**CENTENERA MINING CORPORATION**
(An Exploration Stage Company)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**
**July 31, 2018**
(Unaudited)
(Expressed in Canadian Dollars)

**Corporate Head Office**

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**CENTENERA MINING CORPORATION**
**(An Exploration Stage Company)**
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**
(Expressed in Canadian dollars)
July 31, 2018 and 2017

## 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 July 31, 2018 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.

**CENTENERA MINING CORPORATION**
(An Exploration Stage Company)
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**
(Expressed in Canadian dollars)

| | July 31, 2018 | October 31, 2017 |
|---|---|---|
| **ASSETS** | | |
| **Current** | | |
| Cash and cash equivalents | $ 149,259 | $ 838,013 |
| Receivables | 35,906 | 20,037 |
| Prepaids | 26,108 | 113,265 |
| Total Current Assets | 211,273 | 971,315 |
| **Equipment** (note 4) | 13,345 | 15,116 |
| **Exploration and Evaluation Assets** (note 5) | 3,405,105 | 936,532 |
| Total Assets | $ 3,629,723 | $ 1,922,963 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Current** | | |
| Accounts payable and accrued liabilities | $ 706,118 | $ 95,750 |
| Loan from related parties (note 7) | 200,000 | - |
| Total Liabilities | 906,118 | 95,750 |
| **Shareholders' Equity** | | |
| Share capital (note 6) | 8,898,340 | 6,935,499 |
| Reserves | 1,861,990 | 894,113 |
| Deficit | (8,036,725) | (6,002,399) |
| Total Shareholders' Equity | 2,723,605 | 1,827,213 |
| Total Liabilities and Shareholders' Equity | $ 3,629,723 | $ 1,922,963 |

*"Keith Henderson"* Director *"Stephen Pearce"* Director

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

**CENTENERA MINING CORPORATION**
(An Exploration Stage Company)
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**
(Expressed in Canadian dollars)

| | For the three months ended July 31, 2018 | For the three months ended July 31, 2017 | For the nine months ended July 31, 2018 | For the nine months ended July 31, 2017 |
|---|---|---|---|---|
| **Administrative Expenses** | | | | |
| Amortization | $ 949 | $ 1,677 | $ 3,176 | $ 3,738 |
| Bank charges | 2,479 | 1,223 | 7,747 | 4,311 |
| Consulting fees (note 7) | 139,285 | 85,519 | 369,030 | 254,612 |
| Investor relations and promotion | 144,920 | 49,921 | 210,234 | 66,746 |
| Impairment loss on exploration and evaluation assets (note 5) | - | - | 4,565 | - |
| Impairment loss on VAT receivable | (13,305) | 24,678 | 236,177 | 46,514 |
| Office and general | 36,138 | 34,214 | 117,536 | 120,204 |
| Professional fees | 74,493 | 34,540 | 156,837 | 117,767 |
| Property investigation costs | - | - | - | 717 |
| Regulatory and transfer agent | 7,398 | 7,804 | 26,352 | 27,197 |
| Salaries and benefits (note 7) | 46,823 | 80,669 | 189,516 | 238,925 |
| Stock based compensation (notes 6) | 292,141 | - | 967,877 | 48,285 |
| Travel | 8,797 | 15,064 | 34,599 | 63,358 |
| **Loss Before Other Items** | (740,118) | (335,309) | (2,323,646) | (992,374) |
| **Other Items** | | | | |
| Interest expense | (460) | (42) | (525) | (138) |
| Interest income | - | 102 | - | 3,056 |
| Gain on settlement of debt | 27,283 | - | 27,283 | - |
| Foreign exchange | 225,703 | (20,706) | 262,562 | (25,700) |
| **Loss and comprehensive loss for the period** | $ (487,592) | $ (355,955) | $ (2,034,326) | $ (1,015,156) |
| **Basic and diluted loss per share** – basic and diluted | $ (0.01) | $ (0.01) | $ (0.03) | $ (0.02) |
| **Weighted average number of common shares outstanding** – basic and diluted | 75,731,931 | 60,896,469 | 72,451,977 | 58,110,131 |

