PANORO MINERALS LTD.

Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2021 and 2020

(Expressed in Canadian dollars, unless otherwise stated)

Unaudited – prepared by management)

Notice of No Auditor Review

These unaudited condensed interim financial statements have not been reviewed by the auditors of the Company. This notice is being provided in accordance with Section 4.3 (3) (a) of National Instrument 51-102 – Continuous Disclosure Obligations.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The unaudited condensed consolidated interim financial statements of Panoro Minerals Ltd. ("the Company") are the responsibility of the Company's management. The unaudited condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and reflect management's best estimates and judgments based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded, and financial information is reliable.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls through its Audit Committee, which is comprised of non-management directors. The Audit Committee reviews the unaudited condensed interim consolidated financial statements prior to their submission to the Board of Directors for approval.

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

"Luquman A. Shaheen"
Luquman A. Shaheen
President and Chief Executive Officer
Vancouver, British Columbia

"Shannon M. Ross"
Shannon M. Ross
Chief Financial Officer
Vancouver, British Columbia

PANORO MINERALS LTD.

Condensed Consolidated Statement of Financial Position - unaudited
Expressed in Canadian Dollars, unless otherwise stated

	Note	September 30, 2021	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents		$ 837,256	$ 752,453
Marketable securities		600	933
Accounts and advances receivable		223,893	93,927
Agreement receivable, current	5, 17(b)	1,336,314	1,273,200
Prepaid expenses		39,589	22,161
Total current assets		2,437,652	2,142,674
Non-current assets			
Agreement receivable, non-current	5, 17(b)	1,117,451	1,064,674
Exploration and evaluation assets	6	70,805,297	74,653,664
Property and equipment	7	312,587	29,566
Total assets		$ 74,672,987	$ 77,890,578
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities		$ 1,517,239	$ 1,438,605
Current portion of lease liabilities	8	34,721	17,950
Liabilities under Early Deposit Precious Metals Agreement	9	12,103,950	10,185,600
		13,655,910	11,642,155
Long term portion of lease liabilities		252,273	-
Deferred income tax liability		851,648	851,648
Liabilities under Early Deposit Precious Metals Agreement	9	2,548,200	2,546,400
Total liabilities		17,308,031	15,040,203
Shareholders' equity			
Share capital	10	94,058,458	94,035,125
Share-based expense reserve	10	12,180,753	12,180,753
Accumulated other comprehensive loss		(9,400)	(9,067)
Deficit		(48,864,855)	(43,356,436)
Total shareholders' equity		57,364,956	62,850,375
Total liabilities and shareholders' equity		$ 74,672,987	$ 77,890,578

Going concern (Note 3)
Commitments (Note 12)
Subsequent events (Notes 5 10, and 17)

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

Approved on behalf of the Board:

"Luquman A. Shaheen" "William J. Boden"

PANORO MINERALS LTD.

Condensed Consolidated Interim Statements of Comprehensive Loss
Expressed in Canadian Dollars, unless otherwise stated - unaudited

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Expenses				
Amortization	$ 9,723	$ 8,400	$ 25,790	$ 60,778
Audit and tax	11,870	14,415	78,543	90,603
Communications	14,371	8,072	46,537	43,082
Consulting	-	1,287	11,178	9,287
Conferences	-	-	5,067	15,827
Directors' fees	5,126	18,154	48,166	57,780
Finance charges	4,641	751	4,969	3,833
Financial consulting	356,488	-	356,488	-
Corporate development and shareholder relations	23,675	11,500	73,864	18,966
Legal	155,037	5,228	202,451	57,990
Office	2,362	6,366	14,745	25,481
Professional dues and training	896	146	2,227	2,094
Regulatory and transfer agent	4,782	31,689	80,334	60,193
Rent and insurance	24,618	12,292	73,854	46,780
Salaries and benefits (Notes 8(a) and 9)	73,033	153,936	416,881	476,924
Travel	8,510	2,658	13,016	20,535
	695,132	274,894	1,454,110	990,153
Write-down of mineral property interests	4,820	488,556	4,109,252	488,556
Interest income	(216)	-	(335)	(335)
Proceeds on disposal of vehicles	-	-	-	(16,070)
Change in fair value of Early Deposit Precious Metals Agreement financial liability (Note 9)	330,725	(265,150)	(25,050)	236,925
Interest imputed on agreement receivable (Note 5)	(39,489)	-	(116,871)	-
(Gain) costs on disposition of mineral property interests	-	44,209	-	(1,709,419)
Foreign exchange loss	7,737	33,731	87,313	117,607
Loss for the period	**998,709**	**576,240**	**5,508,419**	**107,417**
Total other comprehensive (income) loss	200	33	333	(167)
Comprehensive loss for the period	**$ 998,909**	**$ 576,273**	**$5,508,752**	**$ 107,250**
Loss per share, basic and fully diluted	**$ 0.00**	**$ 0.00**	**$ 0.02**	**$ 0.00**
Weighted average number of common shares outstanding	**264,375,058**	**263,972,894**	**264,351,812**	**263,927,935**

