



Financial Statements

July 31, 2018 and 2017

(Expressed in Canadian Dollars)



INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Centurion Minerals Ltd.

We have audited the accompanying financial statements of Centurion Minerals Ltd. which comprise the statements of financial position as at July 31, 2018 and 2017, and the statements of comprehensive loss, changes in deficiency and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of 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 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements present fairly, in all material respects, the financial position of Centurion Minerals Ltd. as at July 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Centurion Minerals Ltd. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
November 26, 2018

Centurion Minerals Ltd.

Statements of Financial Position

As at July 31, 2018 and 2017

(Expressed in Canadian dollars)

	Notes	2018	2017
Current assets			
Cash		\$ 3,847	\$ 20,350
Amounts receivable	10	298,697	201,823
Gypsum inventory		5,527	53,682
Prepaid expenses and deposits		8,934	22,684
		<u>317,005</u>	<u>298,539</u>
Non-current assets			
Property, plant and equipment	4	710,921	711,829
Development costs	5	23,079	23,079
		<u>734,000</u>	<u>734,908</u>
Total assets		\$ 1,051,005	\$ 1,033,447
Current liabilities			
Accounts payable and accrued liabilities		\$ 595,706	\$ 524,671
Due to related parties	10	431,802	217,965
Short-term loans	6	547,286	433,159
Total liabilities		<u>1,574,794</u>	<u>1,175,795</u>
Shareholders' deficiency			
Share capital	7	14,552,130	14,488,611
Share subscriptions received		22,000	-
Share option reserve	8	2,447,015	2,447,015
Share warrant reserve	7	4,375,545	4,342,440
Deficit		(21,920,479)	(21,420,414)
		<u>(523,789)</u>	<u>(142,348)</u>
Total liabilities and shareholders' deficiency		\$ 1,051,005	\$ 1,033,447

SEE NOTE 1, NATURE OF OPERATIONS

SEE NOTE 11, COMMITMENTS

SEE NOTE 13, SUBSEQUENT EVENTS

Approved by the Board:

"David Tafel"

Director

"Kenneth A Cawkell"

Director

The accompanying notes form an integral part of these financial statements.

Centurion Minerals Ltd.

Statements of Comprehensive Loss

For the years ended July 31, 2018 and 2017

(Expressed in Canadian dollars)

	Notes	2018	2017
Revenues	5	\$ 72,026	\$ -
Cost of sales		42,974	-
Gross margin		29,052	-
Operating expenses			
Accounting	10	122,669	113,596
Administration	10	108,000	118,000
Consulting		-	295,436
Depreciation		908	1,743
Financing costs		116,067	137,229
Filing fees and communications		74,021	121,420
Foreign exchange (gain) loss		(4,614)	11,514
Insurance		871	1,104
General exploration expenditures	5	38,157	301,253
Legal	10	45,371	23,501
Office and miscellaneous		12,431	23,495
Rent		19,200	18,176
Share-based compensation	8	-	170,518
Telephone		2,063	6,742
Travel		26,430	35,422
Wages		4,950	39,600
		(566,524)	(1,418,749)
Other income (expenses)			
Other income		25,000	50,000
Gain on debt settlement		57,702	-
Loss on write-down of inventory		(45,295)	-
		37,407	50,000
Net loss and comprehensive loss		\$ (500,065)	\$ (1,368,749)
Basic and diluted earnings per common share		\$ (0.01)	\$ (0.03)
Weighted average number of common shares		67,432,307	51,522,512

The accompanying notes form an integral part of these financial statements.

Centurion Minerals Ltd.

Statements of Change in Deficiency

For the years ended July 31, 2018 and 2017

(Expressed in Canadian dollars)

Note	Number of common Shares	Share capital	Share subscriptions received	Share option reserve	Share warrant reserve	Deficit	Total
Balance at August 1, 2016	36,702,403	\$ 13,473,243	\$ -	\$ 2,276,498	\$ 3,694,488	\$ (20,051,665)	\$ (607,436)
Comprehensive loss	-	-	-	-	-	(1,368,749)	(1,368,749)
Private placements 7	22,269,193	1,458,349	-	-	-	-	1,458,349
Share subscriptions received	2,600,000	130,000	-	-	-	-	130,000
Share subscriptions correction	2,600,000	-	-	-	-	-	-
Value attributable to warrants issued in private placements	-	(638,850)	-	-	638,850	-	-
Share issue costs	-	(48,694)	-	-	9,102	-	(39,592)
Share-based compensation 8	-	-	-	170,517	-	-	170,517
Issue of shares for loan financing 6	1,496,328	114,563	-	-	-	-	114,563
Balance at July 31, 2017	65,667,924	\$ 14,488,611	\$ -	\$ 2,447,015	\$ 4,342,440	\$ (21,420,414)	\$ (142,348)
Balance at August 1, 2017	65,667,924	\$ 14,488,611	\$ -	\$ 2,447,015	\$ 4,342,440	\$ (21,420,414)	\$ (142,348)
Comprehensive loss	-	-	-	-	-	(500,065)	(500,065)
Private placements 7	2,000,000	100,000	-	-	-	-	100,000
Share subscriptions received	-	-	22,000	-	-	-	22,000
Value attributable to warrants issued in private placements	-	(33,105)	-	-	33,105	-	-
Share issue costs	-	(3,376)	-	-	-	-	(3,376)
Balance at July 31, 2018	67,667,924	\$ 14,552,130	\$ 22,000	\$ 2,447,015	\$ 4,375,545	\$ (21,920,479)	\$ (523,789)

The accompanying notes form an integral part of these financial statements.

Centurion Minerals Ltd.

