LATIN METALS INC.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

January 31, 2020

(Unaudited)

(Expressed in Canadian Dollars)

Corporate Head Office

Suite 2300 – 1177 West Hastings Street
Vancouver, British Columbia
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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 January 31, 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)

		January 31, 2020		October 31, 2019
ASSETS				
Current				
Cash and cash equivalents	$	1,237,392	$	1,457,653
Receivables		17,759		28,020
Prepaids		52,127		37,255
		1,307,278		1,522,928
Equipment (note 4)		10,159		10,280
Exploration and Evaluation Assets (note 5)		3,587,387		3,578,793
Total Assets	$	4,904,824	$	5,112,001
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities (note 7)	$	127,072	$	148,481
Loans from related parties (note 7)		166,824		162,506
Total Liabilities		293,896		310,987
Shareholders' Equity				
Share capital (note 6)		12,063,254		12,063,254
Reserves (note 6)		2,137,891		1,792,141
Deficit		(9,590,217)		(9,054,381)
Total Shareholders' Equity		4,610,928		4,801,014
Total Liabilities and Shareholders' Equity	$	4,904,824	$	5,112,001

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.
(An Exploration Stage Company)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
Years ended October 31

	For the three months ended January 31, 2020	For the three months ended January 31, 2019
Administrative Expenses		
Amortization	$ 121	$ 736
Bank charges	950	345
Consulting fees (note 7)	49,220	65,912
Investor relations and promotion	3,824	18,149
Impairment loss on VAT and accounts receivable	17,274	117
Office and general	22,372	22,710
Professional fees	17,496	19,453
Property investigation costs	19,873	-
Regulatory and transfer agent	6,469	5,206
Salaries and benefits (note 7)	45,694	44,633
Stock based compensation (notes 6)	345,750	-
Travel	58	-
Loss Before Other Items	(529,101)	(177,261)
Other Items		
Interest income	4,762	-
Interest expense	-	(16)
Finance costs	(6,966)	-
Foreign exchange	(4,531)	(26,642)
Loss and comprehensive loss for the period	$ (535,836)	$ (203,919)
Basic and diluted loss per share		
– basic and diluted	$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding		
– basic and diluted	82,626,963	82,626,963

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

LATIN METALS INC.
(An Exploration Stage Company)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Share Capital				**Total Shareholders' Equity**
	Shares	Amount	**Reserves**	**Deficit**	
Balance, October 31, 2018	**20,656,744**	**$ 9,131,693**	**$ 1,749,826**	**$ (8,246,458)**	**$ 2,635,061**
Loss for the period	-	-	-	(203,919)	(203,919)
			-		
Balance, January 31, 2019	**20,656,744**	**$ 9,131,693**	**$ 1,749,826**	**$ (8,450,377)**	**$ 2,431,142**
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	-	-	-	(604,004)	(604,004)
Balance, October 31, 2019	**45,454,744**	**$ 12,063,254**	**$ 1,792,141**	**$ (9,054,381)**	**$ 4,801,014**
Stock based compensation	-	-	345,750		345,750
Loss for the period	-	-	-	(535,836)	(535,836)
Balance, January 31, 2020	**45,454,744**	**$ 12,063,254**	**$ 2,137,891**	**$ (9,590,217)**	**$ 4,610,928**

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 three months ended January 31, 2020	For the three months ended January 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (535,837)	$ (203,919)
Items not affecting cash:		
Share-based compensation	345,750	-
Amortization	121	736
Changes in non-cash working capital items:		
Receivables	10,261	(4,134)
Prepaids	(14,872)	(9,625)
Accounts payable and accrued liabilities	(17,090)	211,641
Net cash inflow (outflow) from operating activities	(211,667)	(5,301)
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures on exploration and evaluation assets	(8,594)	(25,251)
Purchase of property, plant and equipment	-	-
Net cash outflow from investing activities	(8,594)	(25,251)
Change in cash for the period	(220,261)	(30,552)
Cash, beginning of the period	1,457,653	88,793
Cash, end of the period	$ 1,237,392	$ 58,241

Supplemental disclosure with respect to cash flows (note 8)

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

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 January 31, 2020, the Company has working capital of $1,180,206 (2019 – working capital of $1,374,447) and an accumulated deficit of $9,590,218 (2019 - $9,054,381).

