

ALTIPLANO METALS INC. *(formerly ALTIPLANO MINERALS LTD.)*

Consolidated Condensed Interim Financial Statements

For the three and nine months ended September 30, 2018 and 2017

To the shareholders of Altiplano Metals Inc.:

The consolidated condensed interim financial statements of Altiplano Metals Inc. (the “Company”) for the three and nine months ended September 30, 2018 and 2017 have been compiled by management.

No audit or review of this information has been performed by the Company’s auditors.

As at	September 30 2018	December 31 2017
Assets		
Current		
Cash	\$ 85,654	\$ 58,327
Goods and services tax receivable	570,706	42,935
Prepayments and deposits	154,625	134,616
	<u>810,985</u>	235,878
Investments	145,380	7,500
Exploration and evaluation properties (note 5)	6,157,157	3,175,319
Equipment	161,633	-
	<u>\$ 7,275,155</u>	<u>\$ 3,418,697</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 433,006	\$ 143,490
Equity		
Share capital (note 6)	11,081,330	6,230,497
Option and warrant reserve	1,094,190	657,921
Deficit	(5,333,371)	(3,613,211)
	<u>6,842,149</u>	3,275,207
	<u>\$ 7,275,155</u>	<u>\$ 3,418,697</u>

Approved by the Board of Directors

Director (signed by) "Sean Maqer"

Director (signed by) "John Williamson"

The accompanying notes form an integral part of these financial statements

For the	three months ended Sep 30		nine months ended Sep 30	
	2018	2017	2018	2017
Expenses				
Management fees	\$ 61,296	\$ 38,470	\$ 181,179	\$ 179,514
Office and administration	22,549	48,680	94,889	97,183
Regulatory and filing fees	211	3,782	36,979	51,721
Professional fees	1,277	13,452	94,104	62,150
Investor relations	39,860	61,101	428,755	458,761
Share-based payments (note 6)	-	-	676,500	65,000
	(125,193)	(165,485)	(1,512,406)	(914,329)
Other				
Interest income	-	-	49	43
Proceeds from sale of mineralized materials	330,849	-	330,849	-
Unrealized loss on investments	(38,900)	(2,500)	(38,900)	(6,250)
Loss on disposal of exploration and evaluation property	(384,903)	-	(384,903)	-
Loss (gain) on foreign exchange	(110,041)	-	(114,849)	18,678
Net loss and comprehensive loss	\$ (328,188)	\$ (167,985)	\$ (1,720,160)	\$ (901,858)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.01)	\$ (0.03)	\$ (0.03)
Basic and diluted weighted average number of common shares outstanding	64,718,187	33,566,312	58,661,237	27,688,491

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	Share capital	Option and warrant reserve	Deficit	Total equity
Balance at December 31, 2016	\$ 2,218,205	\$ 306,500	\$(2,239,418)	\$ 285,287
Shares issued for cash	3,000,000	-	-	3,000,000
Share issuance costs	(361,525)	-	-	(361,525)
Share-based payments (note 5)	-	150,786	-	150,786
Warrants exercised	427,800	-	-	427,800
Net loss	-	-	(901,858)	(901,858)
Balance at September 30, 2017	\$ 5,284,480	\$ 457,286	\$(3,141,276)	\$ 2,600,490
Share issued for property (note 4, 5)	112,500	-	-	112,500
Share issuance costs	(21,312)	126,421	-	105,109
Share-based payments	-	89,214	-	89,214
Options exercised	45,000	(15,000)	-	30,000
Warrants exercised	809,829	-	-	809,829
Net loss	-	-	(471,935)	(471,935)
Balance at December 31, 2017	\$ 6,230,497	\$ 657,921	\$(3,613,211)	\$ 3,275,207
Shares issued for cash (note 6)	200,000	-	-	200,000
Shares issued for property (note 4, 5)	1,725,000	-	-	1,725,000
Share issuance costs	(26,156)	-	-	(26,156)
Share-based payments	-	676,500	-	676,500
Options exercised	314,843	(140,927)	-	173,916
Warrants exercised	2,637,146	(99,304)	-	2,537,842
Net loss	-	-	(1,720,160)	(1,720,160)
Balance at September 30, 2018	\$11,801,330	\$ 1,094,190	\$(5,333,371)	\$ 6,842,149

