CHAKANA COPPER CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED NOVEMBER 30, 2019

(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

MANAGEMENT'S COMMENTS ON
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the unaudited condensed interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Chakana Copper Corp. (the "Corporation") have been prepared by and are the responsibility of the Corporation's management. The unaudited condensed interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

The Corporation's independent auditor, D&H Group LLP, has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of the condensed consolidated interim financial statements by an entity's auditor.

CHAKANA COPPER CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT NOVEMBER 30, 2019 (UNAUDITED) AND MAY 31, 2019

(expressed in Canadian Dollars)

		November 30, 2019		May 31, 2019
ASSETS				
Current Assets				
Cash (Note 5)	$	8,472,048	$	12,279,037
Prepaid and other current assets (Note 6)		264,391		247,727
		8,736,439		12,526,764
Non-Current Assets				
Exploration and evaluation assets (Note 7)		2,299,687		2,163,052
Property and Equipment (Note 8)		915,037		902,309
VAT receivable (Note 9)		481,959		412,162
Total Assets	$	12,433,122	$	16,004,287
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities (Note 10)	$	410,263	$	526,094
Total Liabilities	$	410,263	$	526,094
Shareholders' Equity				
Common shares (Note 11)		29,374,224		29,974,224
Warrant reserve (Notes 12)		1,133,947		1,133,947
Stock options (Note 13)		1,528,694		1,512,084
Accumulated and other comprehensive loss		515,435		388,082
Deficit		(20,529,441)		(17,530,144)
	$	12,022,859	$	15,478,193
Total Liabilities and Shareholders' Equity	$	12,433,122	$	16,004,287

Nature of Operations (Note 1)
Subsequent Event (Note 22)

Approved on behalf of the Board of Directors

/s/ Tom Wharton	*/s/ Darren Devine*
Tom Wharton, Director	Darren Devine, Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CHAKANA COPPER CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED NOVEMBER 30, 2019 AND 2018 (UNAUDITED)

(expressed in Canadian Dollars)

	Three Months November 30, 2019	Three Months November 30, 2018	Six Months November 30, 2019	Six Months November 30, 2018
OPERATING EXPENSES				
Consulting fees	$ 55,750	$ 55,738	112,449	113,200
Exploration and evaluation expenditures (Note 14)	788,402	964,980	2,367,450	2,895,626
Depreciation	25,621	80,422	50,474	103,292
General and administrative expenses	304,956	98,448	449,104	219,349
Investor relations	72,457	57,130	120,063	189,607
Legal and professional fees	80,284	12,185	94,254	28,042
Salaries and wages	94,966	173,150	241,703	363,161
Stock-based compensation (Note 13)	3,981	39,045	16,610	115,342
Travel and meals	51,373	17,878	64,755	45,823
Operating Expenses	(1,477,790)	(1,498,976)	(3,516,862)	(4,073,442)
Other				
Foreign exchange loss	(19,665)	(281,175)	(185,384)	(375,597)
Interest income	44,128	17,452	102,949	35,095
Net Loss	$ (1,453,327)	$ (1,762,699)	(3,599,297)	(4,413,944)
Other Comprehensive Income (Loss)				
Foreign currency translation	59,755	237,386	127,353	286,547
Comprehensive Loss	$ (1,393,572)	$ (1,525,313)	(3,471,944)	(4,127,397)
Basic and diluted loss per share (Note 15)	$ (0.02)	$ (0.02)	(0.04)	(0.05)
Weighted average number of shares outstanding (basic and diluted) (Note 15)	96,488,736	80,565,681	96,848,199	80,613,572

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CHAKANA COPPER CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2019 AND 2018 (UNAUDITED)

(expressed in Canadian Dollars)

