CAMINO MINERALS CORPORATION

Consolidated Financial Statements

For the years ended July 31, 2019 and 2018

Expressed in Canadian Dollars

DeVISSERGRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Shareholders of Camino Minerals Corporation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Camino Minerals Corporation, which comprise the consolidated statements of financial position as at July 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the consolidated financial position of the Company as at July 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated financial statements in Canada, and we have fulfilled our 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 in the consolidated financial statements, which indicates that the Company has limited working capital as at July 31, 2019 and is dependent upon the future receipt of equity financing to maintain its operations. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate 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. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated 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 consolidated 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 auditor's report to the related disclosures in the consolidated 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 auditor's 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 audits.

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 auditor's report is James D. Gray.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
November 28, 2019

As at	July 31 2019	July 31 2018
Assets		
Current		
Cash and cash equivalents	**$ 126,300**	$ 639,061
Goods and services tax receivable	**11,525**	9,935
Prepayments and deposits	**101,285**	163,569
	239,110	812,565
Fixed assets (note 6)	**88,081**	109,633
Exploration and evaluation properties (note 5)	**11,607,647**	11,245,662
	$ 11,934,838	$12,167,860
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 239,628**	$ 108,694
Equity		
Share capital (note 7)	**27,270,489**	26,744,626
Obligation to issue shares	**30,100**	-
Reserves (note 7)	**14,770,978**	12,549,150
Option and warrant reserve (note 7)	**4,960,978**	6,542,319
Accumulated other comprehensive income	**6,930**	6,930
Deficit	**(35,344,265)**	(33,783,859)
	11,695,210	12,059,166
	$ 11,934,838	$12,167,860

GOING CONCERN (note 1)
SUBSEQUENT EVENTS (note 5,12)

Approved by the Board of Directors

Director (signed by) *"Jim Greig"*

Director (signed by) *"John Williamson"*

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

For the years ended	July 31 2019	July 31 2018
Expenses		
General exploration	**-**	18,111
Investor relations (note 10)	**348,885**	546,430
Management and consulting fees (note 10)	**141,391**	143,404
Office and administration (note 10)	**107,220**	50,023
Professional fees	**76,634**	20,000
Regulatory and filing fees	**49,097**	46,011
Share-based compensation (note 7,10)	**424,090**	502,086
	(1,147,317)	(1,326,065)
Other		
Write-down of exploration and evaluation property (note 5)	**(418,053)**	(1)
Foreign exchange gain	**3,359**	42,842
Interest income	**1,605**	21,855
Net and comprehensive loss	**$ (1,560,406)**	$ (1,261,369)
Basic and diluted loss per common share	**$ (0.03)**	$ (0.02)
Basic and diluted weighted average number of common shares outstanding (note 7)	**58,179,787**	53,960,300

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

CAMINO MINERALS CORPORATION
Consolidated Statements of Changes in Equity

	Share capital	Obligation to issue shares	Reserves	Option and warrant reserves	Accumulated currency translation difference	Deficit	Total equity
Balance at July 31, 2017	**$22,601,354**	**$ 62,500**	**$12,549,150**	**$ 6,025,375**	**$ 6,930**	**$ (32,522,490)**	**$ 8,722,819**
Options issued (note 7)	-	-	-	715,020	-	-	715,020
Private placement (note 7)	919,870	-	-	596,190	-	-	1,516,060
Share issue costs	(33,987)	-	-	(22,027)	-	-	(56,014)
Finders warrants (note 7)	(27,750)	-	-	27,750	-	-	-
Warrants exercised (note 7)	3,162,001	(62,500)	-	(755,726)	-	-	2,343,775
Options exercised (note 7)	103,138	-	-	(44,263)	-	-	58,875
Shares issued for mineral property (note 5,7)	20,000	-	-	-	-	-	20,000
Net loss	-	-	-	-	-	(1,261,369)	(1,261,369)
Balance at July 31, 2018	**$26,744,626**	**-**	**$12,549,150**	**6,542,319**	**6,930**	**$ (33,783,859)**	**$12,059,166**
Options issued (note 7)	-	-	-	427,042	-	-	427,042
Private placement (note 7)	481,204	30,100	-	229,946	-	-	741,250
Share issue costs	(8,605)	-	-	(4,112)	-	-	(12,717)
Finders warrants (note 7)	(3,751)	-	-	3,751	-	-	-
Warrants expired (note 7)	-	-	2,221,828	(2,221,828)	-	-	-
Options exercised (note 7)	40,140	-	-	(16,140)	-	-	24,000
Shares issued for mineral property (note 5,7)	16,875	-	-	-	-	-	16,875
Net loss	-	-	-	-	-	(1,560,406)	(1,560,406)
Balance at July 31, 2019	**$27,270,489**	**30,100**	**$14,770,978**	**4,960,978**	**6,930**	**$ (35,344,265)**	**$11,695,210**