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

PANORO MINERALS LTD.

Condensed Consolidated Interim Statements of Cash Flows - unaudited

Expressed in Canadian dollars, unless otherwise stated

	Nine months ended September 30, 2021	2020
Cash provided by (used for):		
Operating activities:		
Loss for the period	$ (5,508,419)	$ (107,417)
Items not involving the use of cash:		
Amortization	25,790	60,778
Share-based expense	-	35,000
Change in fair value of Early Deposit Precious Metals Agreement	(25,050)	236,925
Foreign exchange losses (gains)	87,313	117,607
Write-down of mineral property interests	4,109,252	488,556
Interest income on note receivable	(116,871)	-
Interest expense on lease liabilities	4,969	3,833
Gain on sale of vehicles	-	(16,070)
Gain on disposition of mineral property interests	-	(1,709,419)
	(1,423,016)	(890,207)
Changes in non-cash operating working capital:		
Accounts and advances receivable	(129,966)	172,399
Prepaid expenses	(17,428)	(22,994)
Short term portion of agreement receivable	(63,114)	-
Accounts payable	475,287	(68,647)
Cash used in operating activities	(1,158,237)	(809,449)
Investing activities:		
Exploration and evaluation expenditures	(1,238,776)	(1,946,979)
Equipment purchases	(16,542)	(13,280)
Proceeds from sale of mineral property interests	-	611,595
Funds received on JOGMEC earn-in agreement	977,893	1,135,736
Proceeds on sale of fixed assets	-	16,070
Accounts payable and accrued liabilities	(396,653)	(319,981)
Long term portion of agreement receivable	(52,778)	-
Recovery of value-added taxes	36,284	41,646
Cash used in investing activities	(690,572)	(475,193)
Financing activities:		
Repayment of lease liabilities	(28,316)	(51,045)
Interest expense on lease liabilities	(4,969)	(3,833)
Early Deposit Precious Metals Purchase Agreement	1,895,100	2,062,275
Cash provided by financing activities	1,861,815	2,007,397
Effect of exchange rate changes on cash held	71,797	(126,518)
Increase in cash and cash equivalents	84,803	596,237
Cash and cash equivalents, beginning of period	752,453	470,085
Cash and cash equivalents, end of period	**$ 837,256**	**$ 1,066,322**

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

PANORO MINERALS LTD.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity - unaudited
For the nine months ended September 30, 2021 and 2020
Expressed in Canadian Dollars, unless otherwise stated

	Number of Shares	Capital Stock	Share-Based Expense Reserve	Accumulated Comprehensive Loss	Deficit	Total
Balance, December 31, 2019	263,837,522	$ 94,000,125	$ 12,180,753	$ (9,700)	$(42,273,311)	$ 63,897,867
Other comprehensive income	-	-	-	167	-	167
Shares issued in lieu of cash compensation	350,883	35,000	-	-	-	35,000
Loss for the period	-	-	-	-	(107,417)	(107,417)
Balance, September 30, 2020	264,188,405	$ 94,035,125	$ 12,180,753	$ (9,533)	$(42,380,728)	$ 63,825,617
Balance, December 31, 2020	264,188,405	$ 94,035,125	$ 12,180,753	$ (9,067)	$(43,356,436)	$ 62,850,375
Other comprehensive loss	-	-	-	(333)	-	(333)
Loss for the period	-	-	-	-	(5,508,419)	(5,508,419)
Shares issued in lieu of cash compensation (Note 10)	186,653	23,333	-	-	-	23,333
Balance, September 30, 2021	264,375,058	$ 94,058,458	$ 12,180,753	$ (9,400)	$(48,864,855)	$ 57,364,956

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

1. Nature of operations

Panoro Minerals Ltd. is incorporated under the *Business Corporations Act* in the Province of British Columbia. The Company's principal place of business is located at Suite 480 – 505 Burrard Street, Vancouver, BC, Canada V7X 1M3.

