CENTENERA MINING CORPORATION
(An Exploration Stage Company)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

October 31, 2018 and 2017

Corporate Head Office

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Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CENTENERA MINING COPRORATION

We have audited the accompanying consolidated financial statements of Centenera Mining Corporation, which comprise the consolidated statements of financial position as at October 31, 2018 and 2017 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Centenera Mining Corporation as at October 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
February 22, 2019

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CENTENERA MINING CORPORATION
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
As at October 31

		2018		2017
ASSETS				
Current				
Cash	$	88,793	$	838,013
Receivables		23,713		20,037
Prepaids		44,824		113,265
		157,330		971,315
Equipment (note 4)		12,786		15,116
Exploration and Evaluation Assets (note 5)		3,271,525		936,532
Total Assets	$	3,441,641	$	1,922,963
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	$	660,276	$	95,750
Loans from related parties (note 7)		146,304		-
Total Liabilities		806,580		95,750
Shareholders' Equity				
Share capital (note 6)		9,131,693		6,935,499
Reserves (note 6)		1,749,826		894,113
Deficit		(8,246,458)		(6,002,399)
Total Shareholders' Equity		2,635,061		1,827,213
Total Liabilities and Shareholders' Equity	$	3,441,641	$	1,922,963

Nature of operations and going concern (note 1)

Approved on behalf of the Board of Directors on February 22, 2019

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

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

CENTENERA MINING CORPORATION
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
Years ended October 31

	2018	2017
Expenses		
Bank charges	$ 8,479	$ 5,963
Consulting fees (note 7)	473,725	380,750
Depreciation (note 4)	3,429	4,871
Impairment loss on exploration and evaluation assets (note 5)	70,106	540,758
Impairment loss on VAT receivable	207,681	72,354
Investor relations and promotion	242,643	67,372
Office and general	139,385	156,400
Professional fees	233,693	161,354
Property investigation costs	-	16,049
Regulatory and transfer agent	34,535	30,513
Salaries and benefits (note 7)	235,561	325,847
Share-based compensation (notes 6 and 7)	791,971	73,485
Travel	30,605	43,519
Loss from operating expenses	(2,471,813)	(1,879,235)
Gain on settlement of accounts payable (note 6)	45,630	-
Gain on disposal of exploration and evaluation assets (note 5)	3,908	-
Other income		3,057
Finance costs (note 7)	(10,975)	(187)
Foreign exchange	189,191	(2,407)
	227,754	463
Loss and comprehensive loss for the year	$ (2,244,059)	$ (1,878,772)
Basic and Diluted Loss per Share	$ (0.03)	$ (0.03)
Weighted Average Number of Common Shares Outstanding – basic and diluted	74,623,840	60,219,743

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

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

	Share Capital				Total
	Shares	Amount	**Reserves**	**Deficit**	**Shareholders' Equity**
Balance, October 31, 2016	**56,442,964**	**$ 5,400,849**	**$ 820,628**	**$ (4,123,627)**	**$ 2,097,850**
Shares issued for cash:					
Exercise of warrants	9,665,625	1,441,875	-	-	1,441,875
Shares issued for non-cash:					
Property acquisition	430,000	77,195	-	-	77,195
Finders' fees – property acquisition	70,818	15,580	-	-	15,580
Share-based compensation (note 6)	-	-	73,485	-	73,485
Loss for the year	-	-	-	(1,878,772)	(1,878,772)
			-		
Balance, October 31, 2017	**66,609,407**	**6,935,499**	**894,113**	**(6,002,399)**	**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	2,070,000	249,600	-	-	249,600
Property acquisition – finders' fees	5,000	1,050	-	-	1,050
Shares issued to settle accounts payable	3,811,667	408,450	-	-	408,450
Finders' fee - warrants issued	-	(3,680)	3,680	-	-
Loans from related parties - warrants issued (note 7)	-	-	60,062	-	60,062
Share-based compensation (note 6)	-	-	791,971	-	791,971
Loss for the year	-	-	-	(2,244,059)	(2,244,059)
			-		
Balance, October 31, 2018	**82,626,963**	**$ 9,131,693**	**$ 1,749,826**	**$ (8,246,458)**	**$ 2,635,061**

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

CENTENERA MINING CORPORATION
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
Years ended October 31