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

**CENTENERA MINING CORPORATION**
(An Exploration Stage Company)
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**
(Expressed in Canadian dollars)

| | Share Capital | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Shares | | Amount | | Deficit | | Reserves | | Total Shareholders' Equity |
| **Balance, October 31, 2016** | **56,442,964** | **$** | **5,400,849** | **$** | **(4,123,627)** | **$** | **820,628** | **$** | **2,097,850** |
| Exercise of warrants | 9,665,625 | | 1,441,875 | | | | | | 1,441,875 |
| Property acquisition | 235,818 | | 46,930 | | | | | | 46,930 |
| Share based compensation (note 6) | - | | - | | - | | 48,285 | | 48,285 |
| Net loss for the period | - | | - | | (1,015,156) | | - | | (1,015,156) |
| **Balance, July 31, 2017** | **66,344,407** | **$** | **6,889,654** | **$** | **(5,138,783)** | **$** | **868,913** | **$** | **2,619,784** |
| Shares issued for non-cash | | | | | | | | | |
| Property acquisition | 194,182 | | 30,265 | | - | | - | | 30,265 |
| Finders fees – property acquisition | 70,818 | | 15,580 | | - | | - | | 15,580 |
| Share-based compensation (note 6) | - | | - | | - | | 25,200 | | 25,200 |
| Loss for the year | - | | - | | (863,616) | | - | | (863,616) |
| **Balance, October 31, 2017** | **66,609,407** | **$** | **6,935,499** | **$** | **(6,002,399)** | **$** | **894,113** | **$** | **1,827,213** |
| Shares issued for cash | | | | | | | | | |
| Private Placement | 10,130,889 | | 1,560,740 | | - | | - | | 1,560,740 |
| Share issue costs | - | | (19,966) | | - | | - | | (19,966) |
| Shares issued for non-cash | | | | | | | | | |
| Property acquisition | 640,000 | | 120,900 | | - | | - | | 120,900 |
| Property acquisition - finders warrants | 5,000 | | 1,050 | | - | | - | | 1,050 |
| Finders fee - warrants | - | | - | | - | | 3,680 | | 3,680 |
| Loan from related parties - warrants | - | | - | | - | | 172,226 | | 172,226 |
| Debt settlement | 2,728,334 | | 300,117 | | | | | | 300,117 |
| Share based compensation (note 6) | - | | - | | - | | 791,971 | | 791,971 |
| Net loss for the period | - | | - | | (2,034,326) | | - | | (2034,326) |
| **Balance, July 31, 2018** | **80,113,630** | **$** | **8,898,340** | **$** | **(8,036,725)** | **$** | **1,861,990** | **$** | **2,723,605** |

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

**CENTENERA MINING CORPORATION**
(An Exploration Stage Company)
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**
(Expressed in Canadian dollars)

| | For the nine months ended July 31, 2018 | For the nine months ended July 31, 2017 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Loss for the period | $ (2,034,326) | $ (1,015,156) |
| Items not affecting cash: | | |
| Impairment loss on exploration and evaluation assets | 4,565 | - |
| Share-based compensation | 967,877 | 48,285 |
| Gain on settlement of debt | (27,283) | - |
| Amortization | 3,176 | 3,738 |
| Changes in non-cash working capital items: | | |
| Receivables | (15,869) | (5,920) |
| Prepaids | 87,157 | - |
| Accounts payable and accrued liabilities | 389,256 | 17,326 |
| Net cash inflow (outflow) from operating activities | (625,447) | (951,727) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Expenditures on exploration and evaluation assets | (1,802,676) | (549,222) |
| Purchase of property, plant and equipment | (1,405) | (6,453) |
| Net cash outflow from investing activities | (1,804,081) | (555,675) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from issuance of shares | 1,560,740 | - |
| Proceeds from exercise of warrants | - | 1,441,875 |
| Loan from related parties | 200,000 | - |
| Share issuance costs | (19,966) | - |
| Net cash inflow from financing activities | 1,740,774 | 1,441,875 |
| **Change in cash for the period** | (688,754) | (65,527) |
| **Cash, beginning of the period** | 838,013 | 1,418,545 |
| **Cash, end of the period** | $ 149,259 | $ 1,353,018 |

Supplemental disclosure with respect to cash flows (note 8)

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Centenera Mining Corporation (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 exploration and evaluation of mineral properties located in Argentina. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol "CT".