Panoro Minerals Ltd. and its subsidiaries are referred to as "Panoro" or the "Company."

The Company is an exploration-stage company engaged principally in the acquisition, exploration and development of mineral properties in Perú and trades on the TSX Venture Exchange (the "Exchange") as a Tier 2 mining issuer under the trading symbol "PML". The Company also trades on the Bolsa de Valores de Lima under the same trading symbol, and on the OCTQB under the symbol "POROF".

The Company's investment in its exploration and evaluation assets comprises a significant portion of the Company's assets. Recovery of the carrying value of the investment in these assets and the Company's ability to continue operations are dependent upon the existence of economically recoverable reserves, confirming and maintaining legal ownership of the resource properties, the ability of the Company to obtain necessary financing to complete the exploration and development, and the attainment of future profitable production or the disposition of these assets for proceeds in excess of their carrying values.

2. Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("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").

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on November 26, 2021.

3. Going concern

These condensed consolidated interim financial statements have been prepared on a going concern basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge is liabilities in the normal course of business.

The Company has no operating revenue and incurred a loss of $5,508,419 for the nine months ended September 30, 2021 (2020 – $107,417). As at September 30, 2021, the Company has an accumulated deficit of $(48,864,855) (December 31, 2020 - $43,356,436), and a working capital deficiency of $11,218,258 (December 31, 2020 – working capital deficiency of $9,499,481), with the inclusion of the current portion of the Wheaton Metals Agreement, which has a balance of $12,103,950 (December 31, 2020 - $10,185,600).

3. Going concern (continued)

Although the Company presently has sufficient financial resources to cover its existing obligations and operating costs and undertake its currently planned programs for the next year, the Company expects to require further funding in the longer term to fund ongoing exploration and evaluation activities and ultimately develop its properties.

While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company. These conditions create a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

As of September 30, 2021, the Company has received US$11,500,000 pursuant to the Agreement, and will receive US$750,000 on a semi-annual basis if it meets the terms under which the funds will be advanced.

The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or achieve operating profitability and generate positive cash flows. The Company is in the business of exploring and developing mineral property interests, and as such, must continually seek sources of financing to further develop and explore its mineral exploration and evaluation assets and to support general and administrative expenses.

The recoverability of amounts shown for exploration and evaluation assets and property and equipment is dependent upon, among other things, the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary mining and environmental permits, and future profitable production or proceeds from the disposition of the exploration and evaluation assets.

The Company will continue to seek additional financing through the sale of mineral property interests, debt financing, and equity financing, and optioning its other mineral property interests. However, it is not certain that such financing will be available. The Company may be adversely impacted by a lack of normal available financing, inability to maintain mining licenses, and continued uncertainty in the exchange and commodity markets.

These financial statements do not reflect material adjustments to the carrying values of its assets and liabilities, which may be required should the Company be unable to continue as a going concern. These adjustments could be material.

3. Going concern (continued)

In March 2020, the World Health Organization declared coronavirus COVID-19 ("COVID-19") a global pandemic. This contagious disease outbreak, which continues to spread with different variants, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn in many areas of the world. It is not possible for the Company to predict the continuing duration or magnitude of the adverse results of the outbreak and its effects on the Company's business; however, the impact of the pandemic could continue to impact our ability to obtain financing to fund exploration activities as well as the ability to conduct our exploration programs as efficiently as prior to the pandemic, due to delays in transportation, COVID-19 protocols, and other unanticipated delays.

4. Significant accounting policies

The preparation of condensed interim consolidated financial statements in accordance and compliance with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a basis consistent with those followed for the Company's most recent annual consolidated financial statements for the year ended December 31, 2020. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Actual results may differ from these estimates.

