



**Financial Statements**

**July 31, 2021 and 2020**

**(Expressed in Canadian Dollars)**

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**INDEPENDENT AUDITORS' REPORT**

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To the Shareholders and Directors of Centurion Minerals Ltd.

**Opinion**

We have audited the financial statements of Centurion Minerals Ltd. (the "Company") which comprise the statements of financial position as at July 31, 2021 and 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2021 and 2020, 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.

**Basis for Opinion**

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 1 of the accompanying financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Other Information**

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Fernando J. Costa.

*Manning Elliott LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS  
Vancouver, Canada  
November 26, 2021

# Centurion Minerals Ltd.

Statements of Financial Position

As at July 31, 2021 and 2020

(Expressed in Canadian dollars)

	Notes	2021	2020
<b>Current assets</b>			
Cash		\$ 713	\$ 1,348
Amounts receivable		11,461	14,861
Prepaid expenses and deposits		5,713	1,837
		<u>17,887</u>	<u>18,046</u>
<b>Non-current assets</b>			
Right-of-use asset	5	176,709	29,958
<b>Total assets</b>		<b>\$ 194,596</b>	<b>\$ 48,004</b>
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 340,280	\$ 481,082
Due to related parties	11	884,431	394,416
Lease liability – current	5	54,804	37,968
Short-term loans	7	299,770	237,413
		<u>1,579,285</u>	<u>1,150,879</u>
<b>Non-current liabilities</b>			
Lease liability – long term	5	135,287	-
<b>Total liabilities</b>		<b>1,714,572</b>	<b>1,150,879</b>
<b>Shareholders' deficiency</b>			
Share capital	8	16,458,787	16,458,787
Share option reserve	9	2,447,015	2,447,015
Share warrant reserve	8	4,736,699	4,736,699
Deficit		(25,162,477)	(24,745,376)
		<u>(1,519,976)</u>	<u>(1,102,875)</u>
<b>Total liabilities and shareholders' deficiency</b>		<b>\$ 194,596</b>	<b>\$ 48,004</b>

SEE NOTE 1, NATURE OF OPERATIONS

SEE NOTE 12, COMMITMENTS

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, 2021 and 2020

(Expressed in Canadian dollars)

	Notes	2021	2020
<b>Revenues</b>	6	\$ -	\$ 4,749
<b>Operating expenses</b>			
Accounting	11	104,000	133,500
Administration	11	108,000	108,000
Consulting		90,000	132,120
Depreciation and amortization	4 & 5	40,353	35,950
Filing fees and communications		13,711	81,079
Financing costs		42,358	42,541
Foreign exchange loss		-	135
Exploration and evaluation expenditures	6	-	21,461
Insurance		1,307	1,740
Lease interest	5	2,987	4,894
Legal	11	28,816	73,474
Office and miscellaneous		13,883	19,997
Rent expense (recovery)		(9,884)	(11,239)
Telephone		4,136	5,388
Travel		1,152	65,501
Wages		72,000	70,286
		(512,819)	(784,827)
<b>Other income (expenses)</b>			
Other income		3,877	30,721
Gain on debt settlement		96,341	20,369
Impairment on amounts receivable		(4,500)	(66,008)
Write-down of assets held for sale		-	(195,196)
Write-down of development costs		-	(23,079)
Write-down of deposit		-	(7,097)
Write-down of inventory		-	(5,151)
		95,718	(245,441)
<b>Net loss and comprehensive loss</b>		<b>\$ (417,101)</b>	<b>\$ (1,025,519)</b>
Basic and diluted earnings per common share		\$ (0.01)	\$ (0.03)
Weighted average number of common shares		33,639,473	33,167,250

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

## Centurion Minerals Ltd.

Statements of Changes in Deficiency

For the years ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

	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		-	-	-	-	-	(1,025,519)	(1,025,519)
Private placements	8	3,023,870	302,387	-	-	-	-	302,387
Shares issued for debt settlement		2,036,875	162,950	-	-	-	-	162,950
Share subscriptions received		-	-	20,000	-	-	-	20,000
Value attributable to warrants issued		-	(65,066)	-	-	126,171	-	61,105
Share issue costs		-	(25,536)	-	-	5,180	-	(20,356)
<b>Balance at July 31, 2020</b>		<b>33,639,473</b>	<b>\$ 16,458,787</b>	<b>\$ -</b>	<b>\$ 2,447,015</b>	<b>\$ 4,736,699</b>	<b>\$ (24,745,376)</b>	<b>\$ (1,102,875)</b>
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		-	-	-	-	-	(417,101)	(417,101)
<b>Balance at July 31, 2021</b>		<b>33,639,473</b>	<b>\$ 16,458,787</b>	<b>\$ -</b>	<b>\$ 2,447,015</b>	<b>\$ 4,736,699</b>	<b>\$ (25,162,477)</b>	<b>\$ (1,519,976)</b>

