Cautivo Mining Inc.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2018 and 2017

(Unaudited - Expressed in US dollars)

Notice of no Auditor Review of 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 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 consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Cautivo Mining Inc.

Condensed Interim Consolidated Statements of Financial Position
As at March 31, 2018 and December 31, 2017

(Unaudited - Expressed in US dollars)

	Notes	March 31, 2018 $	December 31, 2017 $
ASSETS			
Current assets			
Cash and cash equivalents		5,887,698	6,444,845
Accounts receivable		118,211	47,435
Prepaid expenses		32,044	48,250
		6,037,953	6,540,530
Exploration and evaluation assets	4	9,003,967	8,908,419
Property, plant and equipment		14,094	15,251
TOTAL ASSETS		15,056,014	15,464,200
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	5	384,701	405,325
TOTAL LIABILITIES		384,701	405,325
SHAREHOLDERS' EQUITY			
Share capital		45,866,043	45,866,043
Contributed surplus		7,159,698	7,159,698
Deficit		(35,969,290)	(35,803,560)
Accumulated other comprehensive loss ("AOCL")		(2,385,138)	(2,163,306)
TOTAL SHAREHOLDERS' EQUITY		14,671,313	15,058,875
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		15,056,014	15,464,200

Subsequent event (Note 11)

Approved by the Board of Directors

"J. Alberto Arias"	*"Doug Cater"*
J. Alberto Arias	Doug Cater
Director	Director

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

Cautivo Mining Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three months ended March 31, 2018 and 2017

(Unaudited - Expressed in US dollars)

	Notes	2018 $	2017 $
EXPENSES			
General and administrative	9	(183,714)	(225,956)
Amortization		(1,157)	(341)
Foreign exchange gain		889	66,550
OTHER ITEMS			
Interest income		18,252	-
LOSS FOR THE PERIOD		(165,730)	(159,747)
OTHER COMPREHENSIVE LOSS			
Items that may subsequently be re-classified to loss:			
Unrealized loss on translation of financial statements		(221,832)	(29,216)
COMPREHENSIVE LOSS FOR THE PERIOD		(387,562)	(188,963)
Loss per share – basic and diluted		(0.01)	(0.05)
Weighted average number of shares outstanding		15,158,229	3,253,588

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

Cautivo Mining Inc.

Condensed Interim Consolidated Statement of Changes in Shareholders' Equity
For the three months ended March 31, 2018 and 2017

(Unaudited - Expressed in US dollars)

	Number of Shares #	Amount $	Contributed Surplus $	AOCL $	Deficit $	Total $
Balance as at December 31, 2016	1,000	100	44,538,611	(1,964,975)	(35,159,240)	7,414,496
Funding and expenses paid by Sierra Metals Inc.	-	-	122,419	-	-	122,419
Loss and comprehensive loss for the period	-	-	-	(29,216)	(159,747)	(188,963)
Balance as at March 31, 2017	1,000	100	44,661,030	(1,994,191)	(35,318,987)	7,347,952
Funding and expenses paid by Sierra Metals Inc.	-	-	484,805	-	-	484,805
Shares issued pursuant to Reorganization	3,252,588	37,986,137	(37,986,137)	-	-	-
Shares issued pursuant to a Rights Offering	11,904,641	7,961,383	-	-	-	7,961,383
Less: share issuance costs	-	(81,577)	-	-	-	(81,577)
Loss and comprehensive loss for the period	-	-	-	(169,115)	(484,573)	(653,688)
Balance as at December 31, 2017	15,158,229	45,866,043	7,159,698	(2,163,306)	(35,803,560)	15,058,875
Loss and comprehensive loss for the period	-	-	-	(221,832)	(165,730)	(387,562)
Balance as at March 31, 2018	15,158,229	45,866,043	7,159,698	(2,385,138)	(35,969,290)	14,671,313

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

Cautivo Mining Inc.