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (2,244,059)	$ (1,878,772)
Items not affecting cash:		
Finance costs – accretion of Loans (note 7)	6,366	-
Impairment loss on exploration and evaluation assets	70,106	540,758
Gain on disposal of exploration and evaluation assets	(3,908)	-
Gain on settlement of accounts payable	(45,630)	-
Share-based compensation	791,971	73,485
Depreciation	3,429	4,871
Changes in non-cash working capital items:		
Receivables	(3,676)	9,291
Prepaids	68,441	(95,166)
Accounts payable and accrued liabilities	696,291	45,395
Net cash outflow from operating activities	(660,669)	(1,300,138)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(1,099)	(6,325)
Proceeds from disposal of exploration and evaluation asset	131,040	-
Expenditures on exploration and evaluation assets	(1,959,266)	(715,944)
Net cash outflow from investing activities	(1,829,325)	(722,269)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	1,560,740	-
Share issuance costs	(19,966)	-
Loans from related parties	200,000	-
Proceeds from exercise of warrants	-	1,441,875
Net cash inflow from financing activities	1,740,774	1,441,875
Change in cash for the year	(749,220)	(580,532)
Cash, beginning of the year	838,013	1,418,545
Cash, end of the year	$ 88,793	$ 838,013

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

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 October 31, 2018, the Company has a working capital deficiency of $502,946 (2017 – working capital of $875,565) and an accumulated deficit of $8,246,458 (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 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 consolidated 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

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively, "IFRS"), as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements have been prepared on the historical cost basis, except for assets and liabilities classified as fair value through profit or loss, which are stated at fair value. Intercompany balances and transactions are eliminated on consolidation. These consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. BASIS OF PREPARATION *(Cont'd…)*

Principles of consolidation

These consolidated 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. During the year ended October 31, 2017, the Company dissolved certain subsidiaries: Takbel S.A., Minera Argentina del Norte S.A., and Minera Crosby S.A.

All intercompany transactions and balances are eliminated on consolidation.

Management consolidates all subsidiaries and entities which it is determined that the Company controls. Control is evaluated on the ability of the Company to direct the activities of the subsidiary or entity to derive variable returns and management uses judgement in determining whether control exists. Judgement is exercised in the evaluation of the variable returns and in determining the extent to which the Company has the ability to exercise its power to generate variable returns.

Reporting currency and foreign currency translation

The consolidated financial statements of the Company are presented in Canadian dollars, which is the functional currency of the parent company and its' subsidiaries.

Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and 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 consolidated financial statements.

Exploration and evaluation assets impairment

At the end of each reporting period, the Company assesses each of its exploration and evaluation assets or cash-generating units ("CGUs") to determine whether any indication of impairment exists. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The Company has used geographical proximity, geological similarities, analysis of shared infrastructure, commodity type, assessment of exposure to market risks and materiality to define its CGUs.

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 in order 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 less costs to sell 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.

2. BASIS OF PREPARATION *(Cont'd…)*

Exploration and evaluation assets impairment *(cont'd…)*

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 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.

Fair value of loans

The determination of the fair value of loans requires the input of highly subjective assumptions, including the expected discount rate. Changes in the input assumptions could materially affect the fair value estimate.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents includes highly liquid investments with original maturities of three months or less from the date of purchase, that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of change in value.

Exploration and evaluation assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

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

Exploration and evaluation assets *(cont'd…)*

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option. Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued. Option payments received are treated as a reduction in the carrying value of the related acquisition costs of the exploration and evaluation asset until the payments are in excess of acquisition costs, at which time they are then credited to profit or loss as gain on disposal of exploration and evaluation assets.

Exploration and evaluation expenditures are capitalized. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized for the related property.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that an impairment may exist. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource is demonstrable, the Company tests the asset or CGU for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset and is classified as a component of property, plant and equipment.

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order 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 less costs to sell is determined as the amount that would be obtained from the sale of the asset price received to sell an asset in an orderly transaction between market participants. 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. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the CGU to which the asset belongs.

Restoration and environmental obligations

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties. The net present value of future rehabilitation costs is capitalized to the related asset along with a

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

Restoration and environmental obligations *(cont'd…)*

corresponding increase in the rehabilitation provision in the period incurred. A pre-tax discount rate that reflects the time value of money is used to calculate the net present value The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The Company does not have any significant rehabilitation obligations as at and for the years presented.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded as share-based compensation expense, with the offset to reserves. The fair value of options is determined using a Black-Scholes option pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

All equity-settled share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid. For those unexercised options and share purchase warrants that expired, the recorded value remains in reserves.

Loss per share

Basic loss per share is calculated on the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average number of shares outstanding is increased to include additional shares from the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and the proceeds from such exercises were used to acquire shares of common stock at the average market price during the reporting period. The Company has included total escrow shares in the calculation as they are subject to a timed release. In the Company's case, diluted loss per share presented is the same as basic loss per share as the effect of outstanding options and warrants in the diluted loss per common share calculation would be anti-dilutive.

