

LATIN METALS INC.
(formerly Centenera Mining Corporation)
(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
April 30, 2019
(Unaudited)
(Expressed in Canadian Dollars)

Corporate Head Office

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LATIN METALS INC.
(formerly Centenera Mining Corporation)
(An Exploration Stage Company)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
April 30, 2019 and 2018

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NOTICE TO READER

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The condensed consolidated interim financial statements of the Company for the quarter ended April 30, 2019 have been prepared by and are the responsibility of the Company's management.

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

LATIN METALS INC.

(formerly Centenera Mining Corporation)

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

	April 30, 2019	October 31, 2018
ASSETS		
Current		
Cash	\$ 82,715	\$ 88,793
Receivables	24,370	23,713
Prepays	40,081	44,824
	<u>147,166</u>	<u>157,330</u>
Equipment (note 4)	11,395	12,786
Exploration and Evaluation Assets (note 5)	<u>3,406,950</u>	<u>3,271,525</u>
Total Assets	<u>\$ 3,565,511</u>	<u>\$ 3,441,641</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 966,900	\$ 660,276
Loans from related parties (note 7)	<u>344,062</u>	<u>146,304</u>
Total Liabilities	<u>1,310,962</u>	<u>806,580</u>
Shareholders' Equity		
Share capital (note 6)	9,131,693	9,131,693
Reserves (note 6)	1,749,826	1,749,826
Deficit	<u>(8,626,970)</u>	<u>(8,246,458)</u>
Total Shareholders' Equity	<u>2,254,549</u>	<u>2,635,061</u>
Total Liabilities and Shareholders' Equity	<u>\$ 3,565,511</u>	<u>\$ 3,441,641</u>

Nature of operations and going concern (note 1)

"Keith Henderson"

Director

"David Cass"

Director

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

LATIN METALS INC.

(formerly Centenera Mining Corporation)

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

	For the three months ended April 30, 2019	For the three months ended April 30, 2018	For the six months ended April 30, 2019	For the six months ended April 30, 2018
Administrative Expenses				
Amortization	\$ 655	\$ 1,085	\$ 1,391	\$ 2,227
Bank charges	865	2,805	1,210	5,268
Consulting fees (note 7)	92,425	113,015	158,337	229,745
Investor relations and promotion	3,027	15,389	21,176	65,314
Impairment loss on exploration and evaluation assets (note 5)	13,012	-	13,012	4,565
Impairment loss on VAT receivable	57,350	182,287	57,467	249,482
Office and general	17,427	46,149	40,137	81,398
Professional fees	28,968	48,664	48,421	82,344
Regulatory and transfer agent	12,628	13,041	17,834	18,954
Salaries and benefits (note 7)	48,394	54,944	93,027	142,693
Stock based compensation (notes 6)	-	57,649	-	675,736
Travel	4,761	20,269	4,761	25,802
Loss Before Other Items	(279,512)	(555,297)	(456,773)	(1,583,528)
Other Items				
Interest expense	(665)	(31)	(681)	(65)
Interest income	-	-	-	-
Foreign exchange	103,584	57,125	76,942	36,859
Loss and comprehensive loss for the period	\$ (176,593)	\$ (498,203)	\$ (380,512)	\$ (1,546,734)
Basic and diluted loss per share				
- basic and diluted	\$ (0.01)	\$ (0.08)	\$ (0.02)	\$ (0.08)
Weighted average number of common shares outstanding				
- basic and diluted	20,656,744	18,187,533	20,656,744	17,696,205

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

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CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

(Expressed in Canadian dollars)

