

LATIN METALS INC.
(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
April 30, 2020
(Unaudited)
(Expressed in Canadian Dollars)

Corporate Head Office

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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, 2020 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.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

	April 30, 2020	October 31, 2019
ASSETS		
Current		
Cash and cash equivalents	\$ 1,178,265	\$ 1,457,653
Receivables	22,488	28,020
Prepays	34,585	37,255
	<u>1,235,338</u>	<u>1,522,928</u>
Equipment (note 4)	9,433	10,280
Exploration and Evaluation Assets (note 5)	<u>3,697,292</u>	<u>3,578,793</u>
Total Assets	<u>\$ 4,942,063</u>	<u>\$ 5,112,001</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (note 7)	\$ 122,564	\$ 148,481
Loans from related parties (note 7)	<u>171,290</u>	<u>162,506</u>
Total Liabilities	<u>293,854</u>	<u>310,987</u>
Shareholders' Equity		
Share capital (note 6)	12,112,662	12,063,254
Reserves (note 6)	2,137,891	1,792,141
Deficit	<u>(9,602,344)</u>	<u>(9,054,381)</u>
Total Shareholders' Equity	<u>4,648,209</u>	<u>4,801,014</u>
Total Liabilities and Shareholders' Equity	<u>\$ 4,942,063</u>	<u>\$ 5,112,001</u>

Nature of operations and going concern (note 1)

Subsequent events (note 13)

"Keith Henderson"

Director

"David Cass"

Director

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

LATIN METALS INC.

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CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

	For the three months ended April 30, 2020	For the three months ended April 30, 2019	For the six months ended April 30, 2020	For the six months ended April 30, 2019
Administrative Expenses				
Amortization	\$ 726	\$ 655	\$ 847	\$ 1,391
Bank charges	1,134	865	2,084	1,210
Consulting fees (note 7)	44,671	92,425	93,891	158,337
Investor relations and promotion	9,395	3,027	13,219	21,176
Impairment loss on exploration and evaluation assets (note 5)	-	13,012	-	13,012
Impairment loss on VAT receivable	3,018	57,350	20,292	57,467
Office and general	17,054	17,427	39,427	40,137
Professional fees	22,747	28,968	40,243	48,421
Property investigation costs	4,185	-	24,059	-
Recovery of exploration and evaluation assets (note 5)	(139,640)	-	(139,640)	-
Regulatory and transfer agent	11,967	12,628	18,436	17,834
Salaries and benefits (note 7)	50,685	48,394	96,378	93,027
Stock based compensation (notes 6)	-	-	345,750	-
Travel	1,726	4,761	1,784	4,761
Loss Before Other Items	(27,668)	(279,512)	(556,770)	(456,773)
Other Items				
Interest expense	-	(665)	-	(681)
Interest income	4,509	-	9,271	-
Finance costs	(6,966)	-	(13,932)	-
Foreign exchange	17,997	103,584	13,466	76,942
Loss and comprehensive loss for the period	\$ (12,128)	\$ (176,593)	\$ (547,965)	\$ (380,512)
Basic and diluted loss per share				
– basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding				
– basic and diluted	45,654,798	20,656,744	45,554,224	20,656,744

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LATIN METALS INC.

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CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian dollars)

	Share Capital		Reserves	Deficit	Total Shareholders' Equity
	Shares	Amount			
Balance, October 31, 2018	20,656,744	\$ 9,131,693	\$ 1,749,826	\$ (8,246,458)	\$ 2,635,061
Loss for the period	-	-	-	(380,512)	(380,512)
Balance, April 30, 2019	20,656,744	\$ 9,131,693	\$ 1,749,826	\$ (8,626,970)	\$ 2,254,549
Shares issued for cash					
Private placement	24,798,000	3,099,750	-	-	3,099,750
Share issue costs	-	(125,874)	-	-	(125,874)
Finders' fee - warrants issued	-	(42,315)	42,315	-	-
Net loss for the year	-	-	-	(427,411)	(427,411)
Balance, October 31, 2019	45,454,744	\$ 12,063,254	\$ 1,792,141	\$ (9,054,381)	\$ 4,801,014
Shares issued for non-cash					
Property acquisition	467,500	25,713	-	-	25,713
Property acquisition – finders' fees	215,415	23,696	-	-	23,696
Stock based compensation	-	-	345,750	-	345,750
Loss for the period	-	-	-	(547,964)	(547,964)
Balance, April 30, 2020	46,137,659	\$ 12,112,663	\$ 2,137,891	\$ (9,602,345)	\$ 4,648,209