Valuation of warrants

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as part of units. The residual value method first allocates value to common shares issued in the private placements at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the warrants. Any fair value attributed to the warrants is recorded in reserves.

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

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

The Company has classified its cash as fair value through profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment.

The Company has classified its receivables, net of input tax credits, as loans and receivables.

Held-to-maturity investments - These assets are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months of the reporting period.

The Company does not have any assets classified as held-to-maturity.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in profit or loss.

The Company does not have any assets classified as available-for-sale.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities - This category consists of liabilities carried at amortized cost using the effective interest method.

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

Financial instruments *(cont'd…)*

Financial liabilities *(cont'd…)*

The Company has classified its accounts payable and accrued liabilities, and loans from related parties as other financial liabilities. The Company does not have any financial liabilities classified as fair value through profit or loss.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the excess.

New standards and interpretations not yet adopted

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

Annual Improvements to IFRS Standards 2014–2016 Cycle

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

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

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

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

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

IFRIC 22 *Foreign Currency Transactions and Advance Consideration*

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

The main features of IFRIC 22 are as follows:

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

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

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

The amendments provide guidance on the accounting for:

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

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

IFRS 9 *Financial Instruments*

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

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

- Classification and measurement of financial assets:
  Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".
- Classification and measurement of financial liabilities:
  When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

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

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

IFRS 9 *Financial Instruments* *(cont'd…)*

- Impairment of financial assets:
  An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.
- Hedge accounting:
  Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

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

IFRS 16 *Leases*

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

The main features of the new standard are as follows:

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

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

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

(Expressed in Canadian dollars)

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

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

Annual Improvements to IFRS Standards 2015–2017 Cycle

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

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

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

4. EQUIPMENT

		Office Equipment
Cost		
Balance, October 31, 2016	$	13,662
Additions		6,325
Balance, October 31, 2017	$	19,987
Additions		1,099
Balance, October 31, 2018	$	21,086
Accumulated depreciation		
Balance, October 31, 2016	$	-
Depreciation		4,871
Balance, October 31, 2017	$	4,871
Depreciation		3,429
Balance, October 31, 2018	$	8,300
Carrying amounts		
At October 31, 2017	$	15,116
At October 31, 2018	$	12,786

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

Title to Mineral Property Interests

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

Crosby Property – Argentina

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

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

Organullo Property – Argentina

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

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

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

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

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

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

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

(Expressed in Canadian dollars)

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

Mina Angela Property – Argentina

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

El Quemado – Argentina

The Company entered into an option agreement to acquire a 100% interest in the El Quemado tantalum-niobium bismuth-lithium pegmatite project in Salta Province, Argentina (the "Option"). In consideration the Company has issued 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)	1,430,000
Total	2,500,000

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

El Penon – Argentina

The Company entered into a property option agreement to acquire a 100% interest in the El Penon gold project, located in the San Juan Province, Argentina. The Company could exercise the option by paying US$15,000 (paid), and issuing 2,050,000 common shares of the Company. On January 11, 2018, the Company met the first scheduled issuance, and issued 100,000 common shares at a fair value of $21,000, plus an additional 5,000 common shares as a finders' fee at a fair value of $1,050.

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

Esperanza – Argentina

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

(Expressed in Canadian dollars)

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

Esperanza – Argentina *(cont'd…)*

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	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, 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	70,818
December 15, 2018	6,466	-
June 15, 2019	6,528	-
December 15, 2019	7,266	-
June 15, 2020	7,390	-
December 15, 2020	8,745	-
June 15, 2021	8,745	-
December 15, 2021	41,260	-
June 15, 2022	70,820	-
Total	$172,800	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 (proceeds)	(131,040)	-	-	-	-	255,686	124,646
Shares issued	-	-	-	228,600	22,050	-	250,650
Total acquisition costs	(21,007)	22,541	-	557,832	65,038	687,424	1,311,828
Deferred exploration costs							
Assay	-	-	-	-	-	35,336	35,336
Camp Costs	-	-	-	-	-	985,432	985,432
Claim maintenance	12,794	5,122	-	11,759	3,210	8,326	41,211
Consulting	-	-	-	-	-	422,136	422,136
Drilling	-	-	-	-	-	358,068	358,068
Field	-	-	-	-	1,858	157,084	158,942
Reports	4,305	-	-	7,336	-	13,129	24,770
Total exploration costs for the year	17,099	5,122	-	19,095	5,068	1,979,511	2,025,895
Impairment	-	-	-	-	(70,106)	-	(70,106)
Gain on disposal	3,908	-	-	-	-	-	3,908
Balance, October 31, 2018	**$ -**	**$ 27,663**	**$ -**	**$ 576,927**	**$ -**	**$ 2,666,935**	**$ 3,271,525**