	Share Capital		Deficit	Reserves	Total Shareholders' Equity
	Shares	Amount			
Balance, October 31, 2017	16,652,352	\$ 6,935,499	\$ (6,002,399)	\$ 894,113	\$ 1,827,213
Shares issued for cash					
Private Placement	1,437,639	1,035,100	-	-	1,035,100
Share issue costs	-	(13,051)	-	-	(13,051)
Shares issued for non-cash					
Property acquisition	160,000	120,900	-	-	120,900
Property acquisition - finders warrants	1,250	1,050	-	-	1,050
Finders fee - warrants	-	(3,680)	-	3,680	-
Share based compensation (note 6)	-	-	-	672,056	672,056
Net loss for the period	-	-	(1,546,734)	-	(1,546,734)
Balance, April 30, 2018	18,251,241	\$ 8,075,818	\$ (7,549,133)	\$ 1,569,849	\$ 2,096,534
Shares issued for cash					
Private placement	1,095,083	525,640	-	-	525,640
Share issue costs	-	(6,915)	-	-	(6,915)
Shares issued for non-cash					
Property acquisition	357,500	128,700	-	-	128,700
Shares issued to settle accounts payable	952,920	408,450	-	-	408,450
Loans from related parties - warrants issued (note 7)	-	-	-	60,062	60,062
Share-based compensation (note 6)	-	-	-	119,915	119,915
Loss for the year	-	-	(697,325)	-	(697,325)
Balance, October 31, 2018	20,656,744	\$ 9,131,693	\$ (8,246,458)	\$ 1,749,826	\$ 2,635,061
Net loss for the period	-	-	(380,512)	-	(380,512)
Balance, April 30, 2019	20,656,744	\$ 9,131,693	\$ (8,626,970)	\$ 1,749,826	\$ 2,254,549

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

LATIN METALS INC.

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CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Expressed in Canadian dollars)

	For the six months ended April 30, 2019	For the six months ended April 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (380,512)	\$ (1,546,734)
Items not affecting cash:		
Impairment loss on exploration and evaluation assets	13,012	4,565
Share-based compensation	-	675,736
Amortization	1,391	2,227
Changes in non-cash working capital items:		
Receivables	(657)	(2,787)
Prepays	4,743	(35,300)
Accounts payable and accrued liabilities	306,624	23,251
Net cash inflow (outflow) from operating activities	(55,399)	(879,042)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(148,437)	(925,358)
Purchase of property, plant and equipment	-	(1,405)
Net cash outflow from investing activities	(148,437)	(926,763)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	1,035,100
Share issuance costs	-	(13,051)
Loan from related parties	197,758	-
Net cash inflow from financing activities	197,758	1,022,049
Change in cash for the period	(6,078)	(783,756)
Cash, beginning of the period	88,793	838,013
Cash, end of the period	\$ 82,715	\$ 54,257
Supplemental disclosure with respect to cash flows (note 8)		

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LATIN METALS INC.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended April 30, 2019

(Unaudited)

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Latin Metals Inc. (the “Company”) (formerly Centenera Mining Corporation) was incorporated under the laws of the Province of British Columbia, Canada on January 9, 2006. The Company’s principal business activity is the acquisition, exploration and evaluation of mineral properties located in South America. The Company operates with a Prospect Generator model focusing on the acquisition of prospective exploration properties at minimum cost, completing initial evaluation through cost-effective exploration to establish drill targets, and ultimately securing joint venture partners to fund drilling and advanced exploration. Shareholders are exposed to the upside of a significant discovery without the dilution associated with funding the highest-risk drill-based exploration. The Company is listed on the TSX Venture Exchange (“TSX-V”) under the symbol “LMS”.

The head office and principal address of the Company is Suite 2300 – 1177 West Hastings Street, Vancouver, BC, V6E 2K3, Canada. The registered and records offices of the Company are located at Suite 415 – 1040 West Georgia Street, Vancouver, BC, V6E 4H1, Canada.

Effective May 23, 2019, the Company consolidated its common shares on a 4:1 basis. These financial statements reflect the share consolidation

As at April 30, 2019 the Company has a working capital deficit of \$819,734 (October 31, 2018 – \$502,946) and an accumulated deficit of \$8,626,970 (October 31, 2018 - \$8,246,458).

The Company is in the process of exploring and developing its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production or proceeds from the disposition thereof.

These condensed consolidated interim financial statements have been prepared under the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have financial resources to sustain operations in the long-term. There is no assurance that future financings will be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

2. BASIS OF PREPARATION

The Board of Directors of the Company approved the condensed consolidated interim financial statements on June 25, 2019.

These condensed consolidated interim financial statements have been prepared on the historical cost basis, except for assets and liabilities recorded at fair value. Intercompany balances and transactions are eliminated on consolidation. The presentation and functional currency of the Company is the Canadian dollar.

