

CENTENERA
MINING CORPORATION

CENTENERA MINING CORPORATION
(formerly Artha Resources Corporation)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

July 31, 2015
(Unaudited)
(Expressed in Canadian Dollars)

INDEX **Page**

Condensed Consolidated Interim Statements of Financial Position 2

Condensed Consolidated Interim Statements of Comprehensive Loss 3

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity 4

Condensed Consolidated Interim Statements of Cash Flows 5

Notes to Condensed Consolidated Interim Financial Statements **6-16**

NOTICE TO READER

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The condensed consolidated interim financial statements of the Company for the quarter ended July 31, 2015 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity’s auditor.

CENTENERA MINING CORPORATION *(formerly Artha Resources Corporation)*
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian dollars)

	July 31, 2015	October 31, 2014
ASSETS		
Current		
Cash	$ 281,470	$ 5,786
Receivables (note 6)	508,155	235,077
Total Current Assets	789,625	240,863
Exploration and evaluation assets (note 4)	557,175	-
Total Assets	$ 1,346,800	$ 240,863
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 224,849	$ 148,156
Convertible promissory note (note 5)	39,240	-
Loan from related party (note 7)	-	308,523
Total Liabilities	264,089	456,679
Shareholders' Equity		
Share capital (note 6)	3,399,640	1,420,934
Contributed surplus	67,811	-
Deficit	(2,384,740)	(1,636,750)
Total Shareholders' Equity	1,082,711	(215,816)
Total Liabilities and Shareholders' Equity	$ 1,346,800	$ 240,863

Nature and continuance of operations (note 1)

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

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

CENTENERA MINING CORPORATION *(formerly Artha Resources Corporation)*
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian dollars)

	For the three months ended July 31, 2015	For the three months ended July 31, 2014	For the nine months ended July 31, 2015	For the nine months ended July 31, 2014
Administrative Expenses				
Bank charges	$ 1,636	$ 1,343	$ 4,302	$ 3,099
Consulting fees (note 7)	23,806	-	23,806	-
Property costs	-	-	11,777	-
Investor relations and promotion	1,078	843	1,078	2,209
Office and general	10,067	4,084	13,887	9,278
Professional fees	16,934	7,136	32,091	20,485
Salaries and benefits (note 7)	21,998	6,299	40,071	18,896
Stock-based compensation (notes 6 and 7)	27,149	-	27,149	-
Regulatory and transfer agent	3,285	-	3,285	-
Loss Before Other Items	(105,953)	(19,705)	(157,446)	(53,967)
Other Items				
Interest expense	(3,630)	(3,743)	(10,578)	(9,688)
Expenses related to RTO (note 3)	(965,775)	-	(965,775)	-
Foreign exchange expense	(7,227)	(51,038)	73,686	(445,947)
Gain on settlement of debt	3,600	-	3,600	-
Loss and comprehensive loss for the period	$ (1,078,985)	$ (74,486)	$ (1,056,513)	$ (509,602)
Basic and diluted loss per share - basic and diluted	$ (0.10)	$ (0.21)	$ (0.15)	$ (1.42)
Weighted average number of common shares outstanding – basic and diluted	10,649,016	360,000	7,087,296	360,000

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

CENTENERA MINING CORPORATION *(formerly Artha Resources Corporation)*
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(Expressed in Canadian dollars)

	Share Capital				
	Shares	Amount	Deficit	Contributed Surplus	Total Shareholders' Equity
Balance, October 31, 2013	**360,000**	**$ 6,394,203**	**$ (5,042,393)**	**$ -**	**$ 1,351,810**
Net loss for the period	-	-	(509,602)	-	(509,602)
Other comprehensive income:					
Translation to presentation currency	-	-	-	-	
Balance, July 31, 2014	**360,000**	**6,394,203**	**(5,551,995)**	**-**	**842,208**
Net loss for the period	-	-	(1,058,024)	-	(1,058,024)
Other comprehensive income:					
Translation to presentation currency	-	-	-	-	
Capital reduction performed according to Argentinian company law dated May 2, 2014	(280,000)	(4,973,269)	4,973,269	-	-
Balance, October 31, 2014	**80,000**	**1,420,934**	**(1,636,750)**	**-**	**(215,816)**
Reverse shares of Cardero Argentina on RTO	(80,000)	-	-	-	-
Outstanding shares of Centenera immediately prior to RTO (note 3)	10,313,308	-	-	-	-
Share issued Centenera for the RTO (note 3)	23,743,781	1,031,831	-	40,663	1,072,494
Forgiveness of debt due to Cardero Resource Corp. (note 7)	-	-	308,523	-	308,523
Shares issued for cash (note 6)	9,500,000	950,000	-	-	950,000
Shares issue cost	-	(3,125)	-	-	(3,125)
Stock-based compensation (note 6)	-	-	-	27,148	27,148
Net loss for the period	-	-	(1,056,513)	-	(1,056,513)
Other comprehensive income	-	-	-	-	-
Translation to presentation currency	-	-	-	-	
Balance, July 31, 2015	**43,557,089**	**$ 3,399,640**	**$ (2,384,740)**	**$ 67,811**	**$ 1,082,711**