		Six months November 30, 2019		Six months November 30, 2018
Cash Flows used in Operating Activities				
Net loss	$	(3,599,297)	$	(2,651,245)
Adjustments to reconcile net loss to cash used in operating activities				
Depreciation		50,474		22,870
Stock-based compensation		16,610		76,297
(Increase)/Decrease in prepaids and other current assets		(16,664)		215,014
Increase/(Decrease) in accounts payable and accrued liabilities		(115,832)		106,241
(Increase)/Decrease in value-added taxes receivable		(69,797)		-
		(3,734,506)		(2,230,823)
Cash Flows used in Investing Activities				
Purchase of equipment		(85,707)		(226,463)
Acquisition of exploration and evaluation assets		(163,551)		(96,063)
		(249,258)		(322,526)
Cash Flows from Financing Activities				
Proceeds from exercise of warrants		-		17,290
		-		17,290
Changes in cash during the period		(3,983,764)		(2,536,059)
Foreign exchange on cash		176,775		49,161
Cash – Beginning of the period	$	12,279,037	$	13,159,191
Cash– End of the period	$	8,472,048	$	10,672,293

Supplemental cash flow information (Note 18)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

CHAKANA COPPER CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2019 (UNAUDITED)
(Expressed in Canadian Dollars, except per share amounts)

	Common Shares						
	Shares	**Amount**	**Accumulated Other Comprehensive Loss**	**Warrant Reserve**	**Stock Option Reserve**	**Deficit**	**Total**
Balance – May 31, 2019	97,199,847	$ 29,974,224	$ 388,082	$ 1,133,947	$ 1,512,084	$ (17,530,144)	$ 15,478,193
Net loss for the period		-	-	-	-	(3,599,297)	(3,599,297)
Other comprehensive loss for the period		-	127,353	-	-	-	127,353
Vesting of stock options		-	-	-	16,610	-	16,610
Cancellation of shares (Note 11)	(4,000,000)	(600,000)	-	-	-	600,000	-
Balance – November 30, 2019	93,199,847	$ 29,374,224	$ 515,435	$ 1,133,947	$ 1,528,694	$ (20,529,441)	$ 12,022,859
Restated Balance – May 31, 2018	80,070,347	$ 21,319,696	$ 72,738	$ 1,143,257	$ 1,346,701	$ (9,641,731)	$ 14,240,661
Net loss for the period		-	-	-	-	(7,888,413)	(7,888,413)
Other comprehensive loss for the period		-	315,344	-	-	-	315,344
Vesting of stock options		-	-	-	165,383	-	165,383
Shares issued for:							
Cash	15,686,275	8,000,000	-	-	-	-	8,000,000
Share issuance costs		(80,072)	-	-	-	-	(80,072)
Acquisition of property (Note 7)	1,400,000	708,000	-	-	-	-	708,000
Warrant exercises (Note 12)	43,225	26,600	-	(9,310)	-	-	17,290
Balance – May 31, 2019	97,199,847	$ 29,974,224	$ 388,082	$ 1,133,947	$ 1,512,084	$ (17,530,144)	$ 15,478,193

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. Nature of Operations

Chakana Copper Corp. (the "Corporation") was incorporated on May 2, 2011, under the laws of the province of British Columbia, Canada, and changed its name from Hadrian Resources Inc. on August 4, 2011 and changed its name to Chakana Copper Corp. on January 30, 2018. The Corporation is listed on the TSX Venture Exchange ("TSX-V") under the symbol "PERU". The Corporation is currently engaged in exploration of mineral properties, with its principal focus at this stage on the exploration of the Soledad copper-gold-silver project located in Central Peru (the "Soledad Project").

The head office, principal address is located at 800 West Pender Street, Suite 1430, Vancouver, British Columbia, V6C 2V6, Canada and records office of the Corporation is located at 1055 West Pender Street, Suite 1500, Vancouver, British Columbia, V6E 4V7, Canada.