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For the six months ended April 30, 2019

(Unaudited)

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (Cont'd...)

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended October 31, 2018.

Principles of consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries as follows:

Subsidiary	Proportion of Ownership Interest	Country of Incorporation	Principle Activity
Cardero Argentina S.A.	100%	Argentina	Exploration
1054749 B.C. Ltd.	100%	Canada	Holding

The Company consolidates its subsidiaries on the basis that it controls the subsidiary through its ability to govern its financial and operating activities.

All intercompany transactions and balances are eliminated on consolidation.

Significant accounting judgments, estimates and assumptions

The preparation of these condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amount of expenses during the period. Actual results could differ from these estimates.

The preparation of condensed consolidated interim financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management’s experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and estimates that the Company has made in the preparation of the condensed consolidated interim financial statements.

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2. BASIS OF PREPARATION (Cont'd...)

Mineral property impairment

At the end of each reporting period, the Company assesses each of its mineral resource properties to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist, including factors such as: the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of resource properties are budgeted or planned and results of exploration and evaluation activities on the exploration and evaluation assets. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit ("CGU")) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Going concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short- and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Functional currency determination

The functional and presentation currency of the Company is the Canadian dollar. The functional currency of the Company's subsidiaries is the Canadian dollar, based on management's assessment of whether a specific subsidiary is a standalone operation or integrated with the operations of the parent company. Should management's judgment about the nature of a subsidiary differ from its actual nature, a material difference in the cumulative translation adjustment and or foreign exchange gain could result.

Share-based payments

Share-based payments are determined using the Black-Scholes option pricing model based on estimated fair values of all share-based awards at the date of grant and are expensed to net loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option/warrant. Changes in these input assumptions can significantly affect the fair value estimate.

3. SIGNIFICANT ACCOUNTING POLICIES

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards ("IAS") Board or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd...)

Annual Improvements to IFRS Standards 2014–2016 Cycle

The following standards have been revised to incorporate amendments issued by the IASB in December 2016:

- IFRS 1 *First-time Adoption of International Financial Reporting Standards* – The amendments remove some short-term exemptions for first-time adopters.
- IFRS 12 *Disclosure of Interests in Other Entities* – The amendments clarify that the disclosure requirements in the standard apply to interests in entities within the scope of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.
- IAS 28 *Investments in Associates and Joint Ventures* – The amendments clarify that the election available to some types of investment entities to measure investees at fair value through profit or loss at initial recognition is applied on an investment-by-investment basis. The amendments also clarify that an entity that is not an investment entity decides on an investment-by-investment basis whether to retain the fair value measurements applied by its associates and joint ventures that are investment entities.

The amendments are effective for the Company's annual period beginning November 1, 2018. Earlier application is permitted. The Company does not anticipate an impact to the financial statement balances upon adoption of these standards.

IFRIC 22 *Foreign Currency Transactions and Advance Consideration*

IFRIC 22 provides guidance on how to determine the "date of the transaction" for purposes of identifying the exchange rate to use in transactions within the scope of IAS 21 *The Effects of Changes in Foreign Exchange Rates* involving the payment or receipt of consideration in advance.

The main features of IFRIC 22 are as follows:

- An entity uses the exchange rate on the date that the advanced foreign currency consideration is paid or received to translate the related asset, expense or income upon initial recognition.
- When there are multiple advance payments or receipts, the entity determines this date for each such payment or receipt.

The Interpretation is effective for the Company's annual period beginning November 1, 2018. Earlier application is permitted. The Company does not anticipate an impact to the financial statement balances upon adoption of this standard.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 *Share-based Payment*)

The amendments provide guidance on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd...)

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 *Share-based Payment*) (cont'd...)

The amendments are effective for the Company's annual period beginning November 1, 2018. Earlier application is permitted. The Company does not anticipate a significant impact to the financial statement balances upon adoption of this standard.

IFRS 9 *Financial Instruments*

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- **Classification and measurement of financial assets:**
Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".
- **Classification and measurement of financial liabilities:**
When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.
- **Impairment of financial assets:**
An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.
- **Hedge accounting:**
Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

The final version of this new standard is effective for the Company's annual period beginning November 1, 2018. Earlier application is permitted. The impact of adoption of this standard is expected to be limited to financial statement disclosures.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd...)