Condensed Interim Consolidated Statement of Cash Flows
For the three months ended March 31, 2018 and 2017

(Unaudited - Expressed in US dollars)

	2018 $	2017 $
OPERATING ACTIVITIES		
Loss for the period	(165,730)	(159,747)
Items not affecting cash:		
Amortization of property, plant, and equipment	1,157	341
Unrealized foreign exchange gains	-	(66,550)
	(164,573)	(225,956)
Change in non-cash operating working capital items:		
Prepaids	(70,776)	-
Accounts receivable	16,206	(527)
Accounts payable and accrued liabilities	(2,533)	30,713
Cash flows used in operating activities	(221,676)	(195,770)
INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(171,392)	(208,460)
Cash flows used in investing activities	(171,392)	(208,460)
FINANCING ACTIVITIES		
Proceeds from related party loan	-	400,292
Cash flows provided by financing activities	-	400,292
Effect of foreign exchange rate changes on cash held in foreign currency	(164,079)	83
DECREASE IN CASH AND CASH EQUIVALENTS	(557,147)	(3,855)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	6,444,845	21,777
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	5,887,698	17,922
Cash	303,705	17,922
Cash equivalents	5,583,993	-

Supplemental cash flow information (Note 10)

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

1. GENERAL INFORMATION:

Cautivo Mining Inc. ("Cautivo" or the "Company") was incorporated under the Business Corporations Act (Ontario) on December 6, 2016, and is domiciled in Canada. Cautivo's head office is located at Av Primavera 1796, Office 702, Santiago de Surco, Lima, Peru. Cautivo's mailing address is 880 – 580 Hornby Street, Vancouver, BC, V6C 3B6, Canada.

The Company is an exploration company focused on acquiring, exploring and, if warranted, developing gold, silver, copper, zinc and lead mineral properties. Following the Reorganization (Note 2), the Las Lomas Project comprises the main asset of the Company. The Las Lomas Project consists of 52 existing or pending mining concessions, located in the Department of Piura in northern Peru, near the Ecuadorian border.

Cautivo Mining is a public company which is listed on the Canadian Securities Exchange under the symbol "CAI".

2. BASIS OF PRESENTATION:

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34 - Interim Financial Reporting. These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2017 which have been prepared in accordance with IFRS as issued by the IASB.

In the preparation of these interim condensed consolidated financial statements, the Company has used the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended December 31, 2017 except as outlined in Note 3.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

References herein to "$" are to the United States dollar and "C$" are to the Canadian dollar.

These condensed interim consolidated financial statements were approved by the Board of Directors on May 28, 2018.

3. ADOPTION OF NEW ACCOUNTING STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE:

IFRS 9, Financial Instruments
This standard replaces IAS 39 Financial Instruments: Recognition and Measurement and became effective for the Company on January 1, 2018. IFRS 9 includes requirements for classification and measurement of financial assets and financial liabilities; impairment methodology for financial instruments; and general hedge accounting. IFRS 9 has specific requirements for whether debt instruments are accounted for at amortized cost, fair value through other comprehensive income or fair value through profit or loss. IFRS 9 requires equity instruments to be measured at fair value through profit or loss unless an irrevocable election is made to measure them at fair value through other comprehensive income, which results in changes in fair value not being recycled to the income statement. The adoption of this standard did not have a material measurement or disclosure impact on the Company's financial statements.

IFRS 16, Leases
The new standard eliminates the classification of leases as either operating or finance leases for a lessee. Instead all leases are capitalized by recognizing the present value of lease payments and recognizing an asset and a financial liability representing an obligation to make future lease payments. The principles in IFRS 16 provide a more consistent approach to acquiring the use of an asset whether by leasing or purchasing an asset. The new leasing

(Unaudited - Expressed in US dollars except where otherwise indicated)

standard is applicable to all entities and will supersede current lease accounting standards under IFRS. IFRS 16 is mandatory for annual periods beginning on or after January 1, 2019.

4. EXPLORATION AND EVALUATION ASSETS:

	$
Balance as at December 31, 2016	7,701,517
Acquisition costs	
Option payments	200,000
Concession payments	504,109
Exploration costs	349,226
Tax payable on transfer of concessions	75,892
Impairment	(62,400)
Effect of foreign currency translation	140,075
Balance as at December 31, 2017	8,908,419
Exploration costs – salaries, benefits and other	153,301
Effect of foreign currency translation	(57,753)
Balance as at March 31, 2018	9,003,967

The exploration and evaluation assets relate to the Las Lomas Project which consists of 52 mining concessions located in the Department of Piura in northern Peru, near the Ecuador border, on the west side of the Andes Cordillera.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

