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**CHILEAN METALS INC.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**THREE MONTHS ENDED MARCH 31, 2021**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

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**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)

	March 31, 2021	December 31, 2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 906,527	\$ 179,272
Amounts receivable (note 11)	47,743	194,301
Due from related party (note 11)	251,830	60,662
Advances, prepaid expenses and deposits	43,357	50,054
<b>Total current assets</b>	<b>1,249,457</b>	<b>484,289</b>
<b>Non-current assets</b>		
Equipment (note 3)	17,023	18,403
<b>Total assets</b>	<b>\$ 1,266,480</b>	<b>\$ 502,692</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (notes 11 and 13)	\$ 1,039,604	\$ 1,118,560
Due to related parties (note 11)	39,084	39,084
Advances from shareholders (note 11)	7,000	7,000
<b>Total current liabilities</b>	<b>1,085,688</b>	<b>1,164,644</b>
<b>Non-current liabilities</b>		
Debenture payable (note 5)	613,079	585,836
Other liabilities (note 6)	69,554	69,554
<b>Total liabilities</b>	<b>1,768,321</b>	<b>1,820,034</b>
<b>Shareholders' deficiency</b>		
Issued capital (note 7)	65,593,300	58,328,714
Contributed surplus	3,802,974	4,096,158
Warrants (note 9)	1,262,647	1,611,502
Deficit	(71,160,762)	(65,353,716)
<b>Total shareholders' deficiency</b>	<b>(501,841)</b>	<b>(1,317,342)</b>
<b>Total liabilities and shareholders' deficiency</b>	<b>\$ 1,266,480</b>	<b>\$ 502,692</b>

Nature of operations and going concern (note 1)

Commitments and contingencies (notes 4 and 13)

Subsequent events (note 14)

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

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**Chilean Metals Inc.****Condensed Consolidated Interim Statements of Loss and Comprehensive Loss  
(Expressed in Canadian Dollars)  
(Unaudited)**

	<b>Three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Operating expenses</b>		
Administration fees (note 11)	\$ 93,032	\$ 87,053
Amortization (note 3)	1,380	350
Accretion, bank and Interest fees (note 5)	28,450	38,462
Exploration expenditures (note 4)	5,398,749	16,099
Foreign exchange loss (gain)	(22,768)	12,517
Investor relations	58,690	28,125
Office and miscellaneous	15,627	1,772
Professional fees (note 11)	86,362	34,336
Share-based payments (note 8)	39,411	-
Transfer agent and regulatory	34,921	2,817
Travel, promotion and mining shows	73,192	6,453
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (5,807,046)</b>	<b>\$ (227,984)</b>
<b>Net loss and comprehensive loss per share - basic and diluted (note 10)</b>	<b>\$ (0.10)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding - basic and diluted (note 10)</b>	<b>55,339,458</b>	<b>14,161,976</b>

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

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**Chilean Metals Inc.****Condensed Consolidated Interim Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)****Three months ended**  
**March 31,**  
**2021**                      **2020****Operating activities**

Net loss for the period	\$ (5,807,046)	\$ (227,984)
<i>Items not affecting cash:</i>		
Accrued interest and accretion	26,832	33,591
Amortization	1,380	350
Share-based payments	39,411	-
Shares issued for exploration properties	5,152,246	-
<i>Non-cash working capital items:</i>		
Amounts receivable	146,558	(3,401)
Advances, prepaid expenses and deposits	6,697	28,120
Accounts payable and accrued liabilities	(78,956)	109,872
Repayment (advances) from related parties	51,832	-
<b>Net cash used in operating activities</b>	<b>(461,046)</b>	<b>(59,452)</b>

**Financing activities**

Advances from shareholders	-	45,000
Overdraft	-	7,014
Exercise of options	259,000	-
Exercise of warrants	928,890	-
<b>Net cash provided by financing activities</b>	<b>1,187,890</b>	<b>52,014</b>

**Investing activities**

Loan receivable	(50,000)	-
Proceeds loan receivable	50,411	-
<b>Net cash provided by investing activities</b>	<b>411</b>	<b>-</b>