IFRS 16 Leases

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost and is then depreciated similarly to property and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 *Leases*, IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The new standard is effective for the Company's annual period beginning November 1, 2019. The impact of the adoption of this standard is expected to be limited to financial statements disclosures.

Annual Improvements to IFRS Standards 2015–2017 Cycle

The following standards have been revised to incorporate amendments issued by the IASB in December 2017:

- IFRS 3 *Business Combinations* – The amendments clarify that when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in that business.
- IFRS 11 *Joint Arrangements* – The amendments clarify that when an entity obtains joint control of a business that is a joint operation, it does not remeasure previously held interests in that business.
- IAS 12 *Income Taxes* – The amendments clarify that an entity recognizes income tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognized the originating transaction or event that generated the distributable profits giving rise to the dividend.
- IAS 23 *Borrowing Costs* – The amendments clarify that an entity treats as general borrowings any borrowings made specifically to obtain a qualifying asset that remain outstanding when the asset is ready for its intended use or sale.

The amendments are effective for the Company's annual period beginning November 1, 2019. The Company does not expect a significant impact on its consolidated financial statements upon adoption of these standards.

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(Unaudited)

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4. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment
Cost	
Balance, October 31, 2018	21,086
Additions	-
Balance, April 30, 2019	\$ 21,086
Accumulated depreciation	
Balance, October 31, 2018	8,300
Depreciation for the period	1,391
Balance, April 30, 2019	\$ 9,691
Carrying amounts	
At October 31, 2018	\$ 12,786
At April 30, 2019	\$ 11,395

5. EXPLORATION AND EVALUATION ASSETS**Title to Mineral Property Interests**

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfer and may be affected by undetected defects.

Crosby Property – Argentina

The Company owns a 100% interest in the Crosby Property, subject to a 2% NSR royalty.

During the year ended October 31, 2017, the Company determined that the carrying value of its interest in the Crosby Property was impaired as no additional expenditures were planned for the property. As a result, the Company wrote off cumulative costs incurred to date on the Crosby Property of \$540,758 as an impairment loss, determined in accordance with Level 3 of the fair value hierarchy.

Organullo Property – Argentina

Pursuant to an agreement dated October 1, 2004, between the Company and an Argentinean individual, the Company purchased a 100% interest in eight mines in Salta Province, Argentina, in consideration of the issuance of 70,000 common shares (issued).

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5. EXPLORATION AND EVALUATION ASSETS (Cont'd...)**Organullo Property – Argentina (cont'd...)**

During the year ended October 31, 2018, the Company entered into an option agreement with Yamana Gold Inc. (“Yamana”) for Yamana to acquire up to a 70% interest in the Organullo property subject to:

- (i) Yamana making payment to the Company in the aggregate of US\$1,250,000 over a five-year period from the effective date. Yamana has made the first payment of US\$100,000 upon the signing of the agreement, as follows:

Date received	Cash Payment (US)
October 17, 2018 (received)	100,000
October 17, 2019	100,000
October 17, 2020	150,000
October 17, 2021	200,000
October 17, 2022	200,000
Upon delivery of option exercise notice	500,000
Total	1,250,000

- (ii) Yamana preparing a pre-feasibility study that reports an aggregate measured and indicated mineral resource of at least 1,000,000 equivalent ounces, at the sole cost of Yamana.

- (iii) Yamana incurring expenditures of at least US\$5,000,000 on or prior to the fourth anniversary of the effective date.

If Yamana exercises the option, then Yamana and the Company will participate as shareholders and joint venture partners for the continued development and exploitation of the Organullo property.

Mina Angela Property – Argentina

The Company entered into an acquisition agreement in April 2004, pursuant to which the Company acquired a 100% interest in mineral concessions in Chubut Province, Argentina, subject to a 1% NSR to the vendor, in consideration of aggregate cash payments to the vendor of US\$400,000 (paid). The Company owns a 100% interest in the property.

