



Condensed Interim Consolidated Financial Statements

For the Three-Month Period Ended

October 31, 2020 and 2019

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company.

These condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Centurion Minerals Ltd.

Statements of Financial Position

As at October 31, 2020 and July 31, 2020

(Expressed in Canadian dollars)

(Unaudited)

| | Notes | October 31, 2020 | July 31, 2020 |
|---|-------|---------------------|--------------------|
| Current assets | | | |
| Cash | | \$ 1,016 | \$ 1,348 |
| Amounts receivable | 11 | 13,125 | 14,861 |
| Gypsum inventory | | - | - |
| Prepaid expenses and deposits | | 1,837 | 1,837 |
| Assets held for sale | 4 | - | - |
| | | <u>17,855</u> | <u>18,046</u> |
| Non-current assets | | | |
| Right-of-use asset | 5 | 20,971 | 29,958 |
| | | <u>20,971</u> | <u>29,958</u> |
| Total assets | | \$ 38,826 | \$ 48,004 |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | \$ 511,232 | \$ 481,082 |
| Due to related parties | 11 | 488,158 | 394,416 |
| Lease Liability - current | 5 | 26,577 | 37,968 |
| Short-term loans | 7 | 247,540 | 237,413 |
| Total liabilities | | <u>1,273,507</u> | <u>1,150,879</u> |
| Shareholders' deficiency | | | |
| Share capital | 8 | 16,458,787 | 16,458,787 |
| Share subscriptions received (receivable) | | - | - |
| Share option reserve | 9 | 2,447,015 | 2,447,015 |
| Share warrant reserve | 9 | 4,736,699 | 4,736,699 |
| Deficit | | (24,877,182) | (24,745,376) |
| | | <u>(1,234,681)</u> | <u>(1,102,875)</u> |
| Total liabilities and shareholders' deficiency | | \$ 38,826 | \$ 48,004 |

SEE NOTE 1, NATURE OF OPERATIONS

SEE NOTE 12, COMMITMENT

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 three-month period ended October 31, 2020 and 2019

(Expressed in Canadian dollars)

(Unaudited)

| | Notes | October 31, 2020 | October 31, 2019 |
|---|-------|---------------------|---------------------|
| Operating expenses | | | |
| Accounting | 11 | \$ 32,000 | \$ 31,250 |
| Administration | 11 | 27,000 | 27,000 |
| Consulting | | 22,500 | 30,000 |
| Depreciation and amortization | 4 & 5 | 8,987 | - |
| Filing fees and communications | | 514 | 14,439 |
| Financing costs | | 10,127 | 11,268 |
| Foreign exchange (gain) loss | | - | 17 |
| General exploration expenditures | 6 | - | 12,352 |
| Insurance | | 1,306 | 542 |
| Lease interest | 5 | - | - |
| Legal | 11 | 9,723 | 25,511 |
| Office and miscellaneous | | 2,187 | 8,583 |
| Rent expense (recovery) | | (1,538) | 16,579 |
| Telephone | | 1,000 | 1,978 |
| Travel | | - | 26,953 |
| Wages | | 18,000 | 36,000 |
| | | (131,806) | (242,472) |
| Other expenses | | | |
| Loss on debt settlement | | - | (81,475) |
| Net loss and comprehensive loss | | \$ (131,806) | \$ (160,997) |
| Basic and diluted earnings per common share | | \$ - | \$ (0.02) |
| Weighted average number of common shares | | 33,639,473 | 7,566,020 |

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

Centurion Minerals Ltd.

Statements of Change in Deficiency

For the three-month period ended October 31, 2020 and 2019

(Expressed in Canadian dollars)