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.

2. BASIS OF PREPARATION

The Board of Directors of the Company approved the condensed consolidated interim financial statements on March 26, 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.

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").

2. BASIS OF PREPARATION (Cont'd…)

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 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

2. BASIS OF PREPARATION *(Cont'd…)*

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.

(Expressed in Canadian dollars)

4. EQUIPMENT

		Office Equipment
Cost		
Balance, October 31, 2018	$	21,086
Additions		-
Balance, October 31, 2019	$	21,086
Additions		-
Balance, January 31, 2020	$	21,086
Accumulated depreciation		
Balance, October 31, 2018	$	8,300
Depreciation		2,506
Balance, October 31, 2019	$	10,806
Depreciation		121
Balance, January 31, 2020	$	10,927
Carrying amounts		
At October 31, 2019	$	10,280
At January 31, 2020	$	10,159

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).

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS *(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 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,

(Expressed in Canadian dollars)

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 (received Note 13 (*))	50,000		
Advance on first option payment (received Note 13 (*))	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 lifter (to Patagonia's satisfaction)	500,000	-	100%
Commencement of production on the project	-	1% NSR Royalty	100%

(*) Subsequent to January 31, 2020 the Company received a US$50,000 payment in consideration for granting the six-month extension and US$50,000 as an advance payment of the first option payment. (Note 13)

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 March 26, 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

(Expressed in Canadian dollars)

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

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.

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%.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS *(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 (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

Tres Cerros - Argentina

The Company entered into three option agreements 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 and La Flora properties; (ii) the Aylen, Aylen Oeste and Pedro properties; and (iii) the Fiorentina, Fiorentina Norte and Aguila Mora 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 $2,887,500 payable in cash and 4,050,000 common shares of the Company. The consideration the Company is required to pay and issue shares is as flows.

Cerro Bayo & La Flora Properties

Date	Cash Payments (US)	Shares	Cumulative Earned Interest
5 business days from conditional TSX-V acceptance (April 8, 2019) (paid)	$12,500	-	-
April 8, 2020	25,000	87,500	-
April 8, 2021	50,000	112,500	-
April 8, 2022	75,000	137,500	35%
April 8, 2023	100,000	237,500	51%
April 8, 2024	200,000	325,000	71%
April 8, 2025	500,000	450,000	80%
Total	$962,500	1,350,000	-

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.

(Expressed in Canadian dollars)

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

Aylen, Aylen Oeste and Pedro

Date	Cash Payments (US)	Shares	Cumulative Earned Interest
5 business days from conditional TSX-V acceptance (April 8, 2019) (paid)	$12,500	-	-
April 8, 2020	25,000	87,500	-
April 8, 2021	50,000	112,500	-
April 8, 2022	75,000	137,500	35%
April 8, 2023	100,000	237,500	51%
April 8, 2024	200,000	325,000	71%
April 8, 2025	500,000	450,000	80%
Total	$962,500	1,350,000	-

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.

Aylen, Aylen Oeste and Pedro (continued)

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 & Aguila Mora Properties

Date	Cash Payments (US)	Shares	Cumulative Earned Interest
5 business days from conditional TSX-V acceptance (April 8, 2019) (paid)	$12,500	-	-
April 8, 2020	25,000	87,500	-
April 8, 2021	50,000	112,500	-
April 8, 2022	75,000	137,500	35%
April 8, 2023	100,000	237,500	51%
April 8, 2024	200,000	325,000	71%
April 8, 2025	500,000	450,000	80%
Total	$962,500	1,350,000	-

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.