6. SHARE CAPITAL AND RESERVES

a. Authorized

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

b. Share issuances

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

- The Company negotiated debt settlements with various arm's length creditors by issuing 3,811,667 common shares with a fair value of $408,450, to settle aggregate accounts payable of $454,080. As a result, the Company recorded a gain on settlement of accounts payable of $45,630.

- The Company completed a non-brokered private placement of 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 and other issuance costs in the amount of $13,051 and issued 43,750 finders' warrants valued at $3,680 using the Black-Scholes option model. Each finders' warrant entitles the holder to acquire an additional common share of the Company at a price of $0.18 until June 29, 2019.

- The Company issued 2,070,000 common shares for property acquisitions (exploration and evaluation assets) at a fair value of $249,600. These common shares were issued in connection with the option agreements to acquire the El Penon, and El Quemado projects. The Company additionally issued 5,000 bonus common shares to finders at a fair value of $1,050 in connection with the El Penon project.

During the year ended October 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 500,818 common shares for property acquisition at a deemed cost of $92,775.

c. Escrow shares

As at October 31, 2018, there were Nil (October 31, 2017 – 7,123,135) common shares held in escrow.

(Expressed in Canadian dollars)

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

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 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 transaction are summarized as follows:

	October 31, 2018		**October 31, 2017**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of the year	800,000	$ 0.25	3,775,000	$ 0.25
Granted	8,110,000	$ 0.19	800,000	$ 0.25
Expired	(800,000)	$ 0.25	(3,775,000)	$ 0.25
Options outstanding, end of the year	8,110,000	$ 0.19	800,000	$ 0.25
Option exercisable, end of the year	8,110,000	$ 0.19	800,000	$ 0.25

The weighted average remaining contractual life of options outstanding at October 31, 2018 was 3.67 (2017 - 0.31) years.

Stock options outstanding are as follows:

Number of Options	**Exercise Price**	**Expiry Date**
700,000	$ 0.20	February 21, 2021
1,400,000	$ 0.12	July 9, 2021
6,010,000	$ 0.20	November 22, 2022
8,110,000	$ 0.19	

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:

	October 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%	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 year ended October 31, 2018, totaled $791,971 (2017 - $73,485).

(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:

	October 31, 2018		October 31, 2017	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding, beginning of the year	-	$ -	10,802,233	$ 0.15
Warrants exercised	-	$ -	(9,665,625)	$ 0.15
Warrants expired	-	$ -	(1,136,608)	$ 0.21
Warrants issued – attached to units	10,130,889	$ 0.26	-	$ -
Warrants issued – loans from related parties	1,428,570	$ 0.14	-	$ -
Warrants issued – finders'	43,750	$ 0.18	-	$ -
Warrants outstanding, end of the year	11,603,209	$ 0.24	-	$ -

The weighted average remaining contractual life of warrants outstanding at October 31, 2018, was 1.66 (2017 - Nil) years.

7. RELATED PARTY TRANSACTIONS

Key management personnel compensation

The Company's key management personnel includes 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 years ended October 31	2018	2017
Salaries and benefits to CEO**	$ 150,000	$ 150,000
Consulting fees to CFO *	60,000	60,000
Directors' fees (included in salaries and benefits)	-	29,268
Share-based compensation to CEO, CFO and directors	499,312	-
	$ 709,312	$ 239,268

*Amount above is paid to a personal service corporation for personnel that is acting as key management of the Company.
**Of the salaries and benefits to CEO, $100,000 is included in accounts payable and accrued liabilities as at October 31, 2018 (2017 - $nil).

Transactions with other related parties:

For the years ended October 31	2018	2017
Consulting fees - Corporate Secretary	$ 24,000	$ 24,000
Rent - Marvel Office Management Ltd., a company with directors in common	38,000	40,339
Share-based compensation to Corporate Secretary	29,011	-
	$ 91,011	$ 64,339

There were no balances due to/from other related parties as at October 31, 2018, and 2017.

(Expressed in Canadian dollars)

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

Investment from associate

As at October 31, 2018, Cardero Resource Corp. owned 26.16% of the Company's issued common shares. At October 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.