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

CENTENERA MINING CORPORATION *(formerly Artha Resources Corporation)*
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian dollars)

	For the nine months ended July 31, 2015	For the nine months ended July 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (1,056,513)	$ (509,602)
Items not affecting cash:		
Share based payments	27,149	-
Gain on settlement of debt	(3,600)	-
Expenses related to RTO	965,776	-
Unrealized foreign exchange loss	-	431,181
Changes in non-cash working capital items:		
Receivables	133,892	41,117
Accounts payable and accrued liabilities	(329,244)	44,534
Net cash outflow from operating activities	(262,540)	7,230
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash acquired in RTO	13,524	-
Expenditures on exploration and evaluation assets	(22,175)	(7,352)
Net cash used in investing activities	(8,651)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issuance costs	(3,125)	-
Proceeds from issuance of shares	550,000	-
Net cash provided by financing activities	546,875	
Change in cash for the period	275,684	(122)
Cash, beginning of the period	5,786	906
Cash, end of the period	$ 281,470	$ 784
Supplemental cash flow information		
Interest paid	$ -	$ -
Income tax paid	$ -	$ -

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Centenera Mining Corporation, formerly Artha Resources Corporation (the "Company") was incorporated under the laws of the Province of British Columbia, Canada on January 9, 2006. The Company's principal business activity is the exploration and evaluation of mineral properties located in Argentina. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol "CT".

The head office and principal address of the Company is Suite 2300 – 1177 West Hastings Street, Vancouver, BC V6E 2K3, Canada. The registered and records offices of the Company are located at Suite 415 – 1040 West Georgia Street, Vancouver, BC, V6E 4H1, Canada.

On June 18, 2015, the Company acquired all of the issued and outstanding common shares of Cardero Argentina S.A., a private company incorporated under the laws of Argentina ("Cardero Argentina"), owned by Cardero Resource Corp. ("Cardero"). As a result of this transaction, Cardero obtained a majority interest of the issued and outstanding shares of the Company resulting in a reverse takeover of the Company by Cardero (the "RTO"). Consequently, the Company has accounted for this transaction as a reverse acquisition for accounting purposes, with the acquiring entity being Cardero Argentina and the acquired entity being Centenera Mining Corporation. See note 3.

As at July 31, 2015, the Company has a working capital (deficit) of $525,536 (October 31, 2014 – ($215,816) and an accumulated deficit of $2,384,740 (October 31, 2014 - $1,636,750).

The Company is in the process of exploring and developing its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production or proceeds from the disposition thereof.

These condensed consolidated interim financial statements have been prepared under the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have financial resources to sustain operations in the long-term. There is no assurance that future financings will be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

The Board of Directors of the Company approved the condensed consolidated interim financial statements on September 9, 2015.

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments.

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2. BASIS OF PREPARATION *(Cont'd…)*

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended October 31, 2014.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

Subsidiary	Proportion of Ownership Interest	Country of Incorporation	Principle Activity
Takbel S.A.	100%	Uruguay	Holding
Minera Argentina del Norte S.A.	100%	Argentina	Exploration
Minera Crosby S.A.	100%	Argentina	Holding
Cardero Argentina S.A.	100%	Argentina	Exploration

The Company consolidates its subsidiaries on the basis that it controls the subsidiary through its ability to govern its financial and operating activities. The accounts of Takbel S.A., Minera Argentina del Norte S.A. and Minera Crosby S.A. were subsidiaries of the Company prior to the completion of the RTO (note 3). Therefore, their results are only included in these financial statements from the date of the RTO transaction.

All intercompany transactions and balances are eliminated on consolidation.

Reporting currency and foreign currency translation

The financial statements of the Company are presented in Canadian dollars, which is the financial currency of the parent company. The functional currency of Cardero Argentina prior to the completion of the RTO was the Argentine peso. On completion of the RTO, the functional currency of Cardero Argentina became the Canadian dollar.