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

For the years ended	July 31 2019	July 31 2018
Cash provided used in:		
Operating activities		
Net loss for the year	**$ (1,560,406)**	$ (1,261,369)
Items not affecting cash:		
Amortization	**398**	6,566
Share-based compensation (note 7)	**424,090**	502,086
Interest income	**(1,605)**	(21,855)
Write-down of exploration and evaluation property	**418,053**	-
Changes in non-cash working capital:		
Receivables	**(1,590)**	(1,929)
Prepaid expenses	**62,284**	(86,902)
Accounts payable and accrued liabilities	**113,592**	(95,743)
Cash used in operating activities	**(545,184)**	(959,146)
Investing activities		
Exploration and evaluation property exploration expenditures (note 5)	**(721,715)**	(6,496,760)
Interest income	**1,605**	21,855
Purchase of fixed assets	**-**	(45,265)
Cash used in investing activities	**(720,110)**	(6,520,170)
Financing activities		
Shares issued and to be issued (note 7)	**741,250**	1,516,060
Share issue costs	**(12,717)**	(56,014)
Options exercised (note 7)	**24,000**	58,875
Warrants exercised (note 7)	**-**	2,343,775
Cash provided by financing activities	**752,533**	3,862,696
Net decrease in cash	**(512,761)**	(3,616,620)
Cash, beginning of year	**639,061**	4,255,681
Cash, end of year	**$ 126,300**	$ 639,061

As at July 31, 2019, $91,027 (2018 – $73,685) of exploration and evaluation property expenditures are in included in accounts payable.

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

1. Nature of operations and going concern

Camino Minerals Corporation ("Camino" or "the Company") is an exploration stage company that is engaged in the exploration and development of mineral properties. The Company is incorporated in British Columbia, Canada. The address of its registered and head office is Suite 300, 250 Southridge, Edmonton, A.B., Canada, T6H 4M9. The Company is focused on evaluating and acquiring exploration projects with significant potential for advancement from discovery through to production, in Canada and abroad.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations for the foreseeable future. There are significant uncertainties related to certain adverse conditions and events that may cast doubt on the validity of this assumption. As at July 31, 2019, the Company had working capital deficiency of $518 (2018 - working capital of $703,871) and an accumulated deficit of $35,344,265 (2018 - $33,783,859). The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future, which indicate the existence of a material uncertainty that may cast significant doubts about the Company's ability to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

2. Basis of presentation

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

These financial statements were authorized for issue by the Audit Committee of the Company on November 28, 2019.

These consolidated financial statements include the accounts of the Company, and its wholly owned subsidiaries Minquest Peru SAC ("Minquest"), Recursos Mineros Rojo S.A. de C.V. ("RMR"), Camino Resources SAC ("CRM"), and Mining Activities SAC ("MinAc"). All intercompany transactions and balances have been eliminated.

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Minquest Peru SAC	Peru	100%	Holds mineral interests in Peru
Camino Resources SAC	Peru	100%	Holds mineral interests in Peru
Mining Activities SAC	Peru	100%	Holding company
Recursos Mineros Rojo S.A. de C.V.	Mexico	100%	Holding company

These consolidated financial statements are presented in Canadian Dollars, unless otherwise noted and have been prepared on a historical cost basis. The Canadian dollar is the functional and presentation currency of the Company.