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

LATIN METALS INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	For the six months ended April 30, 2020	For the six months ended April 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (547,964)	\$ (380,512)
Items not affecting cash:		
Impairment loss on exploration and evaluation assets	-	13,012
Share-based compensation	345,750	-
Amortization	847	1,391
Changes in non-cash working capital items:		
Receivables	5,532	(657)
Prepays	2,671	4,743
Accounts payable and accrued liabilities	1,085	306,624
Net cash inflow (outflow) from operating activities	<u>(192,079)</u>	<u>(55,399)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(87,309)	(148,437)
Purchase of property, plant and equipment	-	-
Net cash outflow from investing activities	<u>(87,309)</u>	<u>(148,437)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	-
Share issuance costs	-	-
Loan from related parties	-	197,758
Net cash inflow from financing activities	<u>-</u>	<u>197,758</u>
Change in cash for the period	(279,388)	(6,078)
Cash, beginning of the period	1,457,653	88,793
Cash, end of the period	\$ 1,178,265	\$ 82,715
Supplemental disclosure with respect to cash flows (note 8)		

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

LATIN METALS INC.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended April 30, 2020

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Latin Metals Inc. (the “Company”) 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 1170 – 1040 West Georgia Street, Vancouver, BC, V6E 4H1, Canada.

As at April 30, 2020, the Company has working capital of \$1,112,774 and an accumulated deficit of \$9,602,345.

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 consolidated 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.

These condensed consolidated interim financial statements do not reflect the adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, Government response actions, business closures and business disruptions, can all have an impact on the Company’s operations and access to capital. There can be no assurance that the Company will not be further impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets which may reduce resource prices, share prices and financial liquidity and thereby severely limit the financing capital available in the mineral exploration sector.

2. BASIS OF PREPARATION

The Board of Directors of the Company approved the condensed consolidated interim financial statements on June 22, 2020.

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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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended April 30, 2020

(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, 2019.

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.

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

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For the six months ended April 30, 2020

(Expressed in Canadian dollars)

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

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

Recent Accounting Pronouncements

IFRS 16 Leases

The Company adopted IFRS 16 effective November 1, 2019. IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases.

The Company has applied the standard retrospectively. On initial adoption on November 1, 2019 there was no impact on the Company’s assets, liabilities or profit and loss.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended April 30, 2020

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4. EQUIPMENT

	Office Equipment
Cost	
Balance, October 31, 2018	\$ 21,086
Additions	-
Balance, October 31, 2019	\$ 21,086
Additions	-
Balance, April 30, 2020	\$ 21,086
Accumulated depreciation	
Balance, October 31, 2018	\$ 8,300
Depreciation	2,506
Balance, October 31, 2019	\$ 10,806
Depreciation	847
Balance, April 30, 2020	\$ 11,653
Carrying amounts	
At October 31, 2019	\$ 10,280
At April 30, 2020	\$ 9,433

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.

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...)

Subsequent to April 30, 2020 the Company received notice, from Yamana, advising of their decision to discontinue funding exploration and to terminate the option agreement (Note 12). During the year ended October 31, 2018, the Company had 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 as outlined below.

Date received	Cash Payment (US)
October 17, 2018 (received)	\$ 100,000
October 17, 2019 (received)	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

During the year ended October 31, 2019, Yamana made the second payment of US\$100,000 (CAD \$132,000) resulting in a recovery of \$132,000 in profit and loss.

- (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 as follows: US \$1,250,000 on prior to October 17, 2020 and the balance of US \$3,750,000 on or prior to October 17, 2022.