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

# Centurion Minerals Ltd.

## Statements of Cash Flows

For the years ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

	Notes	2021	2020
<b>Cash flows from operating activities</b>			
Net loss		\$ (417,101)	\$ (1,025,519)
Adjustments to non-cash items			
Depreciation and amortization	5	40,353	35,950
Finance expense	7	41,400	42,541
Lease interest	5	3,945	4,894
Gain on debt settlement		(96,341)	(20,369)
Other income		(3,877)	(18,221)
Write-down of inventory		-	5,151
Write-down of deposit		-	7,097
Write-down on amounts receivable		4,500	66,008
Write-down of assets held for sale	4	-	23,079
Write-down of development costs		-	195,196
Changes in non-cash working capital			
Increase in amounts receivable		(1,100)	(35,449)
Decrease (increase) in prepaid expenses and deposits		-	52,884
Decrease in accounts payable and accrued liabilities		(64,460)	(32,437)
Increase (decrease) in payable to related parties		510,015	150,000
<b>Net cash flows used in operating activities</b>		<b>17,333</b>	<b>(549,195)</b>
<b>Cash flows from financing activities</b>			
Lease payments	5	(37,968)	(32,835)
Proceeds from issuance of shares	8	-	302,387
Proceeds (repayment) of promissory notes	7	20,000	(53,888)
Share subscriptions receivable received		-	20,000
Share issue costs		-	(20,356)
<b>Net cash from financing activities</b>		<b>(17,968)</b>	<b>215,308</b>
Change in cash		(635)	(333,887)
Cash, beginning of the year		1,348	335,235
<b>Cash, end of the year</b>		<b>\$ 713</b>	<b>\$ 1,348</b>
<b>Shares issued for debt settlement</b>		<b>\$ -</b>	<b>\$ 162,950</b>
<b>Interest paid</b>		<b>\$ -</b>	<b>\$ -</b>
<b>Income taxes paid</b>		<b>\$ -</b>	<b>\$ -</b>

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

# Centurion Minerals Ltd.

Notes to financial statements

For the years ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

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## 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.

### 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, 2021, the Company has accumulated losses of \$25,162,477 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 recent outbreak of the 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 its 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 years ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

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## 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, 2021. The Board of Directors approved the financial statements on November 26, 2021.

### 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

For the years ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

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## 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 years ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

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## 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

# Centurion Minerals Ltd.

Notes to financial statements

For the years ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

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## 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 July 31, 2021, the Company estimates its accumulated restoration, rehabilitation and environmental costs associated with the Ana Sofia Project to be \$Nil (2020: \$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

For the years ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

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## 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.

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.

# Centurion Minerals Ltd.

Notes to financial statements

For the years ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

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## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 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.

### 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, 2021 and 2020.

### 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, short-term loans and lease liabilities are classified at amortized cost.

# Centurion Minerals Ltd.

Notes to financial statements

For the years ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

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## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *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:

- 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

#### Classification:

Fair Value Through Profit and Loss  
Amortized cost

#### Financial liabilities:

Accounts payable  
Due to related parties  
Short-term loan  
Lease liability

#### Classification:

Amortized cost  
Amortized cost  
Amortized cost  
Amortized cost

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.

# Centurion Minerals Ltd.

Notes to financial statements

For the years ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

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

### *Leases*

Leases in which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Assets held under finance leases are recognized at the lower of the fair value and present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The corresponding liability is recognized as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation to achieve a constant rate of interest on the remaining liability. Finance charges are recorded as a finance expense within profit and loss, unless they are attributable to qualifying assets, in which case they are capitalized.

Operating lease payments are recognized on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed, in which case that systematic basis is used. Operating lease payments are recorded within profit and loss unless they are attributable to qualifying assets, in which case they are capitalized.

### ***Accounting Standards Issued But Not Yet Effective***

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended July 31, 2021, and have not been early adopted in preparing these 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 was no changes in the Company's approach to capital management during the year ended July 31, 2021. The Company is not subject to externally imposed capital requirements.

# Centurion Minerals Ltd.

Notes to financial statements

For the years ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

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## 3. RISK MANAGEMENT, CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

### 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.

### 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.

#### *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.

#### *Maturity Risk*

- 1) The Company has trade payables and accounts payables that are due on normal commercial terms, and as at July 31, 2021 the Company had short-term loans of \$299,770.

