



(Formerly BCGold Corp.)

(An Exploration Stage Company)

Condensed Consolidated Interim Financial Statements

For the Nine-Month Period Ended November 30, 2017 and 2016

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The condensed consolidated unaudited interim financial statements of Pan Andean Minerals Ltd. (An Exploration Stage Company) are the responsibility of the Company's management. The financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and reflect management's best estimates and judgment 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 management fulfills its responsibilities for financial reporting and internal controls through an audit committee. The Audit Committee reviews the results of the unaudited condensed interim financial statements prior to their submission to the Board of Directors for approval.

"Gary Anderson"

Gary Anderson

Director

"John Kowalchuk"

John Kowalchuk

Director

Unaudited Condensed Consolidated Interim Financial Statements

In accordance with National Instruments 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed consolidated interim financial statements for the nine months ended November 30, 2017.

Pan Andean Minerals Ltd.

Statement 1

*(An Exploration Stage Company)***Condensed Consolidated Interim Statements of Financial Position****As at***(Expressed in Canadian Funds)**(Unaudited – Prepared by Management)*

Assets	November 30, 2017	February 28, 2017
Current Assets:		
Cash and cash equivalents	\$ 29,907	\$ 64,668
Marketable securities <i>(Note 4)</i>	34,044	1,000
Sales tax and other receivables	69,392	71,079
Deposits	12,597	12,597
Prepaid expenses	1,875	57,563
	147,815	206,907
Non-Current Assets:		
Property and equipment <i>(Note 5)</i>	8,198	9,860
Reclamation bonds <i>(Note 6)</i>	5,500	55,500
Exploration and evaluation assets <i>(Note 7)</i>	2,830,691	2,692,497
Total Assets	\$ 2,992,204	\$ 2,964,764
Liabilities and Equity		
Current Liabilities:		
Accounts payable and accrued liabilities <i>(Note 10(b))</i>	\$ 643,017	\$ 426,036
Flow-through premium liability <i>(Note 8)</i>	2,290	2,290
Total Liabilities	645,307	428,326
Shareholders' Equity:		
Share capital – <i>(Statement 4) – (Note 9)</i>	17,036,787	16,913,687
Share subscribed <i>(Note 9)</i>	-	-
Share-based payments reserve <i>(Statement 4)</i>	5,104,571	5,021,571
Accumulated other comprehensive loss ("AOCL")	(212,962)	(237,523)
Deficit – <i>(Statement 4)</i>	(19,581,499)	(19,161,297)
Total Equity	2,346,897	2,536,438
Total Liabilities and Equity	\$ 2,992,204	\$ 2,964,764

Nature of Operations and Going Concern *(Note 1)***Commitments *(Notes 7 and 12)*****Subsequent Events *(Note 14)***

Approved by the Board of Directors on January 29, 2018

"Gary Anderson", Director"John Kowalchuk", Director

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

Pan Andean Minerals Ltd.

(An Exploration Stage Company)

Statement 2

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the Three and Nine-month periods ended November 30,

(Expressed in Canadian Funds)

(Unaudited – Prepared by Management)

	Note	2017	2016	2017	2016
Expenses					
Corporate listing and filing fees	\$	2,503	\$ 8,486	\$ 20,984	\$ 33,473
Depreciation		554	724	1,662	2,172
Exploration and evaluation expenses	7	28,125	109,834	78,207	226,214
Investor relations		-	62,766	54,742	84,056
Office expenses		1,245	8,554	11,852	25,065
Bad debts		-	-	-	3,000
Professional fees	10	11,911	66,878	61,041	152,050
Rent		13,999	9,248	43,084	22,564
Travel		5,261	18,421	13,622	36,194
Wages and consulting fees	10	51,989	37,480	168,155	103,663
Loss from Operations		115,587	322,391	453,349	688,451
Other (Income) Expense					
Interest and other expense		3,052	(4,092)	3,000	3,675
Gain on disposal of marketable securities		(36,147)	-	(36,147)	-
Total Other (Income) Expense		(33,095)	(4,092)	(33,147)	3,675
Net Loss for the period		82,492	318,299	420,202	692,126
Other Comprehensive Income (Loss)					
Translation of subsidiaries to presentation currency		8,593	-	22,220	-
Unrealized (gain) on marketable securities		(46,781)	-	(46,781)	-
Comprehensive Loss for the Period	\$	44,304	\$ 318,299	\$ 395,641	\$ 692,126
Loss per share					
- Basic	\$	0.00	\$ 0.01	\$ 0.01	\$ 0.02
- Diluted		0.00	0.01	0.01	0.02
Weighted average number of common shares outstanding		65,827,024	53,344,884	63,393,592	38,837,090

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

Pan Andean Minerals Ltd.