El Quemado – Argentina

The Company entered into an option agreement to acquire a 100% interest in the El Quemado tantalum-niobium bismuth-lithium pegmatite project in Salta Province, Argentina (the “Option”). In consideration the Company has issued 625,000 common shares as follows:

Date issued	Centenera Shares
September 20, 2016 (issued)	25,000
March 15, 2017 (issued)	41,250
September 15, 2017 (issued)	66,250
March 15, 2018 (issued)	135,000
September 15, 2018 (issued)	357,500
Total	625,000

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(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (Cont'd...)**El Quemado – Argentina (cont'd...)**

Upon final issuance of the Company's Shares on September 15, 2018, the Company was deemed to have exercised the Option, and has earned a 100% legal and beneficial interest in the project, subject to a 2% NSR to be granted to the vendor. The Company will have a right to buy one-half of the NSR for US\$750,000. If the Company abandons the project after exercising the option, the project shall revert back to the vendor, subject to a 1% NSR to be granted to the Company.

El Penon – Argentina

During the year ended October 31, 2018, the Company terminated the property option agreement. As a result, the Company wrote off cumulative costs incurred to date on the El Penon project of \$70,106 as an impairment loss, determined in accordance with Level 3 of the fair value hierarchy.

Esperanza – Argentina

The Company entered into an option agreement to acquire a 100% interest in the Esperanza copper-gold porphyry deposit located in the San Juan Province, Argentina. On July 9, 2018 and amended in June 2019, the Company entered into a definitive property option agreement on the property.

Under the definitive property option agreement, the Company has the right to earn a 100% interest in the project through the payment of US\$2,306,000 and the issuance of common shares in the Company valued at US\$500,000 (at the time of issuance) to the vendor, as follows:

Date issued	Cash Payment (US)	Value of Shares (US)
Effective date (paid)	\$ 80,000	\$ -
December 15, 2017 (paid)	83,000	-
June 15, 2018 (paid)	45,000	-
September 20, 2018 (paid)	10,000	-
October 2, 2018 (paid)	10,000	-
October 30, 2018 (paid)	25,000	-
June 15, 2019 (paid)	150,000	-
June 15, 2021(1)	300,000	-
December 15, 2021	500,000	250,000
December 15, 2022	1,103,000	250,000
Total	\$ 2,306,000	\$ 500,000

(1) In the event that drilling commences at Esperanza prior to the payment date of 15 June 2021, a payment of US\$150,000 will be made, which amount shall be subtracted from the US\$300,000 payment due on 15 June 2021.

Upon completion of the option payments and share issuances, the Company will be deemed to have exercised the option and will have earned an undivided 100% legal and beneficial interest in and to the project, subject to a 2% NSR to be granted to the vendor. The Company will have a right to buy back 0.5% of the NSR for US\$1,000,000, at which time the NSR payable to the vendor shall be 1.5%.

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5. EXPLORATION AND EVALUATION ASSETS (*Cont'd...*)**Esperanza – Argentina** (*cont'd...*)

A finder's fee in the amount of US\$172,800, is payable in common shares of the Company over six years.

Date issued	Amount (US)	Finder's Shares Issued
Within 10 business days of effective date (paid and issued)	\$15,580	17,705
December 15, 2018	6,466	-
June 15, 2019	6,528	-
December 15, 2019	7,266	-
June 15, 2020	7,390	-
December 15, 2020	8,745	-
June 15, 2021	8,745	-
December 15, 2021	41,260	-
June 15, 2022	70,820	-
Total	\$172,800	17,705

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5. EXPLORATION AND EVALUATION ASSETS (Cont'd...)