(Unaudited)

| | Note | Number of common shares | Share capital | Share subscriptions received (receivable) | Share option reserve | Share warrant reserve | Deficit | Total |
|---|------|-------------------------------|----------------------|--|----------------------------|-----------------------------|------------------------|-----------------------|
| Balance at August 1, 2019 | | 28,578,728 | \$ 16,084,052 | \$ (20,000) | \$ 2,447,015 | \$ 4,605,348 | \$ (23,719,857) | \$ (603,442) |
| Comprehensive loss | | - | - | - | - | - | (160,997) | (160,997) |
| Private placements | 8 | 2,168,870 | 216,887 | - | - | - | - | 216,887 |
| Share subscriptions received | | - | - | (20,000) | - | - | - | (20,000) |
| Shares to be issued | | - | - | 85,500 | - | - | - | 85,500 |
| Value attributable to warrants issued in private placements | | - | (321,518) | - | - | 321,518 | - | - |
| Share issue costs | | - | (19,729) | - | - | - | - | (19,729) |
| Shares for debt | | 2,036,875 | 162,950 | - | - | - | - | 162,950 |
| Balance at October 31, 2019 | | 32,784,473 | \$ 16,122,642 | \$ 85,500 | \$ 2,447,015 | \$ 4,926,866 | \$ (23,880,854) | \$ (298,831) |
| Balance at August 1, 2020 | | 33,639,473 | \$ 16,458,787 | \$ - | \$ 2,447,015 | \$ 4,736,699 | \$ (24,745,376) | \$ (1,102,875) |
| Comprehensive loss | | - | - | - | - | - | (131,806) | (131,806) |
| Balance at October 31, 2020 | | 33,639,473 | \$ 16,458,787 | \$ - | \$ 2,447,015 | \$ 4,736,699 | \$ (24,877,182) | \$ (1,234,681) |

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

Centurion Minerals Ltd.

Statements of Cash Flows

For the three-month period ended October 31, 2020 and 2019

(Expressed in Canadian dollars)

(Unaudited)

| | Notes | 2020 | 2019 |
|---|-------|-----------------|------------------|
| Cash flows from operating activities | | | |
| Net loss | | \$ (131,806) | \$ (160,997) |
| Adjustments to non-cash items | | | |
| Depreciation | 5 | 8,987 | - |
| Finance expense | 7 | 10,127 | - |
| Changes in non-cash working capital | | | |
| Increase in amounts receivable | | (141) | (60,776) |
| Increase in prepaid expenses and deposits | | - | (11,374) |
| Decrease in lease liability | | (11,391) | - |
| Increase (decrease) in accounts payable and accrued liabilities | | 30,150 | (178,515) |
| Increase (decrease) in payable to related parties | | 93,742 | (18,455) |
| Net cash flows used in operating activities | | (332) | (430,177) |
| Cash flows from financing activities | | | |
| Proceeds from issuance of shares | 8 | - | 216,887 |
| Shares to be issued | 8 | - | 85,500 |
| Share subscriptions receivable | 8 | - | 20,000 |
| Share issue costs | 8 | - | (19,729) |
| Increase (decrease) in short-term loans | | - | (277,044) |
| Shares for debt | | - | 162,950 |
| Net cash from financing activities | | - | 188,564 |
| Change in cash | | (332) | (241,553) |
| Cash, beginning of the period | | 1,348 | 335,235 |
| Cash, end of the period | | \$ 1,016 | \$ 93,682 |
| Interest paid | | \$ - | \$ - |

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

Centurion Minerals Ltd.

Notes to financial statements

For the three-month period ended October 31, 2020 and 2019

(Expressed in Canadian dollars)

(Unaudited)

1. NATURE OF OPERATIONS

Centurion Minerals Ltd. (the “Company” or “Centurion”) is currently focused on South American asset development projects. The Company’s lead investment is its interest in the Ana Sofia Agri-Gypsum Fertilizer 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.

Going Concern

These unaudited condensed interim consolidated 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 October 31, 2020, the Company has accumulated losses of \$24,877,182 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 ongoing novel coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the Canadian and global economies, disruptions of financial markets, and created uncertainty regarding potential impacts to the Company’s supply chain and operations. The COVID-19 pandemic has impacted and could further impact the Company’s operations and the operations of the Company’s suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company’s business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company’s suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Company. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Company cannot reasonably estimate the impact at this time on our business, liquidity, capital resources and financial results.

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

For the three-month period ended October 31, 2020 and 2019

(Expressed in Canadian dollars)

(Unaudited)

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 unaudited condensed interim consolidated financial statements are based on IFRS issued and effective as of October 31, 2020. The Board of Directors approved the financial statements on December 29, 2020.