<b>Net change in cash</b>	<b>727,255</b>	<b>(7,438)</b>
<b>Cash, beginning of period</b>	<b>179,272</b>	<b>7,438</b>
<b>Cash, end of period</b>	<b>\$ 906,527</b>	<b>\$ -</b>

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**Chilean Metals Inc.****Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency****(Expressed in Canadian Dollars)****(Unaudited)**

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	<u>Common Shares</u>		Contributed Surplus	Warrants	Deficit	Total
	Number	Amount				
<b>Balance, December 31, 2019</b>	<b>14,161,976</b>	<b>\$ 56,307,489</b>	<b>\$ 3,608,887</b>	<b>\$ 728,200</b>	<b>\$ (63,314,606)</b>	<b>\$ (2,670,030)</b>
Net comprehensive loss for the period	-	-	-	-	(227,984)	(227,984)
<b>Balance, March 31, 2020</b>	<b>14,161,976</b>	<b>\$ 56,307,489</b>	<b>\$ 3,608,887</b>	<b>\$ 728,200</b>	<b>\$ (63,542,590)</b>	<b>\$ (2,898,014)</b>
<b>Balance, December 31, 2020</b>	<b>44,337,226</b>	<b>\$ 58,328,714</b>	<b>\$ 4,096,158</b>	<b>\$ 1,611,502</b>	<b>\$ (65,353,716)</b>	<b>\$ (1,317,342)</b>
Share based compensation	-	-	39,411	-	-	39,411
Exercise of warrants	6,791,400	1,352,745	-	(348,855)	-	1,003,890
Exercise of options	3,050,000	759,595	(332,595)	-	-	427,000
Shares issued for exploration properties	16,620,147	5,152,246	-	-	-	5,152,246
Net comprehensive loss for the period	-	-	-	-	(5,807,046)	(5,807,046)
<b>Balance, March 31, 2021</b>	<b>70,798,773</b>	<b>\$ 65,593,300</b>	<b>\$ 3,802,974</b>	<b>\$ 1,262,647</b>	<b>\$ (71,160,762)</b>	<b>\$ (501,841)</b>

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

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# CHILEAN METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 1. Nature of operations and going concern

Chilean Metals Inc. (the "Company" or "Chilean") is a mineral exploration company and is in the business of acquiring and exploring mineral properties in Chile and Canada.

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 Santiago Stock Exchange, Venture Market. The head office and principal address of the Company are located at the Canadian Venture Building, 82 Richmond Street East, Suite 202, Toronto, Ontario, M5C 1P1. The Company's registered and records office address is at Suite 700 – 595 Burrard Street, PO Box 49290, Vancouver, British Columbia, Canada, V7X 1S8.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements. The Company's property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty. The Company's Chilean mineral property maintenance payments are in arrears (see note 13) and as a result, the Copiapó Court has been notified by the General Treasury of the Republic of Chile. The Copiapo Court may initiate the auction of the properties. If the Company's claims are put up for auction the Company, as concession holder, is not allowed to place bids on its claims under auction; however, the concession holder may remove a concession from auction by paying the penalty amount which is equal to double the patent amount outstanding. Accordingly, there is a risk that the Company will not be able to retain title to its mineral claims in Chile.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions.

These unaudited condensed consolidated interim financial statements have been prepared on the going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. These unaudited condensed consolidated interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. During the three months ended March 31, 2021, the Company incurred a net loss of \$5,807,046 (three months ended March 31, 2020 - \$227,984). As at March 31, 2021, the Company has incurred significant losses since inception totaling \$71,160,762 (December 31, 2020 - \$65,353,716). As at March 31, 2021, the Company has a working capital surplus of \$163,769 (December 31, 2020 - working capital deficiency of \$680,355); the continuing operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that additional funds will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of material uncertainties that may cast significant doubt as to the Company's ability to continue as a going concern and accordingly use accounting principles applicable to a going concern.

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# CHILEAN METALS INC.

Notes to Condensed Consolidated Interim Financial Statements  
Three Months Ended March 31, 2021  
(Expressed in Canadian Dollars)  
(Unaudited)

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## 2. Basis of presentation

### *Statement of compliance*

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The preparation of financial statements in accordance with International Accounting Standards (IAS) 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to these unaudited condensed consolidated interim financial statements were the same as those that applied to the Company's annual consolidated financial statements as at and for the year ended December 31, 2021, except as noted below.