Statement 3

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Cash Flows For the Nine-month period ended November 30

(Expressed in Canadian Funds)

(Unaudited – Prepared by Management)

Cash Resources Provided By (Used In)	2017	2016
Operating Activities:		
Net loss for the period	\$ (420,202)	\$ (692,126)
Adjustment for items which do not involve cash:		
Depreciation	1,662	2,172
Foreign exchange	(22,219)	-
Bad debts	-	3,000
Interest accrued on promissory note	-	11,277
Gain on disposal of marketable securities	(36,147)	-
Changes in non-cash working capital components:		
Accounts payable and accrued liabilities	216,981	18,840
Prepaid expenses	55,688	(105,530)
Sales tax and other receivables	1,687	(26,986)
Cash used in Operating Activities	(202,550)	(789,353)
Investing Activities:		
Property option payments	(138,194)	(60,114)
Proceeds of disposal of marketable securities	49,883	-
Redemption of reclamation bonds	50,000	-
Share purchase agreement	-	(60,000)
	(38,311)	(120,114)
Financing Activities:		
Issuance of common shares and warrants,	206,850	-
Share issued cost	(750)	948,383
Cash provided by Financing Activities	206,100	948,383
Net Increase (Decrease) in Cash and Cash Equivalents	(34,761)	98,916
Cash and Cash Equivalents - beginning of the period	64,668	17,361
Cash and Cash Equivalents - End of the Period	\$ 29,907	\$ 116,277

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

Pan Andean Minerals Ltd.

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Changes in Equity For the nine-month period ended November 30, 2017 and 2016

(Expressed in Canadian Funds)

(Unaudited – Prepared by Management)

Statement 4

		SHARE CAPITAL		SHARE-BASED PAYMENTS	ACCUMULATED OTHER COMPREHENSIVE		
		SHARES	AMOUNT	RESERVE	LOSS ("AOCL")	DEFICIT	TOTAL EQUITY
Balance – February 29, 2016	NOTES	8,357,557	14,189,032	4,540,606	(237,523)	(17,656,739)	835,376
Flow-through common shares issued		20,610,000	1,030,500	-	-	-	1,030,500
Share issue costs		-	(72,618)	(57,699)	-	-	(130,317)
Shares issued for exploration and evaluation asset		500,000	25,000	-	-	-	25,000
Shares issued for acquisition		30,000,000	2,100,000	-	-	-	2,100,000
Shares issued for debt settlement		1,764,544	88,227	-	-	-	88,227
Fair market value of warrants issued		-	(452,350)	452,350	-	-	-
Fair market value of finder's warrants issued		-	-	48,200	-	-	48,200
Net loss for the period		-	-	-	-	(692,126)	(692,126)
Balance – November 30, 2016		61,232,101	16,907,791	4,985,457	(237,523)	(18,348,865)	3,304,860
Balance – February 28, 2017		62,190,101	16,913,687	5,021,571	(237,523)	(19,161,297)	2,536,438
Common shares subscribed		6,895,000	206,850	-	-	-	206,850
Share issuance costs		-	(750)	-	-	-	(750)
Fair market value of warrants issued		-	(83,000)	83,000	-	-	-
Unrealized gain (loss) on disposal of marketable securities		-	-	-	46,781	-	46,781
Foreign currency translation		-	-	-	(22,220)	-	(22,220)
Net loss for the period		-	-	-	-	(420,202)	(420,202)
Balance November 30, 2017		69,085,101	17,036,787	5,104,571	(212,962)	(19,581,499)	2,346,897

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

Pan Andean Minerals Ltd.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine-month period ended November 30, 2017 and 2016

(Expressed in Canadian Funds)

(Unaudited – Prepared by Management)