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

As at July 31, 2018 the Company has working capital of $(694,845) (October 31, 2017 – $875,565) and an accumulated deficit of $8,036,725 (October 31, 2017 - $6,002,399).

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

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

## 2. BASIS OF PREPARATION

The Board of Directors of the Company approved the condensed consolidated interim financial statements on September 26, 2018.

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, 2017.

**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

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

### Mineral property impairment *(cont'd…)*

current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit ("CGU")) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

### Going concern

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

### Functional currency determination

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

### Share-based payments

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

### New standards and interpretations not yet adopted

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

- IFRS 9 *Financial Instruments*: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018. The Company does not expect any impact to the financial statements from the adoption of this standard.

(Expressed in Canadian dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd…)*

**New standards and interpretations not yet adopted** *(cont'd…)*

- IFRS 16 *Leases*: New standard to establish principles for recognition, measurement, presentation, and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. At present, the Company has no leases, other than an informal arrangement with a related party for shared office space. As such, the Company does not expect any impact to the financial statements from the adoption of this standard.

## 4. PROPERTY, PLANT AND EQUIPMENT

| | Office Equipment |
|---|---|
| **Cost** | |
| **Balance, October 31, 2017** | 19,987 |
| Additions | 1,405 |
| **Balance, July 31, 2018** | $ 21,392 |
| **Accumulated depreciation** | |
| **Balance, October 31, 2017** | 4,871 |
| Depreciation for the period | 3,176 |
| **Balance, July 31, 2018** | $ 8,047 |
| **Carrying amounts** | |
| At October 31, 2017 | $ 15,116 |
| At July 31, 2018 | $ 13,345 |

## 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.

(Expressed in Canadian dollars)

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

### Crosby Property – Argentina

The Company owns the property 100% subject to a 2% NSR royalty.
During the year ended October 31, 2017, the Company determined that the carrying value of its interest in the Crosby Property was impaired as no additional expenditures are planned for the property. As a result, the Company wrote off cumulative costs incurred to date on the Crosby Property of $540,758 as an impairment loss, determined in accordance with Level 3 of the fair value hierarchy. During the period end July 31, 2018, the Company incurred expenditures on the property and was recorded as an impairment loss of $4,565 (2017 - $Nil).

### 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.

### 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 the property 100%.

### 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. In consideration the Company has issued 2,500,000 common shares as follows:

| Date issued | Centenera Shares |
|---|---|
| September 20, 2016 (issued) | 100,000 |
| March 15, 2017 (issued) | 165,000 |
| September 15, 2017 (issued) | 265,000 |
| March 15, 2018 (issued) | 540,000 |
| September 15, 2018 (issued subsequent to July 31, 2018) | 1,430,000 |
| Total | 2,500,000 |

Subsequent to July 31, 2018 the Company completed the issuance of the 2,500,000 common shares and 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.

(Expressed in Canadian dollars)

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

### El Penon – Argentina

The Company entered into a property option agreement to acquire a 100% interest in the El Penon gold project. The project is in the San Juan Province, Argentina. The option can be exercised by the Company by paying US$15,000 (paid) upon the execution and delivery of a letter of intent and by issuing 2,050,000 common shares of the Company. The common shares will be issued as follows:

| Date issued | Centenera Shares |
|---|---|
| January 11, 2018 (issued) | 100,000 |
| January 11, 2019 | 200,000 |
| January 11, 2020 | 300,000 |
| January 11, 2021 | 500,000 |
| January 11, 2022 | 950,000 |
| Total | 2,050,000 |

Upon exercise of the option the Company shall be deemed to have granted a 1% NSR royalty, which shall run with the property and constitute a direct interest in the property. The Company has the right to purchase 50% of the royalty by paying US$500,000, in which case the NSR will be reduced to 0.5%. A finder's fee of 102,500 shares, issuable over a five-year period, will be payable regarding the property option agreement. The common shares will be issued as follows:

| Date issued | Centenera Shares |
|---|---|
| January 11, 2018 (issued) | 5,000 |
| January 11, 2019 | 10,000 |
| January 11, 2020 | 15,000 |
| January 11, 2021 | 25,000 |
| January 11, 2022 | 47,500 |
| Total | 102,500 |

### 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. On July 9, 2018, the Company entered into a definitive property option agreement on the property.