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 financial statements as at and for the year ended December 31, 2020, other than those noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2021 could result in restatement of these unaudited condensed consolidated interim financial statements.

The policies applied in these unaudited condensed consolidated interim financial statements are based on IFRS, which have been applied consistently to all periods presented. These unaudited condensed consolidated interim financial statements were issued and effective as of May 31, 2021, the date the Board of Directors approved the statements.

### ***New standards not yet adopted***

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for annual periods beginning on or after January 1, 2021 or later periods.

### *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)*

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

## CHILEAN METALS INC.

Notes to Condensed Consolidated Interim Financial Statements  
 Three Months Ended March 31, 2021  
 (Expressed in Canadian Dollars)  
 (Unaudited)

### 3. Equipment

<i>Cost</i>	Automobiles	Field Equipment	Furniture and office equipment	Total
Balance, December 31, 2019	\$ -	\$ 83,278	\$ 126,697	\$ 209,975
Additions	16,342	-	-	16,342
<b>Balance, December 31, 2020 &amp; March 31, 2021</b>	<b>\$ 16,342</b>	<b>\$ 83,278</b>	<b>\$ 126,697</b>	<b>\$ 226,317</b>

<i>Accumulated amortization</i>	Automobiles	Field Equipment	Furniture and office equipment	Total
Balance, December 31, 2019	\$ -	\$ 81,910	\$ 123,461	\$ 205,371
Additions	967	412	1,164	2,543
<b>Balance, December 31, 2020</b>	<b>967</b>	<b>82,322</b>	<b>124,625</b>	<b>207,914</b>
Additions	1,153	72	155	1,380
<b>Balance, March 31, 2021</b>	<b>\$ 2,120</b>	<b>\$ 82,394</b>	<b>\$ 124,780</b>	<b>\$ 209,294</b>

<i>Net book value</i>	Automobiles	Field Equipment	Furniture and office equipment	Total
Balance, December 31, 2020	\$ 15,375	\$ 956	\$ 2,072	\$ 18,403
<b>Balance, March 31, 2021</b>	<b>\$ 14,222</b>	<b>\$ 884</b>	<b>\$ 1,917</b>	<b>\$ 17,023</b>

### 4. Mineral exploration expenditures

Exploration and acquisition costs for the three months ended March 31, 2021 and March 31, 2020 are as follows:

	Zulema	Nisk	Golden Ivan	Total
Field costs	\$ 16,099	\$ -	\$ -	\$ 16,099
<b>Three months ended March 31, 2020</b>	<b>\$ 16,099</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,099</b>

	Zulema	Nisk	Golden Ivan	Total
Assays	\$ 3,423	\$ -	\$ -	\$ 3,423
Claim costs	2,100	-	-	2,100
Option payments	-	4,168,246	1,209,000	5,377,246
Field costs	1,303	-	-	1,303
Geophysics and geological	14,677	-	-	14,677
<b>Three months ended March 31, 2021</b>	<b>\$ 21,503</b>	<b>\$ 4,168,246</b>	<b>\$ 1,209,000</b>	<b>\$ 5,398,749</b>

#### (a) Tierra de Oro, Chile

Tierra de Oro is an exploration project located in Region III on the eastern flank of Chile's Coastal Iron Oxide Copper Gold belt. The Company owns a 100% interest in exploration concessions in Region III, Chile. See Note 1 and 13 for status of claims in Chile.



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# CHILEAN METALS INC.

Notes to Condensed Consolidated Interim Financial Statements  
Three Months Ended March 31, 2021  
(Expressed in Canadian Dollars)  
(Unaudited)

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## 4. Mineral exploration expenditures (continued)

### (b) Zulema also known as Chicharra Property, Chile

The Company owns 100% of the rights to certain exploitation concessions and certain exploration concessions in Region III, Chile.

### (c) Lynn, Parrsboro and Bass River Properties, Canada

The Lynn, Parrsboro and Bass River Properties are located in central Nova Scotia, Canada. During the year ended December 31, 2020, the Company has ceased its exploration efforts in Nova Scotia.