The Corporation is in the process of exploring and developing its mineral properties. The recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, successful permitting, the ability of the Corporation to obtain necessary financing to complete exploration and development, and upon future profitable production or proceeds from disposition of each mineral property. Furthermore, the acquisition of title to mineral properties is a complicated and uncertain process, and while the Corporation has taken steps in accordance with normal industry standards to verify its title to the mineral properties in which it has an interest, there can be no assurance that such title will ultimately be secured. The carrying amounts of mineral properties are based on costs incurred to date, and do not necessarily represent present or future values.

2. Basis of Preparation and Statement of Compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Accordingly, these condensed interim consolidated financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting process.

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the Corporation's audited financial statements for the year ended May 31, 2019. The policies applied in these condensed interim consolidated financial statements are based on IFRS issued as of November January 28, 2020, the date the Board of Directors approved the financial statements. These condensed interim consolidated financial statements should be read in conjunction with the Corporation's consolidated financial statements for the year ended May 31, 2019.

3. Significant Accounting Judgements and Estimates

The preparation of the Corporation's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ significantly from these estimates.

3. Significant Accounting Judgements and Estimates (continued)

Judgments that have the most significant effect on the amounts recognized in the Corporation's consolidated financial statements are as follows:

- *Impairment of Exploration and Evaluation Asset*

  The net carrying value of the exploration asset is reviewed regularly for conditions that suggest potential indications impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future.

- *Going Concern*

  The assessment of the Corporation's ability to continue as a going concern involves critical judgement based on historical experience and expectations of the Corporation's ability to generate adequate financing. Significant judgements are used in the Corporation's assessment of its ability to continue as a going concern.

- *Value added Tax Receivable*

  The Corporation has a signed agreement with the Peruvian Ministry of Energy and Mines to receive a refund on value-added taxes for certain exploration related expenditures incurred by the Corporation in Peru, prior to the Corporation generating sales. These value-added tax receivables are subject to review by the Peruvian tax authorities. Management is required to assess the likelihood of approval for the expenditures filed for refund and collectability of the value-added tax receivables from the Peruvian Ministry of Energy and Mines.

- *Income taxes*

  Deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases ("temporary differences"), and losses carried forward.

  The determination of the ability of the Corporation to utilize tax loss carry-forwards to offset deferred tax liabilities requires management to exercise judgement and make certain assumptions about the future performance of the Corporation. Management is required to assess whether it is probable that the Corporation will benefit from these prior losses and other deferred tax assets. Change in economic conditions, metal prices and other factors could result in revision to the estimates of the benefits to be realized or the timing of utilizing the losses.

- *Functional Currency*

  The functional currency for the Corporation's subsidiary, Chakana Resources S.A.C., is the U.S. dollar - the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Corporation reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

(expressed in Canadian Dollars)

4. Accounting Standards and Amendments Adopted

IFRS 16 - Leases

The Company adopted all of the requirements of IFRS 16, effective June 1, 2019. IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. There was no material impact on the Company's condensed consolidated interim financial statements upon the adoption of this new standard.

5. Cash

		November 30, 2019		May 31, 2019
Cash	$	472,048	$	2,779,037
Demand Deposit – GICs		8,000,000		9,500,000
	$	8,472,048	$	12,279,037

6. Prepaid and Other Current Assets

		November 30, 2019		May 31, 2019
Prepaid expenses and other current assets	$	264,391	$	247,727
	$	264,391	$	247,727

7. Exploration and Evaluation Assets

		Condor Option		Aija Project		Total
Balance – May 31, 2018 (Restated)	$	439,575	$	201,147	$	640,722
Acquisition costs		1,434,950		80,534		1,515,484
Foreign exchange on translation		5,586		1,260		6,846
Balance – May 31, 2019	$	1,880,111	$	282,941	$	2,163,052
Acquisition costs		97,953		66,258		164,211
Foreign exchange on translation		(16,449)		(11,127)		(27,576)
Balance – November 30, 2019	$	1,961,615	$	338,072	$	2,299,687

The Corporation's wholly-owned indirect subsidiary Chakana Resources S.A.C. holds (i) the option to acquire 100% ownership interest in the Soledad Project ("Condor Option"), (ii) holds an option to acquire 100% ownership interest in the adjacent Aija Project, Peru ("Aija Project"), and (ii) holds an option to acquire up to 100% ownership in other adjacent mineral concessions owned by Minera Barrick Misquichilca S.A. ("Barrick Option"). All three options are collectively referred as the "Soledad Project." The Corporation is the operator of all related mineral exploration activities on these projects.