The accompanying notes form an integral part of these financial statements

For the nine months ended	September 30 2018	September 30 2017
Cash provided by (used in):		
Operating activities		
Net loss for the period	\$ (1,720,160)	\$ (901,858)
Items not affecting cash:		
Exchange gain/loss	(26,036)	-
Loss on disposal of exploration and evaluation property	384,903	-
Share-based payments (note 6)	676,500	65,000
Unrealized loss on investments	38,900	6,250
Changes in non-cash working capital:		
Goods and services tax receivable	(60,041)	(1,910)
Accounts receivable and prepaids	106,095	(11,617)
Accounts payable and accrued liabilities	(4,074)	55,532
Cash used in operating activities	<u>(603,913)</u>	<u>(788,603)</u>
Investing activities		
Exploration and evaluation property acquisition payments (note 5)	(43,606)	(1,946,392)
Exploration and evaluation property exploration expenditures (note 5)	(2,157,220)	(224,927)
Exploration and evaluation property working capital (note 5)	-	15,485
Investments	(53,536)	-
Cash used in investing activities	<u>(2,254,362)</u>	<u>(1,705,236)</u>
Financing activities		
Proceeds from private placements (note 6)	200,000	3,000,000
Proceeds from exercise of warrants (note 6)	2,537,842	427,800
Proceeds from exercise of options (note 6)	173,916	-
Cash share issuance costs	(26,156)	(275,739)
Cash provided by financing activities	<u>2,885,602</u>	<u>3,152,061</u>
Net increase in cash	27,327	207,624
Cash, beginning of period	<u>58,327</u>	<u>58,557</u>
Cash, end of period	<u>\$ 85,654</u>	<u>\$ 266,181</u>

During the nine months ended September 30, 2018, the Company received interest totaling \$49 (2017 - \$43) relating to operating activities.

The Company did not pay interest or dividends, nor did it receive any dividends, in either of the nine months ended September 30, 2018 or 2017.

The accompanying notes form an integral part of these financial statements

1. Nature of operations

Altiplano Metals Inc. (“Altiplano” or the “Company”) was incorporated under the Business Corporations Act (Alberta) on March 5, 2010. On November 10, 2010, the Company was continued into the Province of British Columbia under the *Business Corporations Act* (British Columbia). The Company’s common shares are listed for trading on the TSX Venture Exchange under the trading symbol “APN”, on the OTCQB Venture Market, in the United States, under the trading symbol “ALTPF”, and on the Tradedgate Exchange, in Europe, under the trading symbol “WKN: A2JNFG”. The Company’s head office is at Unit 300, 250 Southridge NW, Edmonton, Alberta, T6H 4M9. The Company is focused on evaluating and acquiring exploration projects with significant potential for advancement from discovery through to production, in Canada and abroad.

2. Basis of presentation

These consolidated condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2017, prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These financial statements were authorized for issue by the Audit Committee of the Company on November 28, 2018.

These consolidated condensed interim financial statements are presented in Canadian Dollars, unless otherwise noted and have been prepared on a historical cost basis. The Canadian dollar is the functional and presentation currency of the Company.

The accounting policies applied in preparation of these consolidated condensed interim financial statements are consistent with those applied and disclosed in the Company’s consolidated financial statements for the year ended December 31, 2017, unless otherwise stated.

3. Management estimates and judgments

The preparation of these consolidated condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the amounts reported and disclosed in its condensed interim financial statements and related notes. Those include estimates that, by their nature, are uncertain and actual results could differ materially from those estimates. The impacts of such estimates may require accounting adjustments based on future results. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

The areas which require management to make significant estimates, judgments and assumptions in determining carrying values are consistent with those applied and disclosed in the Company’s financial statements for the year ended December 31, 2017, unless otherwise stated.

4. Acquisition of SCM Comet Exploration Chile

On September 18, 2018, the Company completed the acquisition of SCM Comet Exploration Chile (note 5) as detailed in the table following.