1. Nature of Operations and Going Concern

Pan Andean Minerals Ltd. (the “Company” or “Pan Andean”) is an exploration stage enterprise focusing on the acquisition, exploration and development of economic gold and other precious and base metal properties. Currently, the Company’s principal mineral properties are the Minto/Carmacks Copper-Gold Properties located in the Yukon, and the Cima and Chanape properties in Peru. Pan Andean Minerals Ltd. is a publicly listed company incorporated under the Business Corporations Act of British Columbia on February 10, 2006 as 0748496 B.C. Ltd. On March 1, 2006, the Company changed its name to BCGold Corp, and again on March 16, 2017 to Pan Andean Minerals Ltd. The Company is listed on the TSX Venture Exchange (“TSX.V”) under the symbol “PAD”. The head office, principal address and records office of the Company are located at Suite 520 – 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6. The Company’s registered address is Suite 1500 - 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

These unaudited consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company continues to incur operating losses, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its exploration and evaluation assets projects. These material uncertainties may cast a significant doubt on the validity of this assumption. The Company’s ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to continue operations. As at November 30, 2017, the Company has an accumulated deficit of \$19,581,499 (February 28, 2017 - \$19,161,297), a net loss for the nine-month period ended November 31, 2017 of \$420,202 (November 30, 2016 of \$692,126) and has working capital deficiency of \$497,492 (February 28, 2017 – working capital deficiency of \$221,419).

If the going concern assumption is not appropriate for these unaudited condensed consolidated interim financial statements, adjustments could be necessary in the carrying values of assets, liabilities, reported income and expenses and the statement of financial position classifications used. Such adjustments could be material.

2. Basis of Preparation

Statement of Compliance

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These unaudited condensed interim financial statements comply with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). These unaudited condensed interim financial statements have been prepared on a historical cost basis and are presented in Canadian dollars.

Basis of Presentation and Consolidation

These unaudited condensed consolidated interim financial statements are unaudited and prepared on a condensed basis in accordance with the International Accounting Standards (“IAS”) 34, Interim Financial Reporting issued by the International Accounting Standard Board (“IASB”). These unaudited condensed consolidated interim financial statements have been prepared in accordance with the accounting policies described in Note 3 of the Company’s Audited Annual Consolidated Financial Statements as at and for the year ended February 28, 2017. Accordingly, these unaudited condensed consolidated interim financial statements for the nine-month period ended November 30, 2017 and 2016 should be read together with the Audited Annual Consolidated Financial Statements as at and for the year ended February 28, 2017.

Pan Andean Minerals Ltd.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine-month period ended November 30, 2017 and 2016

(Expressed in Canadian Funds)

(Unaudited – Prepared by Management)

2. Basis of Preparation - continued

Basis of Presentation and Consolidation - continued

These unaudited condensed consolidated interim financial statements incorporate the financial statements of the Company and the entities controlled (directly or indirectly) by the Company (its subsidiaries) including Circum-Pacific Holdings Ltd., Canada, Minera Chanape SAC, Peru and Cima De Oro SAC, Peru. All significant intercompany transactions and balances have been eliminated.

Control is based on whether an investor has power over the investee and the ability to use its power over the investee to affect the amount of the returns.

3. Summary of Significant Accounting Policies

Pronouncements Affecting Financial Statement Presentation or Disclosures

The adoption of the following new and amended IFRS pronouncements resulted in enhanced financial statement disclosures in the Company's interim and annual consolidated financial statements.

IFRS 9 – Financial Instruments

The IASB has issued a new standard, IFRS 9, "Financial Instruments" ("IFRS 9"), which will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 will replace the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. The new standard also requires a single impairment method to be used, provides additional guidance on the classification and measurement of financial liabilities, and provides a new general hedge accounting standard.