Significant accounting judgments, estimates and assumptions

The preparation of these condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of expenses during the period. Actual results could differ from these estimates.

These condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are 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. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The most significant estimates relate to the valuation of deferred income tax assets and impairment testing. The Company has reviewed its exploration and evaluation assets for indications of impairment and determined that the capitalized balances of exploration and evaluation assets are fairly stated as disclosed in note 4. The value of deferred tax assets is evaluated based on the probability of realization; the Company has assessed that it is improbable that such assets will be realized and has accordingly not recognized a value for deferred taxes.

2. BASIS OF PREPARATION *(Cont'd…)*

Significant accounting judgments, estimates and assumptions *(cont'd…)*

The most significant judgments relate to determining that the transaction between the Company and Cardero Resource Corp. (note 3) constituted a reverse acquistion, the recoverability of capitalized amounts, the determination of the economic viability of a project and whether the going concern assumption is appropriate.

New standards not yet adopted

IFRS 9 *Financial Instruments (Revised)*

IFRS 9 incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing recognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*. The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 9 on the Company's financial instruments has not yet been determined.

Other accounting pronouncements with future effective dates are not expected to have an impact on the Company's financial statements.

3. REVERSE TAKEOVER TRANSACTION

On June 18, 2015, the Company completed the acquisition of all of the issued and outstanding shares of Cardero Argentina S.A. ("Cardero Argentina"). Cardero Argentina was a wholly owned subsidiary of Cardero Resource Corp. ("Cardero"), except as to one share owned by Hendrik van Alphen, and is a mineral exploration company with properties located in Argentina. As consideration for the acquisition, as well as for services provided by Cardero relating to the RTO, the Company paid to Cardero US$50,000 cash and issued 23,743,781 common shares to Cardero.

Prior to giving effect to the acquisition and concurrent financings (note 6b), the Company's issued and outstanding share capital consisted of 10,318,308 common shares after giving effect to a 1 (new) to 10 (old) share consolidation completed by the Company in January 2015. As a result of the Company issuing 23,743,781 common shares, Cardero Resources received an approximate 69.7% interest in the Company, prior to the concurrent financings (note 6b).

Because the transaction resulted in a change of control of the Company, the transaction is considered a purchase of the Company's operations by Cardero Argentina and is accounted for as a reverse acquisition. As Cardero Argentina is deemed to be the acquirer for accounting purposes, its assets and liabilities and operations since incorporation are included in the consolidated financial statements at their historical carrying value. Accordingly, the Company's historical results of operations are ignored and the Company's current results of operations are included in the financial statements of the Company from the date of the RTO onwards. In conjunction with the RTO, the Company changed its financial year-end from December 31 to October 31.

The acquisition of the Company by Cardero Argentina was accounted for as a share-based payment. The fair value of the outstanding shares and warrants of the Company was determined to be $1,072,494 based on their market.

3. REVERSE TAKEOVER TRANSACTION *(Cont'd...)*

value immediately prior to the RTO. The Company also incurred an additional $178,458 of transaction costs that were attributable to the RTO. The excess of the purchase price and related costs over the fair value for the net assets acquired was recognized in the statement of comprehensive loss. The determination and allocation of the purchase price is summarized below:

Share-based payment – acquisition of the Company	$	1,072,494
Costs directly associated with RTO		178,458
	$	1,250,952
Allocation of purchase price:		
Net working capital deficiency	$	(249,823)
Exploration and evaluation asset		535,000
Charge related to public company listing		965,775
	$	1,250,952

4. EXPLORATION AND EVALUATION ASSETS

Title to Mineral Property Interests

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

Crosby Property – Argentina

Prior to the Company completing the RTO with Cardero Argentina the Company entered into a property option agreement (the "Option Agreement") made September 18, 2009 (the "Acceptance Date"), whereby the Company obtained an option to acquire certain exploration properties, located in the Province of Jujuy in Argentina, including certain exploration permits, licenses and applications comprising the Crosby property (the "Crosby Property"), from Davcha Resources International Limited ("DRI",) a private British Columbia company.

To exercise the option the Company must issue and allot to DRI 1,850,000 common shares of which 850,000 have been issued to date. The remaining 1,000,000 common shares must be issued upon the Company receiving a bankable feasibility report ("BFR") on one of the Properties within eight years of the Acceptance Date. Provided that if the BFR is not received within the said eight years, the total consideration will be reduced to 850,000 shares (issued) of the Company.