### (d) Other Properties, Chile

During the year ended December 31, 2020, the Government of Chile, released Chilean from paying for a number of claims which had taxes owing (note 13). These claims related to non-core properties, and properties where the Company had ceased its exploration programs.

### (e) Nisk Property, British Columbia, Canada

On December 22, 2020 (the "Effective Date") the Company entered into an option agreement with Critical Elements Limited ("Critical") to acquire a 50% interest in the Nisk property (the "First Option"). Upon completion of the terms of the First Option the Company also has a Second Option to increase its interest from 50% to 80% by incurring or funding additional work in the amount of \$2,200,000 including a Resource Estimate for a period of four years from the effective date of completion of the First Option.

Under the terms of the agreement the requirements to exercise the First Option are:

- (a) Make cash payments totaling \$500,000 to Critical on or before the dates set out below:
  - (i) A non-refundable amount of \$25,000 on the date of execution of the agreement; (paid)
  - (ii) An amount of \$225,000 within five (5) Business Days following the Effective Date; and (paid)
  - (iii) An amount \$250,000 within six (6) months from the Effective Date;
- (b) issue 12,051,770 Shares within five (5) Business Days following the Effective Date. (issued)
- (c) incur an aggregate of \$2,800,000 of exploration expenditures on the Property on or before the dates set out below:
  - (i) \$500,000 in exploration expenditures on or before the date that is one (1) year from Effective Date;
  - (ii) \$800,000 in exploration expenditures on or before the date that is two (2) years from Effective Date; and
  - (iii) \$1,500,000 in exploration expenditures on or before the date that is three (3) years from Effective Date;

Following the exercise of the First Option Critical will receive a 2% net smelter return from the extraction and production of lithium products, of which Chilean may reduce to 1% upon paying \$2,000,000 in cash.

On January 14, 2021 (the "Effective Date") the Company entered into an option agreement with Critical Elements Limited ("Critical") to acquire a 50% interest in the Nisk property (the "First Option"). Upon completion of the terms of the First Option the Company also has a Second Option to increase its interest from 50% to 80% by incurring or funding additional work in the amount of \$2,200,000 including a Resource Estimate for a period of four years from the effective date of completion of the First Option.

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# CHILEAN METALS INC.

Notes to Condensed Consolidated Interim Financial Statements  
Three Months Ended March 31, 2021  
(Expressed in Canadian Dollars)  
(Unaudited)

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## 4. Mineral exploration expenditures (continued)

### (f) Golden Ivan, British Columbia, Canada

On January 14, 2021, the Company announced it finalized an agreement dated October 7, 2020 to acquire 100% of the Golden Ivan property via a series of option payments and work commitments as follows:

Chilean is to make cash payments totaling \$150,000 to the Optionor, Grandby Gold Inc., on or before the dates set out below:

- (i) \$50,000 on or before September 30, 2021;
- (ii) an additional \$50,000 on or before September 30, 2022; and
- (iii) an additional \$50,000 on or before September 30, 2023

Make stock payments via the issue of an aggregate of 11,400,000 common shares to the Optionor, on or before the dates set out below:

- (i) 3,900,000 common shares within five Business Days after receipt of the TSXV Approval; (issued)
- (ii) an additional 2,500,000 common shares on or before September 30, 2021;
- (iii) an additional 2,500,000 common shares on or before September 30, 2022; and
- (iv) an additional 2,500,000 common shares on or before September 30, 2023

Chilean would be required to incur an aggregate of \$1,800,000 of work expenditures on the Golden Ivan Property on or before the dates set out below:

- (i) \$450,000 in exploration expenditures on or before September 30, 2021
- (ii) \$450,000 in exploration expenditures on or before September 30, 2022
- (iii) \$450,000 in exploration expenditures on or before September 30, 2023
- (iv) \$450,000 in exploration expenditures on or before September 30, 2024

On performance of the payments noted above and completion of the work commitments the Company would acquire a 100% interest subject only to a 2.5% NSR royalty. The Company retains the option to purchase 40% of this royalty for a one-time payment of \$1,000,000.

