Cautivo Mining Inc.

Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2019 and 2018
(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, 2019 and December 31, 2018

(Unaudited - Expressed in US dollars)

	Notes	March 31, 2019 $	December 31, 2018 $
ASSETS			
Current assets			
Cash and cash equivalents		2,481,133	3,038,166
Accounts receivable		98,574	79,162
Prepaid expenses		46,750	60,512
		2,626,457	3,177,840
Exploration and evaluation assets	4	10,411,447	10,061,067
Property and equipment		253,815	58,795
TOTAL ASSETS		13,291,719	13,297,702
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	5	386,833	384,482
Lease obligation – short-term	6	59,984	-
		446,817	384,482
Lease obligation – long-term	6	145,431	-
TOTAL LIABILITIES		592,248	384,482
SHAREHOLDERS' EQUITY			
Share capital		45,866,043	45,866,043
Contributed surplus		7,159,698	7,159,698
Deficit		(37,702,754)	(37,396,988)
Accumulated other comprehensive loss ("AOCL")		(2,623,516)	(2,715,533)
TOTAL SHAREHOLDERS' EQUITY		12,699,471	12,913,220
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		13,291,719	13,297,702

Approved by the Board of Directors

"J. Alberto Arias"	*"Doug Cater"*
J. Alberto Arias Director	Doug Cater 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, 2019 and 2018

(Unaudited - Expressed in US dollars)

	Notes	2019 $	2018 $
EXPENSES			
General and administrative	10	(289,689)	(183,714)
Amortization		(14,938)	(1,157)
Foreign exchange gain		1,340	889
OTHER ITEMS			
Interest income		12,729	18,252
Finance charge on lease		(7,325)	-
LOSS FOR THE PERIOD		(297,883)	(165,730)
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may subsequently be reclassified to loss:			
Unrealized gain (loss) on translation of financial statements		92,017	(221,832)
COMPREHENSIVE LOSS FOR THE PERIOD		(205,866)	(387,562)
Loss per share – basic and diluted		(0.02)	(0.01)
Weighted average number of shares outstanding		15,158,229	15,158,229

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

Cautivo Mining Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the three months ended March 31, 2019 and 2018

(Unaudited - Expressed in US dollars)

	Number of Shares #	Amount $	Contributed Surplus $	AOCL $	Deficit $	Total $
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
Loss and comprehensive loss for the period	-	-	-	(330,395)	(1,427,698)	(1,758,093)
Balance as at December 31, 2018	15,158,229	45,866,043	7,159,698	(2,715,533)	(37,396,988)	12,913,220
IFRS 16 transition adjustment on January 1, 2019 (Note 3)	-	-	-	-	(7,883)	(7,883)
Balance as at December 31, 2018 (restated)	15,158,229	45,866,043	7,159,698	(2,715,533)	(37,404,871)	12,905,337
Loss and comprehensive loss for the period	-	-	-	92,017	(297,883)	(205,866)
Balance as at March 31, 2019	15,158,229	45,866,043	7,159,698	(2,623,516)	(37,702,754)	12,699,471

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

Cautivo Mining Inc.

Condensed Interim Consolidated Statements of Cash Flows
For the three months ended March 31, 2019 and 2018

(Unaudited - Expressed in US dollars)

	2019 $	2018 $
OPERATING ACTIVITIES		
Loss for the period	(297,883)	(165,730)
Items not affecting cash:		
Amortization of property and equipment	14,938	1,157
	(282,945)	(164,573)
Change in non-cash operating working capital items:		
Prepaids	13,762	(70,776)
Accounts receivable	(19,412)	16,206
Accounts payable and accrued liabilities	15,489	(2,533)
Cash flows used in operating activities	(273,106)	(221,676)
INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(309,414)	(171,392)
Purchase of equipment	(3,871)	-
Tax paid on transfer of concessions	(13,138)	
Cash flows used in investing activities	(326,423)	(171,392)
FINANCING ACTIVITY		
Repayment of lease obligation	(8,555)	-
Effect of foreign exchange rate changes on cash held in foreign currency	51,051	(164,079)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(557,033)	(557,147)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	3,038,166	6,444,845
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	2,481,133	5,887,698
Cash	707,579	303,705
Cash equivalents	1,773,554	5,583,993