Assets acquired:	
Cash	\$ 58,237
Other current assets	593,834
Equipment	128,841
Mineral interests – Farellon and Maria Luisa projects (note 4)	<u>2,168,561</u>
	2,949,473
Less: liabilities assumed:	
Accounts payable and accrued liabilities	(293,590)
Amount payable to Altiplano Metals Inc.(i)	<u>(1,112,277)</u>
	<u>\$ 1,543,606</u>
Purchase consideration:	
Shares issued in exchange for shares of SCM Comet Exploration Chile	
7,500,000 shares issued at \$0.20 per share	<u>\$ 1,500,000</u>
	1,500,000
Due diligence and transaction costs (ii)	<u>43,606</u>
Total purchase consideration	<u>\$ 1,543,606</u>

- (i) The Company had lent \$1,112,277 to SCM Comet Exploration Chile to fund further exploration costs prior to the transaction, this balance is eliminated on consolidation, in the statement of financial position, at September 30, 2018.
- (ii) In addition to the shares issued in consideration for the acquisition of SCM Comet Exploration Chile, the Company incurred costs totaling \$43,606. These costs were incurred in the process of the acquisition and include fees relating to accounting and legal fees

5. Exploration and evaluation properties

Comet Joint Venture

In January of 2017, the Company entered into a definitive earn-in and joint venture agreement (the “Agreement”) with Comet Exploration Ltd. (“Comet”) in respect of acquiring a participating interest in a joint venture (the “CJV”) on two copper and gold projects called the Farellon and Maria Luisa projects, which are located near the town of La Serena, Republic of Chile (collectively, the “Projects”). Comet is a private Australian exploration and development company with a focus in Chile principally in base metal and gold projects, held through its Chilean subsidiary.

Pursuant to the Agreement, the Company may earn up to an initial 20%, 35% or 50% interest in the CJV, by funding up to an aggregate of US\$0.75 million, US\$1.25 million, or US\$2.0 million. In November of 2017, Altiplano completed its US\$2.0 million funding requirements and held a 50% interest in the CJV.

In December of 2017, Altiplano entered into a binding letter of intent (the “LOI”) with Comet to acquire all of Comet’s remaining 50% interest in the CJV. Pursuant to the LOI, the Company was to issue to Comet 7,500,000 common shares of Altiplano at a deemed value of \$0.20 per share and pay A\$50,000 to Comet in consideration of Comet’s issuance to the Company of common shares of Comet at a price of A\$0.10 per share or lower, on the same terms as would be offered to arm’s length third parties. In addition, Comet will retain a 10% net profits interest in the Projects, until Comet has been paid C\$1.5 million. The LOI was subject to certain conditions, including the acceptance of the TSX Venture Exchange.

On May 9, 2018 the parties executed a Supplemental Agreement (the “Supplemental Agreement”) that outlined the various closing procedures for the transfer of Comet’s remaining 50% interest in the CJV to Altiplano. Among other things, the Supplemental Agreement provided for the transfer of Comet’s Chilean subsidiary to Altiplano, the delivery of Comet’s release, and Comet’s and Altiplano’s mutual termination of the Agreement, in exchange for 7,500,000 common shares of Altiplano. The closing documents were held in escrow by a Chilean law firm, pending approval of the demerger transaction by the Chilean Tax Authority.

In September of 2018, the parties received approval of the demerger transaction and the closing documents were completed.

Total costs incurred by the Company on the CJV are summarized as follows:

	<u>Acquisition</u>	<u>Exploration</u>	<u>Total</u>
Balance, December 31, 2017	\$ 2,656,524	\$ 205,152	\$ 2,861,676
Acquisition costs	1,543,606	-	1,543,606
Fieldwork	-	1,520,505	1,520,505
Geological consulting	-	231,370	231,370
Balance, September 30, 2018	\$ 4,200,130	\$ 1,957,027	\$ 6,157,157

Orogrande Property

Total costs incurred on the Orogrande Property are summarized as follows:

	<u>Acquisition</u>	<u>Exploration</u>	<u>Total</u>
Balance, December 31, 2017	\$ 229,017	\$ 84,626	\$ 313,643
Acquisition costs	225,000	-	225,000
Claims and land use	-	40,511	40,511
Disposal	(454,017)	(125,137)	(579,154)
Balance, September 30, 2018	\$ -	\$ -	\$ -

On November 30, 2016, the Company entered into an option to purchase (the "Option") with Velocity USA, Ltd. ("Velocity") to acquire twelve (12) mining claims located in Idaho, known as the Orogrande Property, subject to a 1.5% net smelter returns royalty.