# Centurion Minerals Ltd.

Notes to financial statements

For the years ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

### 3. RISK MANAGEMENT, CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

- 2) As at July 31, 2021, 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, 2021 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	\$ 294,280	\$ 294,280	\$ 294,280	\$ -	-	-
Due to related parties	884,431	884,431	884,431	-	-	-
Short-term loan	299,770	299,770	299,770	-	-	-
Lease liability	190,091	204,577	69,640	134,937	-	-
<b>Total</b>	<b>\$ 1,688,572</b>	<b>\$ 1,703,058</b>	<b>\$ 1,568,121</b>	<b>\$134,937</b>	<b>-</b>	<b>-</b>

### 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
<b>Cost</b>				
Balance as at August 1, 2019	\$ 758	1,850	9,041	\$ 11,649
Capital additions	-	-	-	-
Disposals	-	-	-	-
<b>Balance as at July 31, 2020 and 2021</b>	<b>\$ 758</b>	<b>1,850</b>	<b>9,041</b>	<b>\$ 11,649</b>
<b>Accumulated depreciation</b>				
Balance as at August 1, 2019	\$ 758	1,850	9,041	\$ 10,967
Depreciation	-	-	-	682
<b>Balance as at July 31, 2020</b>	<b>758</b>	<b>1,850</b>	<b>9,041</b>	<b>11,649</b>
Depreciation	-	-	-	-
<b>Balance as at July 31, 2021</b>	<b>\$ 758</b>	<b>1,850</b>	<b>9,041</b>	<b>\$ 11,649</b>
<b>Carrying amounts</b>				
<b>Balance as at July 31, 2020</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at July 31, 2021</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Centurion Minerals Ltd.

Notes to financial statements

For the years ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

## 5. RIGHT OF USE ASSET AND LEASE LIABILITY

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, 2020	\$	29,958
ROU asset additions		187,104
Amortization		(40,353)
Balance as at July 31, 2021	\$	176,709

### **Lease liability**

Operating lease liability as at August 1, 2020	\$	37,968
Operating lease additions		187,104
Lease payments		(38,926)
Lease interest		3,945
Balance as at July 31, 2021	\$	190,091
Current portion	\$	54,804
Long-term portion		135,287
Balance as at July 31, 2021	\$	190,091

At July 31, 2021, future payments required under the Company's office lease are as follows:

Year ended July 31, 2021	\$	69,640
Years ended July 31, 2022 and 2023		134,937
Total	\$	204,577

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

### **Expenditures During the Year**

The Company incurred \$Nil (2020 – \$21,461) in stand-by operational expenses for the year ended July 31, 2021. Stand-by operational expenses for 2020 were related to mining properties held in Argentina.

### **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

For the years ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

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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 to be nominal.

#### *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.

# Centurion Minerals Ltd.

Notes to financial statements

For the years ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

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

### Ana Sofia Pilot Plant

During the year ended July 31, 2020 and 2021, the Pilot Plant hadn't produced any agri-gypsum, however, the Company generated \$4,749 in revenue selling gypsum from inventory during fiscal 2020. 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 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 2% per month. The loan can be paid off at any time with no penalty to the Company. As at July 31, 2021, the outstanding balance of the loan including interest and principal is \$278,813 (2020 - \$237,413). The loan is due on demand and unsecured.

During the year ended July 31, 2021, the Company a received promissory note of \$20,000 from an unrelated party. The amount is unsecured and was due on March 25, 2021. The promissory note bears interest at 5% per annum. As at July 31, 2021, the outstanding balance of the loan including interest and principal is \$20,957. The loan is due on demand and unsecured.

## 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.

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

	Number of Shares	Issue Price	Amount
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)
<b>Balance at July 31, 2020 and 2021</b>	<b>33,639,473</b>		<b>\$ 16,458,787</b>

# Centurion Minerals Ltd.

Notes to financial statements

For the years ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

## 8. SHARE CAPITAL (Continued)

### Common Shares

The Company did not issue any common shares during the year ended July 31, 2021.

#### For the year ended July 31, 2020

- (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 issue any finders fee share purchase warrants in conjunction with this private placement.