Upon the exercise of the option, Yamana and Latin Metals shall be deemed to have formed a joint venture (JV) with the initial JV interests being 70% as to Yamana and 30% as to Latin Metals; provided that prior to or concurrently with the exercise of the Option, Yamana shall have a top-up right to acquire an additional 5% interest in the project (being 75% in aggregate) by making a cash payment to Latin Metals equal to US\$3.00 per gold equivalent ounce of Measured and Indicated Mineral Resources reported in the PFS.

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.

During the year ended October 31, 2019, the Company signed an offer letter to Patagonia Gold Corp. (“Patagonia”) which outlined a due diligence period for Patagonia and set out the proposed commercial terms of a definitive option agreement, pursuant to which Patagonia would be granted the option to acquire the Company’s interest in Mina Angela. The offer letter was accepted by Patagonia on August 12, 2019 and Patagonia made the initial cash payment of US\$40,000 (CAD \$52,936) to the Company (Note 13). On March 12, 2020, the Company and Patagonia entered into an Amending Agreement to extend, by six months, the date by which Patagonia must enter into the Definitive Agreement to acquire the Company’s interest in the Mina Angela project. In consideration for the extended terms, Patagonia made a US\$50,000 payment and a US\$50,000 advance payment of the first option payment, due at the time of signing the definitive agreement. To exercise the Option in full,

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

Patagonia will be required to make additional payments to the Company in the aggregate amount of US\$950,000 cash and Patagonia will be required to grant to the Company a 1% net smelter returns royalty (“NSR Royalty”) on any future production from the Project. The commercial terms of the amended agreement are as follows:

Schedule of payments	Cash Payment (US)	Royalty Payments	Cumulative Earned Interest
Within ten days from acceptance of the offer letter (received)	\$ 40,000	-	-
Additional payment as consideration for the extension (paid)	50,000		
Advance on first option payment (paid)	50,000		
First option payment - upon signing the definitive agreement - September 12, 2020	200,000	-	-
Second option payment - upon exercising the option March 12, 2021	250,000	-	100%
Final option payment - within thirty days of verification that the legal restrictions preventing development of mining activity in the Chubut Province and at the Project have been lifted (to Patagonia’s satisfaction)	500,000	-	100%
Commencement of production on the project	-	1% NSR Royalty	100%

During the year ended October 31, 2019, the Company received the initial option payment of US \$40,000 (CAD \$52,936) resulting in a recovery of \$21,996 in profit and loss

The closing of the acquisition of Mina Angela by Patagonia is subject to certain customary closing conditions, including the signing of a definitive agreement and TSX venture exchange approval. As of April 30, 2020, the Company has not entered into the Definitive agreement.

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	Shares
September 20, 2016	25,000
March 15, 2017	41,250
September 15, 2017	66,250
March 15, 2018	135,000
September 15, 2018	357,500
Total	625,000

Upon final issuance of the Company’s common 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.

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For the six months ended April 30, 2020

(Expressed in Canadian dollars)

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

During the year-ended October 31, 2019, the Company made an option payment of US \$150,000 (CAD \$197,910) in accordance with the payment schedule above.

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

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 (issued)	6,466	68,750
June 15, 2019 (issued)	6,528	69,409
December 15, 2019 (issued)	7,266	77,256
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	233,120

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For the six months ended April 30, 2020

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (Cont'd...)**Tres Cerros - Argentina**

The Company entered into three option agreements, and amended on May 1, 2020, pursuant to which the Company was granted options to acquire a 100-per-cent interest in eight properties, which form the following groups of properties: (i) the Cerro Bayo, Cerro Bayo and La Flora properties; (ii) the Aylen, Aylen Oeste and Pedro properties; and (iii) the Fiorentina & Fiorentina Norte properties, each located in Argentina. The Company can earn an initial 80% interest (the “First Option”), followed by the remaining 20% interest (the “Second Option”), subject to certain royalty conditions. The aggregate acquisition cost of the First Option for all three property groups will be USD \$2,573,500 payable in cash and 14,344,000 common shares of the Company. The consideration the Company is required to pay and issue shares is as follows.