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 October 31, 2020, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the period. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at period 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

For the three-month period ended October 31, 2020 and 2019

(Expressed in Canadian dollars)

(Unaudited)

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

For the three-month period ended October 31, 2020 and 2019

(Expressed in Canadian dollars)

(Unaudited)

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 period 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

Centurion Minerals Ltd.

Notes to financial statements

For the three-month period ended October 31, 2020 and 2019

(Expressed in Canadian dollars)

(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can 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 October 31, 2020, the Company estimates its accumulated restoration, rehabilitation and environmental costs associated with the Ana Sofia Project to be \$Nil (2019: \$Nil).

Centurion Minerals Ltd.

Notes to financial statements

For the three-month period ended October 31, 2020 and 2019

(Expressed in Canadian dollars)

(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Depending on the terms and conditions of each financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are accounted for using the residual method, following an allocation of the unit price to the fair value of the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

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

Asset Held for Sale

Non-current assets and disposal groups are classified as assets held for sale ("HFS") if it is highly probable that the value of these assets will be recovered primarily through sale rather than through continuing use. They are recorded at the lower of carrying amount and fair value less cost to sell. Impairment losses on initial classification as HFS and subsequent gains and losses on re-measurement are recognized in the income statement. Once classified as held for sale, property, and equipment are no longer amortized. The assets and liabilities are presented as held for sale in the statements of financial position when the sale is highly probable, the asset or disposal group is available for immediate sale in its present condition and management is committed to the sale, which should be expected to be completed within one year from the date of classification

Centurion Minerals Ltd.

Notes to financial statements

For the three-month period ended October 31, 2020 and 2019

(Expressed in Canadian dollars)

(Unaudited)

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 October 31, 2020 and October 31, 2019.

Financial Instruments

Financial Assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the statements of financial position subsequent to inception and how changes in value are recorded. Amounts receivable are measured at amortized cost with subsequent impairments recognized in profit or loss and cash is classified as FVTPL.

Financial Liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statements of financial position subsequent to inception and how changes in value are recorded. Accounts payable, due to related parties and short-term loans are classified at amortized cost.

De-recognition of Financial Liabilities

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

Derivative Financial Instruments

The Company has issued derivative financial instruments in connection with the Ana Sofia Joint Venture Agreement (Note 6). An embedded derivative is separated from its host contract and accounted for as a derivative only when three criteria are satisfied:

Centurion Minerals Ltd.

Notes to financial statements

For the three-month period ended October 31, 2020 and 2019

(Expressed in Canadian dollars)

(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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:

Fair Value Through Profit and Loss
Amortized cost
Fair Value Through Profit and Loss

Financial liabilities:

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

Classification:

Amortized cost
Amortized cost
Amortized cost
Fair Value Through Profit and Loss

The carrying values of amounts 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

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

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).

Centurion Minerals Ltd.

Notes to financial statements

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company's cash is valued based on level 1 and derivative financial instruments (Note 6) are valued based on level 3 valuation techniques.

Adoption of New and Revised Standards and Interpretations

The IASB issued a number of new and revised IASs, International Financial Reporting Standards ("IFRS"), amendments and related IFRICs which are effective for the Company's financial year beginning on August 1, 2019. The Company has adopted the following new standards relevant to the Company for the year ended July 31, 2020.

- IFRS 16 'Leases' establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 – Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. See Note 5.
- IFRIC 23 'Uncertainty over Income Tax Treatments' is interpretation that clarifies how to apply the recognition and measurement requirements in IAS 12 'Income Taxes' when there is uncertainty over tax treatments. The effective date for IFRIC 23 is for annual periods beginning on or after January 1, 2019. The adoption of IFRIC 23 did not have an impact on the Company's financial statements.

Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the three-month period ended October 31, 2020, and have not been early adopted in preparing these unaudited condensed interim consolidated financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's 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 three-month period ended October 31, 2020. 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.

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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), and 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.

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.

Centurion Minerals Ltd.