3. Significant accounting policies

a) Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period relate to, but are not limited to, the following:

i. *Impairment of Mineral Interests* - The assessment of impairment indicators involves the application of a number of significant judgments and estimates to certain variables including metal price trends, plans for properties and the results of exploration to date.

ii. *Going concern* – Evaluation of the ability of the Company to realize its strategy for funding its future needs for working capital involves making judgments.

b) Segment reporting

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral interests.

c) Property, plant and equipment

Property, plant and equipment, reported herein as fixed assets, are carried at cost, less accumulated amortization and accumulated impairment losses. Cost comprises the fair value of consideration given to acquire an asset and includes the direct expenditures associated with bringing the asset to the location and condition necessary for putting it into use along with the future cost of dismantling and removing the asset. When parts of an item of fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed assets.

Amortization is calculated over the useful life of the asset at rates ranging from 15% to 30% per annum once the asset is available for use. Amortization charges on assets that are directly related to mineral properties are allocated to that mineral property.

d) Foreign currencies

The functional and reporting currency of the Company and its subsidiaries are the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the dates of transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized in profit or loss, except for differences on the retranslation of available-for-sale instruments, which are recognized in other comprehensive loss.

3. Significant accounting policies (continued)

e) Exploration and evaluation properties

Expenditures on mineral exploration or evaluation incurred in respect of a property before the acquisition of a license to explore are expensed as incurred, to general exploration. Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized as exploration and evaluation assets

Mineral property acquisition costs are included in exploration and evaluation and include any cash consideration and advance royalties paid, and the fair market value of shares issued, if any, on the acquisition of the mineral property interest. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made.

Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest, as described in note 2(i). Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to property, plant and equipment.

f) Impairment of non-current assets

At each reporting period, management reviews mineral interests and property, plant and equipment for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which that asset belongs.

Past impairments are also considered at each reporting period and where there is an indication that an impairment loss may have decreased, the recoverable amount is calculated as outlined above to determine the extent of the recovery. If the recoverable amount of the asset is more than its carrying amount, the carrying amount of the asset is increased to its recoverable amount and the impairment loss is reversed in the profit or loss for that period. The increased carrying amount due to reversal will not be more than what the depreciated historical cost would have been if the impairment had not been recognized.

g) Share-based payment transactions

The Company's Stock Option Plan allows employees and consultants to acquire shares of the Company. Share-based payments to employees are measured at the fair value of the instruments issued and recorded as an expense over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

3. Significant accounting policies (continued)

g) Share-based payment transactions (continued)

The fair value of the share-based payment is measured using the Black-Scholes option pricing model. The fair value of the share-based payment is recognized as an expense or capitalized to mineral interests with a corresponding increase in share-based payment reserves. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payment reserves amount is transferred to share capital.

h) Provision for closure and reclamation

A liability for site reclamation is recognized on a discounted cash flow basis when it is probable that the Company will have a future obligation for remediation and a reasonable estimate of the obligation can be made. The provision is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expense using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time, adjustments for changes in the current market-based discount rate and from revisions to either expected payment dates or the amounts comprising the original estimate of the obligation.

The Company has no material restoration, rehabilitation and environmental costs as disturbances to date are minimal.

i) Loss per share

Loss per common share is calculated using the weighted average number of common shares outstanding. Diluted loss per share is not presented as it is anti-dilutive. For the year ended July 31, 2019, 4,530,000 outstanding stock options (2018 – 4,807,000) and 9,262,470 (2018 – 10,019,789) outstanding warrants were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive.

j) Value added tax (“VAT”)

Valued added tax (“VAT”) credit refundable is from the Government of Peru. VAT receivables from Peru are capitalized to mineral interests given the uncertainty in collection.

k) Share capital

The Company records proceeds from share issuances net of issue costs. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares was concluded. Proceeds, and issue costs, from unit placements are allocated between shares and warrants issued according to their relative fair value. The Fair value of the warrant is determined using the Black-Scholes option pricing model, while fair value of the share is based on the market value at the time of issuance.

The relative value of the share component is credited to share capital and the relative value of the warrant component is credited to warrant reserves. Upon exercise of the warrant, consideration paid by the warrant holder together with the amount previously recognized in the warrant reserve is recorded as an increase to share capital. For those warrants that expire, the recorded value is transferred from reserve for warrant reserves to reserves.