As at the completion of the RTO, the Company still held the following interests in the Crosby Property that was acquired pursuant to the Option Agreement:

The Company assumed and subsequently earned DRI's option to acquire a 94% interest in the Crosby Property, subject to a 2% net smelter royalty, in consideration for assuming DRI's obligation to pay the underlying property owner US$215,000 (paid), agreeing to reimburse approximately AU$169,105 (paid) in exploration costs and advances incurred by the property optionor, and the assumption of certain other obligations of DRI under the Option Agreement. The Company acquired the remaining 6%, from a third party, immediately prior to the RTO for a cash payment of $35,000.

4. EXPLORATION AND EVALUATION ASSETS (*Cont'd...)*

Organullo Property – Argentina

Pursuant to an agreement dated October 1, 2004, between the Company and an Argentinean individual, the Company purchased a 100% interest in eight minas in Salta Province, Argentina, in consideration of the issuance of 70,000 common shares. The Organullo property is in good standing.

Mina Angela Property – Argentina

The Company entered into an acquisition agreement in April 2004, pursuant to which, the Company acquired a 100% interest in 44 mineral concessions in Chubut Province, Argentina, subject to a 1% NSR to the vendor, in consideration of aggregate cash payments to the vendor of US$400,000 (paid). The Company now owns the property 100%.

Schedule of exploration and evaluation expenditures for the period ended July 31, 2015 and year ended October 31, 2014:

	Organullo	Mina Angela	Crosby	Total
Balance, October 31, 2013	**$ 879,514**	**$ -**	**$ -**	**$ 879,514**
Deferred exploration costs				
Claim maintenance	11,863	-	-	11,863
Total expenditures for the year	11,863	-	-	11,863
Impairment	(891,377)	-	-	(891,377)
Balance, October 31, 2014	**-**	**-**	**-**	**-**
Acquisition costs				
Acquisition costs – RTO	-	-	535,000	535,000
Total acquisition costs	-	-	535,000	535,000
Deferred exploration costs				
Claim maintenance	15,590	6,585	-	22,175
Total exploration costs	15,590	6,585	-	22,175
Total expenditures for the year	15,590	6,585	535,000	22,175
Balance, July 31, 2015	**$ 15,590**	**$ 6,585**	**$ 535,000**	**$ 557,175**

5. TECK SETTLEMENT AGREEMENT AND CONVERTIBLE PROMISSORY NOTE

Prior to the Company completing the RTO with Cardero Argentina the Company entered into an option/joint venture agreement made effective September 18,2012(the "Option Agreement") with Teck Argentina Ltd. ("Teck") to acquire a 100% interest in the Aguilar property located in Jujuy Province, Argentina. The Option Agreement provided for certain firm expenditures commitments that the Company did not met.

On April 23, 2015, the Company and Teck agreed to terminate the Option Agreement. The termination eliminated any liability relating to prior and future expenditure commitments. As consideration, the Company paid Teck US$10,000, issue a convertible promissory note (the "Promissory Note") for $39,240 (US$30,000) and issued to Teck 1,500,000 units (the "Settlement Units").

5. TECK SETTLEMENT AGREEMENT AND CONVERTIBLE PROMISSORY NOTE *(Cont'd...)*

The Settlement Units were issued by the Company prior to the completion of the RTO (see note 3). Each Settlement Unit consists of one common share of the Company and one-half of one common share-purchase warrant, with each whole warrant entitling Teck to purchase one common share of the Company at a price of $0.18 per share for a period of 24 months from the date of issuance.

The Promissory Note has a maturity date of June 18, 2017, and bears simple interest at 5% per annum. The Company shall pay Teck at least 2% of the gross proceeds of any financing, up to US$30,000, in the interim period as payment towards the outstanding indebtedness as well as interest.

The Company may prepay the Promissory Note in whole or in part at any time and from time to time, without notice, bonus or penalty; provided that with any partial prepayment of the Promissory Note, the Company shall then pay all interest which has accrued on the Promissory Note and remains unpaid. The conversion terms of the Promissory Note are as follows:

"Conversion Price" means the price per security at which the Financing Securities are offered pursuant to a Financing;

"Financing" means each private placement of Financing Securities of the Company conducted by the Company in Canada or the United States prior to the earlier of the Maturity Date and the repayment of the Indebtedness in full; and

"Financing Securities" means the equity securities being offered and issued by the Company pursuant to a Financing.

