

PANORO MINERALS LTD.

Condensed Consolidated Interim Financial Statements

For the three and six months ended June 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	June 30, 2021	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents		\$ 71,689	\$ 752,453
Marketable securities		600	933
Accounts and advances receivable		205,927	93,927
Agreement receivable, current	5	1,279,002	1,273,200
Prepaid expenses		33,705	22,161
Total current assets		1,590,923	2,142,674
Non-current assets			
Agreement receivable, non-current	5	1,069,525	1,064,674
Exploration and evaluation assets	6	70,633,047	74,653,664
Property and equipment	7	13,670	29,566
Total assets		\$ 73,307,165	\$ 77,890,578
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities		\$ 768,416	\$ 1,438,605
Current portion of lease liabilities	8	-	17,950
Liabilities under Early Deposit Precious Metals Agreement	9	10,844,750	10,185,600
		11,613,166	11,642,155
Deferred income tax liability		851,648	851,648
Liabilities under Early Deposit Precious Metals Agreement	9	2,478,800	2,546,400
Total liabilities		14,943,614	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		(47,866,260)	(43,356,436)
Total shareholders' equity		58,363,551	62,850,375
Total liabilities and shareholders' equity		\$ 73,307,165	\$ 77,890,578

Going concern (Note 3)
Commitments (Note 12)
Subsequent event (Notes 6 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 - unaudited
Expressed in Canadian Dollars, unless otherwise stated

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Expenses				
Amortization	\$ 8,480	\$ 23,186	\$ 16,067	\$ 52,378
Audit and tax	46,873	61,188	66,673	76,188
Communications	18,624	17,534	32,166	35,010
Consulting	4,926	-	11,178	8,000
Conferences	-	3,109	5,067	15,827
Corporate development and shareholders relations	26,933	5,760	50,189	7,466
Directors' fees	20,957	4,895	43,040	39,626
Interest expense	328	1,152	328	3,082
Legal	17,771	55,450	47,417	66,620
Office	7,415	10,701	12,380	19,115
Professional dues and training	(1,016)	1,328	1,331	1,948
Regulatory and transfer agent	36,214	13,946	75,552	28,503
Rent and insurance	24,618	27,446	49,235	42,874
Salaries and benefits (Note 14)	169,347	93,946	343,848	331,342
Travel	1,820	6,754	4,506	17,876
	383,290	326,395	758,977	745,855
Write-down of mineral property interests (Note 6)	4,104,432	-	4,104,432	-
Proceeds on disposal of vehicles	-	-	-	(16,070)
Interest income	(119)	(335)	-	(335)
Change in fair value of Early Deposit Precious Metals Agreement financial liability	(194,575)	(517,075)	(355,775)	502,075
Gain on disposition of mineral property interests	-	(1,753,628)	-	(1,753,628)
Interest imputed on agreement receivable (Note 5)	(38,414)	-	(77,386)	-
Foreign exchange (gain)/loss	60,599	(176,532)	79,576	53,278
Income (loss) for the period	(4,315,213)	2,121,175	(4,509,824)	468,825
Total other comprehensive income (loss)	(200)	(367)	(333)	200
Comprehensive income (loss) for the period	\$(4,315,413)	\$2,120,808	\$(4,510,157)	\$ 469,025
Income (loss) per share, basic and fully diluted	\$(0.02)	\$0.01	\$(0.02)	\$0.00
Weighted average number of common shares outstanding	264,375,058	263,871,176	264,339,163	263,845,912