	Organullo	Mina Angela	El Quemado	El Penon	Esperanza	Total
Balance, October 31, 2017	\$ 110,033	\$ 22,541	\$ 329,232	\$ 42,988	\$ 431,738	\$ 936,532
Acquisition costs						
Cash payments (proceeds)	(131,040)	-	-	-	255,686	124,646
Shares issued	-	-	228,600	22,050	-	250,650
Total acquisition costs	(21,007)	22,541	557,832	65,038	687,424	1,311,828
Deferred exploration costs						
Assay	-	-	-	-	35,336	35,336
Camp Costs	-	-	-	-	985,432	985,432
Claim maintenance	12,794	5,122	11,759	3,210	8,326	41,211
Consulting	-	-	-	-	422,136	422,136
Drilling	-	-	-	-	358,068	358,068
Field	-	-	-	1,858	157,084	158,942
Reports	4,305	-	7,336	-	13,129	24,770
Total exploration costs for the year	17,099	5,122	19,095	5,068	1,979,511	2,025,895
Impairment	-	-	-	(70,106)	-	(70,106)
Gain on disposal	3,908	-	-	-	-	3,908
Balance, October 31, 2018	\$ -	\$ 27,663	\$ 576,927	\$ -	\$ 2,666,935	\$ 3,271,525
Deferred exploration costs						
Camp Costs	-	-	-	-	129,109	129,109
Claim maintenance	-	1,658	4,658	-	-	6,316
Total exploration costs for the period	-	1,658	4,658	-	129,109	135,425
Balance, April 30, 2019	\$ -	\$ 29,321	\$ 581,585	\$ -	\$ 2,796,044	\$ 3,406,950

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6. SHARE CAPITAL AND RESERVES

a. Authorized

Unlimited number of voting common shares without nominal or par value.

b. Share issuances

During the period ended April 30, 2019, there were no shares issued by the Company.

During the year ended October 31, 2018, the Company issued the following Shares:

- The Company negotiated debt settlements with various arm's length creditors by issuing 952,917 common shares with a fair value of \$408,450, to settle aggregate accounts payable of \$454,080. As a result, the Company recorded a gain on settlement of accounts payable of \$45,630.
- The Company completed a non-brokered private placement of 1,095,083 units at a price of \$0.48 per unit for gross proceeds of \$525,640. Each unit consists of one common share of the Company and one warrant. Each warrant entitles the holder thereof to purchase an additional common share for \$0.80 until July 4, 2021. The Company also paid cash finder's fees in the amount of \$6,915.
- The Company completed a non-brokered private placement of 1,437,639 units at a price of \$0.72 per unit for gross proceeds of \$1,035,100. Each unit consists of one common share of the Company and one warrant. Each warrant entitles the holder thereof to purchase an additional common share for \$1.20 until June 29, 2019. The Company also paid cash finder's fees and other issuance costs in the amount of \$13,051 and issued 10,938 finders' warrants valued at \$3,680 using the Black-Scholes option model. Each finders' warrant entitles the holder to acquire an additional common share of the Company at a price of \$0.72 until June 29, 2019.
- The Company issued 517,000 common shares for property acquisitions (exploration and evaluation assets) at a fair value of \$249,600. These common shares were issued in connection with the option agreements to acquire the El Penon, and El Quemado projects. The Company additionally issued 1,250 bonus common shares to finders at a fair value of \$1,050 in connection with the El Penon project.

c. Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time-to-time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed a rolling 10% of the Company's issued and outstanding common shares at the time the options are granted. Such options will be exercisable for a period of up to five years from the date of grant. Vesting of stock options is at the discretion of the Board of Directors.

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6. SHARE CAPITAL AND RESERVES (Cont'd...)

c. Stock options (cont'd...)

Stock option transactions are summarized as follows:

	April 30, 2019		October 31, 2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of the period	2,027,500	\$ 0.76	200,000	\$ 1.00
Cancelled	(1,927,500)	\$ 0.76	2,027,500	\$ 0.76
Expired	(100,000)	\$ 0.80	(200,000)	\$ 1.00
Options outstanding, end of the period	-	\$ -	2,027,500	\$ 0.76
Option exercisable, end of the period	-	\$ -	2,027,500	\$ 0.76

The weighted average remaining contractual life of options outstanding at April 30, 2019 was Nil (October 31, 2018 – 3.67) years.

The Company uses the Black-Scholes option pricing model to value stock options granted and warrants issued. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. For purposes of the calculation and disclosures, the following weighted average assumptions were used:

	April 30, 2019	October 31, 2018
Risk-free interest rate	-	1.75%
Expected life of options	-	4.48
Annualized volatility	-	191.9%
Dividend rate	-	0 %
Forfeiture rate	-	0%

Share-based payments payment charges for the period ended April 30, 2019 totalled \$Nil (April 30, 2018 - \$672,056).