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

Maturity Risk

- 1) The Company has trade payables and accounts payables that are due on normal commercial terms, and as at October 31, 2020 the Company had short-term loans of \$247,540 (2019: \$206,140).
- 2) As at October 31, 2020 (2019: \$Nil), 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 October 31, 2020 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 | \$ 463,732 | \$ 463,732 | \$ 463,732 | - | - | - |
| Due to related parties | 488,158 | 488,158 | 488,158 | - | - | - |
| Short-term loan | 247,540 | 247,540 | 247,540 | - | - | - |
| Total | \$ 1,199,430 | \$ 1,199,430 | \$ 1,199,430 | - | - | - |

4. PROPERTY, PLANT AND EQUIPMENT

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

| | Plant, facilities and improvement | Field Equipment | Office Equipment | Total |
|--|-----------------------------------|-----------------|------------------|------------|
| Cost | | | | |
| Balance as at August 1, 2018 | \$ 207,368 | 505,479 | 9,041 | \$ 721,888 |
| Write down of asset | (149,363) | (365,680) | - | (515,043) |
| Reclassification to assets held for sale | (57,247) | (137,949) | - | (195,196) |
| Balance as at July 31, 2019 and 2020 | \$ 758 | 1,850 | 9,041 | \$ 11,649 |
| Accumulated depreciation | | | | |
| Balance as at August 1, 2018 | \$ 560 | 1,366 | 9,041 | \$ 10,967 |
| Depreciation | 198 | 484 | - | 682 |
| Balance as at July 31, 2019 | 758 | 1,850 | 9,041 | 11,649 |
| Depreciation | - | - | - | - |
| Balance as at July 31, 2020 | \$ 758 | 1,850 | 9,041 | \$ 11,649 |
| Balance as at October 31, 2020 | \$ 758 | 1,850 | 9,041 | \$ 11,649 |
| Carrying amounts | | | | |
| Balance as at July 31, 2019 | \$ - | - | - | - |
| Balance as at July 31, 2020 | \$ - | - | - | - |
| Balance as at October 31, 2020 | \$ - | - | - | - |

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4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

On September 25, 2019, the Company entered into an asset purchase and sale agreement to transfer the ownership of property, plant and equipment at the Ana Sofia project location in Argentina. The aggregate purchase price of the assets totaled USD \$180,000. The assets have been reclassified for presentation purposes to assets held for sale. As at July 31, 2019 the Company recognized an impairment of \$515,043 on assets held for sale based on fair value less costs to sell of the asset. As the equipment is still being operated by the Company, the sale of the property, plant and equipment is not considered a discontinued operation. The breakdown of assets held for sale as at October 31, 2020 are as follows:

| | | Plant, facilities and improvement | Field Equipment | Total |
|--|-----------|--------------------------------------|--------------------|-------------------|
| Carrying value of asset as at July 31, 2019 | \$ | 206,610 | 503,629 | \$ 710,239 |
| Write down on assets held for sale | | (149,363) | (365,680) | (515,043) |
| Assets held for sale July 31, 2019 | \$ | 57,247 | 137,949 | \$ 195,196 |
| Write-down of assets held for sale | | (57,247) | (137,949) | (195,196) |
| Assets held for sale July 31, 2020 | \$ | - | - | \$ - |
| Assets held for sale October 31, 2020 | \$ | - | - | \$ - |

5. RIGHT OF USE ASSET AND LEASE LIABILITY

The Company adopted IFRS 16 effective August 1, 2019. In accordance with the transition provisions in IFRS 16, the new rules have been adopted retrospectively with any cumulative effect of initially applying the new standard recognized on August 1, 2019. The comparatives for the 2019 reporting period have not been restated and are accounted for under IAS 17 - Leases and IFRIC 4 as permitted under the specific transitional provisions in the new standard.

Upon adoption of IFRS 16, the Company recognized lease liabilities in relation to a lease for office space which had previously been classified as an "operating lease" under the principles of IAS 17 under which these lease payments were recorded as expenses as they were incurred. Under IFRS 16, the lease liability was measured at the present value of the remaining lease payments as at August 1, 2019, and discounted using the Company's incremental borrowing rate. The incremental borrowing rate applied to the lease liability on August 1, 2019 was 10%. The associated lease liability recognized as at August 1, 2019 was \$65,908.