The functional and reporting currency of the Company and its subsidiaries is the Canadian dollar.

There are no new IFRS standards issued, but not yet effective, that will affect the financial statements of the Company.

5. Agreement receivable

On June 10, 2020, the Company entered into an agreement for sale on the Cochasayhuas property in Perú for an initial balance of US$2,450,000 payable in installments through 2023, to be paid in installments, plus a 5% Net Smelter Returns royalty ("NSR") for 15 years from the commencement of commercial production. A discount rate of 7.0% has been applied in determining the fair value of the proceeds receivable at the inception of the transaction. (See Note 17 (b) – Subsequent Events)

The cash installments were to be paid by Mintania to the Company according to the following schedule:

- US$450,000 in 2020 (received);
- US$1,000,000 in 2021;
- US$ 750,000 in 2022; and
- US$ 250,000 in 2023

Expressed in Canadian dollars, unless otherwise stated

5. Agreement receivable

Fair value of proceeds receivable from sale of Cochasayhuas on June 10, 2020	$	3,018,460
Payment received		(611,595)
Foreign exchange loss		(113,613)
Interest recorded on agreement receivable		160,513
Agreement receivable, September 30, 2021	$	2,453,765
Current portion of agreement receivable	$	1,336,314
Non-current portion of agreement receivable	$	1,117,451

6. Exploration and evaluation assets

The investment in and expenditures on mineral interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the confirmation of legal ownership of the properties, the attainment of successful production from the properties or from the proceeds of their disposal. These procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

During the nine months ended September 30, 2021, the Company announced that it has agreed with its joint venture partner, Japan Oil, Gas and Metals National Corporation ("JOGMEC"), to terminate the interim Agreement for the exploration of the Humamantata Project. The agreement was completed in 2018 providing for JOGMEC to earn up to a 60% project interest. There will be no impact of the termination to the interim financial statements, as the Company retains its full project interest.

Exploration and evaluation expenditures during the periods presented are as follows:

Expressed in Canadian dollars, unless otherwise stated

6. Exploration and evaluation assets (continued)

	Antilla	Cotabambas	Other	Total
Acquisition costs:				
Balance, December 31, 2020	$ 7,319,722	$ 4,925,035	$ 865,169	$13,109,926
Less write-down of acquisition costs	-	-	(698,790)	(698,790)
Balance, September 30, 2021	7,319,722	4,925,035	166,379	12,411,136
Exploration and evaluation expenditures incurred in the period:				
Amortization	-	151	-	151
Assays and sampling	-	-	513	513
Camp and site	4,052	38,650	363,450	406,152
Community relations	20,101	51,288	131,918	203,307
Environmental	-	483	14,696	15,179
Geology	-	107	200,454	200,561
Geophysics	-	-	19,627	19,627
Legal	28,702	2,297	7,573	38,572
Recording and concession fees, net of reversal of accruals	197,460	271,219	(105,758)	362,921
Transportation	3,413	2,947	21,719	28,079
Value added tax recovery	-	(36,284)	-	(36,284)
Incurred during the period	253,728	330,858	654,192	1,238,778
Funds received on JOGMEC earn-in agreement	-	-	(977,893)	(977,893)
Capitalized exploration and evaluation expenditures at December 31, 2020	10,447,246	46,967,380	4,129,112	61,543,738
Less write-down of capitalized exploration and evaluation expenditures	-	-	(3,410,462)	(3,410,462)
Capitalized exploration and evaluation expenditures at September 30, 2021	10,700,974	47,298,238	394,949	58,394,161
Total exploration and evaluation assets at September 30, 2021	**$18,020,696**	**$52,223,273**	**$561,328**	**$70,805,297**

Salaries and benefits allocation:				
Camp and site	4,052	-	329,375	329,375
Community relations	20,101	42,955	87,387	130,342
Geology	-	107	200,454	200,561
	$ 24,153	$ 43,062	$ 617,216	$ 660,278