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6. SHARE CAPITAL AND RESERVES (Cont'd...)

d. Warrants

The following common share purchase warrants entitle the holders thereof to purchase one common share for each warrant. Warrants transactions are as follows:

	April 30, 2019		October 31, 2018	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding, beginning of the period	2,900,804	\$ 0.96	-	\$ -
Warrants issued – attached to units	-	\$ -	2,532,722	\$ 1.04
Warrants issued – loans from related parties	-	\$ -	357,144	\$ 0.56
Warrants issued – finders'	-	\$ -	10,938	\$ 0.72
Warrants outstanding, end of the period	2,900,804	\$ 0.96	2,900,804	\$ 0.96

The weighted average remaining contractual life of warrants outstanding at April 30, 2019 was 1.18 (October 31, 2018 – 1.66) years.

Warrants outstanding are as follows:

Number of Warrants	Exercise Price	Expiry Date
1,437,639	1.20	June 29, 2019
10,938	0.72	June 29, 2019
357,144	0.56	June 15, 2021
1,095,083	0.80	July 4, 2021
2,900,804		

7. RELATED PARTY TRANSACTIONS

During the periods ended April 30, 2019 and 2018, the Company entered the following transactions with related parties:

Management compensation

Key management personnel compensation is comprised of the following:

For the six months ended April 30	2019	2018
Salaries and benefits to CEO	\$ 75,000	\$ 75,000
Consulting fees to CFO *	26,000	30,000
Directors' fees (included in salaries and benefits)	-	14,723
Stock-based compensation to CEO, CFO and directors	-	507,464
	\$ 101,000	\$ 627,187

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7. RELATED PARTY TRANSACTIONS (Cont'd...)

Transactions with other related parties

For the six months ended April 30	2019	2018
Consulting fees to a Corporate Secretary	\$ 12,000	\$ 12,000
Office expenses to Marvel Office Management Ltd. a company with directors in common	11,977	22,129
	\$ 23,977	\$ 34,129

*Amount above is paid to a personal service corporation for personnel that is acting as key management of the Company.

Investment from associate

As at April 2019, Cardero Resource Corp. did not own any of the Company's issued common shares (October 31, 2018 – 26.16%). At April 30, 2018, the Company owned 100% of Cardero Argentina's issued common shares except for one share held by Hendrik van Alphen (a director of both Cardero and the Company). Cardero is a public company with common shares listed on the TSX.V.

Loans from related parties

During the year ended October 31, 2018, the Company secured loans in the amount of \$100,000 from each of the CEO and a director of the Company totalling \$200,000 (the "Loans"). The Loans have a three-year term and bear interest at the rate of 5% per annum compounded annually, payable on the maturity date. In connection with the Loans, the Company issued 714,285 common share purchase warrants to each of the lenders. Each warrant entitles the holder to purchase one common share of the Company for a period of three years at an exercise price of \$0.14 per share. During the period ended April 30, 2019, the Company secured an additional loan from a director for \$197,758.

On inception, the Company allocated the total proceeds received between the liability and equity components (warrants) using the residual method, based on a discount rate of 17%, which is the estimated cost at which the Company could borrow similar debt without any equity instruments attached. The liability component is measured at amortized cost and is accrued over the term to maturity using the effective interest method. The equity component is presented as a component of shareholders' equity.

The continuity of the Loans is as follows:

	April 30, 2019	October 31, 2018
Opening balance	\$ 146,304	\$ -
Additions	197,758	200,000
Portion allocated to warrants issued	-	(60,062)
Accretion to face value of the Loans – finance costs	-	6,366
Ending balance	\$ 344,062	\$ 146,304

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8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the period ended April 30, 2019 there was stock based compensation in the amount of \$Nil (April 30, 2018 - \$672,056).

During the period ended April 30, 2019 the Company issued Nil (April 30, 2018 - 161,250) common shares for property acquisition at a deemed cost of \$Nil (April 30, 2018 - \$121,950).

9. FINANCIAL RISK MANAGEMENT AND MANAGEMENT OF CAPITAL

Fair value

The fair value of the Company's financial instruments including receivables and accounts payable and accrued liabilities approximate their carrying amounts due to their short-term nature and capacity for prompt liquidation. Cash is carried at its fair value calculated in accordance with level 1 of the fair value of the value hierarchy.