As far in advance as reasonably possible prior to a Financing, and in any case at least 10 business days prior to the closing of the Financing, the Company shall send to Teck a written notice of the Financing containing all relevant details of the Financing and accompanying documentation. Upon receipt of such notice, Teck may, in its sole discretion elect to convert all (but not part) of the Promissory Note into Financing Securities at the applicable Conversion Price by delivering written notice to the Company prior to the closing of the Financing.
Any conversion made will be made on the same terms and conditions as that offered to the subscribers under the Financing.

6. SHARE CAPITAL AND RESERVES

a. Authorized

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

b. Share issuances

During the period ended July 31, 2014, Cardero Argentina did not issue any new shares.

During the period ended July 31, 2015, the Company issued the following shares:

On June 18, 2015, the Company issued 23,743,781 to Cardero for the acquisition of the issued and outstanding shares of Cardero Argentina accounted for as an RTO (note 3).

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

On June 18, 2015, the Company completed a private placement of 9,500,000 units at $0.10 per unit (each unit consisting of one common share and one common share purchase warrant). Of the $950,000 in aggregate gross proceeds received from the offering, $400,000 (representing payment for 4,000,000 units) was paid by way of a guarantee received by the Company pursuant to Section 64(3) (a)(ii) of the *Business Corporations Act* (British Columbia). As such, this $400,000 amount of gross proceeds is recorded by the Company as an account receivable. The guarantee was delivered to the Company pursuant to a side letter agreement between the Company and KF Business Ventures LP (the "Subscriber") dated April 17, 2015, as amended (the "Side Letter Agreement"). The Side Letter Agreement provides, among other things, that the $400,000 payment made by the guarantee shall be substituted by money paid by the Subscriber to the Company in a series of tranches consisting of $100,000 on November 15, 2015, $150,000 on January 15, 2016 and $150,000 on March 15, 2016. Furthermore, the Side Letter Agreement provides that, until such time as the payment substitution is made, the certificates representing the purchased securities paid for by the guarantee will be kept in escrow, and that, until such time as the securities are released to the Subscriber upon payment of money to the Company in respect of same, the Subscriber (i) will have no entitlement to dividends or distributions paid on the securities, (ii) will exercise any voting rights attached to the securities as directed by management of the Company and (iii) will not sell, transfer or encumber the securities.

c. Escrow Shares

At July 31, 2015, there were 21,369,403 shares held in escrow with the Company's registrar and transfer agent (excluding the 4,000,000 units escrowed pursuant to the Side Letter Agreement). These shares will be released from escrow in equal tranches of 3,561,567 common shares beginning on December 19, 2015 and every six months thereafter.

d. Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time-to-time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed a rolling 10% of the Company's issued and outstanding common shares at the time the options are granted. Such options will be exercisable for a period of up to five years from the date of grant. Vesting of stock options is at the discretion of the Board of Directors.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
As at October 31, 2014 and 2013[(1)]	-	$ -
Options granted	3,350,000	0.07
As at July 31, 2015	3,350,000	$ 0.07

(1) Cardero Argentina is deemed to be the acquirer (under the RTO) for accounting purposes. Its assets and liabilities and operations since incorporation are included in the consolidated financial statements at their historical carrying value. See note 3.

The weighted average remaining contractual life of options outstanding at July 31, 2015 was 0.96 (2014 – N/A) years.

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

Stock options outstanding are as follows:

Number of Options	Exercise Price	Expiry Date
3,350,000	$ 0.07	July 17, 2016
3,350,000		

The Company uses the Black-Scholes option pricing model to value stock options granted. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values. For purposes of the calculation and disclosures, the following weighted average assumptions were used:

	July 31, 2015
Risk-free interest rate	0.39%
Expected life of options	1.00
Annualized volatility	94.6%
Dividend rate	-
Forfeiture rate	0%

Share based payments payment charges for the period ended July 31, 2015 totalled $27,149.

d. Warrants

The following common share purchase warrants entitle the holders thereof to purchase one common share for each warrant. Warrants transactions are as follows:

	Number of Warrants	Weighted Average Exercise Price
As at October 31, 2014 and 2013	-	$ -
Warrants assumed on completion of RTO	1,062,500	0.16
Warrants issued on concurrent financing	9,500,000	0.15
As at July 31, 2015	10,562,500	$ 0.15

The weighted average remaining contractual life of warrants outstanding at July 31, 2015 was 1.89 (2014 – Nil) years.