Under the definitive 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:

(Expressed in Canadian dollars)

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

| 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 | |
| September 30, 2018 | 15,000 | |
| October 15, 2018 | 20,000 | |
| June 15, 2019 | 106,000 | - |
| December 15, 2019 | 118,000 | - |
| June 15, 2020 | 120,000 | - |
| December 15, 2020 | 142,000 | - |
| June 15, 2021 | 142,000 | - |
| December 15, 2021 | 420,000 | 250,000 |
| December 15, 2022 | 1,005,000 | 250,000 |
| Total | $ 2,306,000 | $ 500,000 |

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, payable in shares over six years.

| Date issued | Amount (US) | Finders Shares Issued |
|---|---|---|
| Within 10 business days of effective date (paid and issued) | $15,580 | 70,818 |
| December 15, 2018 | 6,466 | - |
| June 15, 2019 | 6,528 | - |
| December 15, 2019 | 7,267 | - |
| 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 | $172,801 | 70,818 |

(Expressed in Canadian dollars)

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

| | Organullo | Mina Angela | Crosby | El Quemado | El Penon | Esperanza | Total |
|---|---|---|---|---|---|---|---|
| **Balance, October 31, 2016** | **70,960** | **12,846** | **540,758** | **60,500** | **-** | **-** | **685,064** |
| Acquisition costs | | | | | | | |
| Cash payments | - | - | - | - | 20,160 | 224,264 | 244,424 |
| Shares issued | - | - | - | 77,195 | - | 15,580 | 92,775 |
| Total acquisition costs | - | - | - | 77,195 | 20,160 | 239,844 | 337,199 |
| Deferred exploration costs | | | | | | | |
| Claim maintenance | 22,951 | 7,804 | - | 36,039 | 966 | 32,820 | 100,580 |
| Consulting | - | - | - | 64,142 | - | 33,452 | 97,594 |
| Field | 13,025 | 1,891 | - | 51,443 | 7,385 | 62,260 | 136,004 |
| Geochemistry | - | - | - | 38,947 | 13,954 | 6,781 | 59,682 |
| Reports | 3,097 | - | - | 966 | 523 | 18,336 | 22,922 |
| Geophysical | - | - | - | - | - | 38,245 | 38,245 |
| Total exploration costs for the year | 39,073 | 9,695 | - | 191,537 | 22,828 | 191,894 | 455,027 |
| Impairment | - | - | (540,758) | - | - | - | (540,758) |
| **Balance, October 31, 2017** | **$ 110,033** | **$ 22,541** | **$ -** | **$ 329,232** | **$ 42,988** | **$ 431,738** | **$ 936,532** |
| Acquisition costs | | | | | | | |
| Cash payments | - | - | - | - | - | 167,306 | 167,306 |
| Shares issued | - | - | - | 99,900 | 22,050 | - | 121,950 |
| Total acquisition costs | - | - | - | 99,900 | 22,050 | 167,306 | 289,256 |
| Deferred exploration costs | | | | | | | |
| Assay | - | - | - | - | - | 40,560 | 40,560 |
| Camp Costs | - | - | - | - | - | 1,027,907 | 1,027,907 |
| Claim maintenance | 14,686 | 5,880 | - | 13,497 | 3,684 | 9,558 | 47,304 |
| Consulting | - | - | - | - | - | 484,547 | 484,547 |
| Drilling | - | - | - | - | - | 377,110 | 377,110 |
| Field | 4,942 | - | - | 8,421 | 1,325 | 187,203 | 201,890 |
| Total exploration costs for the year | 19,627 | 5,880 | - | 21,918 | 5,010 | 2,126,884 | 2,179,317 |
| **Balance, July 31, 2018** | **$ 129,660** | **$ 28,421** | **-** | **$ 451,050** | **$ 70,048** | **$ 2,725,929** | **$ 3,405,105** |

## 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 July 31, 2018, the Company issued the following shares.

The Company negotiated debt settlements with various arm's length creditors by issuing 2,728,334 common shares to settle aggregate debt of $327,400. As a result of this transaction, the Company recorded a gain on settlement of debt of $27,283.