Statements of Cash Flows

For the years ended July 31, 2018 and 2017

(Expressed in Canadian Dollars)

	Note	2018	2017
Cash flows from operating activities			
Net loss		\$ (500,065)	\$ (1,368,749)
Adjustments to non-cash items			
Depreciation	4	908	1,743
Finance expense	6	99,627	109,007
Gain on debt settlement		(57,702)	-
Share-based compensation	8	-	170,518
Loss on write-down of inventory	7	45,295	-
Changes in non-cash working capital			
Increase in amounts receivable		(96,874)	(30,541)
Decrease (Increase) in inventory		2,860	(53,682)
Decrease in prepaid expenses and deposits		13,750	49,337
Increase in accounts payable and accrued liabilities		115,644	188,820
Increase (decrease) in payable to related parties		226,930	(37,885)
Net cash flows used in operating activities		(149,627)	(971,432)
Cash flows used in investing activities			
Purchase of property, plant and equipment	4	-	(713,572)
Development costs, net		-	(23,079)
Net cash flows used in investing activities		-	(736,651)
Cash flows from financing activities			
Proceeds from issuance of shares	7	100,000	1,314,354
Proceeds from promissory notes	6	-	523,715
Proceeds from short-term loans		14,500	95,000
Share subscriptions receivable received		22,000	130,000
Share issue costs		(3,376)	(39,592)
Repayments of promissory notes	6	-	(135,000)
Repayments of short-term loans		-	(333,204)
Net cash from financing activities		133,124	1,555,273
Decrease in cash		(16,503)	(152,810)
Cash, beginning of the year		20,350	173,160
Cash, end of the year		\$ 3,847	\$ 20,350
Interest paid		\$ 16,440	\$ 8,173
Income taxes paid		\$ -	\$ -

The accompanying notes form an integral part of these financial statements.

Centurion Minerals Ltd.

Notes to financial statements

(Expressed in Canadian Dollars)

For the years ended July 31, 2018 and 2017

1. NATURE OF OPERATIONS

Centurion Minerals Ltd. (the “Company” or “Centurion”) is in the business of mineral exploration and development, with its primary asset being its interest in the Ana Sofia Agri-Gypsum Project Joint Venture in Santiago Del Estero Province, Argentina. The Company was incorporated on March 11, 2005 under the laws of the Province of British Columbia as 0718918 B.C. Ltd. The Company changed its name to Centurion Minerals Ltd. on November 28, 2005. The address of the Company's corporate office and principal place of business is Suite 520, 470 Granville Street, Vancouver, British Columbia, Canada. The Company is listed on the TSX Venture Exchange, having the symbol CTN, as a Tier 2 mining issuer and is in the process of developing its primary mineral property.

The Company is primarily engaged in the acquisition, exploration and development of mineral properties.

Going Concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for at least the next twelve months and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions may cast significant doubt about the Company's ability to continue as a going concern. The Company is in the development stage and, accordingly, has not yet commenced commercial operations. At July 31, 2018, the Company has accumulated losses of \$21,920,479 since inception and will continue to incur further losses in the development of its business. The ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing required to maintain its operations, and to ultimately attain future profitable commercial operations. Management expects the Company to continue as a going concern and plans to meet any financing requirements through equity financing and seeking other business opportunities to expand the Company's operations. The outcome of these matters cannot be predicted at this time and there are no assurances that the Company will be successful in achieving its goals. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests, the attainment of profitable mining operations through its Joint Venture in Argentina, or the receipt of proceeds from the disposition of its mineral property interests. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and is seeking to raise the necessary capital to meet its funding requirements. There is, primarily as a result of the conditions described above, significant doubt as to the appropriateness of the use of the going concern assumption.

The Company is not expected to be profitable during the ensuing twelve months and therefore must rely on securing additional funds from either equity financing or loan from shareholders or directors for cash consideration, and while the Company has been successful at raising funds in the past, there is no assurance that it will continue to generate sufficient funds for future operations.

Centurion Minerals Ltd.

Notes to financial statements

(Expressed in Canadian Dollars)

For the years ended July 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The policies applied in these financial statements are based on IFRS issued and effective as of July 31, 2018. The Board of Directors approved the financial statements on November 26, 2018.

Basis of Presentation

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Functional Currency

The functional currency is the currency of the primary economic environment in which the Company operates, which is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At year-end, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the year-end. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit and loss.

Assets and liabilities of operations having a functional currency other than the Canadian dollar are translated at the rate of exchange at the reporting date. Revenues and expenses are translated at average rates for the periods, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. The resulting foreign currency translation adjustments are recognized in other comprehensive income ("OCI").

Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make certain estimates and apply judgment affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting period.

The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are:

Development stage

At the point where management has assessed that a resource has a reasonable prospect for eventual economic extraction, environmental approvals and permitting for exploitation has been received, and capital is reasonably available for construction of processing facilities, a project will be considered to be in the Development Stage.

Ready for Use

During the Development Stage, once processing facilities are available for use and capable of operating in the manner intended by management, the assets will be considered ready for use.

Centurion Minerals Ltd.

Notes to financial statements

(Expressed in Canadian Dollars)

For the years ended July 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Commercial production

At the end of the Development Phase when the mine is capable of substantially operating in the manner intended by management, Commercial Production will have been achieved. More specifically, Commercial Production for the Ana Sofia Agri-Gypsum Project is defined in the Joint Venture Agreement, dated January 28, 2016, between the Company and Demetra Minerals Inc. ("Demetra") as follows:

1. If a plant is located on the Property, on the first day following the first period of 45 consecutive days during which Mineral Products have been produced from the Property at an average rate not less than 80% of the initial design rated capacity of such plant; or
2. If no plant is located on the Property, on the first day of the month following the first period during which 4,000 tonnes of Mineral Products have been produced, per month for three consecutive months by the Joint Venture and sold to a nonrelated party on a reasonably regular basis for the purpose of earning revenue.

Reclamation

Management undertakes an ongoing assessment of accumulated reclamation costs based on the nature of the environmental disturbance and relevant environmental regulations governing activities at the Ana Sofia Agri-Gypsum Project. Based on these criteria, management determines if there is an accumulated liability beyond the ongoing remediation being completed following extraction of gypsum bearing zones.

Fair value of derivative financial instruments

Pursuant to the Joint Venture Agreement between the Company and Demetra dated January 28, 2016, the Company is party to both a call and a put option that are derivative financial instruments designated at fair value through profit and loss. Management has applied judgement in the determination of the fair value of these instruments, including consideration of uncertainty related to the realization of events required to materialize for these options to be exercisable by either party.

Share-based payments

Estimating fair value for share-based payment transactions requires the determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This requires the estimation of inputs to the valuation model including the expected life of the stock option, volatility, dividend yield, and forfeiture rate. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 8.

Joint Venture

Pursuant to IFRS 11, Joint Arrangements, the Company is required to classify its interest in a joint arrangement as a joint venture or joint operation. A joint venture will be accounted for using the equity method of accounting, whereas a joint operation will recognize the venturer's share of the assets, liabilities, revenue and expenses of the joint operation.