3. Significant accounting policies (continued)

l) Income taxes

Any income tax on profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not recognized on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates at the end of the reporting year applicable to the year of expected realization.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

m) Financial instruments

The classification of a financial asset or liability is determined at the time of initial recognition. The Company does not enter into derivative contracts.

Financial assets

A financial asset is recognized when the Company has the contractual right to collect future cash flows. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. Financial assets are recognized at fair value through profit or loss (“FVTPL”), fair value through other comprehensive income (“FVOCI”) or amortized cost.

Cash and cash equivalents are recognized at their fair value and carried at amortized cost.

Receivables are initially recognized at their fair value, less transaction costs and subsequently carried at amortized cost using the effective interest method less impairment losses.

Equity investments are initially recognized at their fair value. Changes in the fair value of equity investments are recognized in comprehensive income (loss) in the period in which they occur.

Interest income is recognized by applying the effective interest rate except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

3. Significant accounting policies (continued)

m) Financial instruments (continued)

Impairment of financial assets

IFRS 9 replaces the incurred loss model from IAS 39 with an expected loss model ("ECL"). The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments measured at FVOCI. Under IFRS 9, credit losses will be recognized earlier than under IAS 39. The ECL model applies to the Company's trade receivables.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions and forecasts that affect the expected collectability of future cash flows of the instrument.

In applying this forward-looking approach, the Company separates instruments into the below categories:

1. financial instruments that have not deteriorated significantly since initial recognition or that have low credit risk.
2. financial instruments that have deteriorated significantly since initial recognition and whose credit loss is not low.
3. financial instruments that have objective evidence of impairment at the reporting date.

12-month expected credit losses are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Trade and other receivables

The Company makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. To calculate, the Company uses historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assesses impairment of trade receivables on a collective basis when they possess shared credit risk characteristics and days past due.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

Financial assets, other than those at FVTPL and amortized cost, are assessed for indicators of impairment at each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

De-recognition of financial assets

A financial asset is derecognized when the contractual right to the asset's cash flows expire or the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

3. Significant accounting policies (continued)

m) Financial instruments (continued)

Financial liabilities:

A financial liability is recognized when the Company has the contractual obligation to pay future cash flows. Financial liabilities such as accounts payable and accrued liabilities and bank loan are recognized at amortized cost using the effective interest rate method.

4. New accounting standards and recent pronouncements

Accounting pronouncements adopted by the Company

During the year, the Company has adopted revisions to certain accounting standards as described below. The adoption of these revisions did not result in any material changes to the financial statements.

IFRS 9 - *Financial Instruments* utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. It also introduced a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. The Company adopted this standard effective August 1, 2018. As the standard permits on transition to IFRS 9, the Company has not restated prior periods with respect to the new amortized cost measurement for financial assets and impairment requirements. The adoption of this standard had no material impact on the financial statements.

New accounting standards issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee (“IFRIC”) that are mandatory for accounting periods beginning on or after August 1, 2019, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company does not anticipate any material changes to the financial statements upon adoption of these new revised accounting pronouncements.

New accounting standards effective August 1, 2019

IFRS 16 – Leases - In January 2016, the IASB issued IFRS 16 – Leases (“IFRS 16”) which replaces IAS 17 – Leases and its associated interpretative guidance, and will be effective for accounting periods beginning on or after January 1, 2019. Early adoption is permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting. As a result of the adoption of IFRS 16, the Company does not expect to recognize any right-of-use asset or corresponding lease liability, as it has no long-term lease agreement in place.