(expressed in Canadian Dollars)

7. Exploration and Evaluation Assets (continued)

(i) Soledad Project, Peru ("Condor Option")

On April 17, 2017, the Corporation entered into the Mining Assignment and Option Agreement with Minera Vertiente del Sol SAC ("MVS") (the "Agreement") a subsidiary of Condor Resources Inc. ("Condor"), pursuant to which the Corporation has the sole and exclusive option to acquire 100% of the rights and interests in the Soledad Copper / Gold Project, Peru (the "Soledad Project"), subject to a 2% net smelter return royalty ("NSR"). The closing date for the Agreement was June 23, 2017.

The Corporation's option to acquire rights and interests in the Soledad Project is exercisable by issuing 500,000 common shares by June 23, 2018 (issued), making aggregate cash payments of USD $5,375,000, and completing 12,500 metres of drilling on the Soledad Project.

The Option exercise cash payment schedule is as follows:

Installment	Date		Amount (in USD$)
1	February 2017 (paid)	$	10,000
2	Upon signing the Agreement on April 17, 2017 (paid)		15,000
3	December 23, 2017 (paid)		25,000
4	June 23, 2018 (paid)		50,000
5	December 23, 2018 (paid)		50,000
6	June 23, 2019 (paid)		75,000
7	December 23, 2019		75,000
8	June 23, 2020		100,000
9	December 23, 2020		150,000
10	June 23, 2021		200,000
11	December 23, 2021		4,625,000
	Total	**$**	**5,375,000**

As at November 30, 2019, the Corporation has paid instalments 1 to 6, totalling USD $225,000. The June 23, 2018 instalment was accompanied with the issuance of 500,000 shares of the Corporation (note 11).

Under the agreement, the Corporation may purchase from MVS 50% of the NSR, equal to a 1% NSR, for USD $2,000,000 at any time. On March 18, 2019, the Corporation purchased a 1% NSR on the Soledad Project for $369,902 (USD $275,000) and 900,000 common shares (Note 15). As a result of the Corporation purchasing the NSR, the option agreement between the parties will be amended to reflect a reduction of the NSR royalty from 2% to 1%, with the Corporation having the right to re-purchase 50% of the NSR (or 0.5% NSR) for USD $1,000,000 subsequent to exercising the option agreement. If the Corporation does not exercise the option agreement to acquire Condor's Soledad concessions, Condor has the right to purchase 50% of the NSR (or 0.5% NSR) for USD $1,000,000. The amendment to the option agreement also eliminated Chakana's pre-royalty payment obligations.

Pursuant to the Assignment, the Corporation must complete 12,500 metres of exploration drilling at the Soledad Project. As at November 30, 2019, the Corporation has drilled 30,273 metres and incurred $10,931,249 of exploration expenditures on the Soledad Project, therefore meeting all of its drilling and work expenditure commitments under the Mining Assignment and Option Agreement.

(ii) Aija Project, Peru ("Aija Project")

On March 20, 2018, the Corporation entered into an Option Agreement with an arms-length third party to acquire 100% of the rights and interest in the Aija Project (the "Aija Project") subject to a 2% Net Smelter Royalty. The Aija Project includes 3 principal concessions, and 7 smaller parcels within one of the principal concessions, totalling in aggregate 574.71 hectares. These concessions are contiguous with the southern boundary of the Condor Option.