Warrants outstanding are as follows:

Number of Warrants	Exercise Price	Expiry Date
312,500	$ 0.12	May 15, 2017
750,000	$ 0.18	May 19, 2017
9,500,000	$ 0.15	June 22, 2017
10,562,500		

7. RELATED PARTY TRANSACTIONS

During the period ended July 31, 2015 and 2014, the Company entered into the following transactions with related parties:

Management compensation

Key management personnel compensation is comprised of the following:

For the nine months ended July 31	2015	2014
Salaries and benefits to CEO	$ 13,500	$ -
Consulting fees to CFO	6,750	-
Directors fees (included in salaries and benefits)	25,569	18,896
Share-based payments to CEO, CFO and directors	24,717	-
	$ 70,536	$ 18,896

Transactions with other related parties

For the nine months ended July 31	2015	2014
Consulting fees to a Corporate Secretary	$ 3,000	$ -
Office expenses to Marvel Office Management Ltd. a company with directors in common	2,050	-
Share-based payments to Corporate Secretary	1,216	-
	$ 6,266	$ -

As at October 31, 2014, the Cardero Argentina had a balance owing of $308,523 to its parent Company, Cardero Resource Corp. (“Cardero”). This balance was unsecured, non-interest bearing and was due on demand. Prior to completion of the RTO, Cardero agreed to forgive this balance in full. A credit of $308,523 was recorded directly to deficit on reversal.

Ultimate parent and controlling party

At July 31, 2015, Cardero owned greater than 50% of the Company’s issued common shares. At October 31, 2014, it owned 100% of Cardero Argentina’s issued common shares with the exception of one share held by Hendrik van Alphen (a director of both Cardero and the Company). Cardero is a public company with common shares listed on the TSX.

8. FINANCIAL RISK MANAGEMENT AND MANAGEMENT OF CAPITAL

Fair value

The fair value of the Company’s financial instruments approximates the carrying amount due to their short term nature and capacity for prompt liquidation.

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

Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash. Cash deposits are maintained with Canadian financial institutions of reputable credit and are redeemable on demand.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is engaged in ongoing evaluation of opportunities to improve its financial position which includes, but is not limited to, additional equity financings, obtaining exploration partners and/or the sale of assets. At July 31, 2015, the Company has working capital of $525,536.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no outstanding debt subject to interest. Accordingly, the Company does not believe it is exposed to significant interest rate risk.

Foreign exchange risk

The Company's exploration work is conducted in Argentina. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in foreign currency.

The Company's operating expenses are incurred primarily in Canadian dollars; its exploration programs are primarily in Argentina and are denominated in either United States dollars or Argentine Pesos. The fluctuation of the Canadian dollar will, consequently, have an impact upon the reported profitability of the Company and may also affect the value of the Company's assets and liabilities. The Company continuously monitors this exposure to determine if any mitigation strategies become necessary.

Price risk

The Company is exposed to price risk with respect to commodity prices, particularly those included in its exploration and evaluation asset portfolio. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

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

Management of capital

The Company's objectives in managing its capital (items included in shareholders' deficiency) are to fund acquisition, exploration and development of its exploration and evaluation assets and to meet its administrative and corporate activities to ensure that the Company continues as a going concern.

The Company is an exploration stage company and is currently unable to self-finance its operations. The Company has historically relied on equity financings to raise sufficient funds to carry out its exploration and acquisition activities and pay its administrative costs. Therefore, the Company intends to raise additional funds as required to carry out its planned activities**.**

The Company manages the capital structure and makes appropriate adjustments to it based upon changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt and acquire or dispose of assets. In order to manage its capital requirements management has put into place a planning and budgeting process.

The Company is not subject to any externally imposed capital requirements or restrictions and there were no changes to the Company's approach to managing capital during the period ended July 31, 2015.

9. SEGMENTED INFORMATION

The Company operates in one industry segment, the mineral resources industry, and in two geographical segments, Canada and Argentina. The significant asset categories identifiable with these geographical areas are as follows:

	July 31, 2015			October 31, 2014
	Canada	**Argentina**	**Total**	**Argentina**
Exploration and evaluation assets	$ -	$ 557,175	$ 557,175	$ -
Cash	167,612	113,858	281,470	5,786
Others	414,039	94,116	508,155	235,077
Total Assets	$ 581,651	$ 765,149	$ 1,346,800	$ 240,863

For the nine months ended July 31	**2015**	**2014**
Net loss for the period - Canada	$ 1,035,315	$ -
Net loss for the period - Argentina	21,198	509,602
Net loss for the period	$ 1,056,513	$ 509,602