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

	Six months ended June 30,	
	2021	2020
Cash provided by (used for):		
Operating activities:		
Loss (income) for the period	\$(4,509,824)	\$ 468,825
Items not involving the use of cash:		
Amortization	16,067	52,378
Share-based expense	-	17,500
Change in fair value of Early Deposit Precious Metals Agreement	(355,775)	502,075
Foreign exchange losses	79,576	53,278
Gain on sale of mineral property interest		(1,753,628)
Impairment loss on mineral property interests	4,104,432	-
Interest imputed on note receivable	(77,386)	-
Interest expense on lease liabilities	328	3,082
Gain on disposition of fixed assets	-	(16,070)
	(742,582)	(672,560)
Changes in non-cash operating working capital:		
Current portion of agreement receivable	(5,802)	-
Accounts and advances receivable	(112,000)	140,218
Prepaid expenses	(11,544)	12,587
Accounts payable	30,293	(65,112)
Cash used in operating activities	(841,635)	(584,867)
Investing activities:		
Exploration and evaluation expenditures	(820,082)	(1,482,651)
Equipment purchases	(322)	(10,361)
Proceeds from sale of Cochasayhuas mineral property interest	-	611,595
Funds received on JOGMEC earn-in agreement	736,269	670,849
Proceeds on sale of fixed assets	-	16,070
Long-term portion of agreement receivable	(4,851)	-
Accounts payable and accrued liabilities	(700,482)	890,672
Recovery of value-added taxes	36,284	41,646
Cash used in investing activities	(753,184)	737,820
Financing activities:		
Interest payment on lease liabilities	(328)	(3,082)
Repayment of lease liabilities	(17,950)	(60,779)
Early Deposit Precious Metals Purchase Agreement	947,325	1,064,025
Cash provided by financing activities	929,047	1,000,164
Effect of exchange rate changes on cash held	(14,992)	(102,221)
Increase (decrease) in cash	(680,764)	1,050,896
Cash and cash equivalents, beginning of period	752,453	470,085
Cash and cash equivalents, end of period	\$ 71,689	\$ 1,520,981

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 six months ended June 30, 2021 and 2020

Expressed in Canadian Dollars, unless otherwise stated

	Number of Shares	Capital Stock	Share-Based Expense Reserve	Accumulated Comprehen- sive 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	-	-	-	200	-	200
Shares issued for compensation	218,750	17,500	-	-	-	17,500
Income for the period	-	-	-	-	468,825	468,825
Balance, June 30, 2020	264,056,272	\$ 94,017,625	\$ 12,180,753	\$ (9,500)	\$(41,804,486)	\$ 64,384,392
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	-	-	-	-	(4,509,824)	(4,509,824)
Shares issued in lieu of cash compensation (Note 10)	186,653	23,333	-	-	-	23,333
Balance, June 30, 2021	264,375,058	\$ 94,058,458	\$ 12,180,753	\$ (9,400)	\$(47,866,260)	\$ 58,363,551

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

PANORO MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements - unaudited
For the three and six months ended June 30, 2021 and 2020
Expressed in Canadian dollars, unless otherwise stated

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 August 20, 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 its liabilities in the normal course of business.

The Company has no operating revenue and incurred a loss of \$4,509,824 for the six months ended June 30, 2021 (2020 – income of \$468,825). As at June 30, 2021, the Company has an accumulated deficit of \$47,866,260 (December 31, 2020 - \$43,356,436), and a working capital deficiency of \$10,022,243 (December 31, 2020 – working capital deficiency of \$9,499,481), with the inclusion of the current portion of the Wheaton Metals Agreement.

PANORO MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements - unaudited
For the three and six months ended June 30, 2021 and 2020
Expressed in Canadian dollars, unless otherwise stated

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.

At June 30, 2021, the Company has received US\$10,750,000 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.

PANORO MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements - unaudited
For the three and six months ended June 30, 2021 and 2020
Expressed in Canadian dollars, unless otherwise stated

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% 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.

The cash installments will 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

PANORO MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements - unaudited
For the three and six months ended June 30, 2021 and 2020
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	(218,851)
Interest recorded on agreement receivable	160,513
Agreement receivable, June 30, 2021	\$ 2,348,527
Current portion of agreement receivable	\$ 1,279,002
Non-current portion of agreement receivable	\$ 1,069,525

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.