Cash

Cash includes cash on hand and deposits held at call with banks.

Revenue

Revenue is recognized for sales of gypsum to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, and sales taxes or duty. Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred, which is considered to occur when title passes to the customer. This generally occurs when product is physically transferred on to a truck or other delivery mechanism. Revenue is measured at the fair value of the consideration received or receivable.

Centurion Minerals Ltd.

Notes to financial statements

(Expressed in Canadian Dollars)

For the years ended July 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventories of gypsum are stated at the lower of cost and net realisable value. Materials that are no longer considered as likely to be used, or their value is unlikely to be readily realised through a sale to a third party, are provided for.

Materials held for consumption within operations are valued based on purchase price or, when manufactured internally, at cost. Costs are allocated on an average basis and include direct material, labour, related transportation costs and an appropriate allocation of overhead costs.

Agri-Gypsum finished goods, work in process, and any other production inventories are valued at the lower of cost and net realisable value. Dependent on the current stage of any product inventory in the process cycle, cost will reflect, as appropriate, mining, processing, transport and labour costs as well as an allocation of mine services overheads required to bring the product to its current state.

Net realizable value is the estimated selling price in the ordinary course of business, after deducting any costs to completion and any applicable marketing, selling, shipping and other distribution expenses.

Mineral Exploration and Evaluation Expenditures

Costs incurred with respect to exploration and evaluation ("E&E") of the Company's mineral properties, including acquisition costs, are expensed as incurred until the technical feasibility and commercial viability of extracting the mineral resource has been determined. Once technical feasibility and commercial viability of the mineral resource is determined, only costs directly related to E&E expenditures are capitalized. Costs not directly attributable to E&E activities are expensed in the year in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, capitalized E&E expenditures in respect of that project are deemed to be impaired and capitalized amount in excess of the estimated recoverable amount are written off to the statement of comprehensive loss.

The Company assesses each significant asset for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. E&E assets are tested for impairment before the assets are transferred to development properties.

Property, Plant and Equipment

Recognition and Measurement

On initial recognition, property, plant and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Property, plant and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land, which is not depreciated.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can

Centurion Minerals Ltd.

Notes to financial statements

(Expressed in Canadian Dollars)

For the years ended July 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Major Maintenance and Repairs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Gains and Losses

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is recognized in profit or loss and is provided on a straight-line basis over the estimated useful life of the assets as follows:

- | | |
|----------------------------|-----------------------------|
| 1) Plant & Equipment | Straight line over 20 Years |
| 2) Plant Development Costs | Straight line over 20 Years |
| 3) Vehicles | Straight line over 5 Years |
| 4) Office Equipment | Straight line over 5 Years |

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Restoration, Rehabilitation and Environmental Obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

As at July 31, 2018 the Company estimates its accumulated restoration, rehabilitation and environmental costs associated with the Ana Sofia Project to be \$Nil (2017: \$Nil).

Impairment of Non-financial Assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

Centurion Minerals Ltd.

Notes to financial statements

(Expressed in Canadian Dollars)

For the years ended July 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income (loss).

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share-based Payments

The fair value of the share option reserve for employees at the date of grant is recognized as an expense over the vesting period with a corresponding increase in share option reserve. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by a direct employee, including directors of the Company.

In situations where share options are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment transaction and the fair value of any identified goods or services received at the grant date.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Stock option expense incorporates an expected forfeiture rate.

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.

The Company's policy related to share-based payments equally applies to the methods used to calculate the fair value of warrants.

Share Capital

The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company.

Proceeds received on the issuance of units, comprised of common shares and warrants are allocated based on the relative fair value approach which considers the value determined by the Black-Scholes option pricing model for the warrants.

Commissions paid to agents and other related share issue costs are charged directly to share capital.

Centurion Minerals Ltd.

Notes to financial statements

(Expressed in Canadian Dollars)

For the years ended July 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per Share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The Company had no material provisions at July 31, 2018 and July 31, 2017.

Financial Instruments

Financial assets

All financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity investments', 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company's financial assets, which are classified as loans and receivables, are subsequently carried at amortized cost, using the effective interest method, less any impairment loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

De-recognition of financial liabilities

The Company derecognizes financial liabilities when the obligations are discharged, cancelled or expire.

Centurion Minerals Ltd.

Notes to financial statements

(Expressed in Canadian Dollars)

For the years ended July 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative Financial Instruments

The Company has issued derivative financial instruments in connection with the Ana Sofia Joint Venture Agreement (Note 5). An embedded derivative is separated from its host contract and accounted for as a derivative only when three criteria are satisfied:

- 1) When the economic risks and characteristics of the embedded derivative are not closely related to those of the host contract;
- 2) A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- 3) The entire instrument is not measured at fair value with changes in fair value recognized in the statements of profit or loss and other comprehensive loss.

The Company designates embedded derivatives as FVTPL on initial recognition with those instruments measured at each reporting period using an appropriate valuation model with changes in the fair value being recognized immediately in profit or loss.

The Company's financial instruments consist of the following:

Financial assets:

Cash
Amounts receivable
Derivative call option

Classification:

Loans and receivables
Loans and receivables
Fair Value Through Profit and Loss

Financial liabilities:

Accounts payable
Due to related parties
Short-term loan
Derivative put option

Classification:

Other financial liabilities
Other financial liabilities
Other financial liabilities
Fair Value Through Profit and Loss

The carrying values of cash, amount receivable, accounts payable, due to related parties and short-term loans, approximate their fair values due to the short term nature of these financial instruments.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been negatively impacted. Evidence of impairment could include:

- 1) Significant financial difficulty of the issuer or counterparty;
- 2) Default or delinquency in interest or principal payments; or
- 3) The likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of a financial asset is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to income. Changes in the carrying amount of the allowance account are recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement comprehensive loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Centurion Minerals Ltd.

Notes to financial statements

(Expressed in Canadian Dollars)

For the years ended July 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments recorded at fair value

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuation techniques based on inputs other than quoted prices included in 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: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's derivative financial instruments (Note 5) are valued based on level 3 valuation techniques.