## 5. Debentures payable

(a) On August 24, 2018, the Company issued \$250,000 of secured debentures with a maturity of August 25, 2019 to a shareholder of the Company. The debenture bears interest at 14% per annum payable up front, \$35,000 was paid as of December 31, 2018. In addition, a finance cost of \$15,000 was paid as of September 30, 2019. As at December 31, 2019 the debentures were due on demand. During the year ended December 31, 2020, the debentures were extended to August 31, 2020.

The Company valued the debenture liability by calculating the present value of the principal and interest, discounted at a rate of 23%, being management's best estimate of the rate of a debenture with an arm's length creditor with similar terms.

(b) On December 3, 2018, the Company issued \$206,250 secured debentures with a maturity of December 3, 2019; The debentures bear interest at 14% per annum payable up front, \$28,875 was paid as of December 31, 2018. As at December 31, 2019 the debentures were due on demand. During the year ended December 31, 2020, the debentures were extended to August 31, 2020, and \$112,562 of interest and principal balance was repaid.

The Company valued the debenture liability by calculating the present value of the principal and interest, discounted at a rate of 30%, being management's best estimate of the rate of a debenture with an arm's length creditor with similar terms.

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# CHILEAN METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 5. Debentures and loans (continued)

(c) Effective September 28, 2020, the Company issued a debenture in the amount of \$702,000 which combined the balance of the debentures noted in (a), (b), and a portion of the advances which was payable to a significant shareholder of the Company into a single debenture. Under the terms of the agreement the debenture is repayable on September 28, 2022, with an interest rate of 14% per annum, and \$93,228 of the interest was prepaid. The debenture included 4,682,861 warrants issued to the lender.

The warrants are exercisable for a period of two years at an exercise price of \$0.13 per share and vest immediately. The debenture is accounted for as a compound financial instrument with a liability component, being the host debt contract, (the "host contract") and a separate equity component, being the warrants. At inception, the Company recognized the host debt at its fair value less transaction costs determined by discounting the net present value of future payments of interest and principal at the market rate for similar non-convertible liabilities at the time of issue (20%). The residual amount of \$49,514 was allocated to the warrants. The discount will be amortized over a 24 month period using the effective interest method at an effective interest rate of 18.65%.

All debentures were held with shareholders of the Company.

The debentures are secured against all assets of the Company.

A reconciliation of the debentures is as follows:

	<b>March 31, 2021</b>	<b>Dec 31, 2020</b>
<b>Opening balance</b>	<b>\$ 585,836</b>	<b>\$ 472,392</b>
Amounts transferred from due to related parties	144,688	144,688
Repayments of debentures	(62,562)	(62,562)
Allocation of warrants	-	(49,514)
Interest and accretion	(54,883)	80,832
<b>Ending balance</b>	<b>\$ 613,079</b>	<b>\$ 585,836</b>

### 6. Other liabilities

During the year ended December 31, 2017, the Company transferred \$69,554 of accounts payable (the "Statute-barred Claims") to non-current liabilities on the basis that any claims in respect of the Statute-barred Claims were statute-barred under the Limitations Act (British Columbia). The Statute-barred Claims related to expenses billed by and third party liabilities incurred prior to December 2015. However, for accounting purposes under IFRS, a debt can only be removed from the Company's statement of financial position when it is extinguished meaning only when the contract is discharged or canceled or expires. The effect of the Limitations Act is to prevent a creditor from enforcing an obligation but it does not formally extinguish the debt for accounting purposes. It is the position of management of the Company that the Statute-barred Claims cannot be enforced by the creditors, do not create any obligation for the Company to pay out any cash and do not affect the financial or working capital position of the Company. The Statute-barred Claims are required to be reflected on the Company's statement of financial position as a result of the current interpretation of IFRS, but they are classified as long-term liabilities since the Company has no intention or obligation to pay these Statute-barred Claims and the creditors cannot enforce payment of the Statute-barred Claims. While inclusion of these items is intended solely to comply with the requirements of IFRS, the Company in no way acknowledges any of the Statute-barred Claims.

# CHILEAN METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements Three Months Ended March 31, 2021 (Expressed in Canadian Dollars) (Unaudited)

### 7. Issued capital

#### a) Authorized share capital

At March 31, 2021, the authorized share capital consisted of an unlimited number of common shares, non-voting Class A preference shares with a par value of \$4.00 and Class B preference shares with a par value of \$20.00. The common shares do not have a par value. No Class A or Class B preference shares have been issued.