An associated right-of-use asset for the lease was measured at the amount equal to the lease liability on August 1, 2019. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Lease liabilities are subsequently measured at amortized cost using the effective interest rate method.

The following tables summarize the difference between operating lease commitment disclosed immediately preceding the date of initial application and lease liability recognized in the consolidated statement of financial position:

Right-of-Use Asset

| | | |
|--|----|----------|
| Value of right-of-use asset as at August 1, 2019 | \$ | 65,908 |
| Amortization | | (35,950) |
| Balance as at July 31, 2020 | \$ | 29,958 |
| Amortization | | (8,987) |
| Balance as at October 31, 2020 | | 20,971 |

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5. RIGHT OF USE ASSET AND LEASE LIABILITY (CONTINUED)

Lease liability

| | | |
|---|----|----------|
| Operating lease commitment as at August 1, 2019 | \$ | 120,505 |
| Discount using incremental borrowing rate | | (54,597) |
| Lease liability recognized as at February 1, 2020 | | 65,908 |
| Lease payments | | (32,834) |
| Lease interest | | 4,894 |
| Balance as at July 31, 2020 | \$ | 37,968 |
| Lease liability payments | | 11,391 |
| Balance as at October 31, 2020 | \$ | 26,577 |
| Current portion | \$ | 37,968 |
| Long-term portion | | - |
| Balance as at July 31, 2020 | \$ | 37,968 |
| Three-month portion | | 11,391 |
| Balance as at October 31, 2020 | \$ | 26,577 |

At October 31, 2020, future payments required under the Company's office lease is \$44,836.

6. EXPLORATION, EVALUATION, AND STAND-BY OPERATION EXPENDITURES

Expenditures During the Period

The Company's stand-by operational expenses for the three-month period ended October 31, 2020 and 2019 are summarized as follows:

| Operational Expenses | | Argentina |
|--|-----------|---------------|
| Consulting fees | \$ | 8,556 |
| Field administration and others | | 1,606 |
| Rent | | 2,190 |
| For the three-month period ended October 31, 2019 | \$ | 12,352 |
| For the three-month period ended October 31, 2020 | \$ | Nil |

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.

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6. EXPLORATION, EVALUATION, AND STAND-BY OPERATION EXPENDITURES (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 333,333 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 October 31, 2020 (October 31, 2019: \$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.

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6. EXPLORATION, EVALUATION, AND STAND-BY OPERATION EXPENDITURES (CONTINUED)

Ana Sofia Pilot Plant

During the period ended October 31, 2020 the Pilot Plant had not produced any agri-gypsum and had \$NIL revenue. During the year ended July 31, 2020, the Pilot Plant had not produced any agri-gypsum, however, the Company generated \$4,749 (2019 - \$4,209) in revenue selling gypsum from inventory. During 2020 and 2019, the revenue has been presented on the statement of comprehensive loss. As at July 31, 2020 the Pilot Plant also had 1,261 (2019 - 1,261) tonnes of finished goods available for sale and 238 (2019 - 238) tonnes of stockpiled material extracted and ready for final processing. During the year ended July 31, 2020, the Company wrote-down its inventory to reflect its net realizable value.

7. 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. As at October 31, 2020, the outstanding balance of the loan including interest and principal is \$Nil (2019 - \$Nil). The loan was due on demand and unsecured.

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. As at October 31, 2020, the outstanding balance of the loan including interest and principal is \$247,540 (2019 - \$206,140). The loan is due on demand and unsecured.

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. The Company repaid the amount outstanding during fiscal 2019.

8. 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.

On May 29, 2019, the Company completed a consolidation of its issued and outstanding common shares on the bases of six (6) pre-consolidation common shares, options and warrants to one (1) post consolidation common share, option and warrant (the "Share Consolidation"). The Share Consolidation has been presented throughout the financial statements retroactively and all equity related issuances are presented on a post consolidation basis.