Cerro Bayo, Cerro Bayo Sur & La Flora Properties

Date	Cash Payments (US)	Shares	Cumulative Earned Interest
5 business days from conditional TSX-V acceptance (April 8, 2019)	\$12,500 (paid)	-	-
May 1, 2020	7,500 (paid)	175,000 (issued)	
November 1, 2020	17,500	175,000	
May 1, 2021	50,000	450,000	-
May 1, 2022	75,000	550,000	35%
May 1, 2023	100,000	950,000	51%
May 1, 2024	200,000	1,300,000	71%
May 1, 2025	500,000	1,800,000	80%
Total	\$962,500	5,400,000	-

During the year ended October 31, 2019, prior to the signing of the agreement, the Company made the first payment of US \$12,500 (CAD \$16,694) which is included in property investigation costs.

For a period of 120 days after the exercise of the First Option for each property group, the Company will have the Second Option to acquire the remaining 20% (aggregate 100%) interest in that property group, by making a cash payment of \$400,000 and issuing shares in the capital of the Company valued at \$400,000 to the vendors, subject to a 0.75% NSR royalty, of which two-thirds of the royalty (0.5%) can be purchased at any time for \$1,000,000.

Aylen, Aylen Oeste and Pedro

Date	Cash Payments (US)	Shares	Cumulative Earned Interest
5 business days from conditional TSX-V acceptance (April 8, 2019)	\$12,500 (paid)	-	-
May 1, 2020	7,500 (paid)	175,000 (issued)	
November 1, 2020	17,500	175,000	
May 1, 2021	50,000	450,000	-
May 1, 2022	75,000	550,000	35%
May 1, 2023	100,000	950,000	51%
May 1, 2024	200,000	1,300,000	71%
May 1, 2025	500,000	1,800,000	80%
Total	\$962,500	5,400,000	-

LATIN METALS INC.

(An Exploration Stage Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended April 30, 2020

(Expressed in Canadian dollars)

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

During the year ended October 31, 2019, prior to the signing of the agreement, the Company made the first payment of US \$12,500 (CAD \$16,694) which is included in property investigation costs.

For a period of 120 days after the exercise of the First Option for each property group, the Company will have the Second Option to acquire the remaining 20% (aggregate 100%) interest in that property group, by making a cash payment of US \$400,000 and issuing shares in the capital of the Company valued at US \$400,000 to the vendors, subject to a 0.75% NSR royalty, of which two-thirds of the royalty (0.5%) can be purchased at any time for US \$1,000,000.

Fiorentina & Fiorentina Norte Properties

Date	Cash Payments (US)	Shares	Cumulative Earned Interest
5 business days from conditional TSX-V acceptance (April 8, 2019)	\$12,500 (paid)	-	-
May 1, 2020	5,100 (paid)	117,500 (issued)	
November 1, 2020	11,900	117,500	
May 1, 2021	34,000	300,000	-
May 1, 2022	50,000	370,000	35%
May 1, 2023	67,000	635,000	51%
May 1, 2024	134,000	870,000	71%
May 1, 2025	334,000	1,134,000	80%
Total	\$648,500	3,544,000	-

During the year ended October 31, 2019, prior to the signing of the agreement, the Company made the first payment of US \$12,500 (CAD \$16,694) which is included in property investigation costs.

For a period of 120 days after the exercise of the First Option for each property group, the Company will have the Second Option to acquire the remaining 20% (aggregate 100%) interest in that property group, by making a cash payment of US \$400,000 and issuing shares in the capital of the Company valued at US \$400,000 to the vendors, subject to a 0.75% NSR royalty, of which two-thirds of the royalty (0.5%) can be purchased at any time for US \$1,000,000.

LATIN METALS INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six months ended April 30, 2020
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5. EXPLORATION AND EVALUATION ASSETS (Cont'd...)