	March 31, 2018 $	December 31, 2017 $
Trade payables	287,345	297,378
Due to related parties (Note 7)	39,555	32,055
Accrued tax payable	57,801	75,892
	384,701	405,325

6. SHARE CAPITAL:

a) Authorized: Unlimited number of common shares, without par value.

b) Escrow shares

On July 10, 2017, the Company entered into an escrow agreement with certain shareholders of the Company. 12,227,322 common shares of the Company were placed into escrow. These escrow shares will be released as follows:

(Unaudited - Expressed in US dollars except where otherwise indicated)

Date of Automatic Timed Release	Amount of Escrow Shares Released
On the date that the Company's common shares were listed on the CSE, August 8, 2017	1/10 of the escrow shares
6 months after the listing date	1/6 of the remainder of the escrow shares
12 months after the listing date	1/5 of the remainder of the escrow shares
18 months after the listing date	1/4 of the remainder of the escrow shares
24 months after the listing date	1/3 of the remainder of the escrow shares
30 months after the listing date	1/2 of the remainder of the escrow shares
36 months after the listing date	The remainder of the escrow shares

As at March 31, 2018, 9,170,496 common shares remained in escrow (December 31, 2017 – 11,004,592 common shares).

c) Transactions with controlling shareholder

As at March 31, 2018, Arias Resource Capital Fund L.P., Arias Resource Capital Fund II L.P., Arias Resource Capital Fund II (Mexico) L.P. and Arias Resource Capital Management L.P. (together, the "ARC Funds") held 13,281,761 common shares of the Company, representing 87.6% of the Company's issued and outstanding common shares.

7. RELATED PARTY TRANSACTIONS:

Key management includes the Chief Executive Officer, the Chief Operating Officer and the directors of the Company. Compensation paid or payable to key management during the three months ended March 31, 2018 and 2017 was as follows:

	2018 $	2017 $
Short-term benefits	88,144	24,800
	88,144	24,800

As at March 31, 2018, accounts payable and accrued liabilities included $39,555 of directors' fees payable (December 31, 2017 - $32,055).

8. SEGMENT DISCLOSURES:

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company's operations comprise a single reporting operating segment engaged in mineral exploration in Peru.

(Unaudited - Expressed in US dollars except where otherwise indicated)

For the three months ended March 31, 2018:

	Peru $	Corporate $	Total $
General and administrative expenses	(145,539)	(38,175)	(183,714)
Amortization of property, plant and equipment	(1,157)	-	(1,157)
Foreign exchange gain	717	172	889
Interest income	-	18,252	18,252
Loss for the period	(145,979)	(19,751)	(165,730)
Mining properties	9,003,967	-	9,003,967
Other segment assets	335,027	5,717,020	6,052,047
Liabilities	(297,956)	(86,745)	(384,701)

9. EXPENSES BY NATURE:

General and administration expenses

General and administrative expenses by nature during the three months ended March 31, 2018 and 2017 are as follows:

	2018 $	2017 $
Consulting and professional fees	29,054	192,426
Directors fees	7,500	-
Travelling expenses	15,419	1,683
Other	131,741	31,847
	183,714	225,956

10. SUPPLEMENTAL CASH FLOW INFORMATION:

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. During the three months ended March 31, 2018, the following transactions were excluded from the statement of cash flows:

a) Included in accounts payable and accrued liabilities as at March 31, 2018 is $57,801 of capitalized exploration and evaluation assets, less expenditures included in accounts payable at December 31, 2017 of $75,892 (net inclusion of $18,091).

11. SUBSEQUENT EVENT:

Acquisition of mining concessions

On March 23, 2018 and April 10, 2018, Minera Ate entered into two separate letters of intent (the "LOIs") with certain third parties to acquire 4 additional mining concessions near the Las Lomas Project. As agreed to in the LOI, the acquisition of these concessions will be subject to the completion of certain conditions, as well as customary due diligence. In addition, Minera Ate and San Miguelito are expecting to enter into an option agreement, whereby if Minera Ate agrees to acquire the 4 concessions, San Miguelito will lend Minera Ate the transaction amounts in order for Minera Ate to complete the acquisition. San Miguelito would then, upon the receipt of the required Supreme Decree, acquire the 4 concessions contemplated in the LOIs.