Expressed in Canadian dollars, unless otherwise stated

7. Property and equipment

	Computer and office furnishings	Equipment	Leasehold improvements	Right of use assets	Total
Cost:					
Balance, January 1, 2021	$ 169,035	$ 120,765	$ 94,704	$ 380,425	$ 764,929
Additions during the period	2,864	-	13,678	292,420	308,962
Dispositions during the period	-		(94,704)	(380,425)	(475,129)
Balance, September 30, 2021	171,899	120,765	13,678	292,420	598,762
Accumulated amortization:					
Balance, January 1, 2021	152,647	120,765	94,704	367,247	735,363
Adjustments during the period		-	(94,704)	(380,425)	(475,129)
Amortization for the period	4,664	-	379	20,898	25,941
Balance, September 30, 2021	157,311	120,765	379	$ 7,720	286,175
Net book value: September 30, 2021	$ 14,588	$ -	$ 13,299	$ 284,700	$ 312,587

Amortization of $151 for the nine months ended September 30, 2021 (2020 - $303) relates to exploration and evaluation expenditures and has been capitalized to the exploration and evaluation assets (Note 6).

Expressed in Canadian dollars, unless otherwise stated

8. Right-of-use assets and lease liabilities

During the nine months ended September 30, 2021, the Company had a lease agreement for the headquarter office space in Vancouver, British Columbia which expired. The Company signed a new lease agreement commencing August 1, 2021, for a period of 6 years. The Company has recognized $292,420 as a right-of-use (“ROU”) asset and a lease liability of the same amount. No new office space has been leased in Lima, Peru.

The lease liability can be reconciled to the operating lease obligations as of September 30, 2021, and December 31, 2020, as follows:

Lease liabilities recognized as of December 31, 2019(1)	$ 96,792
Repayment of lease liabilities	(74,420)
Interest accrued on lease liabilities	4,386
Interest payment on lease liabilities	(4,386)
Unrealized foreign exchange gain	(4,422)
Lease liability recognized as of December 31, 2020	17,950
New lease liability, recognized at August 1, 2021	292,420
Repayment of lease liabilities	(23,676)
Interest accrued on lease liabilities	4,969
Interest payment on lease liabilities	(4,969)
Lease liability recognized as of September 30, 2021	286,994
Current portion of lease liability	$ 34,721
Long-term portion of lease liability	$ 252,273

(1) The lease liabilities were discounted using an incremental rate, of 9.57% per annum.

During the nine months ended September 30, 2021, the Company recognized occupancy expenses of $21,509 (December 31, 2020 - $34,938).

As of September 30, 2021, the remaining undiscounted lease payments, including non-lease components, are disclosed in Note 13 – Commitments

Expressed in Canadian dollars, unless otherwise stated

9. Early Deposit Precious Metals Agreement

Liabilities under Precious Metals Purchase Agreement	Fair value balance, December 31, 2020	2021 Cash flows	Foreign exchange	Fair value balance, September 30, 2021
Current liabilities	$ 10,185,600	$1,895,100	$ (23,250)	$ 12,103,950
Long-term liabilities	2,546,400	-	(1,800)	2,548,200
	$ 12,732,000	$ 1,895,100	$ (25,050)	$ 14,652,150

On March 21, 2016, the Company entered into a precious metals purchase agreement (the “PMPA” or the “Agreement”) with Wheaton Precious Metals International Ltd. (“Wheaton Metals”) in respect of the Cotabambas project located in Perú. The term of the Agreement continues in effect for 20 years and automatically renews for successive ten-year periods until Wheaton Metals terminates the Agreement.

The principal terms of the Agreement are such that Wheaton Metals will pay the Company upfront cash payments totaling US$140.0 million (the “Deposit”) for 25% of the payable gold production and 100% of the payable silver production (decreasing to 16.67% of the payable gold production and 66.67% of the payable silver production after a certain production volume has been delivered to Wheaton Metals from the Company’s Cotabambas Project in Perú. In addition, Wheaton Metals will make production payments to the Company of the lesser of the market price and US$450 per payable ounce of gold and US$5.90 per payable ounce of silver delivered to Wheaton Metals, increasing annually by 1%, four years after commencement of commercial production, over the life of the Company’s Cotabambas Project. Any excess of the market price and the fixed payments will be credited against the Deposit until the Deposit is nil. If by the expiry of the term of the Agreement the Company has not delivered enough production to reduce the Deposit to nil, the uncredited balance will be repaid to Wheaton Metals.