The mandatory effective date has tentatively been set for January 1, 2018; however, early adoption of the new standard is permitted. The Company currently does not intend to early adopt IFRS 9. The adoption of IFRS 9 is currently not expected to have a material impact on the unaudited condensed consolidated interim financial statements as the classification and measurement of the Company's consolidated financial instruments is not expected to change given the nature of the Company's operations and the types of financial instruments that it currently holds.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 "Leases". IFRS 16 will replace IAS 17 "Leases" and IFRIC 4 "Determining whether an arrangement contains a lease". IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, the lessee and the lessor. The standard brings most leases in the lessee's statement of financial position under a single model, eliminating the previous classifications of operating and finance leases. The only exemptions to this treatment are for lease contracts with duration of less than one year and those with a low value of the underlying asset. This accounting treatment will result in the grossing up of the statement of financial position due to a right-of-use asset being recognized with an offsetting liability representing the obligation to make lease payments. Lessor accounting under the standard remains largely unchanged. IFRS 16 is to be applied retrospectively or on a modified retrospective basis and is effective for years beginning on or after January 1, 2019, with earlier application permitted. The potential impact of the adoption of this standard on consolidated statements of the Corporation has not yet been determined.

Pan Andean Minerals Ltd.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine-month period ended November 30, 2017 and 2016

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(Unaudited – Prepared by Management)

3. Summary of Significant Accounting Policies – continued

IFRS – Amendments to IAS 7 “Statement of Cash Flows”

Statement of cash flow In January 2016, the IASB issued amendments to IAS 7 "Statement of Cash Flows", which will require specific disclosures for movements in certain liabilities on the statement of cash flows. These amendments will be applicable for the annual period beginning on or after January 1, 2017, with earlier application permitted. The potential impact of the adoption of this standard on consolidated statements of the Corporation has not yet been determined.

4. Marketable Securities

Marketable securities have been classified as available-for-sale investments consisting of various common shares held by the Company of other public companies and are summarized as follows:

	November 30, 2017		February 28, 2017	
	Market Value	Cost	Market Value	Cost
Common shares of public companies, not subject to significant influence	\$ 34,044	\$ 224,786	\$ 1,000	\$ 238,523

5. Property and Equipment

	Computer Equipment	Computer Software	Office Furniture and Equipment	Project Field Equipment	Total
Cost					
Balance at February 29, 2016	\$ 44,478	\$ 82,138	\$ 34,464	\$ 267,422	\$ 428,502
Disposals	-	-	-	(250,000)	(250,000)
Balance at February 28 and November 30, 2017	\$ 44,478	\$ 82,138	\$ 34,464	\$ 17,422	\$ 178,502
Amortization					
Balance at February 29, 2016	\$ (41,031)	\$ (82,138)	\$ (28,818)	\$ (13,759)	\$ (165,746)
Additions	(1,034)	-	(1,129)	(733)	(2,896)
Balance at February 28, 2017	\$ (42,065)	\$ (82,138)	\$ (29,947)	\$ (14,492)	\$ (168,642)
Additions	(543)	-	(678)	(441)	(1,662)
Balance at November 30, 2017	\$ (42,608)	\$ (82,138)	\$ (30,625)	\$ (14,933)	\$ (170,304)
Carrying amounts - NBV					
At February 29, 2016	\$ 3,447	\$ -	\$ 5,645	\$ 253,663	\$ 267,756
At February 28, 2017	\$ 2,413	\$ -	\$ 4,517	\$ 2,931	\$ 9,860
At November 30, 2017	\$ 1,870	\$ -	\$ 3,839	\$ 2,489	\$ 8,198

Pan Andean Minerals Ltd.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine-month period ended November 30, 2017 and 2016

(Expressed in Canadian Funds)

(Unaudited – Prepared by Management)

5. Property and Equipment - *continued*

During the year ended February 28, 2017, project field equipment totaling \$250,000 was disposed of as part of the sale of Engineer Mine.

6. Reclamation Bonds

As of November 30, 2017, the Company has invested a total of \$5,500 (February 28, 2017 - \$55,500) in a GIC with a Canadian financial institution as part of various Safe-Keeping Agreements entered into by the Company for an exploration property that has been sold in fiscal 2017. The Company is seeking a return of these funds.