The Company completed a non-brokered private placement of 4,380,333 units at a price of $0.12 per unit for gross proceeds of $525,640. Each unit consists of one common share of the Company and one warrant. Each warrant entitles the holder thereof to purchase an additional common share for $0.20 until July 4, 2021. The Company also paid cash finder's fees in the amount of $6,915.

The Company completed a non-brokered private placement of 5,750,556 units at a price of $0.18 per unit for gross proceeds of $1,035,100. Each unit consists of one common share of the Company and one warrant. Each warrant entitles the holder thereof to purchase an additional common share for $0.30 until June 29, 2019. The Company also paid cash finder's fees in the amount of $13,051 and issued 51,625 finders warrants valued at $3,680 using Black-Scholes model. Each finders warrant entitles the holder to acquire an additional common share of the Company at a price of $0.18 until June 29, 2019.

The Company issued 640,000 common shares for property acquisition at a deemed cost of $121,950.

During the period ended July 31, 2017, the Company issued the following shares.

The Company issued 9,665,625 common shares, pursuant to the exercise of warrants for gross proceeds of $1,441,875.

The Company issued 235,818 common shares for property acquisition at a deemed cost of $46,930.

c. Escrow Shares

At December 19, 2015, a total of 23,743,781 shares were held in escrow and were scheduled to be released from escrow in equal tranches of 3,561,567 common shares every six months thereafter. At July 31, 2018, there were Nil (October 31, 2017 – 7,123,135) shares held in escrow with the Company's registrar and transfer agent.

d. 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

(Expressed in Canadian dollars)

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

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:

| | **July 31, 2018** | | **October 31, 2017** | |
|---|---|---|---|---|
| | Number of Options | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
| Options outstanding, beginning of the period | 800,000 | $ 0.25 | 3,775,000 | $ 0.25 |
| Granted | 8,110,000 | $ 0.19 | 800,000 | $ 0.25 |
| Exercised | - | $ - | - | $ - |
| Expired | (800,000) | $ 0.25 | (3,775,000) | $ 0.25 |
| Options outstanding, end of the period | 8,110,000 | $ 0.19 | 800,000 | $ 0.25 |

The weighted average remaining contractual life of options outstanding at July 31, 2018 was 3.93 (October 31, 2017 - 0.31) years.

Stock options outstanding are as follows:

| **Number of Options** | **Exercise Price** | **Expiry Date** |
|---|---|---|
| 6,010,000 | 0.20 | November 22, 2022 |
| 700,000 | 0.20 | February 21, 2021 |
| 1,400,000 | 0.12 | July 9, 2021 |
| 8,110,000 | | |

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

| | **July 31, 2018** | **October 31, 2017** |
|---|---|---|
| Risk-free interest rate | 1.75% | 0.68% |
| Expected life of options | 4.48 | 1.00 |
| Annualized volatility | 191.95% | 159.4% |
| Dividend rate | - | 0 % |
| Forfeiture rate | 0% | 0% |

Share-based payments payment charges for the period ended July 31, 2018 totalled $967,877 (July 31, 2017 - $48,285).

(Expressed in Canadian dollars)

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

e. Warrants

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

| | July 31, 2018 | | October 31, 2017 | |
|---|---|---|---|---|
| | Number of Warrants | Weighted Average Exercise Price | Number of Warrants | Weighted Average Exercise Price |
| Warrants outstanding, beginning of the period | - | $ - | 10,802,233 | $ 0.15 |
| Warrants exercised | - | $ - | (9,665,625) | $ 0.15 |
| Warrants expired | - | $ - | (1,136,608) | $ 0.21 |
| Warrants issued | 11,559,459 | $ 0.25 | - | $ - |
| Broker warrants issued | 51,625 | $ 0.18 | - | $ - |
| Warrants outstanding, end of the period | 11,610,084 | $ 0.25 | - | $ - |

The weighted average remaining contractual life of warrants outstanding at July 31, 2018 was 1.86 (October 31, 2017 - Nil) years.