#### b) Common shares issued

	Number of common shares	Amount
<b>Balance, December 31, 2019 and March 31, 2020</b>	<b>14,161,976</b>	<b>\$ 56,307,489</b>
<b>Balance, December 31, 2020</b>	<b>44,337,226</b>	<b>\$ 58,328,714</b>
Exercise of options (i)	3,050,000	759,595
Exercise of warrants (ii)	6,791,400	1,352,745
Shares issued for mineral exploration properties (note 4 e and f)	16,620,147	5,152,246
<b>Balance, March 31, 2021</b>	<b>70,798,773</b>	<b>\$ 65,593,300</b>

(i) During the three months ended March 31, 2021, officers and directors exercised 3,050,000 stock options with a weighted average exercise price of \$0.14 and a black scholes value of \$332,595.

(ii) During the three months ended March 31, 2021, officers and directors exercised 6,791,400 stock options with a weighted average exercise price of \$0.15 and a black scholes value of \$348,855.

### 8. Stock options

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

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

	Number of stock options	Weighted average exercise price (\$)
<b>Balance, December 31, 2019 and March 31, 2020</b>	<b>261,000</b>	<b>1.54</b>
<b>Balance, December 31, 2020</b>	<b>4,561,000</b>	<b>0.21</b>
Granted (i)	800,000	0.31
Exercised	(3,050,000)	0.14
<b>Balance, March 31, 2021</b>	<b>2,311,000</b>	<b>0.38</b>

# CHILEAN METALS INC.

Notes to Condensed Consolidated Interim Financial Statements  
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## 8. Stock options (continued)

(i) On March 4, 2021, the Company granted stock options to a consultant of the Company for the purchase of a total of 800,000 common shares. The options are exercisable for a period of two years at an exercise price of \$0.31 per share and with one fourth vesting immediately and one fourth vesting quarterly thereafter. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: share price - \$0.40; risk free interest rate – 0.28%; expected volatility – 172% (which is based on historical volatility of the Company's share price); expected dividend yield - nil; expected life - 2 years. During the three months ended March 31, 2021, the Company recorded share based compensation of \$39,411 (three months ended March 31, 2020 - \$nil) related to the grant in the condensed consolidated interim statement of loss and comprehensive loss.

The following table reflects the actual stock options issued and outstanding as of March 31, 2021:

Expiry Date	Exercise Price (\$)	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
July 04, 2021	1.50	0.26	20,000	20,000
September 06, 2021	1.70	0.44	36,000	36,000
November 14, 2021	1.50	0.62	190,000	190,000
March 20, 2022	1.70	0.97	15,000	15,000
December 21, 2022	0.315	1.73	350,000	350,000
March 04, 2023	0.31	1.93	800,000	200,000
October 09, 2025	0.14	4.53	900,000	900,000
	<b>0.38</b>	<b>2.76</b>	<b>2,311,000</b>	<b>1,711,000</b>

## 9. Warrants

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

	Number of warrants	Weighted average exercise price (\$)
<b>Balance, December 31, 2019 and March 31, 2020</b>	<b>5,067,300</b>	<b>0.45</b>
<b>Balance, December 31, 2020</b>	<b>26,342,936</b>	<b>0.20</b>
Exercised	(6,791,400)	0.15
<b>Balance, March 31, 2021</b>	<b>19,551,536</b>	<b>0.22</b>

The following table reflects the actual warrants issued as of March 31, 2021:

Expiry Date	Exercise Price (\$)	Remaining Contractual Life (years)	Number of Options Outstanding	Grant date Fair Value (\$)
September 29, 2021	0.10	0.50	1,208,720	43,153
October 01, 2022	0.15	1.50	8,592,625	790,635
October 01, 2022	0.13	1.50	4,682,861	49,514
June 08, 2023	0.45	2.19	1,682,334	241,761
June 08, 2023	0.45	2.19	3,384,996	486,439
	<b>0.22</b>	<b>1.62</b>	<b>19,551,536</b>	<b>1,611,502</b>

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# CHILEAN METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements Three Months Ended March 31, 2021 (Expressed in Canadian Dollars) (Unaudited)