Supplemental cash flow information (Note 11)

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 202, 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. The Las Lomas Project comprises the main asset of the Company. At March 31, 2019, the Las Lomas Project consisted of 61 existing or pending mining concessions, located in the Department of Piura in northern Peru, near the Ecuadorian border. An additional 10 mining claims, equivalent to 3,800 ha, are held by the Company in the Department of La Libertad, where the Cascajal Project is located. During 2018, no exploration work was done in the Cascajal Project.

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, 2018 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, 2018 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 30, 2019.

3. ADOPTION OF NEW ACCOUNTING STANDARDS:

IFRS 16, Leases

The Company adopted all of the requirements of IFRS 16 Leases ("IFRS 16") as of January 1, 2019. IFRS 16 replaces IAS 17 Leases ("IAS 17"). IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company has adopted IFRS 16 using the modified retrospective application method, where the 2018 comparatives are not restated and a cumulative catch up adjustment is recorded on January 1, 2019 for any differences identified, including adjustments to opening retained earnings balance.

The Company analyzed its contracts to identify whether they contain lease arrangements for the application of IFRS 16. On the date of transition, the Company recorded a right-of-use asset in property and equipment of $206,087 and a lease obligation of $213,970. The lease obligation was calculated by discounting the future cash flows from the date of transition using the Company's incremental borrowing rate of 15%. The net difference between right-of-use assets and lease liability on the date of transition was recognized as an adjustment to deficit of $7,883 on January 1, 2019.

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

The following is the Company's new accounting policy for leases under IFRS 16:

Leases
At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

4. EXPLORATION AND EVALUATION ASSETS:

	$
Balance as at December 31, 2017	8,908,419
Acquisition costs	
Option payments	150,000
LOI advances	100,000
Concession payments	387,811
Surface rights with community	200,000
Exploration costs – salaries, benefits and other	782,670
Tax payable on transfer of concessions	127,470
Impairment	(423,724)
Effect of foreign currency translation	(171,579)
Balance as at December 31, 2018	10,061,067
Acquisition costs	
Purchase of concessions	39,840
Exploration costs – salaries, benefits and other	269,574
Effect of foreign currency translation	40,966
Balance as at March 31, 2019	10,411,447

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

The exploration and evaluation assets relate to the Las Lomas Project which consists of 55 mining concessions located in the Department of Piura in northern Peru, near the Ecuador border, on the west side of the Andes Cordillera. Additional mining claims totalling 9, equivalent to 3,400 ha are held by the Company in the Department of La Libertad, where the Cascajal Project is located. During 2019, no exploration work was done in the Cascajal Project.

The Company has an option agreement with Minera Leona de Oro S.A.C. to acquire three concessions forming part of the Las Lomas Project (the "Hans Concessions"). Pursuant to the option agreement, the Company must make the following payments to keep the agreement in good standing:

- $50,000 per concession ($150,000 total) by May 5, 2016 (paid)
- $50,000 per concession ($150,000 total) by May 5, 2017 (paid)
- $50,000 per concession ($150,000 total) by May 5, 2018 (paid)
- $50,000 per concession ($150,000 total) by May 5, 2019; and,
- $50,000 per concession ($150,000 total) by May 5, 2020.

In order to complete the acquisition of the Hans Concessions, the Company must make a final payment of $1,000,000 per concession ($3,000,000 total) by May 5, 2020.

The Hans Concessions will be subject to a net smelter return royalty of 1.75%, up to a maximum of $500,000 per Hans Concession ($1,500,000 total).