Warrants outstanding are as follows:

| Number of Warrants | Exercise Price | Expiry Date |
|---|---|---|
| 5,750,556 | 0.30 | June 29, 2019 |
| 51,625 | 0.18 | June 29, 2019 |
| 1,428,570 | 0.14 | June 15, 2021 |
| 4,380,333 | 0.20 | July 4, 2021 |
| 11,611,084 | | |

## 7. RELATED PARTY TRANSACTIONS

During the periods ended July 31, 2018 and 2017, the Company entered the following transactions with related parties:

**Management compensation**
Key management personnel compensation is comprised of the following:

| For the nine months ended July 31 | 2018 | 2017 |
|---|---|---|
| Salaries and benefits paid and accrued to the CEO^ | $ 112,500 | $ 112,500 |
| Consulting fees to CFO * | 45,000 | 45,000 |
| Directors' fees (included in salaries and benefits) | 22,802 | 22,113 |
| Stock-based compensation to CEO, CFO and directors | 601,681 | - |
| | $ 781,983 | $ 179,613 |

Accounts payable and accrued liabilities as of July 31, 2018 included $62,500 (July 31, 2017 - $Nil) owed to the CEO of the Company.

(Expressed in Canadian dollars)

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

Transactions with other related parties

| For the nine months ended July 31 | | 2018 | | 2017 |
|---|---|---|---|---|
| Consulting fees to a Corporate Secretary | $ | 18,000 | $ | 18,000 |
| Office expenses to Marvel Office Management Ltd. a company with directors in common | | 31,864 | | 30,725 |
| | $ | 49,864 | $ | 48,725 |

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

**Investment from associate**

As at July 31, 2018, Cardero Resource Corp. owned 26.16% of the Company's issued common shares. At July 31, 2018, the Company owned 100% of Cardero Argentina's issued common shares except for one share held by Hendrik van Alphen (a director of both Cardero and the Company). Cardero is a public company with common shares listed on the TSX.V.

**Loan from related parties**

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 have a three-year term and bear interest at the rate of 5% per annum compounded annually, payable on the maturity date. In connection with the loans, the Company issued 714,285 common share purchase warrants to each of the lenders, totalling 1,428,570. Each warrant entitles the holder to purchase one common share of the Company for a period of three years at an exercise price of $0.14 per share. The fair value of the warrants granted has been estimated as of the date of the grant by using the Black-Scholes option pricing model with the following assumptions: expected volatility: 169%, risk-free interest rate: 1.97%, expected life: 3.00 years, dividend yield: 0.00%. The Company has recorded $172,226 in stock-based compensation expense.

## 8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the period ended July 31, 2018 there was stock based compensation in the amount of $967,877 (July 31, 2017 - $48,285).

During the period ended July 31, 2018 the Company issued 645,000 (July 31, 2017 – 235,818) common shares for property acquisition at a deemed cost of $121,950 (July 31, 2017 - $46,930).

During the period ended July 31, 2018 there was exploration and evaluation assets in accounts payable and accrued liabilities in the amount of $548,512 (July 31, 2017 - $25,479).

## 9. FINANCIAL RISK MANAGEMENT AND MANAGEMENT OF CAPITAL

### Fair value

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

Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

### Fair Value Hierarchy

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

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

### Financial risk management

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

*Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash. Cash deposits are maintained with Canadian financial institutions of reputable credit and are redeemable on demand.

*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 July 31, 2018, the Company has working capital of $(694,845) (October 31, 2017 - $875,565).

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

*Market risk*

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

*Interest rate risk*

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

*Foreign exchange risk*

The Company is exposed to foreign currency risk to the extent that monetary financial instruments are denominated in United States and Argentinean currencies. The Company's operating expenses are incurred primarily in Canadian dollars; its exploration programs are primarily in Argentina and are denominated in either United States dollars or Argentine pesos. The fluctuation of the Canadian dollar will, consequently, have an impact upon the reported profitability of the Company and may also affect the value of the Company's assets and liabilities. The Company continuously monitors this exposure to determine if any mitigation strategies become necessary. The Company's sensitivity analysis suggests that a consistent 5% change in the rate of exchange in the foreign jurisdictions where it has assets employed would change foreign exchange gain or loss by $84,749 (2017 - $23,127).

*Price risk*

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

**Management of capital**

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

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

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

The Company is not subject to any externally imposed capital requirements or restrictions and there were no changes to the Company's approach to managing capital during the period ended July 31, 2018.