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.

Fair Value Hierarchy

Financial instruments that are measured after initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities which include cash and cash equivalents and marketable securities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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. Financial instruments that potentially subject the Company to credit risk consist of cash. Cash deposits are maintained with Canadian financial institutions of reputable credit and are redeemable on demand.

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9. FINANCIAL RISK MANAGEMENT AND MANAGEMENT OF CAPITAL *(Cont'd...)*

Financial risk management *(cont'd...)*

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is engaged in ongoing evaluation of opportunities to improve its financial position which includes, but is not limited to, additional equity financings, obtaining exploration partners and/or the sale of assets. At April 30, 2019, the Company has working capital deficit of \$819,734 (October 31, 2018 - \$502,946).

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no outstanding debt subject to variable interest. Accordingly, the Company does not believe it is exposed to significant interest rate risk.

Foreign exchange risk

The Company is exposed to foreign currency risk to the extent that monetary financial instruments are denominated in United States and Argentinean currencies. The Company's operating expenses are incurred primarily in Canadian dollars; its exploration programs are primarily in Argentina and are denominated in either United States dollars or Argentine pesos. The fluctuation of the Canadian dollar will, consequently, have an impact upon the reported profitability of the Company and may also affect the value of the Company's assets and liabilities. The Company continuously monitors this exposure to determine if any mitigation strategies become necessary. The Company's sensitivity analysis suggests that a consistent 5% change in the rate of exchange in the foreign jurisdictions where it has assets employed would change foreign exchange gain or loss by \$5,292 (2018 - \$70,197).

Price risk

The Company is exposed to price risk with respect to commodity prices, particularly those included in its exploration and evaluation asset portfolio. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Management of capital

The Company's objectives in managing its capital (items included in shareholders 'equity (deficiency)) are to fund acquisition, exploration and development of its exploration and evaluation assets and to meet its administrative and corporate activities to ensure that the Company continues as a going concern.

The Company is an exploration stage company and is currently unable to self-finance its operations. The Company has historically relied on equity financings to raise sufficient funds to carry out its exploration and acquisition activities and pay its administrative costs. Therefore, the Company intends to raise additional funds as required to carry out its planned activities.

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9. FINANCIAL RISK MANAGEMENT AND MANAGEMENT OF CAPITAL (Cont'd...)**Management of capital (cont'd...)**

The Company manages the capital structure and makes appropriate adjustments to it based upon changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt and acquire or dispose of assets. To manage its capital requirements management has put into place a planning and budgeting process.

The Company is not subject to any externally imposed capital requirements or restrictions and there were no changes to the Company's approach to managing capital during the period ended April 30, 2019.

10. SEGMENTED INFORMATION

The Company operates in one industry segment, the mineral resources industry, and in two geographical segments, Canada and Argentina. The significant asset categories identifiable with these geographical areas are as follows:

	April 30, 2019		
	Canada	Argentina	Total
Exploration and evaluation assets	\$ -	\$ 3,406,950	\$ 3,406,950
Equipment	5,007	6,388	11,395
Cash	78,153	4,562	82,715
Receivables and prepaids	54,744	9,707	64,451
Total Assets	\$ 137,904	\$ 3,427,607	\$ 3,565,511

	October 31, 2018		
	Canada	Argentina	Total
Exploration and evaluation assets	\$ -	\$ 3,271,525	\$ 3,271,525
Equipment	5,890	6,896	12,786
Cash	28,554	60,239	88,793
Receivables and prepaids	61,384	7,153	68,537
Total Assets	\$ 95,828	\$ 3,345,813	\$ 3,441,641

11. SUBSEQUENT EVENTS

On June 21, 2019, the Company closed the first tranche of its non-brokered private placement announced on April 30, 2019. The Company issued a total of 24,798,000 shares priced at \$0.125 per share for gross proceeds \$3,099,750. The Company paid finders fees on a portion of the financing \$109,112.50 cash commission and 872,900 broker warrants which entitles the holder to purchase one common share of the Company for \$0.125 for a period of 12 months from the closing of the financing.