7. Exploration and Evaluation Assets and Expenditures

Details of the Company's exploration and evaluation acquisition costs are as follows:

	Minto/ Carmacks Copper- Gold Properties (Yukon) (\$)	Engineer (B.C.) (\$)	Gold Hill (B.C.) (\$)	Blind Creek (B.C.) (\$)	Voigtberg (B.C.) (\$)	Other Properties (B.C. & Yukon) (\$)	Chanape & Cima (Peru) (\$)	Total (\$)
Balance – February 28, 2017	300,800	-	-	-	-	19,633	2,372,064	2,692,497
Property option payment paid – cash	-	-	-	-	-	-	138,194	138,194
Balance – November 30, 2017	300,800	-	-	-	-	19,633	2,510,258	2,830,691

Pan Andean Minerals Ltd.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine-month period ended November 30, 2017 and 2016

(Expressed in Canadian Funds)

(Unaudited – Prepared by Management)

7. Exploration and Evaluation Assets and Expenditures – continued

Details of the Company's exploration and evaluation expenses, which have been cumulatively expensed in the Statements of Loss and Comprehensive Loss and Deficit, are as follows:

	Minto/ Carmacks Copper- Gold Properties (Yukon) (\$)	Engineer (B.C.) (\$)	Gold Hill (B.C.) (\$)	Blind Creek (B.C.) (\$)	Voigtberg (B.C.) (\$)	Other Properties (B.C. & Yukon) (\$)	Chanape & Cima (Peru) (\$)	Total (\$)
Balance – February 29, 2016	3,978,464	3,698,468	315,424	-	897,062	1,383,676	-	10,273,094
Exploration and evaluation expenses	21,195	40,090	-	9,570	15,749	28,110	124,542	239,256
Balance – February 28, 2017	3,999,659	3,738,558	315,424	9,570	912,811	1,411,786	124,542	10,512,350
Exploration and evaluation expenses	4,605	-	-	-	-	-	73,602	78,207
Balance – November 30, 2017	4,004,264	3,738,558	315,424	9,570	912,811	1,411,786	198,144	10,590,557

(a) Voigtberg, British Columbia

Pursuant to an agreement dated February 21, 2017, the Company sold its entire interest in the property to Kaminak Gold Corp., a wholly-owned subsidiary of Gold Corp Inc., for consideration of \$34,282 in cash.

(b) Chanape and Cima, Peru

On August 2, 2016 the Company announced that it had completed agreements to acquire a 100% interest in the Chanape and Pucacorrall properties located in Peru. The acquisition of this interest was effected partially by way of an agreement whereby the Company acquired all the issued and outstanding shares of a closely-held British Columbia company, Circum-Pacific Holdings Ltd., ('Circum Pacific'), which holds 66.67% interests in two private Peruvian subsidiaries, by issuing 20,000,000 shares of the Company, and by paying cash of \$40,000, to the vendors.

Pan Andean Minerals Ltd.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine-month period ended November 30, 2017 and 2016

(Expressed in Canadian Funds)

(Unaudited – Prepared by Management)

7. Exploration and Evaluation Assets and Expenditures – continued

(b) Chanape and Cima, Peru - continued

The Company also acquired all minority interests in the two Peruvian subsidiary companies, not already held by Circum Pacific, through the issuance of 10,000,000 shares of Pan Andean and the payment of \$20,000 to a separate vendor.

One of the Peruvian subsidiaries acquired, Cima de Oro S.A.C. ('Cima'), has an option agreement (the 'Tres Agreement') to purchase all the issued and outstanding shares of another private Peruvian company, SMRL Cerro de Oro Tres ('Tres'), which in turn holds nine additional mineral concessions. Included in this acquisition is the Company's assumption of Cima's obligations pursuant to this option.

Of the 30,000,000 common shares issued by the Company, a total of 6,672,000 shares will be held in escrow and released concurrent with certain payments or other ownership milestones being met under the Tres Agreement.

Cima executed the Tres Agreement option on August 12, 2016 with the Company now being required to complete the following schedule of option payments to earn a 100% interest in Tres:

	<u>Payment</u>	<u>Vested Interest</u>
At the onset of the option	US\$ 40,000 (paid)	16.6%
February 12, 2017	US\$ 60,000 (paid)	23.26%
August 12, 2017	US\$ 50,000	
February 12, 2018	US\$ 50,000	29.92%
August 12, 2018	US\$ 75,000	
February 12, 2019	US\$ 75,000	39.92%
August 12, 2019	US\$ 90,000	
February 12, 2020	US\$ 90,000	51.92%
August 12, 2021	US\$ 970,000	100%

All remaining escrowed shares will be released once the ownership interest reached 51.92%.

