-
Chief Financial Officer (former)	**-**	-	**12,120**	-
VP Exploration	**-**	-	**24,240**	-
Total remuneration	**$ 56,552**	$ 89,812	**$ 512,636**	$ 313,275

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.

14. Segmented information

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

15. 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.