Standards, Amendments and Interpretations Not Yet Effective

The following standards, interpretations and amendments, which have not been applied to in these financial statements, will or may have an effect on the Company's future financial statements. The Company is in the process of evaluating these new standards:

IFRS 9 – Financial Instruments, Classification and Measurement is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company has determined that the impact of this change is insignificant, and there will be no material impact on the financial statements.

IFRS 15 – Revenue from Contracts with Customers establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has determined that the impact of this change is insignificant, and there will be no material impact to the Company's recognition of revenues.

IFRS 16 – Leases eliminates the classification of leases as either operating or finance leases for a lessee. Instead all leases are capitalized by recognizing the present value of lease payments and recognizing an asset and a financial liability representing an obligation to make future lease payments. The principles in IFRS 16 provide a more consistent approach to acquiring the use of an asset whether by leasing or purchasing the asset. The new leasing standard is applicable to all entities and will supersede current lease accounting standards under IFRS. Prospective application is required beginning on or after January 1, 2019 with early adoption permitted only if an entity early adopts IFRS 15 as well. The Company is in the process of evaluating the impact of the new standard.

Centurion Minerals Ltd.

Notes to financial statements

(Expressed in Canadian Dollars)

For the years ended July 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 2 – Share-based Payments has been revised to incorporate amendments issued by the International Accounting Standards Board in June 2016. The amendments provide guidance on the accounting for:

- 1) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- 2) share-based payment transactions with a net settlement feature for withholding tax obligations; and
- 3) 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 annual periods beginning on or after January 1, 2018. The Company has determined that the impact of this change will be insignificant, and there will be no material impact on the financial statements.

3. RISK MANAGEMENT, CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support future business opportunities. The Company defines its capital as shareholders' equity and short-term loans. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to manage its capital to be able to sustain the future development of the Company's business.

The Company currently has no source of self-sustaining revenues, and therefore is dependent upon external financings to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended July 31, 2018. The Company is not subject to externally imposed capital requirements.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimately responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Centurion Minerals Ltd.

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For the years ended July 31, 2018 and 2017

3. RISK MANAGEMENT, CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Market Risk

Market risk is the risk that the fair value of future cash flows will fluctuate due to changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk, and commodity price risk.

Foreign Currency Risk

Foreign currency risk is the risk that future cash flows will fluctuate as a result of changes in foreign currency rates.

The Company forwards, on an as-needed basis, pre-approved budgeted amounts for the Ana Sofia Agricultural Gypsum Project Operator, Demetra Fertilizantes S.A. (DFSA), the wholly owned Argentine subsidiary of Demetra. Such funds are transferred in United States Dollars (USD) and are immediately converted to Argentine Peso (ARS) upon receipt by DFSA. Funds are deployed by DFSA on a weekly basis, as such; the Company is not exposed to significant foreign currency risk.

The Company receives revenue from sales of gypsum in USD and ARS. Costs of Goods Sold are paid in ARS. As a result the Company is exposed to foreign currency risk associated with its ongoing operations at the Ana Sofia Agri-Gypsum Project.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's current policy is to invest excess cash in certificates of deposit or interest bearing accounts of major Canadian chartered banks. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its financial institutions.

Commodity Price Risk

The Company is exposed to price risk with respect to commodity prices of Gypsum used for agricultural purposes. As a result, commodity price risk may affect the Company's ability to operate the Ana Sofia Agri-Gypsum Project profitably, completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments, which are potentially subject to credit risk for the Company, consist primarily of cash. Cash is maintained with financial institutions of reputable credit and is redeemable upon demand.

As at July 31, 2018 the Company has \$Nil (2017 - \$11,000) outstanding receivable due from Falcon Gold Corp (TSX-V: FG) ("Falcon"). Falcon is a corporation sharing common management, directors and office space with the Company. Management assesses the credit risk associated with the Falcon receivable on an annual basis.

As at July 31, 2018 the Company has \$153,900 (2017 - \$105,900) due from Demetra. Demetra is the project partner and a corporation sharing common management and office space with the Company. Management assesses the credit risk associated with the Demetra receivable on an annual basis, and expects that Demetra will meet its payable requirements to the Company.

As at July 31, 2018 the Company has \$141,824 (2017 - \$77,237) due from DFSA. DFSA is the operator of a joint operation the Company is a partner of and a subsidiary of a corporation sharing common management and office space with the Company. Management assesses the credit risk associated with the DFSA receivable on an annual basis, and expects that DFSA will meet its payable requirements to the Company.

Centurion Minerals Ltd.

Notes to financial statements

(Expressed in Canadian Dollars)

For the years ended July 31, 2018 and 2017

3. RISK MANAGEMENT, CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it has sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

Maturity Risk

- 1) The Company has trade payables, accounts payables that are due on normal commercial terms, and as at July 31, 2018 the Company had short-term loans of \$547,286.
- 2) As at July 31, 2018, the Company did not have derivative financial liabilities with contractual maturities.
- 3) Management of liquidity risk: Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses and commitments in (1) and (2) for a period of 90 days. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure.

The following table summarizes the maturities of the Company's financial liabilities as at July 31, 2018 based on the undiscounted contractual cash flows:

	Carrying Amount	Contractual Cash Flows	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Accounts payable	\$ 495,606	\$ 495,606	\$ 495,606	-	-	-
Due to related parties	431,802	431,802	431,802	-	-	-
Short-term loan	547,286	547,286	547,286	-	-	-
Total	\$ 1,474,694	\$ 1,474,694	\$ 1,474,694	-	-	-

4. PROPERTY, PLANT AND EQUIPMENT

The Company's capitalized expenses, by reporting segment, are summarized as follows:

	Argentina	Canada	Total
Balance at August 1, 2016	\$ -	\$ -	\$ -
Plant and equipment	505,478	-	505,478
Plant development costs	207,368	-	207,368
Office equipment	-	1,968	1,968
Accumulated depreciation	(1,242)	(1,743)	(2,985)
Balance at July 31, 2017	\$ 711,604	\$ 225	\$ 711,829
Balance at August 1, 2017	\$ 711,604	\$ 225	\$ 711,829
Depreciation	(683)	(225)	(908)
Balance at July 31, 2018	\$ 710,921	\$ -	\$ 710,921

As at February 1, 2017, and subsequent to significant testing and adjustments, management determined the Ana Sofia pilot plant (Note 5) to be available for use and capable of operating in the manner intended by management. Assets capitalized relating to the Ana Sofia project have been amortized from this date.