	Organullo	Mina Angela	El Quemado	Esperanza	Tres Cerros	Total
Balance, October 31, 2018	\$ -	\$ 27,663	\$ 576,927	\$ 2,666,935	\$ -	\$ 3,271,525
Acquisition costs						
Cash payments (proceeds)	(132,000)	(52,936)	-	197,910	-	12,974
Total acquisition costs	(132,000)	(52,936)	-	197,910	-	12,974
Deferred exploration costs						
Camp Costs	-	-	-	128,286	-	128,286
Claim maintenance	-	3,277	8,359	-	376	12,012
Total exploration costs for the year	-	3,277	8,359	128,286	376	140,298
Recovery	132,000	21,966	-	-	-	153,996
Balance, October 31, 2019	\$ -	\$ -	\$ 585,286	\$ 2,993,131	\$ 376	\$ 3,578,793
Property acquisition - shares	-	-	-	-	25,713	25,713
Property acquisition – finders’ fees shares	-	-	-	23,695	-	23,695
Total acquisition costs	(132,000)	(52,936)	-	23,695	25,713	49,408
Deferred exploration costs						
Field expenses	-	-	-	20,936	11,813	32,749
Consulting	-	-	-	-	22,690	22,689
Geological	-	-	-	-	11,535	11,535
Claim maintenance	-	3,842	-	2,023	94	5,959
Total exploration costs for the period	-	3,842	-	22,959	46,132	72,933
Recovery	-	(3,842)	-	-	-	(3,842)
Balance, April 30, 2020	\$ -	\$ -	\$ 585,286	\$ 3,039,785	\$ 72,221	\$ 3,697,292

LATIN METALS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended April 30, 2020

(Expressed in Canadian dollars)

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, 2020 the Company issued the following Shares:

- The Company issued 467,500 common shares for property acquisition, valued of \$25,713.
- The Company issued 215,415 common shares for a finders' fee on a property acquisition, valued at \$23,696

During the year ended October 31, 2019, the Company issued the following Shares:

- On June 19, 2019, the Company completed a non-brokered private. 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 of \$125,874 cash share issuance costs and 872,900 broker warrants, valued at \$42,315 using the Black-Scholes option model, 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.

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.

Stock option transactions are summarized as follows:

	April 30, 2020		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
Granted	4,500,000	\$ 0.13	-	\$ -
Cancelled	-	\$ -	(2,027,500)	\$ 0.76
Option outstanding, end of the period	4,500,000	\$ 0.13	-	\$ -

The weighted average remaining contractual life of options outstanding at April 30, 2020 was 2.56 (2019 - Nil) years.

LATIN METALS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended April 30, 2020

(Expressed in Canadian dollars)

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

The Company uses the Black-Scholes option pricing model to value stock options granted and compensatory 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. The following weighted average assumptions were used:

	April 30, 2020	October 31, 2019
Risk-free interest rate	1.51%	1.59%
Expected life of options	3	1
Annualized volatility	100%	100%
Dividend rate	0%	0%
Forfeiture rate	0%	0%

The risk-free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected life of options is the average expected period to exercise, based on historical activity patterns. Volatility is based on available historical volatility of the Company's share price.

Share-based compensation expense for the period ended April 30, 2020 totaled \$345,750 (April 30, 2019 - \$Nil).

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, 2020		October 31, 2019	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding, beginning of the period	2,325,127	\$ 0.51	2,900,804	\$ 0.96
Warrants issued – finders'	-	\$ -	872,900	\$ 0.13
Expired	-	\$ -	(1,448,577)	\$ 1.20
Warrants outstanding, end of the period	2,325,127	\$ 0.51	2,325,127	\$ 0.51

The weighted average remaining contractual life of warrants outstanding at April 30, 2020, was 0.73 (October 31, 2019 – 1.04) years.

7. RELATED PARTY TRANSACTIONS**Key management personnel compensation**

The Company's key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. The Company's key management personnel comprise officers and directors of the Company. Key management personnel compensation is as follows:

LATIN METALS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended April 30, 2020

(Expressed in Canadian dollars)

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

For the six months ended April 30	2020	2019
Salaries and benefits to CEO	\$ 71,250	\$ 75,000
Consulting fees to CFO *	22,800	26,000
Directors fees	8,000	-
Share-based compensation to CEO, CFO and directors	303,491	-
	\$ 405,541	\$ 101,000

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

Transactions with other related parties:

For the six months ended April 30	2020	2019
Consulting fees - Corporate Secretary	\$ 11,400	\$ 12,000
Rent - Marvel Office Management Ltd., a company with directors in common	1,722	11,977
Share-based compensation to Corporate Secretary	7,683	-
	\$ 20,805	\$ 23,977

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 178,571 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 \$0.56 per share.