On March 23, 2018 and April 10, 2018, the Company entered into Letters of Intent ("LOIs") with two families (the "Vendors") who, after forming a legal company ("NewCo"), must cause NewCo to sell to Minera Ate 4 additional mining concessions near the Las Lomas Project. On execution of the LOIs, the Company paid non-refundable advances totalling $100,000. Once a definitive agreement is signed and the mining concessions are transferred to the Company, a final payment of $1,000,000 will be made to NewCo.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

	March 31, 2019 $	December 31, 2018 $
Trade payables	339,695	311,706
Due to related parties (Note 8)	17,500	30,000
Accrued income tax payable	29,638	42,776
	386,833	384,482

6. LEASE OBLIGATION:

The Company entered into an office lease in May 2018. With the adoption of IFRS 16 Leases (see Note 3), the Company recognized a lease obligation with respect to the lease. The terms and the outstanding balances as at March 31, 2019 and December 31, 2018 are as follows:

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

	March 31, 2019 $	December 31, 2018 $
Right-of-use asset from office lease repayable in monthly instalments of $5,293 and an interest rate of 15% per annum and an end date of April 30, 2023	205,415	213,971
Less: current portion	(59,984)	(59,707)
Non-current portion	145,431	154,264

The following is a schedule of the Company's future minimum lease payments related to the office lease obligation:

	March 31, 2019 $	December 31, 2018 $
2019	48,486	64,365
2020	65,653	65,653
2021	66,966	66,966
2022	68,305	68,305
2023	22,918	22,918
Total minimum lease payments	272,328	288,207
Less: imputed interest	(66,913)	(74,236)
Total present value of minimum lease payments	205,415	213,971
Less: Current portion	(59,984)	(59,707)
Non-current portion	145,431	154,264

7. 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:

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 (February 8, 2018)	1/6 of the remainder of the escrow shares
12 months after the listing date (August 8, 2018)	1/5 of the remainder of the escrow shares
18 months after the listing date (February 8, 2019)	1/4 of the remainder of the escrow shares
24 months after the listing date (August 8, 2019)	1/3 of the remainder of the escrow shares
30 months after the listing date (February 8, 2020)	1/2 of the remainder of the escrow shares
36 months after the listing date (August 8, 2020)	The remainder of the escrow shares

As at March 31, 2019, 5,502,300 common shares remained in escrow (December 31, 2018 – 7,336,398 common shares).

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

c) Transactions with controlling shareholder

As at March 31, 2019, 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.

8. 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, 2019 and 2018 was as follows:

	2019 $	2018 $
Short-term benefits	86,904	88,144
	86,904	88,144

As at March 31, 2019, accounts payable and accrued liabilities included $17,500 of directors' fees payable (December 31, 2018 - $30,000).

9. 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.

For the three months ended March 31, 2019:

	Peru $	Corporate $	Total $
General and administrative expenses	(257,445)	(32,244)	(289,689)
Amortization of property and equipment	(14,938)	-	(14,938)
Foreign exchange gain (loss)	1,722	(382)	1,340
Interest income	-	12,729	12,729
Finance charge on leases	(7,325)	-	(7,325)
Loss for the period	(277,986)	(19,897)	(297,883)
Mining properties	10,411,447	-	10,411,447
Other segment assets	1,006,976	1,873,296	2,880,272
Liabilities	(534,533)	(57,715)	(592,248)

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

10. EXPENSES BY NATURE:

General and administration expenses

General and administrative expenses by nature during the three months ended March 31, 2019 and 2018 are as follows:

	2019 $	2018 $
Consulting and professional fees	19,184	29,054
Directors fees	7,500	7,500
Travelling expenses	31,978	15,419
Salaries, benefits and other	231,027	131,741
	289,689	183,714

11. 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, 2019, the following transactions were excluded from the statement of cash flows:

a) Included in accounts payable and accrued liabilities as at March 31, 2019 is $29,638 of capitalized exploration and evaluation assets, less expenditures included in accounts payable at December 31, 2018 of $42,776 (net inclusion of $13,138).

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).

12. SUBSEQUENT EVENT:

Option to acquire land

On May 27, 2019, the Company, through its subsidiary Consorcio Minero Ate S.A.C., entered into an option agreement with Minerales de Ayabaca S.A.C. to acquire 9.6 hectares of land for a purchase price of $160,000.