Centurion Minerals Ltd.

Notes to financial statements

(Expressed in Canadian Dollars)

For the years ended July 31, 2018 and 2017

5. EXPLORATION AND EVALUATION EXPENDITURE

Expenditures During the Year

The Company's exploration and evaluation expenses for the year ended July 31, 2018 and 2017 are summarized as follows:

Exploration and Evaluation Expenses for the year-ended July 31, 2018		Argentina
Assays and analysis	\$	2,289
Drilling		-
Equipment and project site rentals		-
Field administration and other		8,395
Geological consulting and labour		27,473
Consulting fees		-
	\$	38,157

Exploration and Evaluation Expenses for the year-ended July 31, 2017		Argentina
Assays and analysis	\$	17,432
Drilling		138,391
Equipment and project site rentals		39,445
Field administration and other		82,987
Geological consulting and labour		17,844
Consulting fees		5,154
	\$	301,253

Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Operating Segments

The Company operates in one industry segment, mineral exploration and development, within two geographic areas: Canada, and Argentina.

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements. However, the Company's financing (including finance costs and finance income) and income taxes are managed on a company basis and are not allocated to operating segments.

Centurion Minerals Ltd.

Notes to financial statements

(Expressed in Canadian Dollars)

For the years ended July 31, 2018 and 2017

5. EXPLORATION AND EVALUATION EXPENDITURE (continued)

Ana Sofia Agri-Gypsum Project (Santiago del Estero Province, Argentina)

On January 28, 2016, the Company executed a definitive joint venture agreement (the "Agreement") with Demetra Minerals Inc. ("Demetra") to develop the Ana Sofia agricultural gypsum project in the Province of Santiago del Estero, Argentina. Demetra is a privately held, Vancouver-based agri-mining company and the beneficial owner of a 100% interest in the Ana Sofia property. It has been focused on identifying, developing and marketing calcium sulfate dihydrate, a mineral fertilizer and soil conditioner (also known as agricultural gypsum) for the markets of Argentina, Paraguay, Bolivia, Brazil and Chile.

Ana Sofia Joint Venture Agreement

As defined in the Agreement:

- 1) Centurion issued 2,000,000 common shares to Demetra as consideration for the acquisition of its 50% interest in the Ana Sofia Project (the "Project").
- 2) Demetra was appointed as the operator of the Project.
- 3) The Management Committee of the Joint Venture consists of 5 members - 3 Centurion nominees and 2 Demetra nominees, where a Demetra nominee also serves as an Officer of Centurion. A primary responsibility of the Management Committee is to approve program costs and oversee programs.
- 4) Centurion is responsible for reimbursing Program Costs related to Programs approved by the Management Committee.
- 5) Demetra is solely responsible for assuming all costs, liabilities and agreements associated with the Project, and no other Party (including Centurion) shall transact, perform or undertake anything in the name of the Operator (Demetra). Additionally, all rights and obligations of Centurion and Demetra are several and not joint.
- 6) Provided that the Joint Venture achieves production, or after Centurion has expended US\$4 million in development costs, both parties shall have the right to call for an amalgamation, which would be subject to a shareholders' vote. Centurion shall have the right to acquire 100% of Demetra by issuing approximately 23.5 million common shares. The Company shall set aside an additional 10.4 million Preferred Shares for the Demetra founders convertible into Common shares on achievement of certain production milestones. Should Centurion spend an accumulated US\$6 million in approved Program Costs on various Programs prior to amalgamation, all further costs shall be borne equally by the JV partners.

Each of Centurion and Demetra have the right to call for an amalgamation, representing a call and a put option that are derivative financial instruments designated at fair value through profit and loss. Primarily due to the high level of uncertainty regarding the circumstances that trigger an exercise of these derivatives, management has determined the value of both of these derivatives approximate \$Nil both at initial recognition and at July 31, 2018 (July 31, 2017: \$Nil).

Ana Sofia Property

Ana Sofia comprises two mining concessions totaling 50 hectares ("ha") in size and approximately 500 ha of exploration rights located 50 kilometers west of the provincial capital city of Santiago del Estero in northwestern Argentina. On October 31, 2016 the Company announced that it had completed an initial resource estimate for the Project. The resource estimate is based on exploration and test-pitting work completed by Centurion and Demetra that focused on two near-surface gypsum layers located within one of the Project's mining concessions and surrounding exploration permit area.

Ana Sofia Pilot Plant

As at January 31, 2017 the Ana Sofia Property transitioned to the development stage and as a result, development costs incurred from February 1, 2017 to July 31, 2017 in the amount of \$69,154 have been capitalized as development costs. Prior to reclassification the Company had expensed exploration and evaluation costs relating to the property, as a result no exploration and evaluation costs have been reclassified to development costs as at July 31, 2017.

Centurion Minerals Ltd.

Notes to financial statements

(Expressed in Canadian Dollars)

For the years ended July 31, 2018 and 2017

5. EXPLORATION AND EVALUATION EXPENDITURE (continued)

During the year ended July 31, 2018, the Pilot Plant had produced and sold 765 tonnes (2017 - 928 tonnes) of agri-gypsum generating \$72,026 (2017 - \$46,075) in revenue for the Company. During 2018 the revenue has been presented on the statement of comprehensive loss, in 2017 the revenues were capitalized as development costs. As at July 30, 2018 the Pilot Plant also had 1,353 (2017 - 1,864) tonnes of finished goods available for sale and 238 (2017 - 1,050) tonnes of stockpiled material extracted and ready for final processing.

6. SHORT-TERM LOANS

On October 25, 2016, the Company issued a one-year promissory note loan financing for \$180,000 from arm's length parties. Proceeds from this financing were allocated to assist the Company in commencing the Project's agri-gypsum pilot plant operation and for general corporate purposes. In consideration for the loan, the Company issued 514,285 bonus common shares, at a price of \$0.07 per share and will pay interest of 1.5% per month. The loan can be paid off at any time with no penalty to the Company. Finders' fees of \$12,000 were paid on this transaction. The shares were subject to a four-month hold period that expired on February 26, 2017. During the year ended July 31, 2018 \$Nil (2017 -\$135,000) was paid down, and as at July 31, 2018, the outstanding balance of the loan including interest and principal is \$53,978 (2017 - \$53,519).