Loans from related parties

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

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:

	2018	2017
Opening balance	$ -	$ -
Additions	200,000	-
Portion allocated to warrants issued	(60,062)	-
Accretion to face value of the Loans – finance costs	6,366	-
Ending balance	$ 146,304	$ -

During the year ended October 31, 2018, the Company accrued interest expense in connection with the Loans in the amount of $4,121 (2017 - $nil), which is presented as part of finance costs and included in accounts payable and accrued liabilities.

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing and financing activities during the year ended October 31, 2018, consisted of:

- Shares issued at a fair value of $408,450 for the settlement of accounts payable in the amount of $454,080
- Shares issued for the property acquisitions (exploration and evaluation assets) and related finders' shares at a fair value of $250,650.
- Finders' warrants issued with a fair value of $3,680.
- Accrued $331,301 of exploration and evaluation assets in accounts payable and accrued liabilities.

Significant non-cash investing and financing activities during the year ended October 31, 2017, consisted of:

- Issued 500,818 common shares for property acquisition at a deemed cost of $92,775.
- Accrued $8,986 of exploration and evaluation assets in accounts payable and accrued liabilities.

(Expressed in Canadian dollars)

9. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes for the years ended October 31, 2018 and 2017, is as follows:

	2018	2017
Loss for the year	$ (2,262,835)	$ (1,878,772)
Statutory income tax rate	26.83%	26%
Expected income tax recovery	(607,194)	(488,481)
Non-deductible, deductible and other items	138	(21,284)
Differences between Canadian and foreign tax rates	(44,518)	(44,176)
Change in timing differences	465,601	260,486
Effect of change in tax rates	(62,283)	-
Impact of foreign exchange on tax assets and liabilities	(122,817)	95,552
Unused tax losses and tax offsets	371,073	197,903
Income tax expense	$ -	$ -

Significant unrecognized tax benefits and unused tax losses for which no deferred tax asset is recognized as of October 31, are as follows:

	2018	2017
Deferred income tax asset from non-capital losses	$ 1,016,555	$ 226,396
Deferred income tax liability from exploration and evaluation assets	(1,016,555)	(226,396)
Net deferred income tax assets	$ -	$ -

The significant components of the Company's unrecognized deferred income tax assets as at October 31, 2018, and 2017 are as follows:

	2018	2017
Losses carried forward	$ 825,964	$ 6,045,463
Exploration and evaluation assets	2,042,011	506,535
Equipment	9,945	6,210
Share issue costs	65,152	69,769
Net deferred income tax assets not recognized	$ 2,943,072	$ 6,627,977

The Company has approximately $8,039,000 in non-capital losses (2017 - $6,855,000) for Canadian and Argentinean tax purposes. These losses, if not utilized, will expire between 2020 and 2038. Future tax benefits that may arise as a result of these non-capital losses have not been recognized in these consolidated financial statements and have been offset by a valuation allowance due to the uncertainty of their realization.

10. CONTINGENCY

On November 13, 2016, a geological assistant 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 supervising 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 supervising the work. The Company, through its comprehensive general liability insurance, was able to mitigate its cost and no amount was accrued in these consolidated financial statements.

11. 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.

Fair Value Hierarchy

Financial instruments that are measured subsequent to 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 has been fair valued using Level 1 of the fair value hierarchy.

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

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 is maintained with 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 October 31, 2018, the Company has working capital deficiency of $502,946 (2017 – working capital of $875,565). At October 31, 2018, the Company had accounts payable and accrued liabilities of $660,276 (2017 - $95,750), 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. The Company's sensitivity analysis suggests that a 5% change in the rate of exchange in the United States dollar, or Argentine pesos relative to the Canadian dollar, would impact foreign exchange gain within profit or loss by approximately $18,000 (2017 - $31,000).

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.

(Expressed in Canadian dollars)

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

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 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. 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 ended October 31, 2018, and 2017.

12. 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:

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

	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 years ended October 31	**2018**	**2017**
Loss for the year - Canada	$ 1,697,182	$ 1,511,075
Loss for the year - Argentina	546,877	367,697
Loss for the year	$ 2,244,059	$ 1,878,772

13. SUBSEQUENT EVENT

On February 11, 2019 the Company announced they had entered into three option agreements to acquire a 100% interest in the Tress Cerros gold and silver project, consisting of eight properties, in the Santa Cruiz province of Argentina. This agreement is subject to the approval of the TSX.V.

The option is 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 the Company issued to the vendors having a deemed issuance value of USD $3,675,000, over a period of 6 years. The cost of the Second Option will be USD $400,000 and issuing shares in the capital of the Company valued at USD $400,000 to the vendors.