To exercise the Option, the Company issued Velocity 1,250,000 common shares at a deemed value of \$0.09 per share and made a cash payment of \$25,000 for further staking of claims near or adjacent to the Orogrande Property and which thereafter formed a part of the property for the purpose of this Option.

In addition, Altiplano was to:

- On or before the first anniversary of the Option, incur exploration expenditures on the property of not less than CDN\$500,000, and issue a further 1,250,000 common shares;
- On or before the second anniversary of the Option, incur exploration expenditures on the property of not less than CDN\$750,000, and issue a further 1,250,000 common shares; and
- On or before the third anniversary of the Option, incur exploration expenditures on the property of not less than \$750,000.

In October of 2017, Altiplano and Velocity signed an amendment to the Option which resulted in Altiplano having exercised the Option and acquired the mining claims comprising the property. The amendment requires that Altiplano will issue the remaining 2,500,000 common shares of the Company at a deemed value of \$0.09 per share within thirty days of confirmation by the Bureau of Land Management Idaho State Office ("BLM Idaho") that the claims are active, in good standing, and have been transferred in Altiplano's name. In addition, Velocity has released the Company from any further obligation to carry out exploration work on the property.

In January of 2018, the Company received confirmation from BLM Idaho that the claims were transferred in good standing and therefore Altiplano issued the remaining 2,500,000 common shares to Velocity.

On September 13, 2018, the Company entered into an agreement for the sale and transfer of all its interests in the Orogrande Property in Idaho to Montego Resources Inc. ("Montego"), in consideration of Montego's payment to the Company of US\$50,000, and Montego's issuance to the Company of 520,000 common shares in three (3) instalments at a deemed price of CDN\$0.25 per share, subject to certain resale restrictions as described in the agreement.

6. Share capital

a) Common shares

The Company's articles authorize an unlimited number of common shares without par value and an unlimited number of preferred shares.

A summary of changes in common share capital in the period is as follows:

	Number of shares	Amount
Balance at December 31, 2017	39,830,012	\$ 6,230,497
Shares issued in private placements	800,000	200,000
Shares issued upon the exercise of options	600,000	314,843
Shares issued upon the exercise of warrants	14,461,174	2,637,146
Shares issued for property (note 4)	10,000,000	1,725,000
Share issuance costs	-	(26,156)
Balance at September 30, 2018	65,691,186	\$ 11,081,330

On September 14, 2018, the Company completed a non-brokered private placement of 800,000 units at \$0.25 per unit to raise \$200,000 in gross proceeds. Each unit consisted of one common share and one non-transferable share purchase warrant of the Company. Each warrant is exercisable to acquire one additional common share at \$0.35 per share until September 14, 2020.

b) Stock options

Pursuant to the Company's stock option plan (the "Plan") for directors, officers, employees, and consultants, the Company may reserve a maximum of 10% of the issued and outstanding listed common shares; the exercise price to be determined on the date of issuance of the options. The options are non-transferable and will expire, if not exercised, 90 days following the date the optionee ceases to be a director, officer, consultant or employee of the Company for reasons other than death, one year after the death of an optionee or on the tenth anniversary of the date the option was granted.

A summary of stock option activity in the periods is as follows:

	Number of options	Weighted average exercise price
Outstanding options December 31, 2017	2,050,000	\$ 0.15
Issued	2,050,000	0.30
Exercised	(600,000)	0.20
Outstanding options September 30, 2018	3,500,000	\$ 0.23

On June 8, 2018, the Company granted stock options to acquire up to an aggregate 2,050,000 common shares of the Company under the Plan, vesting immediately upon grant. The stock options are exercisable at a price of \$0.30 per common share and have an expiry date of June 8, 2023 or earlier in accordance with the terms of the Plan.

The estimated fair value of these options of \$676,500, or \$0.33 per option, has been recorded as share-based compensation expense in the 2017 fiscal year and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: grant date stock price \$0.35; expected life, 5 years; expected volatility, 160%; risk-free rate 2.15%; expected dividends, 0%.