The Agreement provides for the Company to receive US$14.0 million of the Deposit (the “Early Deposit”) prior to the Company completing a feasibility study on the Cotabambas project. Payments under the Early Deposit total US$2.0 million in the first year and instalments of US$750,000 semi-annually thereafter until the full US$14.0 million has been advanced. The Early Deposit also included provisions to accelerate a portion of the remaining payments, whereby Wheaton Metals will accelerate payment of an amount equal to the amount of funds raised in any offering of equity securities for the purpose of exploration of the Cotabambas project during the period January 27, 2016, to March 21, 2018, up to a maximum of US$3.5 million for all such offerings. The Company received US$2.0 million under the accelerated program.

Under the Early Deposit provisions the Company must meet certain minimum working capital requirements. The balance of US$126.0 million is payable in instalments during construction of the Cotabambas Project, should Wheaton Metals elect to proceed with the Agreement.

9. Early Deposit Precious Metals Agreement (continued)

Wheaton Metals may terminate the Agreement at any point up to 90 days following delivery of a feasibility study on the Cotabambas project upon giving the Company three months' notice, in which case all Early Deposit amounts advanced less US$2.0 million will become repayable. Wheaton Metals can elect to be repaid in cash or shares, with the deferral of cash payments under certain conditions for up to two years. If Wheaton Metals elects to terminate the Agreement and be repaid with cash, interest will accrue at prime plus 8% per annum if repayment has not been made within two years of notice of termination. Wheaton Metals may also terminate the Agreement at different points during the term of the Agreement if certain production delays occur, in which case the uncredited deposit will be repayable to Wheaton Metals.

Following a change of control, subject to certain conditions, the Company has a one-time option to repurchase 50% of the precious metals stream with a payout based on the greater of: (i) a minimum fixed return (ii) a return based on appreciation of precious metals prices over the term of the Agreement and (iii) a return based on appreciation of the share price of the Company over the term of the agreement.

At September 30, 2021, the Company had received a total of US$11.5 million under the Early Deposit, in thirteen payments including an accelerated payment of US$2.0 million received after the successful completion of a private placement in August 2016.

10. Share capital

(a) Authorized – unlimited common shares without par value.

Issued and outstanding:

264,375,058 common shares (December 31, 2020 – 264,188,405 common shares)

During the period, 186,653 common shares were issued as payment of $23,333 in salary earned in the year ended December 31, 2020, but not issued from the treasury until fiscal 2021.

(b) Stock options

Stock options to purchase common shares have been granted to directors, employees, contractors and consultants at exercise prices determined by reference to the market value on the date of the grant. The number of shares available for options to be granted under the Company's rolling stock option plan is 10% of the number of shares outstanding (the "Plan") as amended, at the Annual General Meeting held on June 24, 2021 Options granted under the Plan vest immediately, or over a period of time, at the discretion of the Board of Directors.

Expressed in Canadian dollars, unless otherwise stated

10. Share capital (continued)

(b) Stock options (continued)

A summary of the status of the Company's stock options as at December 31, 2020, and for the nine months ended September 30, 2021, are as follows:

	Number of Options	Weighted average exercise price
Balance, December 31, 2020	20,097,800	$ 0.24
Stock options expired, unexercised	1,400,000	$ 0.24
Balance, September 30, 2021	18,697,800	$ 0.24

The following summarizes information about stock options outstanding and exercisable at September 30, 2021:

Year of expiry	Number of options	Weighted average exercise price
2021	7,447,800	$0.20
2022	600,000	$0.20
2023	6,650,000	$0.34
2024	4,000,000	$0.15
	18,697,800	$0.24

(c) The weighted average life of exercisable options outstanding as of September 30, 2021, is 1.2 years (December 31, 2020 – 1.9 years). Subsequent to September 30, 2021, 6,847,800 of the Company's stock options, exercisable at a price of $0.20, expired, unexercised.

(d) Share purchase warrants

At September 30, 2021, there were no share purchase warrants exercisable.