(expressed in Canadian Dollars)

7. Exploration and Evaluation Assets (continued)

The Option exercise cash payments schedule is as follows:

Installment	Date		Amount (in USD$)
1	Upon execution of Letter of Intent on October 3, 2017 (paid)	$	75,000
2	Upon close of Definitive Agreement on August 1, 2018 (paid)	$	75,000
3	February 1, 2019 (paid)	$	50,000
4	August 1, 2019 (paid)	$	50,000
5	February 1, 2020	$	75,000
6	August 1, 2020	$	75,000
7	February 1, 2021	$	100,000
8	August 1, 2021	$	100,000
9	February 1, 2022	$	100,000
10	August 1, 2022	$	100,000
11	February 1, 2023	$	1,500,000
	Total	**$**	**2,300,000**

Under the terms of the Option, the third-party is entitled to a 2% NSR which the Corporation may purchase all of the 2% NSR at any time for USD $2,000,000. There are no drilling or work expenditure commitments under the Option.

(iii) Barrick Option Agreement ("Barrick Option")

On July 11, 2018, Mineral Barrick Misquichilca S.A. ("Barrick") granted the Corporation an option to acquire a 100% interest in three concessions adjoining the southern extent of the Aija Project ("Barrick Option"). Under terms of the agreement, the Corporation has 5 years to complete a minimum of 2,000 m of drilling and produce a Preliminary Economic Assessment report compliant with National Instrument 43-101. Upon exercise of the option, Barrick will retain a 2% NSR subject to the Corporation's right to purchase 50% of the royalty for USD $2,000,000.

Barrick will have a one-time right to re-acquire a 70% interest in the concessions within 120 days of exercising the option by paying the Corporation three times the aggregate amount of exploration expenditures incurred since the execution date and cancelling the 2% NSR. If a production decision is then not made by Barrick within 7 years of the Back-in Closing Date, Barrick will make pre-royalty payments of USD $75,000 per year until a production decision is made for a maximum of 5 years (USD $375,000). If the Corporation does not contribute its share of project costs its interest will be diluted until 10%, upon which its interest will be converted to a 2% NSR with Barrick retaining a right to purchase 50% of the royalty for USD $2,000,000.

(expressed in Canadian Dollars)

8. Property and Equipment

		Equipment
Cost		
As at May 31, 2019	$	1,012,258
Additions		86,285
Foreign exchange on translation		(25,826)
As at November 30, 2019	$	1,072,717
Accumulated depreciation		
As at May 31, 2019	$	(109,949)
Depreciation		(50,941)
Foreign exchange on translation		3,210
As at November 30, 2019	$	(157,680)
Net Book Value		
As at May 31, 2019	$	902,309
As at November 30, 2019	$	915,037

9. VAT Receivable

		November 30, 2019		May 31, 2019
VAT receivable	$	481,959	$	412,162
	$	481,959	$	412,162

10. Accounts Payable and Accrued Liabilities

		November 30, 2019		May 31, 2019
Accounts Payable	$	364,379	$	405,297
Accrued Liabilities		45,884		120,797
	$	410,263	$	526,094

11. Share Capital

(a) Authorized Share Capital

The Corporation is authorized to issue an unlimited number of common shares without par value. As at November 30, 2019, 10,485,750 common shares held in escrow to be released over a 13-month period.

(expressed in Canadian Dollars)

11. Share Capital (continued)

(b) Issued Capital

During the six months ended November 30, 2019, no common shares were issued by the Corporation.

During the year ended May 31, 2019, the Corporation issued common shares as follows:

- On May 13, 2019, the Corporation completed a private placement of 15,686,275 common shares of at a price of $0.51 for gross proceeds of $8,000,000. In connection to the private placement, the Corporation recorded $72,249 of share issuance costs related to the legal costs of completing the private placement.

- On April 17, 2019, the Corporation issued 900,000 common shares at a fair value of $0.42 per share as required in connection to the acquisition of a 1% NSR royalty on the Soledad project (note 7). The Corporation recorded $7,822 of share issuance costs in relation to the issuance of the common shares for the acquisition.