### Share Purchase Warrants

The following is a summary of changes in warrants:

	Number of Warrants	Weighted Average Exercise Price
Balance at August 1, 2019	17,757,094	\$ 0.17
Issued	5,157,145	0.15
Expired	(333,330)	(0.10)
<b>Outstanding and exercisable as at July 31, 2020</b>	<b>22,580,909</b>	<b>\$ 0.17</b>
Balance at August 1, 2020	22,580,909	\$ 0.17
Issued	-	-
Expired	(17,423,764)	(0.17)
<b>Outstanding and exercisable as at July 31, 2021</b>	<b>5,157,145</b>	<b>\$ 0.15</b>

# Centurion Minerals Ltd.

Notes to financial statements

For the years ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

## 8. SHARE CAPITAL (Continued)

As at July 31, 2021, the Company had outstanding warrants as follows:

Number of Warrants	Exercise Price per Warrant	Expiry Date	Weighted Average Remaining Life
2,036,875	\$ 0.15	August 19, 2021	0.02
2,265,270	\$ 0.15	August 24, 2021	0.03
855,000	\$ 0.15	October 29, 2021	0.04
<b>5,157,145</b>			<b>0.09</b>

Subsequent to year end, all of the above noted warrants expired unexercised.

## 9. SHARE-BASED PAYMENTS

### Option Plan Details

As at July 31, 2021 and 2020, the Company maintained an equity settled share-based payment plan 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:

	Number of Options	Weighted Average Exercise Price
Balance at August 1, 2020	416,667	\$ 0.60
Issued	-	-
Cancelled/Forfeited	-	-
Expired	-	-
<b>Balance at July 31, 2020 and 2021</b>	<b>416,667</b>	<b>\$ 0.60</b>

The following options are outstanding at July 31, 2021:

Number of Options Outstanding and Exercisable	Exercise Price per Option	Expiry Date	Weighted Average Remaining Life
416,667	\$ 0.60	August 25, 2021	0.07
<b>416,667</b>			<b>0.07</b>

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. Subsequent to the year end, the above noted options expired unexercised.

# Centurion Minerals Ltd.

Notes to financial statements

For the years ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

## 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 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.

	<b>2021</b>	<b>2020</b>
Loss attributable to ordinary shareholders	\$ (417,101)	\$ (1,025,519)
Weighted average number of common shares	33,639,473	33,167,250
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.

## 11. RELATED PARTY TRANSACTIONS

The following is a summary of the Company's related party transactions for the year ended July 31, 2021:

### (a) (i) Administrative Services Agreements

Total fees of \$108,000 (2020: \$108,000) 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 \$20,000 (2020: \$13,281) 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 \$90,000 (2020: \$90,000) to a company owned by a director and an officer of the Company.

### (b) Due to/from Directors and Officers

A total of \$624,197 (2020: \$298,258) is due to directors, officers, companies controlled by officers and directors of the Company.

A total of \$96,159 (2020: \$96,159) in legal fees is due to a law firm of which a director is a partner.

A total of \$164,076 (2020: \$38,988) is due to Portofino Resources Inc. pursuant to reimbursement of operating expenses of the Company. Several key management personnel ("Portofino") are also key management personnel of Portofino.

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

# Centurion Minerals Ltd.

Notes to financial statements

For the years ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

## 11. RELATED PARTY TRANSACTIONS (Continued)

### 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:

	2021		2020	
Administration	\$	108,000	\$	108,000
Accounting		90,000		90,000
Consulting		90,000		90,000
	\$	288,000	\$	288,000

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

## 12. COMMITMENTS AND OTHER CONTINGENCIES

### Operating Lease Commitments – Company as Lessee

The Company entered into a lease expiring May 31, 2024 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:

	2021		2020	
Within one year	\$	69,640	\$	54,775
More than one year		134,937		-
	\$	204,577	\$	57,775

### 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, 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, 2021 there were no amounts owed for royalty payments due to DFSA's. 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. 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.

# Centurion Minerals Ltd.

Notes to financial statements

For the years ended July 31, 2021 and 2020

(Expressed in Canadian dollars)

## 13. INCOME TAXES (Continued)

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:

	2021	2020
Loss before income taxes for the year	\$ (417,101)	\$ (1,025,519)
Statutory tax rate	27%	27%
Expected income tax recovery	(113,000)	(277,000)
Other temporary differences	-	29,000
Share issue costs and other	-	(78,000)
Change in unrecognized deferred tax assets	113,000	326,000
<b>Total income tax (recovery) expense</b>	<b>\$ -</b>	<b>\$ -</b>

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

	2021	2020
Non-capital loss carry forwards	\$ 4,151,000	\$ 4,038,000
Share issuance costs and other	102,000	102,000
Exploration and evaluation assets	2,029,000	2,029,000
Unrecognized deferred tax asset	(6,282,000)	(6,169,000)
<b>Net deferred tax assets / (liabilities)</b>	<b>\$ -</b>	<b>\$ -</b>

At July 31, 2021, the Company has non-capital losses of \$15,443,351 (2020: \$14,954,909) expiring in various amounts from 2020 to 2041, 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.