(Expressed in Canadian dollars)

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**
Deferred exploration costs						
Camp Costs	-	-	-	4,097	-	4,097
Claim maintenance	-	4,062	-	-	435	4,497
Total exploration costs for the period	-	4,062	-	4,097	435	8,594
Balance, January 31, 2020	**$ -**	**$ 4,062**	**$ 585,286**	**$ 2,997,228**	**$ 811**	**$ 3,587,387**

(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 January 31, 2020 there were no shares issued:

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:

	January 31, 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 January 31, 2020 was 2.80 (2019 - Nil) years.

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:

(Expressed in Canadian dollars)

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

	January 31, 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 January 31, 2020 totaled $345,750 (January 31, 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:

	January 31, 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 year	2,325,127	$ 0.51	2,325,127	$ 0.51

The weighted average remaining contractual life of warrants outstanding at January 31, 2020, was 0.88 (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 comprises officers and directors of the Company. Key management personnel compensation is as follows:

For the three months ended January 31	2020	2019
Salaries and benefits to CEO	$ 37,500	$ 37.500
Consulting fees to CFO *	12,000	14,000
Share-based compensation to CEO, CFO and directors	303,491	-
	$ 352,991	$ 51,500

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

(Expressed in Canadian dollars)

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

Transactions with other related parties:

For the three months ended January 31		2020		2019
Consulting fees - Corporate Secretary	$	6,000	$	6,000
Rent - Marvel Office Management Ltd., a company with directors in common		5,735		6,189
Share-based compensation to Corporate Secretary		7,683		-
	$	19,418	$	12,189

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:

		2019		October 31, 2019
Opening balance	$	162,358	$	146,304
Accretion to face value of the Loans – finance costs		4,466		16,054
Ending balance	$	166,824	$	162,358

During the period ended January 31, 2020, the Company accrued interest expense in connection with the Loans in the amount of $2,500 (January 31, 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.

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing and financing activities during the period ended January 31, 2020, consisted of:

- Accrued $18,218 of exploration and evaluation assets in accounts payable and accrued liabilities

There were no significant non-cash investing and financing activities during the period ended January 31, 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

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:

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.

10. FINANCIAL RISK MANAGEMENT AND MANAGEMENT OF CAPITAL *(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 January 31, 2020, the Company has working capital of $1,170,603 (October 31, 2019 of $1,374,447). At January 31, 2020, the Company had accounts payable and accrued liabilities of $127,111 (October 31, 2019 - $148,481), 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.

Financial risk management (Continued)

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.

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.

(Expressed in Canadian dollars)

10. FINANCIAL RISK MANAGEMENT AND 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. 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:

	January 31, 2020		
	Canada	**Argentina**	**Total**
Exploration and evaluation assets	$ -	$ 3,587,387	$ 3,587,387
Equipment	4,123	6,036	10,159
Cash	1,219,163	18,229	1,237,392
Receivables and prepaids	49,793	10,490	60,283
Total Assets	$ 1,273,079	$ 3,622,142	$ 4,895,221

	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

For the period ended January 31	**2020**	**2019**
Loss for the year – Canada	$ 493,352	$ 1,697,182
Loss for the year - Argentina	52,088	546,877
Total Loss for the year	$ 545,440	$ 2,244,059

12. SUBSEQUENT EVENT

On March 12, 2020 the Company entered into an amending agreement, with Patagonia, to provide for a six-month extension to the period by which Patagonia must enter into a Definitive Agreement on the Mina Angela Property. To exercise the Option in full, Patagonia will be required to make additional payments to the Company in the aggregate amount of US$950,000. In consideration for the extension, Patagonia has made a US$100,000 cash payment to the Company, being an additional payment of US$50,000 in consideration for the extension, and a US$50,000 advance payment on the first option payment, due at the time of signing the definitive agreement. The commercial terms to exercise the option are now included in Note 5.