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8. SHARE CAPITAL (CONTINUED)

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

| | Number of Shares | Issue Price | Amount |
|---|---------------------|-------------|----------------------|
| Balance at August 1, 2018 | 11,277,965 | | \$ 14,552,130 |
| Issue of shares for cash on private placement | 17,300,763 | \$0.10 | 1,778,743 |
| Share issue costs | - | | (25,147) |
| Fair value attributable to warrants issued | - | | (221,674) |
| Balance at July 31, 2019 | 28,578,728 | | \$ 16,084,052 |
| Balance at August 1, 2019 | 28,578,728 | | \$ 16,084,052 |
| Issue of shares for cash on private placement | 3,023,870 | \$0.10 | 302,387 |
| Issue of shares for settlement of debt | 2,036,875 | \$0.08 | 162,950 |
| Share issue costs | - | | (25,536) |
| Fair value attributable to warrants issued | - | | (65,066) |
| Balance at July 31, 2020 | 33,639,473 | | \$ 16,458,787 |
| Balance at October 31, 2020 | 33,639,473 | | \$ 16,458,787 |

Common Shares

For the three-month period ended October 31, 2020

There are no shares issued during the period.

For the three-month period ended October 31, 2019

- (a) On August 19, 2019, the Company issued 2,036,875 units for the settlement of debt where the carrying value of the debt was \$244,425. Each unit consisted of one common share and one warrant. Each warrant is exercisable for one common share at \$0.15 for two years. The \$61,105 fair value of the warrants in connection to the settlement was recorded in warrant reserve was determined using the fair value of warrants issued in connection with the private placement that closed on August 24, 2019. The settlement of debt resulted in an unrealized gain of \$20,369.
- (b) On August 24, 2019, the Company closed the second tranche of a non-brokered private placement of 2,168,870 units at a price of \$0.10 per unit for gross proceeds of \$216,887. Each unit consisted of one common share and one warrant. Each warrant is exercisable for one common share at \$0.15 for two years. The \$65,066 fair value of the warrants in connection to the private placement was recorded in warrant reserve which was determined using the residual method. The Company paid finders' fees of \$9,640 and issued 96,400 finders fee share purchase warrants with a fair value of \$5,180 using the Black-Scholes option pricing model and the residual method, in which the following assumptions were applied:

| | |
|---|-----------|
| Risk-free rate | 1.4% |
| Dividend yield | Nil% |
| Volatility factor of the expected market price of the Company's common shares | 196% |
| Weighted average expected life of the warrants | 2.0 years |

- (c) On October 29, 2019, the Company closed a non-brokered private placement of 855,000 units at a price of \$0.10 per unit for gross proceeds of \$85,500. Each unit consisted of one common share and one warrant. Each warrant is exercisable for one common share at \$0.15 for two years. The fair value of the warrants in connection to the private placement was \$Nil and was determined using the residual method. The Company did not pay any finders fees nor did they they issue any finders fee share purchase warrants in conjunction with this private placement.

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8. 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, 2018 | 4,072,155 | 0.78 |
| Issued | 17,423,763 | 0.17 |
| Expired | (3,738,824) | (0.90) |
| Outstanding and exercisable as at July 31, 2019 | 17,757,094 | \$ 0.17 |
| Balance at August 1, 2019 | 17,757,094 | 0.17 |
| Issued | 5,157,145 | 0.15 |
| Expired | (333,330) | (0.10) |
| Outstanding and exercisable as at July 31, 2020 | 22,580,909 | \$ 0.17 |
| Outstanding and exercisable as at October 31, 2020 | 22,580,909 | \$ 0.17 |

As at October 31, 2020, the Company had outstanding warrants as follows:

| Number of Warrants | Exercise Price per Warrant | Expiry Date | Weighted Average Remaining Life |
|--------------------|----------------------------|-------------------|---------------------------------|
| 2,468,334 | \$ 0.30 | November 16, 2020 | 0.04 |
| 14,955,430 | \$ 0.15 | July 10, 2021 | 0.69 |
| 2,036,875 | \$ 0.15 | August 19, 2021 | 0.80 |
| 2,265,270 | \$ 0.15 | August 24, 2021 | 0.81 |
| 855,000 | \$ 0.15 | October 29, 2021 | 0.99 |
| 22,580,909 | | | 0.67 |

9. SHARE-BASED PAYMENTS

Option Plan Details

As at October 31, 2020 and 2019, 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.