(Expressed in Canadian dollars)

## 10. SEGMENTED INFORMATION

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

| | July 31, 2018 | | |
|---|---|---|---|
| | **Canada** | **Argentina** | **Total** |
| Exploration and evaluation assets | $ - | $ 3,405,105 | $ 3,405,105 |
| Property, plant and equipment | 6,449 | 6,896 | 13,345 |
| Cash and cash equivalents | 134,066 | 15,193 | 149,259 |
| Receivables and prepaids | 47,538 | 14,476 | 62,014 |
| Total Assets | $ 188,053 | $ 3,441,670 | $ 3,629,723 |

| | October 31, 2017 | | |
|---|---|---|---|
| | **Canada** | **Argentina** | **Total** |
| Exploration and evaluation assets | $ - | $ 936,532 | $ 936,532 |
| Equipment | 6,708 | 8,408 | 15,116 |
| Cash | 826,508 | 11,505 | 838,013 |
| Receivables and prepaids | 40,847 | 92,455 | 133,302 |
| Total Assets | $ 874,063 | $ 1,048,900 | $ 1,922,963 |

| **For the period ended July 31** | **2018** | **2017** |
|---|---|---|
| Net loss for the period - Canada | $ 1,638,244 | $ 756,945 |
| Net loss for the period - Argentina | 396,082 | 258,211 |
| Net loss for the period | $ 2,034,326 | $ 1,015,156 |

## 11. SUBSEQUENT EVENTS

On August 15, 2018, the Company has negotiated debt settlements with various arm's length creditors (the "Debt Settlements"). Pursuant to the Debt Settlements, and subject to acceptance by the TSXV, the Company has settled aggregate debt of $130,000, in consideration of the issuance to the creditors of 1,083,000 common shares of the Company at a deemed issuance price of CAD $0.12 per share.

On September 5, 2018, the Company signed a binding letter agreement whereby it has been granted the right to acquire up to a 100% interest in six precious metals properties from an arm's length party through three separate option agreements as to two properties per agreement. The properties are all located within the highly prospective Deseado Massif in Santa Cruz Province, Argentina, and together comprise approximately 32,900 hectares. Under the terms of the option agreements, Centenera will be granted an exclusive option to acquire a 100% interest in the properties by way of staged cash and common share payments, subject to an NSR royalty in favour of the vendors.

(Expressed in Canadian dollars)

## 11. SUBSEQUENT EVENTS *(Cont'd…)*

The option will be structured as a two-stage option, whereby 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 common shares in the capital of Centenera issued to the vendors having a deemed issuance value of USD $3,675,000, over a period of 6 years.

The earn-in terms for the First Option (for each of the property groups) will be as follows (all dollar amounts are US Dollars):

| Date | Cash Payments | Value of Centenera Shares | Cumulative Earned Interest |
|---|---|---|---|
| Within 5 business days from TSX-V acceptance for filing of the Definitive Agreement | $12,500 | -- | -- |
| First Anniversary | 25,000 | $50,000 | -- |
| Second Anniversary | 50,000 | 75,000 | -- |
| Third Anniversary | 75,000 | 100,000 | 35% |
| Fourth Anniversary | 100,000 | 200,000 | 51% |
| Fifth Anniversary | 200,000 | 300,000 | 71% |
| Sixth Anniversary | 500,000 | 500,000 | 80% |
| TOTAL: | $962,500 | $1,225,000 | -- |

As part of the earn-in commitment for each property group, Centenera will be required to deliver a single technical report in accordance with NI 43-101 Standards of Disclosure for Mineral Projects, with the subject property being the more advanced of the properties in each of the property groups. Other than the initial $12,500 cash payment (aggregate $37,500 for all the property groups), Centenera will not be obligated to make any payments or issue any stock to the vendors.

For a period of 120 days after the exercise of the First Option for each property group, Centenera 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 Centenera 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.

If Centenera elects not to exercise the Second Option, the parties will be deemed to have entered into a joint venture, with the initial participating interests of Centenera being 80% and the vendors being 20%. If either party's participating interest falls below 10% then that party's interest will be converted to a 1% NSR royalty, one half of which (0.5%) can be purchased by the other party for $1,000,000.

In August 2018 the Company acquired the Ana Maria property by staking. The property comprises three separate exploration claims located in the Organullo district in Salta Province in Argentina.