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### 10. Net loss per share

The calculation of basic and diluted loss per share for the three months ended March 31, 2021 was based on the loss attributable to common shareholders of \$5,807,046 (three months ended March 31, 2020 - \$227,984) and the weighted average number of common shares outstanding of 55,339,458 (three months ended March 31, 2020 - 14,161,976). Diluted loss per share did not include the effect of 2,311,000 options outstanding (March 31, 2020 - 261,000 options outstanding) or the effect of 19,551,536 warrants outstanding (three months ended March 31, 2020 - 5,067,300 warrants outstanding) as they are anti-dilutive.

### 11. Related party balances and transactions

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

As at March 31, 2021, the directors and/or officers of the Company collectively control 4,341,749 (December 31, 2020 - 3,078,815) common shares of the Company or approximately 5.6% (December 31, 2020 - 7%) of the total common shares outstanding and two insiders of the Company control 12,702,560 (December 31, 2020 - 4,333,028) common shares of the Company or approximately 20% (December 31, 2020 - 10%) of the total common shares outstanding. To the knowledge of directors and officers of the Company, the remainder of the outstanding common shares are held by diverse shareholders. These holdings can change at any time at the discretion of the owner.

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

	Notes	Three months ended March 31,	
		2021	2020
Administration expense	(i)(iii)	\$ 93,750	\$ 81,250
Accounting expense	(ii)	\$ 8,004	\$ 13,723
Geological consulting expense	(v)	\$ -	\$ 47,250

(i) For the three months ended March 31, 2021, the Company incurred consulting fees from companies controlled by an officer and a director of \$56,250 (three months ended March 31, 2020 - \$50,000) recorded in administration fees.

(ii) For the three months ended March 31, 2021, the Company incurred accounting expenses from companies related to an officer of \$8,004 (three months ended March 31, 2020 - \$13,723) recorded in professional fees.

(iii) For the three months ended March 31, 2021, the Company incurred consulting expenses from directors and company's controlled by directors of \$37,500 (three months ended March 31, 2020 - \$31,250) recorded in consulting fees.

(iv) As at March 31, 2021, the Company has \$251,830 (December 31, 2020 - \$60,662) outstanding from an officer and director. This amount is unsecured, non-interest bearing and due on demand.

(v) For the three months ended March 31, 2021, the Company incurred geological consulting expenses from a related party of \$nil (three months ended March 31, 2020 - \$47,250) recorded in exploration expenditures.

(vii) As at March 31, 2021, included in accounts payable and accrued liabilities is \$61,042 (December 31, 2020 - \$120,614) due to directors and key management, these amounts are unsecured, non-interest bearing, and due on demand.

(viii) During the three months ended March 31, 2021, the Company received advances to shareholders of \$nil (three months ended March 31, 2020 - received advances of \$45,000). These amounts are unsecured, due on demand and non-interest bearing. As at March 31, 2021, the balance outstanding was \$7,000 (December 31, 2020 - \$7,000).

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# CHILEAN METALS INC.

Notes to Condensed Consolidated Interim Financial Statements  
Three Months Ended March 31, 2021  
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## 11. Related party balances and transactions (continued)

(ix) As at March 31, 2021, the Company has \$39,084 (December 31, 2020 - \$39,084) due to a significant shareholder included in due to related parties, which is unsecured, due on demand, and non-interest bearing.

(x) As at March 31, 2021, the Company has \$nil (December 31, 2020 - \$100,000) receivable from a significant shareholder, this amount is included in accounts receivable.

(xi) See note 7 and 13.

Payments to directors and key management personnel of the Company include certain transactions with related parties in above, noted transactions are in the normal course of business and approved by the Board of Directors.