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9. SHARE-BASED PAYMENTS (CONTINUED)

The following is a summary of changes in options:

| | Number of Options | | Weighted Average Exercise Price |
|------------------------------------|-------------------|-----------|---------------------------------|
| Balance at August 1, 2018 | 476,667 | \$ | 0.90 |
| Issued | - | | - |
| Cancelled/Forfeited | - | | - |
| Expired | (60,000) | | 0.36 |
| Balance at July 31, 2019 and 2020 | 416,667 | \$ | 0.60 |
| Balance at October 31, 2020 | 416,667 | \$ | 0.60 |

The following options are outstanding at October 31, 2020:

| Number of Options Outstanding and Exercisable | | Exercise Price per Option | Expiry Date | Weighted Average Remaining Life |
|---|----|---------------------------|-----------------|---------------------------------|
| 416,667 | \$ | 0.60 | August 25, 2021 | 0.82 |
| 416,667 | | | | 0.82 |

Options Issued

On August 25, 2016, the Company granted 416,667 options to purchase common shares to certain officers, directors and consultants. The options vested immediately and are exercisable at \$0.60 per share for a period of five years from the date of grant.

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

10. 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 period.

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.

| | October 31, 2020 | | October 31, 2019 |
|--|------------------|----|------------------|
| Loss attributable to ordinary shareholders | \$ (131,806) | \$ | (160,997) |
| Weighted average number of common shares | 33,639,473 | | 7,566,020 |
| Basic and diluted loss per share | \$ - | \$ | (0.02) |

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

For the three-month period ended October 31, 2020 common equivalent shares totaling 22,997,576 (2019: 122,142,576) consists of shares issuable on the exercise of options and warrants.

Centurion Minerals Ltd.

Notes to financial statements

For the three-month period ended October 31, 2020 and 2019

(Expressed in Canadian dollars)

(Unaudited)

11. RELATED PARTY TRANSACTIONS

The following is a summary of the Company's related party transactions for the period ended October 31, 2020:

(a) (i) Management Services Agreements

Total fees of \$27,000 (October 31, 2019: \$27,000) 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 \$5,000 (October 31, 2019: \$7,500) 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 \$22,500 (October 31, 2019: \$22,500) to a company owned by a director and officer of the Company.

(b) Due to/from Directors and Officers

A total of \$317,482 (July 31, 2019: \$298,258) is due to directors, officers, companies controlled by officers and directors of the Company.

A total of \$101,159 July 31, (2019: \$96,159) in legal fees is due to a law firm of which a director is a partner.

A total of \$69,517 July 31, 2019: \$38,988) is due to Portofino Resources Inc. pursuant to reimbursement of operating expenses of the Company. Several key management personnel are also key management personnel of Centurion.

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

Compensation of key management personnel of the Company

Key management personnel receive compensation in the form of short-term employee benefits. Key management personnel include the officers and directors of the Company. The remuneration of key management is as follows:

| | October 31, 2020 | | October 31, 2019 |
|----------------|---------------------|-----------|---------------------|
| Administration | \$ 27,000 | \$ | 27,000 |
| Accounting | 22,500 | | 22,500 |
| | <u>\$ 49,500</u> | <u>\$</u> | <u>49,500</u> |

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

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

Centurion Minerals Ltd.

Notes to financial statements

For the three-month period ended October 31, 2020 and 2019

(Expressed in Canadian dollars)

(Unaudited)

12. 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:

| | October 31, 2020 | | October 31, 2019 |
|--------------------|---------------------|----|---------------------|
| Within one year | \$ 44,836 | \$ | 49,297 |
| More than one year | - | | 54,775 |
| | \$ 44,836 | \$ | 104,072 |

Total operating lease expense (recovery) included in general and administrative expense for the three-month period ended October 31, 2020 was \$(1,538), (2019: \$16,579).

Exploration and Evaluation Commitments and Contingencies

The Company has mineral property commitments as outlined below:

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, cancellation 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 October 31, 2020 DFSA's royalty payable was \$Nil (2019: \$Nil) 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.

13. SUBSEQUENT EVENTS

There are no subsequent events.