A further 23,438,000 Pan Andean issued shares shall bear legends which restrict 15% of such shares from resale for a period of 6 months from August 11, 2016, being the closing date of the acquisition and which restrict further increments of 15% of such shares from resale for periods of 12, 18, 24, 30 and 36 months. 6,998,400 of such shares have become tradeable at November 30, 2017.

8. Flow-through Premium Liability

The Company periodically issues flow-through shares with any resulting flow-through premium recorded as a flow-through share premium liability. The liability is subsequently reduced when the required exploration expenditures are made, and accordingly, a recovery of the flow-through premium is recorded as other income.

During the fiscal year period ended February 28, 2017, the Company issued 558,000 flow-through units priced at \$0.05 per unit for total proceeds of \$27,900. These funds were to be used for qualifying exploration expenditures and were renounced to the flow-through shareholders effective December 31, 2016. A \$2,290 flow-through share premium liability was recorded during the year ended February 28, 2017.

As at November 30, 2017, the Company has yet to incur the \$27,900 in flow-through eligible expenditures.

Pan Andean Minerals Ltd.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine-month period ended November 30, 2017 and 2016

(Expressed in Canadian Funds)

(Unaudited – Prepared by Management)

9. Share Capital

(a) Share Capital

The Company's authorized share capital consists of an unlimited number of common voting shares without par value.

At November 30, 2017, 6,144,000 shares were held in escrow pursuant to an escrow agreement dated August 8, 2016. A further 16,396,600 shares are subject to pooling restrictions (See Note 7(b)).

(b) Private Placements

On October 13, 2017, the Company received gross proceeds of \$206,850 from the issuance of 6,895,000 units at price of \$0.03 per unit. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share of the company at a price of \$0.06 per share for a period of two years from date of closing of the financing. The Company incurred a finder's fee of \$750. The warrants attached to this private placement have been determined at fair value of \$83,000 based upon the Black Scholes method using the following assumptions noted below.

Risk-free interest rate	1.51%
Expected stock price volatility	227%
Expected dividend yield	0.00%
Expected life of warrants	2 years

(b) Share Purchase Warrants

Details of outstanding warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance – February 29, 2016	4,226,900	\$0.40
Issued	22,393,200	\$0.10
Expired	(300,000)	\$0.25
Balance – February 28, 2017	26,320,100	\$0.14
Issued	6,895,000	\$0.06
Expired	(2,848,800)	\$0.29
Balance, November 30, 2017	30,366,300	\$0.11

Pan Andean Minerals Ltd.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine-month period ended November 30, 2017 and 2016

(Expressed in Canadian Funds)

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9. Share Capital and Contributed Surplus - continued

Expiry Date	Exercise Price	Number of Warrants
December 30, 2017	\$0.05	40,000
December 30, 2017	\$0.10	400,000
May 19, 2019	\$0.50	645,600
July 2, 2019	\$0.50	408,500
October 21, 2018	\$0.25	40,000
December 16, 2018	\$0.25	1,287,200
November 30, 2019	\$0.25	40,000
April 27, 2018	\$0.10	5,720,000
August 3, 2018	\$0.10	9,300,000
September 20, 2018	\$0.10	5,590,000
October 13, 2019	\$0.06	6,895,000
Total warrants outstanding		30,366,300
Weighted average	\$0.11	

(c) Stock Options

The Company has established a stock option plan (the "Plan") for directors, employees, and consultants of the Company. From time to time, shares may be reserved by the Board, in its discretion, for options under the Plan, provided that at the time of the grant, the total number of shares so reserved for issuance by the Board shall not exceed the greater of 10% of the issued and outstanding listed shares (on a non-diluted basis) as at the date of grant. No options shall be granted, without regulatory approval, entitling any single individual to purchase in excess of 5% of the then outstanding shares in the Company in any 12 month period and no more than 2% of the optioned shares may be issued to any one individual in any 12 month period. If the option rights granted under the plan shall expire or terminate for any reason without having been exercised, such optioned shares may be made available for other options to be granted under the plan. The shares so reserved by the Board under the Plan shall be authorized but unissued shares.