Subsequent to June 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:

PANORO MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements - unaudited

For the three and six months ended June 30, 2021 and 2020

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, June 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	-	-	10,467	10,467
Camp and site	3,939	20,852	278,691	303,482
Community relations	-	71,887	90,550	162,437
Environmental	-	480	11,747	12,227
Geology	-	10,107	151,176	161,283
Geophysics	-	-	19,627	19,627
Legal	15,801	1,305	6,080	23,186
Recording and concession fees, net of reversal of accruals	131,640	171,742	(161,500)	141,882
Transportation	3,147	957	17,522	21,626
Value added tax recovery	-	(36,284)	-	(36,284)
Incurred during the period	154,527	241,197	424,360	820,084
Funds received on JOGMEC earn-in agreement	-	-	(736,269)	(736,269)
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	-	-	(3,405,642)	(3,405,642)
Capitalized exploration and evaluation expenditures at June 30, 2021	10,601,773	47,208,577	411,561	58,221,911
Total exploration and evaluation assets at June 30, 2021	\$17,921,495	\$52,133,612	\$577,940	\$70,633,047
Salaries and benefits allocation:				
Camp and site	-	-	248,075	248,075
Community relations	-	37,989	65,514	103,503
Geology	-	10,107	151,176	161,283
	\$ -	\$ 48,096	\$ 464,765	\$ 512,861

PANORO MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements - unaudited
For the three and six months ended June 30, 2021 and 2020
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 at January 1, 2021	\$ 169,035	\$ 120,765	\$ 94,704	\$ 380,425	\$ 764,929
Additions during the period	322	-	-	-	322
Dispositions during the period			(94,704)	(380,425)	(475,129)
Balance, June 30, 2021	169,357	120,765	-	-	290,122
Accumulated amortization:					
Balance at 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	3,040	-	-	13,178	16,218
Balance, June 30, 2021	155,687	120,765	-	\$ -	276,452
Net book value:					
June 30, 2021	\$ 13,670	\$ -	\$ -	\$ -	\$13,670

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

8. Right-of-use assets and lease liabilities

The Company has a lease agreement for the headquarter office space in Vancouver, BC. During the period ended June 30, 2021, a lease expired on June 30, 2021, and a new lease was entered into effective July 1, 2021. The Company currently has no office space in Lima, Perú, and all employees are working from home.

Lease liabilities recognized as of December 31, 2020	17,950
Repayment of lease liabilities	(17,950)
Interest accrued on lease liabilities	328
Interest payment on lease liabilities	(328)
Lease liabilities recognized as of June 30, 2021	-

(1) The lease liabilities were discounted using an incremental rate as of January 1, 2019, of 9.57% per annum.

During the six months ended June 30, 2021, the Company recognized occupancy expenses of \$15,666.

As of June 30, 2021, the annual lease payments, including non-lease components, for the lease commencing August 1, 2021, are disclosed in Note 12 - Commitments.

PANORO MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements - unaudited
For the three and six months ended June 30, 2021 and 2020
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, June 30, 2021
Current liabilities	\$ 10,185,600	\$ 947,325	\$ (288,175)	\$ 10,844,750
Long-term liabilities	2,546,400	-	(67,600)	2,478,800
	\$ 12,732,000	\$ 947,325	\$ (355,775)	\$ 13,323,550

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.

PANORO MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements - unaudited
For the three and six months ended June 30, 2021 and 2020
Expressed in Canadian dollars, unless otherwise stated

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 June 30, 2021, the Company had received a total of US\$10.75 million under the Early Deposit, in twelve payments including an accelerated payment of US\$2.0 million 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 20, 2020. Options granted under the Plan vest immediately, or over a period of time, at the discretion of the Board of Directors.

PANORO MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements - unaudited
For the three and six months ended June 30, 2021 and 2020
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 six months ended June 30, 2021, are as follows:

	Number of Options	Weighted average exercise price
Balance, June 30, 2021 and December 31, 2020	20,097,800	\$ 0.24

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

Year of expiry	Number of options	Weighted average exercise price
2021	8,847,800	\$0.20
2022	600,000	\$0.20
2023	6,650,000	\$0.34
2024	4,000,000	\$0.15
	20,097,800	\$0.24

The weighted average life of exercisable options outstanding as of June 30, 2021, is 1.4 years (December 31, 2020 – 1.9 years).