11. Related party transactions

The Company had no transactions between directors and officers and/or companies controlled by directors or officers in common with the Company. At September 30, 2021, there was $5,250 payable to officers of the Company for expenses incurred on behalf of the Company and $15,708 payable to two directors of the Company for directors' fees (December 31, 2020: $23,333).

Expressed in Canadian dollars, unless otherwise stated

12. Commitments

The Company has the following commitments and payments due as of September 30, 2021:

	2021	2022	2023	2024	2025	Total
Office lease (Vancouver)	$ 25,694	$ 103,658	$ 105,467	$ 107,366	$ 109,264	$ 451,360
Accrued vigencias	$ 602,878	-	-	-	-	602,878
Accounts payable	$ 473,244	-	-	-	-	473,244
Accrued liabilities	$ 441,117	-	-	-	-	441,117

Vigencias (or recording fees) of US$3 per hectare are not commitments, but rather the annual payments required to maintain mineral concessions in good standing with the Perúvian government. The ultimate amount to be paid is based on a formula relating to exploration costs incurred, offset against the basic fee and penalty. After the 6th year, an annual penalty must be paid per hectare, starting at US$6 per hectare, until after 12 years, the additional fee increases to US$20 per hectare, and increases thereafter. The penalties are reduced, based on exploration activity on the concessions, and the reduction is determined each year by the Perúvian government. The Company made a total payment of $647,057 for the vigencias for the 2020 year in June 2021.

13. Financial instruments and capital management

The Company manages its credit risk through its counterparty ratings and credit limits. The Company is mainly exposed to credit risk on its bank accounts, short-term investments, and accounts and advances receivable, and agreements receivable. Bank accounts and short-term investments are primarily with Canadian Schedule 1 banks and Banco de Credito in Perú. The Company has accounts and advances receivable primarily related to IGV receivable from the Perúvian government. The Company's agreement receivable, related to its sale of the Cochasayhuas project, is secured by the project in the event of default (See Note 17 – Subsequent Events).

The total of cash and cash equivalents, agreement receivable and accounts and advances receivable of $3,476,030 (December 31, 2020 - $2,119,580) represents the maximum credit exposure

Fair value of financial instruments

Liquidity risk

The Company manages its liquidity risk by ensuring that there is sufficient liquidity in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash and cash equivalents are primarily invested in bank accounts, bankers' acceptances, and Guaranteed Investment Certificates ("GIC"). The Company's cash is not invested in any asset backed commercial paper. At September 30, 2021, the Company had no redeemable GICs and short-term investments, with initial terms over 90 days.

13. Financial instruments and capital management (continued)

Accounts payable and accrued liabilities require payment within one year.

Market risk

The significant market risks to which the Company is exposed are foreign currency risk and interest rate risk.

Foreign currency risk

The Company maintains its financial statements in Canadian dollars. The Company is exposed to foreign currency fluctuations to the extent mineral interests, exploration expenditures and operating expenses incurred by the Company are not denominated in Canadian dollars.

The Company does not use derivatives or other instruments to manage the foreign currency risk. The Company's operations in Perú make it subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. The Company's operating results and cash flows are affected to varying degrees by changes in the Canadian dollar exchange rate vis-a-vis the Perúvian Nuevo Sol and the US Dollar. The Company purchases foreign currencies as the need arises in order to fund its exploration activities. Corporate expenditures are primarily incurred in Canadian and US dollars.

Foreign currency risk (continued)

As at September 30, 2021, the Company's significant exposures to foreign currency risk, based on the statement of financial position carrying values, were to the Perúvian Nuevo Sol and the US Dollar, as follows:

	September 30, 2021		December 31, 2020	
	PEN	**US$**	**PEN**	**US$**
Cash	S/. 115,986	US$613,745	S/. 43,754	US$562,634
Accounts and advances receivable	253,354	1,984,001	221,318	1,832,908
Accounts payable and accrued liabilities	(465,616)	(537,378)	(2,832,461)	(275,406)
Precious Metals Purchase Agreement	-	(11,500,000)	-	(10,000,000)
Net exposure	S/.(96,276)	US$(9,439,632)	S/.(2,567,389)	US$(7,879,864)
Canadian dollars	$(29,711)	$(12,027,035)	$(902,694)	$(10,032,643)

The following sensitivity analysis assumes all other variables remain constant and are based on the above net exposures. A 10% appreciation or depreciation of the Perúvian Nuevo Sol vis-a-vis the Canadian Dollar would result in a $2,971 (December 31, 2020 - $90,269) increase and decrease, respectively, in net loss and shareholders' equity. A 10% appreciation or depreciation of the US Dollar vis-a-vis the Canadian Dollar would result in a $1,202,703 (December 31, 2020 - $1,003,264) increase or decrease, respectively, in net loss and shareholders' equity.