A summary of the options outstanding and exercisable is as follows:

September 30, 2018			December 31, 2017		
Exercise Price	Number of options	Remaining contractual life (years)	Exercise Price	Number of options	Remaining contractual life (years)
\$ 0.12	250,000	2.9	\$ 0.12	250,000	3.7
0.20	200,000	3.7	0.20	300,000	4.4
0.15	250,000	4.0	0.15	250,000	4.8
0.14	950,000	4.0	0.14	1,250,000	4.8
0.30	1,850,000	4.7	-	-	-
\$ 0.23	3,500,000	4.3	\$ 0.15	2,050,000	4.6

c) Warrants

A summary of share purchase warrant activity in the periods is as follows:

	Number of Warrants	Weighted average exercise price
Outstanding warrants, December 31, 2017	16,500,513	\$ 0.18
Issued	800,000	0.25
Exercised	(14,461,174)	0.18
Outstanding warrants, September 30, 2018	2,839,339	\$ 0.20

A summary of the warrants outstanding and exercisable is as follows:

September 30, 2018			December 31, 2017		
Exercise Price	Number of warrants	Remaining contractual life (years)	Exercise Price	Number of warrants	Remaining contractual life (years)
\$ 0.17	1,768,163	0.4	\$ 0.17	15,236,300	1.2
0.25	271,176	0.4	0.25	1,264,213	1.2
0.25	800,000	1.7	-	-	-
\$ 0.20	2,839,339	0.8	\$ 0.18	16,500,513	1.2

7. Financial instruments and risk management

The Company is exposed to the following financial risks:

- i) Market risk
- ii) Credit risk
- iii) Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General objectives, policies and processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board and the Company's finance function is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility and to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. Further details regarding these policies are set out below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: currency risk, interest rate risk, other price risk.

Currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's share capital as well as the Company's reporting currency is denominated in Canadian Dollars. The Company's currency risk is limited to its future payments denominated in foreign currency for its Orogrande Property and Comet Joint Venture.

Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company holds no interest-bearing financial liabilities, therefore interest rate risk is limited to potential decreases on the interest rate offered on cash held with its financial institution. The Company considers this risk to be minimal.

Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held with reputable institutions in Canada. The Company is not exposed to any material credit risk. The Company's maximum exposure to credit risk is \$85,654 (2017 - \$266,181).

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company monitors its risk by monitoring the maturity dates of its existing debt and other payables. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

To achieve this objective, the Company regularly monitors working capital positions and updates spending plans as considered necessary. Monthly working capital and expenditure reports are prepared by the Company's finance function and presented to management for review and communication to the Board. As at September 30, 2018, all of the Company's financial liabilities are due within one year.

As at September 30, 2018, the Company's working capital was \$377,979 (2017 - \$202,597) and it does not have any monetary long-term liabilities. The continuing operations of the Company are dependent upon its ability to obtain adequate financing and to commence profitable operations in the future.

Determination of fair value

The statements of financial position carrying amounts for cash, accounts receivable, and accounts payable and accrued liabilities approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Capital management

The Company monitors its equity as capital.

The Company's objectives in managing its capital are to maintain a sufficient capital base to support its operations and to meet its short-term obligations and at the same time preserve investor's confidence and retain the ability to seek out and acquire new projects of merit. The Company is not exposed to any externally imposed capital requirements.

8. Related party transactions

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties. The Company incurred and paid fees to directors and officers for management and professional services as follows:

For the nine months ended	September 30 2018	September 30 2017
Management fees paid to key management and directors	\$ 135,953	\$ 164,500
Investor relations fees paid to a director	45,300	45,000
Office and admin fees paid to a corporation controlled by key management	45,691	19,800
	<u>\$ 226,944</u>	<u>\$ 229,300</u>

9. Subsequent events

Subsequent to September 30, 2018, the Company has arranged interim bridge loan financing (the "Loans") from various insiders and other private investors of the Company to raise a minimum of \$100,000 and up to a maximum of \$500,000.

Under the terms of the financing, the Loans will bear interest at 10% per annum and will be repayable by the Company one year after their date of advance (the "Maturity Date"). The Company expects to repay the Loans on the Maturity Date from cash flow generated from the Company's operations in Chile, conditional upon a positive production decision being made by the Board in 2019.

As compensation to the lenders for the risk of repayment of the Loans, Altiplano will issue bonus common shares equal to 20% of the principal amount loaned by each lender at an issue price of \$0.175 per share, up to a maximum of 571,428, if the entire \$500,000 is raised. The proceeds of the financing will be used to pay current trade payables of the Company and to fund the completion of the current exploration program, with any surplus to provide general working capital.