## 12. Segmented information

The Company operates in one industry segment, namely exploration of mineral resources in two geographic regions, Canada and Chile. Geographical segmentation of the Company's non-current assets is as follows:

<b>March 31, 2021</b>	<b>Canada</b>	<b>Chile</b>	<b>Total</b>
Equipment	\$ -	\$ 17,023	\$ 17,023

<b>December 31, 2020</b>	<b>Canada</b>	<b>Chile</b>	<b>Total</b>
Equipment	\$ -	\$ 18,403	\$ 18,403

<b>Three months ended March 31, 2021</b>	<b>Canada</b>	<b>Chile</b>	<b>Total</b>
<b>Operating expenses</b>			
Administration fees	\$ 93,032	\$ -	\$ 93,032
Amortization	-	1,380	1,380
Accretion, banking and interest fees	28,338	112	28,450
Exploration expenditures	5,377,246	21,503	5,398,749
Foreign exchange (gain)	(2,717)	(20,051)	(22,768)
Investor relations	58,690	-	58,690
Office and miscellaneous	9,997	5,630	15,627
Professional fees	62,499	23,863	86,362
Share-based payments	39,411	-	39,411
Transfer agent and regulatory	34,921	-	34,921
Travel, promotion and mining shows	73,192	-	73,192
<b>Net loss and comprehensive loss for the period</b>	\$ (5,774,609)	\$ (32,437)	\$ (5,807,046)

# CHILEAN METALS INC.

Notes to Condensed Consolidated Interim Financial Statements  
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## 12. Segmented information (continued)

Three months ended March 31, 2020	Canada	Chile	Total
<b>Operating expenses</b>			
Administration fees	\$ 83,978	\$ 3,075	\$ 87,053
Amortization	-	350	350
Bank and interest fees	38,321	141	38,462
Exploration expenditures	-	16,099	16,099
Foreign exchange loss	12,517	-	12,517
Investor relations	28,125	-	28,125
Office and miscellaneous	352	1,420	1,772
Professional fees	32,467	1,869	34,336
Transfer agent and regulatory	2,817	-	2,817
Travel, promotion and mining shows	6,453	-	6,453
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (205,030)</b>	<b>\$ (22,954)</b>	<b>\$ (227,984)</b>

## 13. Commitments and contingencies

### Consulting

The Company has entered into a consulting agreement with a company controlled by Directors and Officers of the Company. The obligation under these agreements amounts to \$350,000 per year. The Company has committed to these payments for the 2021 fiscal year.

### Flow-through indemnification

The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow-through participants. The Company indemnified the subscribers for any related tax amounts that become payable by the subscribers as a result of the Company not meeting its expenditure commitments. The Company has not fully met all of its expenditure commitments for previous flow-through financings. If the Canadian Revenue Agency ("CRA") determined that the Company was not compliant with their flow-through expenditure commitments, the Company may be liable to indemnify subscribers for any related tax amounts. No provision has been recorded in these unaudited condensed consolidated interim consolidated financial statements related to this contingency as various triggering events have not taken place.

The Company has estimated potential Part XII.6 taxes in relation to unspent flow-through expenditures for fiscal 2018-2019. As at March 31, 2021, the Company accrued \$29,919 (December 31, 2020 - \$29,919) for Part XII.6 taxes interest and penalties.

### 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.



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# CHILEAN METALS INC.

## Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

(Unaudited)

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### 13. Commitments and contingencies (continued)

#### Property taxes

As at March 31, 2021, the Company has unpaid property tax for various mineral exploration property claims totaling approximately 473,933,021 Chilean Pesos (\$829,213) (December 31, 2020 - 473,933,021 Chilean Pesos (\$849,190)) which has been included in accounts payable and accrued liabilities as at March 31, 2021. In the event that the claims are put up for tax auction, the Company will have a notice period to make the payment for the portion of this amount required. The property tax commitment for 2021 fiscal year is \$33,743,039 Chilean Pesos.

### 14. Subsequent events

(i) On May 4, 2021, the Company announced the closing of a non-brokered private placement financing for gross proceeds of \$2,180,000 of which \$900,000 was raised from the issuance of 3,600,000 common shares at \$0.25 per share and \$1,280,000 was raised from the issuance of 3,200,000 flow-through shares at \$0.40 per flow-through share. The Company has paid broker fees in the amount of \$128,400 and issued 216,000 broker warrants exercisable at \$0.25 for a period of 18 months, and 180,000 broker warrants exercisable at \$0.40 for a period of 18 months.

The Company is committed to expend \$1,280,000 on eligible flow-through expenditures by December 31, 2022.

(ii) On May 4, 2021, the Company announced it has granted 250,000 options to a consultant.