5. Exploration and evaluation properties

Expenditures on the Company's mineral exploration properties are summarized as follows:

	Plata Dorado	Los Chapitos	Villa Hermosa	Lost Cabin	Red Beds	Total
Balance, July 31, 2017	$ 883,018	$ 3,838,215	$ -	$ 105,967	$ 1	$ 4,827,201
Acquisition	-	150,635	63,754	45,055	-	259,444
Amortization	2,878	8,125	5,588	-	-	16,591
Assaying	-	564,146	6,319	-	-	570,465
Community relations	22,664	7,704	-	-	-	30,368
Drilling	-	2,427,506	-	-	-	2,427,506
Fieldwork and support	25,924	1,078,081	30,700	-	-	1,134,705
Geological consulting	-	793,818	8,310	-	-	802,128
Mining rights and fees	8,200	203,891	2,208	19,869	-	234,168
Share-based compensation	2,118	206,669	4,147	-	-	212,934
Exploration costs	61,784	5,440,575	121,026	64,924	-	5,688,309
Value -added tax	1,403	726,027	2,723	-	-	730,153
Write-down	-	-	-	-	(1)	(1)
Balance, July 31, 2018	946,205	10,004,817	123,749	170,891	-	11,245,662
Acquisition	-	184,526	-	52,846	-	237,372
Amortization	-	11,039	10,115	-	-	21,154
Assaying	-	79,020	-	-	-	79,020
Community relations	-	-	483	-	-	483
Fieldwork and support	182	791,679	35,365	-	-	827,226
Geological consulting	-	249,105	-	-	-	249,105
Mining rights and fees	-	1,448	10,347	10,413	-	22,208
Exploration costs	182	1,316,817	56,310	63,259	-	1,436,568
Value-added tax	-	(660,374)	3,844	-	-	(656,530)
Write-down	-	-	(183,903)	(234,150)	-	(418,053)
Balance, July 31, 2019	**$ 946,387**	**$10,661,260**	**$ -**	**$ -**	**$ -**	**11,607,647**

During the year ended July 31, 2019, the Company received a value-added tax recovery of $743,565 from the Government of Peru on eligible expenditures previously capitalized to exploration and evaluation properties.

5. Exploration and evaluation properties (continued)

Los Chapitos, Peru

On July 19, 2016, the Company entered into an option agreement with Minas Andinas SA, pursuant to which it can acquire a 100% interest in the Los Chapitos copper, gold and silver project located in the Department of Arequipa, Peru.

Under the terms of the option agreement, the Company has the right to earn 100% interest in the Project, subject to a 1.5% Net Smelter Returns ("NSR") royalty, by making staged option payments and issuing common shares of the Company as follows:

Date of payment	Amount USD	Shares
	$	
On the effective date of the option agreement (paid and issued)	50,000	50,000
12 months after effective date (paid and issued)	75,000	75,000
24 months after effective date (paid and issued)	100,000	100,000
36 months after effective date (paid and issued)	125,000	125,000
48 months after effective date	150,000	150,000
	500,000	**500,000**

The 1.5% NSR is payable up to a maximum of US$10 million. The Company retains the right of first offer to purchase the NSR. Advance royalty payments of US$500,000 will also be payable for each 500 million pounds of copper equivalent ("CuEQ") related to any incremental increase in measured and indicated resources. For the purpose of this agreement, CuEQ will be based on the contained pounds of copper, contained ounces of gold and silver, and the LME closing spot price on the date of release of each applicable resource estimate.

Plata Dorado, Peru

On January 22, 2015, the Company completed the acquisition of all of the issued and outstanding share capital of Minquest Peru SAC, a private Peruvian company, the principal assets of which was the Plata Dorado copper, gold, silver property located in the Department of Cuzco, Peru.

Villa Hermosa, Peru

During the year ended July 31, 2019, the Company decided to drop the Villa Hermosa gold project and returned the claims under option to Compania Mineral Villa Hermosa JV RR S.A.C. Accordingly, the Company wrote-off the carrying value.

5. Exploration and evaluation properties (continued)

Lost Cabin, U.S.A

On February 3, 2015, the Company signed an option agreement (the "Option") with La Cuesta International Inc., pursuant to which it may acquire a 100% interest in the Lost Cabin Project ("Lost Cabin") located in the state of Oregon. Under the terms of the Option, the Company has the right to earn 100% interest in the Property, subject to a 1.5% NSR, by issuing 200,000 common shares of the Company (issued) and by making staged advance NSR payments (USD $86,500 paid to date)

When the aggregate advance payments exceed US$5,000,000, the NSR payable will reduce from 1.5% to 0.75%.