(c) Share purchase warrants

At June 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 June 30, 2021, there was \$3,154 payable to officers of the Company for expenses incurred on behalf of the Company and \$14,500 payable to two directors of the Company for directors' fees (December 31, 2020: \$23,333).

PANORO MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements - unaudited

For the three and six months ended June 30, 2021 and 2020

Expressed in Canadian dollars, unless otherwise stated

12. Commitments

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

	2021	2022	2023	2024	2025	Total
Office lease (Vancouver)	\$ 40,191	\$ 97,176	\$ 98,902	\$ 100,628	\$ 102,355	\$ 439,250
Accrued vigencias	439,540	-	-	-	-	439,540
Accounts payable	278,880	-	-	-	-	278,880
Accrued liabilities	49,996	-	-	-	-	49,996

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 Peruvian 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 Peruvian government. The Company made payments of \$647,057 for the 2020 year in June 2021.

PANORO MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements - unaudited
For the three and six months ended June 30, 2021 and 2020
Expressed in Canadian dollars, unless otherwise stated

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 Peruvian government. The Company's agreement receivable related to its sale of the Cochasayhuas project is secured by the project in the event of default. The total of cash and cash equivalents, agreement receivable and accounts and advances receivable of \$1,556,618 (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 June 30, 2021, the Company had no redeemable GICs and short-term investments, with initial terms over 90 days.

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 Peruvian 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.

PANORO MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements - unaudited
For the three and six months ended June 30, 2021 and 2020
Expressed in Canadian dollars, unless otherwise stated

13. Financial Instruments and capital management (continued)

Foreign currency risk (continued)

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

	June 30, 2021		December 31, 2020	
	PEN	US\$	PEN	US\$
Cash	S/. 15,798	US\$45,850	S/. 43,754	US\$562,634
Accounts and advances receivable	250,965	1,956,559	221,318	1,832,908
Accounts payable and accrued liabilities	(533,551)	(382,440)	(2,832,461)	(275,406)
Precious Metals Purchase Agreement	-	(10,750,000)	-	(10,000,000)
Net exposure	S/.(266,788)	US\$(9,130,031)	S/.(2,567,389)	US\$(7,879,864)
Canadian dollars	\$(85,666)	\$(11,315,760)	\$(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 Peruvian Nuevo Sol vis-a-vis the Canadian Dollar would result in an \$8,567 (December 31, 2020 - \$90,269) increase or 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 \$1,131,576 (December 31, 2020 - \$1,003,264) increase or decrease, respectively, in net loss and shareholders' equity.

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.

PANORO MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements - unaudited
For the three and six months ended June 30, 2021 and 2020
Expressed in Canadian dollars, unless otherwise stated

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 six months ended June 30, 2021 totalled \$542,787 (2020 - \$569,856).

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

16. Basic and diluted loss per share

The calculation of basic and diluted loss per share for the six months ended June 30, 2021, was based on the loss attributable to common shareholders of \$4,510,157 (June 30, 2020 - \$469,025) and the weighted average number of common shares outstanding of 264,339,163 (2020 - 263,845,912) respectively. For the periods ended June 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	150,758	8,390
Weighted average number of common shares, end of period	264,339,163	263,845,912

PANORO MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements - unaudited

For the three and six months ended June 30, 2021 and 2020

Expressed in Canadian dollars, unless otherwise stated

17. Subsequent events

Office lease The Company has entered into a lease agreement for the headquarter office space in Vancouver, BC. During the period ended June 30, 2021, the lease expired, and a new lease was entered into commencing August 1, 2021, for a six-year period.

The Company currently has no office space in Lima, Perú, and all employees are working from home.

18. Comparative figures

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