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, 2020	October 31, 2019
Opening balance	\$ 162,358	\$ 146,304
Accretion to face value of the Loans – finance costs	8,932	16,054
Ending balance	\$ 171,290	\$ 162,358

During the period ended April 30, 2020, the Company accrued interest expense in connection with the Loans in the amount of \$5,000 (April 30, 2019 - \$Nil), which is presented as part of finance costs and included in accounts payable and accrued liabilities.

During the year ended October 31, 2019, the Company obtained additional financing from related parties of \$197,758 of which \$197,610 has been repaid as of October 31, 2019. These loans were interest-free and did not contain specific terms of repayment.

LATIN METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended April 30, 2020

(Expressed in Canadian dollars)

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing and financing activities during the period ended April 30, 2020, consisted of:

- Shares issued for property acquisition and finders fees relating to a property acquisition at a fair value of \$49,409.

There were no significant non-cash investing and financing activities during the period ended April 30, 2019.

9. CONTINGENCY

On November 13, 2016, a university student who accompanied the Company's El Quemado exploration project team in Salta Province, Argentina, died after becoming suddenly ill. After his death, the criminal prosecutor's office in Salta had formally charged the geologist in charge of the work and the President of the Company's Argentine subsidiary, Cardero Argentina S.A. with culpable homicide. In addition, the parents of the deceased had commenced a civil action against the aforesaid persons and Cardero Argentina S.A. for economic reparations.

On May 5, 2018, Cardero Argentina S.A. settled the civil action with the parents of the deceased that was brought against the Company's President and the geologist in charge of the work, without acknowledging of fault. The Company, through its comprehensive general liability insurance, was able to mitigate its cost and no amount was accrued in these consolidated financial statements.

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

Fair value

The fair values of the Company's receivables, net of input tax credits, loans from related parties, and accounts payable and accrued liabilities approximate their carrying amounts due to their short-term nature.

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;
- 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).

The Company's cash and cash equivalents have been fair valued using Level 1 of the fair value hierarchy.

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:

LATIN METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended April 30, 2020

(Expressed in Canadian dollars)

10. FINANCIAL RISK MANAGEMENT AND MANAGEMENT OF CAPITAL

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 and cash equivalents, and receivables. Cash and cash equivalents are maintained with financial institutions of reputable credit and are redeemable on demand.

The carrying amount of the receivables, represents the maximum credit exposure.

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, 2020, the Company has working capital of \$1,112,774. At April 30, 2020, the Company had accounts payable and accrued liabilities of \$122,562 which are due within 30 days of year-end.

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 on its cash balances which are held in accounts subject to variable rates.

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 profit or loss 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.

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) 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.

LATIN METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended April 30, 2020

(Expressed in Canadian dollars)

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

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 enough 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.

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. In order 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 years period ended January 31, 2020.

11. 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, 2020		
	Canada	Argentina	Total
Exploration and evaluation assets	\$ -	\$ 3,697,292	\$ 3,697,292
Equipment	3,505	5,928	9,433
Cash	1,120,025	58,240	1,178,265
Receivables and prepaids	48,620	8,452	57,072
Total Assets	\$ 1,273,079	\$ 3,622,142	\$ 4,942,062

	October 31, 2019		
	Canada	Argentina	Total
Exploration and evaluation assets	\$ -	\$ 3,578,793	\$ 3,578,793
Equipment	4,123	6,157	10,280
Cash	1,440,083	17,570	1,457,653
Receivables and prepaids	60,135	5,140	65,275
Total Assets	\$ 1,504,341	\$ 3,607,660	\$ 5,112,001

12. SUBSEQUENT EVENT

In May 2020, the Company received notice from Yamana advising of their decision to discontinue funding exploration and to terminate the Option agreement on the Organullo property.

On June 8, 2020, the Company granted 45,000 incentive stock options to various consultants at an exercise price of \$0.06 for a period of three years.