Subsequent to July 31, 2019, the Company and La Cuesta International Inc. entered into an agreement releasing the Option. To fulfill its obligations under the Option, the Company is required to pay one final pre-production payment and reimburse La Cuesta International Inc. for the 2019 claim maintenance fees. Accordingly, the Company wrote-off the carrying value at July 31, 2019.

6. Fixed assets

	Machinery Equipment	Furniture and Office	Computer Equipment	Total
Balance July 31, 2017	**$ 75,968**	**$ 6,388**	**5,169**	**87,525**
Additions	41,193	2,451	1,621	45,265
Depreciation	(20,560)	(610)	(1,987)	(23,157)
Balance, July 31, 2018	**$ 96,601**	**$ 8,229**	**$ 4,803**	**$ 109,633**
Depreciation	(18,818)	(1,162)	(1,572)	(21,552)
Balance, July 31, 2019	**$ 77,783**	**$ 7,067**	**$ 3,231**	**$ 88,081**

During the year ended July 31, 2019, the Company capitalized $21,154 (2018 - $16,591) in depreciation to mineral properties.

7. Share capital

a) Common shares

The Company's articles authorize an unlimited number of common shares without par value and an unlimited number of preferred shares with no par value.

A summary of changes in common share capital in the year as follows:

	Number of shares	Amount
Balance at July 31, 2017	**43,279,780**	**$ 22,601,354**
Shares issued in private placements	4,331,600	919,870
Share issuance costs	-	(33,987)
Finders warrants issued	-	(27,750)
Shares issued upon exercise of options	287,500	103,138
Shares issued upon exercise of warrants	9,625,100	3,162,001
Shares issued for mineral property	100,000	20,000
Balance at July 31, 2018	**57,623,980**	**$ 26,744,626**
Shares issued in private placements	4,741,000	711,150
Share issuance costs	-	(12,717)
Finders warrants issued	-	(3,751)
Shares issued upon exercise of options	150,000	40,140
Shares issued for mineral property	125,000	16,875
Balance at July 31, 2019	**62,639,980**	**$ 27,496,323**

On June 26, 2019, the Company completed the first tranche of a non-brokered private placement of 4,741,000 units at a price of $0.15 per unit to raise $711,150 in gross proceeds. Each unit consisted of one common share and one non-transferable share purchase warrant of the Company. Each warrant is exercisable to acquire one additional common share at $0.25 per share until June 26, 2021. The Company also paid finders' fees of $12,717 and issued 56,070 warrants to certain arm's length finders.

On June 17, 2019, 125,000 common shares with a fair value of $16,875 were issued in connection with the Los Chapitos property.

During the year ended July 31, 2019, the Company issued common shares pursuant to the exercise of 150,000 stock options for cash proceeds of $24,000.

On February 27, 2018, the Company completed a non-brokered private placement of 4,331,600 units at a price of $0.95 per unit to raise $1,516,060 in gross proceeds. Each unit consisted of one common share and one non-transferable share purchase warrant of the Company. Each warrant is exercisable to acquire one additional common share at $0.45 per share until August 27, 2019. The company also paid finders' fees of $49,980 and issued 133,800 warrants to certain arm's length finders.

7. Share capital (continued)

b) Stock options

The Company's has a stock option plan (the "Plan") for directors, officers, employees, and consultants. The Plan provides for the issuance of incentive options to acquire up to a total of 10% of the issued and outstanding common shares of the Company. The exercise price of each option shall not be less than the minimum prescribed amount allowed under the TSX. The options can be granted for a maximum term of 5 years with vesting provisions determined by the Company.

The total share-based compensation for the year ended July 31, 2019 is $427,042 (2018- $715,020), of which $2,952 (2018 - $212,934) is capitalized to mineral interests and $424,090 (2018 - $502,086) is recognized in profit and loss.

The fair value of stock options granted in the year ended July 31, 2019 was estimated based on the Black-Scholes option pricing model using a share price of $0.15 - $0.16 (2018 - $0.38 - $0.45), volatility of 153% - 162%(2018 - 164% - 165%), risk free interest rate of 1.33% - 2.13% (2018 - 1.50% – 1.84%), expected life of 2 - 5 years (2018 – 2 years), and expected dividend yield of nil (2018 – nil). The weighted average fair value of options granted in 2019 was $0.12 (2018 - $0.44).