On January 30, 2017, the Company issued a one-year promissory note loan financing for \$343,715 from arm's length parties. Proceeds from this financing were used to assist the Company in commencing the Project's agri-gypsum pilot plant operation and for general corporate purposes. In consideration for the loan, the Company issued 982,043 bonus common shares, at a price of \$0.07 per share and will pay interest of 1.5% per month. The loan can be paid off at any time with no penalty to the Company. The shares were subject to a four-month hold period that expired on May 31, 2017. As at July 31, 2018, the outstanding balance of the loan including interest and principal is \$428,808 (2017 - \$374,982).

During the year ended July 31, 2017 the Company received advances of \$95,000 from Portofino Resources Inc., which has key management personnel who are also key management personnel of Centurion. During the year ended July 31, 2018 the Company received advances of \$14,500. The Company made repayments during the year of \$Nil (2017 - \$45,000), and as at July 31, 2018, the outstanding balance of the loan is \$64,500 (2017 - \$50,000). The loan is due on demand, and is non-interest bearing.

Centurion Minerals Ltd.

Notes to financial statements

(Expressed in Canadian Dollars)

For the years ended July 31, 2018 and 2017

7. SHARE CAPITAL

The Company's common shares and share purchase warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Common Shares

The Company is authorized to issue an unlimited number of common shares, issuable in series.

The holders of common shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

The following is a summary of changes in common share capital:

	Number of Shares	Issue Price	Amount
Balance at August 1, 2016	36,702,403		\$ 13,473,243
Issue of shares for cash on private placement	22,269,193	\$0.07/\$0.05	1,458,349
Share subscriptions receivable received	2,600,000		130,000
Share subscriptions correction	2,600,000		-
Share issue costs	-		(48,694)
Fair value attributable to warrants issued	-		(638,850)
Issue of shares associated with promissory notes	1,496,328		114,563
Balance at July 31, 2017	65,667,924		\$ 14,488,611
Balance at August 1, 2017	65,667,924		\$ 14,488,611
Issue of shares for cash on private placement	2,000,000	\$0.05	100,000
Share issue costs	-		(3,376)
Fair value attributable to warrants issued	-		(33,105)
Balance at July 31, 2018	67,667,924		\$ 14,552,130

Common Shares

For the year ended July 31, 2018

- (a) On September 14, 2017, the Company closed the final tranche of a non-brokered private placement of 2,000,000 units at a price of \$0.05 per unit for gross proceeds of \$100,000. Each unit consisted of one common share and one warrant. The common shares were subject to a four-month hold period expiring January 2018. Each warrant is exercisable for one common share at \$0.10 for the first year and at \$0.15 for the second year following the closing. The Company paid finders' fees of \$3,376. The \$33,105 fair value of the warrants was recorded in warrant reserve, which was determined using the Black-Scholes option pricing model and the relative fair value method, in which the following assumptions were applied:

Risk-free rate	1.60%
Dividend yield	Nil%
Volatility factor of the expected market price of the Company's common shares	142%
Weighted average expected life of the warrants	2.0 years

Centurion Minerals Ltd.

Notes to financial statements

(Expressed in Canadian Dollars)

For the years ended July 31, 2018 and 2017

7. SHARE CAPITAL (continued)

For the year ended July 31, 2017

- (b) On September 6, 2016, the Company closed the first tranche of a non-brokered private placement of 1,955,112 units at a price of \$0.07 per unit for gross proceeds of \$136,859. Each unit consisted of one common share and one warrant. The common shares were subject to a four-month hold period expiring December 2016. Each warrant is exercisable for one common share at \$0.12 for the first year and at \$0.15 for the second year following the closing. The Company paid finders' fees of \$6,860 and issued 21,000 non-transferrable finders' warrants. The finders' warrants have the same terms as the warrants issued within the unit. The \$62,683 fair value of the warrants, including the finders' warrants, was recorded in warrant reserve, which was determined using the Black-Scholes option pricing model and the relative fair value method, in which the following assumptions were applied:

Risk-free rate	0.56%
Dividend yield	Nil%
Volatility factor of the expected market price of the Company's common shares	211%
Weighted average expected life of the warrants	2.0 years

- (c) On October 17, 2016, the Company closed the second tranche of a non-brokered private placement of 1,538,300 units at a price of \$0.07 per unit for gross proceeds of \$107,681. Each unit consisted of one common share and one warrant. The common shares were subject to a four-month hold period expiring February 2017. Each warrant is exercisable for one common share at \$0.12 for the first year and at \$0.15 for the second year following the closing. The \$48,146 fair value of the warrants was recorded in warrant reserve, which was determined using the Black-Scholes option pricing model and the relative fair value method, in which the following assumptions were applied:

Risk-free rate	0.59%
Dividend yield	Nil%
Volatility factor of the expected market price of the Company's common shares	204%
Weighted average expected life of the warrants	2.0 years

- (d) On October 25, 2016, the Company closed a non-brokered private placement of 4,233,429 units at a price of \$0.07 per unit for gross proceeds of \$296,340. Each unit consisted of one common share and one warrant. The common shares were subject to a four-month hold period expiring February 2017. The Company paid finders' fee of \$5,000. Each warrant is exercisable for one common share at \$0.12 for the first year and at \$0.15 for the second year following the closing. The \$131,295 fair value of the warrants was recorded in warrant reserve, which was determined using the Black-Scholes option pricing model and the relative fair value method, in which the following assumptions were applied:

Risk-free rate	0.54%
Dividend yield	Nil%
Volatility factor of the expected market price of the Company's common shares	203%
Weighted average expected life of the warrants	2.0 years

- (e) On January 17, 2017, the Company closed a non-brokered private placement of 4,589,000 units at a price of \$0.07 per unit for gross proceeds of \$321,230. Each unit consisted of one common share and one warrant. The common shares were subject to a four-month hold period expiring May 2017. Each warrant is exercisable for one common share at \$0.12 for the first year and at \$0.15 for the second year following the closing. The \$147,054 fair value of the warrants was recorded in warrant reserve, which was determined using the Black-Scholes option pricing model and the relative fair value method, in which the following assumptions were applied:

Risk-free rate	0.77%
Dividend yield	Nil%
Volatility factor of the expected market price of the Company's common shares	197%
Weighted average expected life of the warrants	2.0 years

Centurion Minerals Ltd.