- On June 19, 2018, the Corporation issued 500,000 common shares at a fair value of $0.66 per share in connection with the Soledad Property option payment (note 7).

- On June 7, 2018, the Corporation issued 43,225 common shares on the exercise of warrants at an exercise price of $0.40 for gross proceeds of $17,290.

(c) Cancellation of Shares

- On October 4, 2019, the Corporation signed a settlement agreement with a former employee, to return to treasury for cancellation 4,000,000 common shares of the Corporation as reimbursement for the misused funds and related loss to the Corporation. These shares represent 100% of the former employee's shareholding in the Corporation. These 4,000,000 common shares were cancelled on November 14, 2019. A reduction of $600,000 in Share Capital has been recorded against Deficit within Shareholders' Equity.

12. Warrants

Details regarding warrants issued and outstanding are summarized as follows:

	Weighted Average exercise price	Number of shares issued or issuable on exercise
Balance – May 31, 2019	$0.57	1,626,066
Expiry of warrants	$0.40	(417,376)
Expiry of warrants	$0.50	(277,865)
Balance – November 30, 2019	$0.66	930,825

The expiry of warrant are as follows:

Grant Date	Expiry Date	Number of warrants issued	Weighted Average Exercise Price
January 29, 2018	January 29, 2020	539,825	$0.50
March 23, 2018	March 23, 2020	391,000	$0.90
		930,825	$0.66

(expressed in Canadian Dollars)

13. Stock Options

The Corporation adopted a stock option plan (the "Plan") whereby it can grant stock options to directors, officers, employees, and consultants of the Corporation. The maximum number of common shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Corporation at any time.

The changes in incentive stock options outstanding are summarized as follows:

	Weighted average exercise price	Number of shares issued or issuable on exercise
Balance – May 31, 2018 and November 30, 2018	$0.46	4,010,000
Cancellation of stock options	$0.40	(1,000,000)
Balance – May 31, 2019 and November 30, 2019	$0.48	3,010,000

On November 14, 2019, the Corporation cancelled 1,000,000 stock options related to former employee.

During the year ended May 31, 2018, the Corporation granted 4,285,000 incentive stock options to employees, consultants, and directors. Of the 4,285,000 incentive stock options, 3,860,000 may be exercised within 5 years from the date of grant at a price of $0.40 per common share and 425,000 options may be exercised within 5 years from the date of grant at the price of $0.94 per common share.

The fair value of options have been estimated using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate ranging from 1.57% to 1.96% per annum, an expected life of options of 5 years, an expected volatility ranging from 112.26% to 121.93%, and no expected dividends.

Incentive stock options outstanding and exercisable November 30, 2019 are summarized as follows:

	Options Outstanding			Options Exercisable	
Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Exercise Price
$0.40	2,585,000	2.79	$0.40	2,585,000	$0.40
$0.94	425,000	3.33	$0.94	425,000	$0.94
	3,010,000	2.87	$0.48	3,010,000	$0.48

Stock options at an exercise price of $0.40 and $0.94 expire September 14, 2022, and March 29, 2023 respectively.

(expressed in Canadian Dollars)

14. Exploration and Evaluation Expenditures

The Corporation incurred exploration and evaluation expenditures for the six months ended November 30, 2019 and 2018 as follows:

	Three Months November 30, 2019	Three Months November 30, 2018	Six Months November 30, 2019	Six Months November 30, 2018
Drilling	$ 145,772	$ 199,445	$ 756,607	$ 1,169,904
Exploration support and administration	312,350	236,695	620,285	465,767
Field operations and consumables	150,913	273,461	569,286	542,663
Geological consultants	42,118	89,021	106,174	143,849
Sampling and geological costs	81,555	111,963	168,560	465,547
Transportation	55,694	54,394	146,538	107,896
	$ 788,402	$ 964,980	$ 2,367,450	$ 2,895,626

15. Loss Per Share

The following table sets forth the computation of basic and diluted loss per common share for the three months ended November 30, 2019 and 2018:

	November 30, 2019	November 30, 2018
Numerator		
Net loss for the period	$ (3,599,297)	$ (2,651,245)
Denominator		
Basic – weighted average number of common shares outstanding	96,848,199	80,507,022
Effect of dilutive securities	-	-
Diluted – adjusted weighted average number of common shares outstanding	96,848,199	80,507,022
Loss Per Share – Basic and Diluted	$(0.04)	$(0.03)

16. Financial Instruments

Fair value
The Corporation's financial instruments consisted of cash and cash equivalents. The fair values of cash and cash equivalents approximate their carrying values because of their current nature.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation's primary exposure to credit risk is on its cash and short-term investments which are being held in bank accounts. The cash and short-term investments are deposited in bank accounts held with one major bank in Canada so there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Corporation has secondary exposure to risk on its sales tax receivables. The risk is minimal since it is recoverable from the Canadian government.

Foreign currency risk
Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Corporation's functional currency. The Corporation only operates in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The Corporation's exposure to interest rate risk relates to its ability to earn interest income on cash at variable rates. The risk is minimal.

Liquidity risk
Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation has a planning and budgeting process in place to help determine the funds required to support the Corporation's normal operating requirements on an ongoing basis. The Corporation attempts to ensure there is sufficient access to funds to meet on-going business requirements, taking into account its current cash position and potential funding sources. Liquidity risk is assessed as low.

(expressed in Canadian Dollars)

17. Management of Capital

The Corporation's primary objectives in capital management are to safeguard the Corporation's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the development of the Soledad and Aija Projects. Capital is comprised of the Corporation's shareholders' equity. The Corporation manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. To maintain or adjust its capital structure, the Corporation may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

18. Supplemental Cash Flow Information

The Corporation did not make any cash payments for income taxes during the three months ended November 30, 2019.

19. Segmented Information

The Corporation operates in one reportable segment, the exploration and development of unproven exploration and evaluation assets. The Corporation's primary exploration and evaluation assets are located in Peru and its corporate assets, comprising mainly of cash, are located in Canada. The Corporation is in the exploration stage and has no reportable segment revenues or operating results.

The Corporation's total assets are segmented geographically as follows:

	Canada	Peru	Total
As at November 30, 2019			
Current Assets	$ 8,422,482	$ 313,957	$ 8,736,439
Equipment	-	915,037	915,037
Exploration an evaluation Assets	-	2,299,687	2,299,687
VAT receivable	-	481,959	481,959
	$ 8,422,482	$ 4,010,640	$ 12,433,122
As at May 31, 2019			
Current Assets	$ 12,294,975	$ 231,789	$ 12,526,764
Equipment	-	902,309	902,309
Exploration an evaluation Assets	-	2,163,052	2,163,052
VAT receivable	-	412,162	412,162
	$ 12,294,975	$ 3,709,312	$ 16,004,287

(expressed in Canadian Dollars)

20. Related Party Disclosures

The Corporation's related parties include key management personnel and companies related by way of directors or shareholders in common.

(a) Key Management Personnel Compensation

During the six months ended November 30, 2019 and 2018, the Corporation paid and/or accrued the following fees to key management personnel:

		November 30, 2019		November 30, 2018
Fees				
Management	$	235,947	$	205,034
Directors		76,649		106,187
	$	312,596	$	311,221

(b) Due to Related Parties

As at November 30, 2019 the Corporation has the following amounts due to related parties:

		November 30, 2019		May 31, 2019
Management	$	21,585	$	-
Directors		37,111		33,014
	$	58,696	$	33,014

21. Commitments under Operating Leases

The Corporation leases various premises under operating leases which expire from January 31, 2020 to July 31, 2020. The Corporation is obligated to make $171,337 in minimum lease payments under the premise leases in the fiscal year ending May 31, 2020.

22. Subsequent Event

On December 19, 2019, the Corporation granted 1,475,000 incentive stock options, exercisable at $0.20 per share, to certain employees and consultants.