Option pricing models require the input of subjective assumptions including the expected price volatility, and expected option life. Changes in these assumptions could have significant impact on the grant date fair value calculation.

A summary of stock option activity in the period is as follows:

	Number of options	Weighted average exercise price
Outstanding options, July 31, 2018	**4,807,000**	**$ 0.41**
Issued	3,400,000	0.15
Cancelled	(3,063,000)	0.37
Exercised	(150,000)	0.16
Expired	(444,000)	0.88
Outstanding options, July 31, 2019	**4,550,000**	**$ 0.20**

7. Share capital (continued)

b) Stock options (continued)

A summary of the options outstanding and exercisable is as follows:

July 31, 2019			July 31, 2018		
Exercise Price	Number of options	Remaining contractual life (years)	Exercise Price	Number of options	Remaining contractual life (years)
$ 0.20	200,000	0.7	$ 0.20	1,200,000	1.7
0.20	150,000	2.1	0.20	813,000	3.1
0.31	350,000	2.6	0.31	650,000	3.6
0.38	200,000	0.5	0.38	200,000	1.5
0.45	400,000	0.4	0.45	1,050,000	1.4
-	-	-	0.70	44,000	0.3
-	-	-	0.90	850,000	0.9
0.16	750,000	1.0	-	-	-
0.15	2,500,000	4.9	-	-	-
$ 0.20	**4,550,000**	**3.2**	**$ 0.41**	**4,807,000**	**2.0**

c) Warrants

The fair value of finders' warrants issued in the year ended July 31, 2019 was estimated based on the Black-Scholes option pricing model using a share price of $0.14 (2018 - $0.32), volatility of 117%(2018 - 168%), risk free interest rate of 1.46% (2018 - 1.74%), expected life of 2 years (2018 – 1.5 years), and expected dividend yield of nil (2018 – nil). The weighted average fair value of options granted in 2019 was $0.07 (2018 - $0.45).

A summary of share purchase warrant activity in the periods is as follows:

	Number of warrants	Weighted average exercise price
Outstanding warrants, July 31, 2018	**10,019,789**	**$ 0.95**
Issued	4,797,070	0.25
Expired	(5,554,389)	1.35
Outstanding warrant, July 31, 2019	**9,262,470**	**$ 0.35**

A summary of the warrants outstanding and exercisable is as follows:

July 31, 2019			July 31, 2018			
Exercise Price	Number of warrants	Remaining contractual life (years)	Exercise Price	Number of warrants	Remaining contractual life (years)	
$ 0.45	4,465,400	0.1	$ 0.45	4,465,400	1.1	i)
-	-	-	1.35	5,554,389	0.8	
0.25	4,797,070	1.9	-	-	-	
$ 0.35	**9,262,470**	**1.0**	**$ 0.95**	**10,019,789**	**1.0**	

i) Subsequently expired unexercised

8. Financial instruments and risk management

The Company is exposed to the following financial risks:

i) Market risk
ii) Credit risk
iii) Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

<u>General objectives, policies and processes</u>

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

The overall objective of the Board and the Company's finance function is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility and to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. Further details regarding these policies are set out below.

<u>Market risk</u>

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: currency risk, interest rate risk, other price risk.

Currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's share capital as well as the Company's reporting currency is denominated in Canadian Dollars. The Company operates projects in more than one country. As a result, a portion of the Company's cash, accounts receivable, accounts payable and accruals are denominated in U.S. Dollars and Peruvian Soles and are therefore subject to fluctuation in exchange rates. As at July 31, 2019, a 1% change in the exchange rate between the Canadian and U.S. dollar or the Canadian dollar and Peruvian Soles would not be material.

Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company holds no interest-bearing financial liabilities, therefore interest rate risk is limited to potential decreases on the interest rate offered on cash held with its financial institution. The Company considers this risk to be minimal.

8. Financial instruments and risk management (continued)

Credit risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held with reputable institutions in Canada. The Company is not exposed to any material credit risk. The Company's maximum exposure to credit risk is $126,300 (2018 - $639,061).