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7. SHARE CAPITAL (continued)

- (f) On February 22, 2017, the Company closed a non-brokered private placement of 3,692,143 units at a price of \$0.07 per unit for gross proceeds of \$258,450. Each unit consisted of one common share and one warrant. The common shares were subject to a four-month hold period expiring June 2017. Each warrant is exercisable for one common share at \$0.12 for the first year and at \$0.15 for the second year following the closing. The Company paid finders' fees of \$8,348 and issued 113,250 non-transferrable finders' warrants. The finders' warrants have the same terms as the warrants issued within the unit. The \$118,553 fair value of the warrants was recorded in warrant reserve, which was determined using the Black-Scholes option pricing model and the relative fair value method, in which the following assumptions were applied:

Risk-free rate	0.79%
Dividend yield	Nil%
Volatility factor of the expected market price of the Company's common shares	186%
Weighted average expected life of the warrants	2.0 years

- (g) On May 3, 2017, the Company closed a non-brokered private placement of 1,236,429 units at a price of \$0.07 per unit for gross proceeds of \$86,550. Each unit consisted of one common share and one warrant. The common shares were subject to a four-month hold period expiring September 2017. Each warrant is exercisable for one common share at \$0.10 for the first year and at \$0.15 for the second year following the closing. The \$36,127 fair value of the warrants was recorded in warrant reserve, which was determined using the Black-Scholes option pricing model and the relative fair value method, in which the following assumptions were applied:

Risk-free rate	0.68%
Dividend yield	Nil%
Volatility factor of the expected market price of the Company's common shares	183%
Weighted average expected life of the warrants	2.0 years

- (h) On July 20, 2017, the Company closed a non-brokered private placement of 5,024,780 units at a price of \$0.05 per unit for gross proceeds of \$251,239. Each unit consisted of one common share and one warrant. The common shares were subject to a four-month hold period expiring November 2017. Each warrant is exercisable for one common share at \$0.10 for the first year and at \$0.15 for the second year following the closing. The Company paid finders' fees of \$1,475 and issued 29,500 non-transferrable finders' warrants. The finders' warrants have the same terms as the warrants issued within the unit. The \$104,095 fair value of the warrants was recorded in warrant reserve, which was determined using the Black-Scholes option pricing model and the relative fair value method, in which the following assumptions were applied:

Risk-free rate	1.25%
Dividend yield	Nil%
Volatility factor of the expected market price of the Company's common shares	180%
Weighted average expected life of the warrants	2.0 years

Centurion Minerals Ltd.

Notes to financial statements

(Expressed in Canadian Dollars)

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7. SHARE CAPITAL (continued)

Share Purchase Warrants

The following is a summary of changes in warrants:

	Number of Warrants	Weighted Average Exercise Price
Balance at August 1, 2016	22,336,220	0.13
Issued	25,032,943	0.12
Expired	(1,109,600)	0.50
Outstanding and exercisable as at July 31, 2017	46,259,563	\$ 0.13
Balance at August 1, 2017	46,259,563	0.13
Issued	2,000,000	0.10
Expired	(23,826,620)	(0.15)
Outstanding and exercisable as at July 31, 2018	24,432,943	\$ 0.15

As at July 31, 2018, the Company had outstanding warrants as follows:

Number of Warrants	Exercise Price per Warrant	Expiry Date	Weighted Average Remaining Life
1,976,112	0.15 ¹	August 31, 2018	0.08
1,538,300	0.15 ¹	October 18, 2018	0.22
4,233,429	0.15 ¹	October 25, 2018	0.24
4,589,000	0.15 ¹	January 17, 2019	0.47
3,805,393	0.15 ¹	February 22, 2019	0.56
1,236,429	0.15 ¹	May 3, 2019	0.76
5,054,280	0.15 ¹	July 20, 2019	0.97
2,000,000	0.10 ¹	September 15, 2019	1.13
24,432,943			0.57

¹ After year one of the life of the warrant, the exercise price increases to \$0.15

Centurion Minerals Ltd.

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For the years ended July 31, 2018 and 2017

8. SHARE-BASED PAYMENTS

Option Plan Details

As at July 31, 2018 and 2017, the Company maintained an equity settled share-based payment scheme for employee remuneration.

All share-based employee remuneration will be settled in equity and the Company has no legal or constructive obligation to repurchase or settle the options.

The Company issues share purchase options to directors, officers and employees of the Company and persons who provide ongoing services to the Company under an incentive stock option plan. The aggregate number of shares of the Company that may be granted pursuant to the Plan is limited to 10% of the issued and outstanding shares of the Company. The Plan is administered by the Board of Directors, which determines individual eligibility under the Plan, the number of shares optioned to each grantee and the vesting period. The exercise price of share purchase options will be no less than the closing price of the shares on the TSX Venture Exchange on the date on which the option is granted. Options will expire no later than five years from the grant date, except that they will expire within thirty days when the holder is no longer qualified to hold the option (other than for cause, when the option will expire immediately). Options granted to Directors whom are not officers or employees of the Company expire within ninety days from the date of resignation or retirement.

The following is a summary of changes in options:

	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>
Balance at August 1, 2016	486,800	\$ 0.71
Issued	2,500,000	0.10
Cancelled/Forfeited	(60,000)	0.50
Expired	(66,800)	2.00
Balance at July 31, 2017 and 2018	2,860,000	\$ 0.15

The following options are outstanding at July 31, 2018:

<u>Number of Options Outstanding and Exercisable</u>	<u>Exercise Price per Option</u>	<u>Expiry Date</u>	<u>Weighted Average Remaining Life</u>
360,000	\$ 0.50	January 31, 2019	0.50
2,500,000	\$ 0.10	August 25, 2021	3.07
2,860,000			2.75

Options Issued

On August 25, 2016, the Company granted 2,500,000 options to purchase common shares to certain officers, directors and consultants. The options vested immediately and are exercisable at \$0.10 per share for a period of five years from the date of grant.

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8. SHARE-BASED PAYMENTS (continued)

As a policy, the fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The following assumptions were used:

	2017
Share price	\$0.07
Volatility	205%
Risk-free interest rate	0.68%
Expected life (years)	5
Expected dividend yield	Nil
Grant day fair value	\$0.07

9. LOSS PER SHARE

Basic loss per share is computed by dividing the loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relative year.