Expressed in Canadian dollars, unless otherwise stated

13. Financial instruments and capital management (continued)

Interest rate risk

The Company's cash and cash equivalents and short-term investments earn interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to changes in short-term rates.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustment to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. The Company is not subject to any externally imposed capital requirements.

14. Key management personnel compensation

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management includes the Company's directors and members of the senior management group.

Key management personnel compensation for the nine months ended September 30, 2021, totalled $655,928 (2020 - $841,067).

15. Supplementary cash flow information

	2021	2020
Non-cash activities:		
Amortization capitalized to exploration and evaluation assets	$ 151	$ 303
Shares issued for salary	23,333	35,000

Expressed in Canadian dollars, unless otherwise stated

16. Basic and diluted loss per share

The calculation of basic and diluted loss per share for the nine months ended September 30, 2021, was based on the loss attributable to common shareholders of $5,508,419 (September 30, 2020 - $107,417) and the weighted average number of common shares outstanding of 264,351,812 (2020 – 263,845,912) respectively. For the periods ended September 30, 2021 and 2020, diluted loss per share is the same as basic loss per share, as the effect of outstanding share options (see Note 10(b)) on loss per share would be anti-dilutive. Anti-dilutive instruments have not been included in the determination of fully-diluted loss per share.

	2021	**2020**
Issued common shares, beginning of period	264,188,405	263,837,522
Effect of shares issued for services rendered	163,407	8,390
Weighted average number of common shares, end of period	264,351,812	263,845,912

17. Subsequent events

(a) Antilla Transaction:

In October 2021, the Company announced the sale of 90% of the shares of Antilla Copper S.A. (“Antilla”), a wholly owned subsidiary of the Company, which holds the Antilla Project, to Heeney Capital Acquisition Company Inc. (“HCAC”), a mineral exploration and development company, in consideration for advanced payments of up to 13.0% of the Net Present Value of the Antilla Project plus a NSR of 1.0%, in addition to the 2.0% NSR that the Company already owns on the Antilla Project. The payments will be staged, and HCAC will initially earn a 75% interest in Antilla on closing plus an additional 15% interest twelve months after the earlier of drilling permits being obtained or a pre-feasibility or feasibility study being completed on the Antilla Project for a 90% interest. The scheduled payments are $10.0 million on closing of the transaction, $2.8 million ten months from closing, and $7.0 million twelve months after the earlier of drilling permits being obtained or a pre-feasibility or feasibility study being completed on the Antilla Project.

Additional contingent payments of up to $10.0 million if the Net Present Value at an 8% discount rate of the Antilla Project is above US$310 million, or up to $50.0 million if the study estimates the NPV to be above US$360.0 million. If Panoro’s ownership in Antilla is diluted to below 5%, the ownership interest will automatically convert to a1.0% NSR. HCAC has a buyback right for the 1.0% NSR of $4.0 million.

17. Subsequent events

(b) Cochasayhuas Project:

In June 2020, the Company announced that it had completed the sale of the Cochasayhuas Gold Project to Mintania S.A.C. ("Mintania") of Peru for a total of US$ 2.45 million to be paid in instalments, plus a 5% NSR for 15 years from the commencement of commercial production. The Company received the first payment of US$450,000 on closing and was to receive additional payments in 2021 to 2023. In November 2021, Mintania advised the Company that they could not make the payments for 2021 and would be returning the project to the Company. A termination agreement was signed and filed, and the project has been returned to the Company's subsidiary, Panoro Gold, S.A., which held the property prior to the sale.

18. Comparative figures

Where necessary, the Company has adjusted comparative figures to conform to the current period's presentation.