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company monitors its risk by monitoring the maturity dates of its existing debt and other payables. The Company's policy is to ensure that it will always have 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.

To achieve this objective, the Company regularly monitors working capital positions and updates spending plans as considered necessary. Monthly working capital and expenditure reports are prepared by the Company's finance function and presented to management for review and communication to the Board. As at July 31, 2019, all of the Company's financial liabilities are due within one year.

As at July 31, 2019, the Company had working capital deficiency of $518 (2018 - working capital of $703,871) and it does not have any monetary long-term liabilities. The continuing operations of the Company are dependent upon its ability to obtain adequate financing and to commence profitable operations in the future.

Determination of fair value

The statements of financial position carrying amounts for cash, accounts receivable, and accounts payable and accrued liabilities approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Capital management

The Company monitors its equity as capital.

The Company's objectives in managing its capital are to maintain a sufficient capital base to support its operations and to meet its short-term obligations and at the same time preserve inventor's confidence and retain the ability to seek out and acquire new projects of merit. The Company is not exposed to any externally imposed capital requirements.

9. Deferred income taxes

The Company is subject to income taxes in Canada, Mexico and Peru. The reconciliation of the income tax provision computed at statutory rates is as follows:

	2019	2018
	$	$
Net income/(loss) for the year, before taxes	**(1,560,406)**	**(1,261,368)**
Expected income tax expense/(recovery)	**(421,108)**	**(337,271)**
Net adjustment for deductible/non-deductible amounts	**217,033**	**120,808**
Unrecognized benefit of non-capital losses	**204,075**	**216,463**
Income tax expense (recovery), net	**-**	**-**

There are no deferred tax assets/(liabilities) presented in the statement of financial position.

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets/(liabilities) have been recognized are attributable to the following:

	2019	2018
	$	$
Deferred income tax assets (liabilities):		
Mineral interests	**(2,677,000)**	**(2,507,000)**
Equipment	**1,000**	**1,000**
Tax loss carry-forwards	**8,872,000**	**8,025,000**
Capital losses (net)	**3,014,000**	**3,014,000**
Share issuance costs	**194,000**	**281,000**
Net deferred income tax liabilities	**9,404,000**	**8,814,000**

The Company has Canadian net capital losses of approximately $3 million (2018 - $3 million) and non-capital losses of approximately $7.18 million (2018 - $6.36 million), Peru non-capital losses of approximately $1.07 million (2018- $1.67 million) and Mexican non-capital losses of approximately $630,000 (2018 - $630,000), which are available to reduce future taxable income and which expire between 2031 and 2039.

10. Related party transactions

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties. The Company incurred and paid fees to directors and officers for management and professional services as follows:

For the years ended	**July 31 2019**	July 31 2018
Management and consulting fees	**$ 135,125**	$ 131,693
Investor relations fees paid to a director	**60,500**	-
Investor relations fees paid to a corporation controlled by key management	**10,000**	-
Office and admin fees paid to a corporation controlled by key management	**26,673**	-
Share-based payments	**276,828**	406,696
	$ 509,126	$ 538,389

10. Related party transactions

Related party amounts are unsecured, non-interest bearing and due on demand. These transactions are measured by the exchange amount that is the amount agreed upon by the transacting parties and are on terms and conditions similar to non-related parties. As at July 31, 2019, $53,976 (2018 - $15,083) is due to related parties of the Company and is included in accounts payable and accrued liabilities.

11. Segmented information

The Company operates in the acquisition and exploration of mineral properties. Non-current assets by geographic location are as follows:

	July 31, 2019	July 31, 2018
	$	$
Canada	**326**	724
U.S.A	**-**	170,891
Peru	**11,695,402**	11,183,681
Total	**11,695,728**	11,355,296

12. Subsequent events

Subsequent to July 31, 2019, in relation to which the first tranche closed on June 26, 2019, the Company completed the second tranche of the non-brokered private placement by issuing an additional 2,018,666 units at $0.15 per unit to raise an additional $302,800 in gross proceeds. The Company paid additional finders' fees of $12,999 and issued 86,660 warrants to certain arm's length finders.