Diluted loss per common share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

	2018	2017
Loss attributable to ordinary shareholders	\$ (500,065)	\$ (1,368,749)
Weighted average number of common shares	67,432,307	51,522,512
Basic and diluted loss per share	(0.01)	(0.03)

The basic and diluted loss per share is the same as there are no instruments that have a dilutive effect.

For the year-ended July 31, 2018 common equivalent shares totaling 27,292,943 (2017: 49,119,563) consists of shares issuable on the exercise of options and warrants.

10. RELATED PARTY TRANSACTIONS

The following is a summary of the Company's related party transactions for the year ended July 31, 2018:

(a) (i) Management services agreements

Total fees of \$108,000 (2017: \$118,000) were paid or accrued to directors of the Company for administration services outside their capacity as a director.

(ii) Legal fees

The Company paid or accrued legal fees of \$34,417 (2017: \$34,855) to a law firm of which a director of the Company is a partner.

(iii) Accounting fees

The Company paid or accrued accounting fees of \$18,000 (2017: \$18,000) to a company owned by an officer of the Company.

Centurion Minerals Ltd.

Notes to financial statements

(Expressed in Canadian Dollars)

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10. RELATED PARTY TRANSACTIONS (continued)

(iv) Consulting fees

The Company received other income of \$25,000 (2017: \$50,000) from a company with common.

(b) Due to/from Directors and Officers

A total of \$287,286 (July 31, 2017: \$108,670) is due to directors, officers, companies controlled by officers and directors of the Company.

A total of \$144,516 (July 31, 2017: \$109,295) in legal fees is due to a law firm of which a director is a partner.

A total of \$64,500 (July 31, 2017: \$50,000) is due to Portofino Resources Inc. pursuant to a loan with no interest and payable on demand. Several key management personnel are also key management personnel of Centurion.

A total of \$Nil (July 31, 2017: \$11,000) is due from Falcon Gold Corp. pursuant to shared office overhead and administrative costs.

A total of \$153,900 (July 31, 2017: \$105,900) is due from Demetra pursuant to advances and ongoing costs associated with the Ana Sofia Agri-Gypsum Project following completion of construction.

A total of \$141,824 (July 31, 2017: \$77,237) is due from DFSA pursuant to ongoing costs associated with the Ana Sofia Agri-Gypsum Project following completion of construction.

Balances payable are non-interest bearing, unsecured and have no specific terms of repayment.

Compensation of key management personnel of the Company

	2018		2017
Administration	\$ 108,000	\$	118,000
Accounting	18,000		18,000
	<u>\$ 126,000</u>	<u>\$</u>	<u>136,000</u>

There are no other related party transactions other than what was been disclosed.

11. COMMITMENTS AND OTHER CONTINGENCIES

Operating lease commitments – Company as lessee

The Company entered into a lease expiring May 31, 2021 for an office space currently occupied as its head office. There are no restrictions placed on the lessee through entering into the lease. Future minimum payments under non-cancellable operating lease as at the end of the indicated periods are as follows:

	July 31, 2018		July 31, 2017
Within one year	\$ 65,730	\$	65,730
More than four years	120,505		186,234
	<u>\$ 186,235</u>	<u>\$</u>	<u>251,964</u>

Total operating lease expense included in general and administrative expense for the year ended July 31, 2018 was \$19,200 (2017: \$18,176).

Centurion Minerals Ltd.

Notes to financial statements

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11. COMMITMENTS AND OTHER CONTINGENCIES (continued)

Exploration and Evaluation Commitments and Contingencies

The Company has mineral property commitments as outlined below:

Option Payments:

The Company does not have commitments related to property option payments.

Ana Sofia Royalty Payments:

The Ana Sofia property concessions are 10-year leases with a 10-year option for renewal at the option of DFSA. The Ana Sofia Agri-Gypsum Project is comprised of two concessions where Ana Sofia 1 was granted November 11, 2014, and Ana Sofia 2 was granted December 3, 2015.

There are no annual renewal, cancelation or lease payments associated with the concessions.

A royalty of 5% of extraction cost, on material sold, is due to the Province of Santiago del Estero, calculated at \$0.43 per tonne. If there is no quarry revenue, the province assumes a minimum monthly production of 500 tonnes, equalling \$185 per month. There are no royalty payments due to the federal government.

As at July 31, 2018 DFSA's royalty payable was \$593 (2017: \$2,800) and is recorded in Accounts Payable. A liability was not recorded for future royalty payments, as payments are linked to the sale of gypsum material and the concession agreements are cancellable at the option of the Company without recourse.

12. INCOME TAXES

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

A reconciliation of income taxes at statutory rates is as follows:

	2018	2017
Loss before income taxes for the year	\$ (500,065)	\$ (1,395,543)
Statutory tax rate	26.58%	26.00%
Expected income tax recovery	(133,000)	(363,000)
Effect of change in tax rate	(202,000)	-
Share issue costs and other	(204,000)	(29,000)
Change in unrecognized deferred tax assets	539,000	334,000
Total income tax (recovery) expense	\$ -	\$ -

Centurion Minerals Ltd.

Notes to financial statements

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For the years ended July 31, 2018 and 2017

12. INCOME TAXES (continued)

Details of the Company's deferred tax assets and liabilities are as follows:

	2018	2017
Non-capital loss carry forwards	\$ 3,455,000	\$ 2,716,000
Share issuance costs and other	(152,000)	(160,000)
Exploration and evaluation assets	2,224,000	2,432,000
Unrecognized deferred tax asset	(5,527,000)	(4,988,000)
Net deferred tax assets / (liabilities)	\$ -	\$ -

At July 31, 2018, the Company has non-capital losses of \$12,796,425 (2017: \$10,445,133) expiring in various amounts from 2018 to 2037, which are available for deduction against future income for tax purposes. The potential benefits of these carry-forward non-capital losses and deductible temporary differences has not been recognized in these financial statements as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recorded.

13. SUBSEQUENT EVENTS

- (a) Subsequent to July 31, 2018, the Company closed the first tranche of a non-brokered private placement and issued 14,600,000 units for gross proceeds received of \$292,000. Each unit was priced at \$0.02 per unit and consists of one common share and one common share purchase warrant exercisable for 2 years with an exercise price of \$0.05.
- (b) Subsequent to July 31, 2018, 7,747,841 of the Company's share purchase warrants expired unexercised.