The options are non-transferable and will expire, if not exercised, immediately upon dismissal by the Company with cause or 90 days following the date the optionee otherwise ceases to be a director, officer, manager, consultant or employee of the Company for reasons other than death. In the case of death, the expiry becomes one year after the death of an optionee. Pursuant to the policies of the TSX.V, options granted pursuant to the Plan in excess of 10% of the issued and outstanding common shares at the time of the grant must be subject to vesting.

There were no stock options granted during the period ended November 30, 2017.

At November 30, 2017, the following options were outstanding and exercisable:

Expiry Date	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Years	Number of Options Exercisable
June 6, 2018	\$0.50	206,000	1.02	206,000
	\$0.50	206,000	1.02	206,000

Pan Andean Minerals Ltd.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine-month period ended November 30, 2017 and 2016

(Expressed in Canadian Funds)

(Unaudited – Prepared by Management)

10. Related Party Transactions

(a) Related Parties

Key management personnel include those persons having authority and responsibility for planning, directing and controlling activities of the Company as a whole. The Company has determined that its key management personnel consist of the Company's Board of Directors and corporate officers, and/or companies controlled by its key management personnel. The nature of the Company's relationships with its related parties is as follows:

	Nature of Relationship
Former President and CEO	Geological consulting
Executive Chairman and Acting CEO	Management
VP Exploration and Director	Geological consulting and management
A director based in Peru	Project G&A and management
A company controlled by its CFO	Management and consulting
A company controlled by its former CFO	Management and consulting
A company controlled by its Corporate Secretary	Management and consulting

(b) Related Party Transactions

The following amounts due to related parties are included in trade payables and accrued liabilities. These amounts are unsecured, non-interest bearing and have no fixed terms of payments. All related party amounts are to key management personnel.

	November 30, 2017	February 28, 2017
Management & geological consulting fees	\$ 294,629	\$ 119,456

The remuneration of directors and other members of key management personnel during the nine-month ended November 30, 2017 and November 30, 2016 were as follows:

	November 30, 2017	November 30, 2016
Management & geological consulting fees	\$ 250,573	\$ 101,575

Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the nine-month periods ended November 30, 2017 and November 30, 2016.

11. Segmented Information

The Company has one business segment, the exploration of mineral properties. The Company's mineral properties are distributed by geographic locations as follows:

	November 30, 2017	February 28, 2017
Peru	\$ 2,510,258	\$ 2,372,064
Canada	320,433	320,433
	\$ 2,830,691	\$ 2,692,497

Pan Andean Minerals Ltd.

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine-month period ended November 30, 2017 and 2016

(Expressed in Canadian Funds)

(Unaudited – Prepared by Management)

12. Commitments

On March 2, 2016, the Company entered into a lease agreement for office space at approximately \$11,000 per month (\$132,000 annually), which amount includes the basic rent plus operating costs. The lease has an expiry date of April 30, 2019.

The Company concurrently subleases a portion of the office space to three other companies. The three companies have the right to terminate their sublease agreement after the initial term completed. A termination notice is required with at least two months before the effective date of the notice.

13. Fair Value Measurement

Certain of the Company's financial assets and liabilities are measured at fair value on a recurring basis and classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company does not have any non-financial assets and liabilities measured at fair value on a non-recurring basis. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value our financial assets and liabilities are described below:

Level 1 – Quoted Prices in Active Markets for Identical Assets or Liabilities

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. Short-term investments and marketable securities are valued using quoted market prices in active markets. Accordingly, these items are included in Level 1 of the fair value hierarchy.

Level 2 – Significant Other Observable Inputs

Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability. The Company does not have any financial assets or liabilities included in Level 2 of the fair value hierarchy.

Level 3 – Significant Unobservable Inputs

Unobservable (supported by little or no market activity) prices. The Company does not have any financial assets or liabilities included in Level 3 of the fair value hierarchy.

The fair values of the Company's financial assets and liabilities measured at fair value on a recurring basis as at November 30, 2017 and February 28, 2017 are summarized in the following table:

	Level	November 30, 2017	February 28, 2017
Marketable securities	1	\$ 34,044	\$ 1,000

14. Subsequent Events

- On December 30, 2017, a total of 440,000 warrants expired.
- As at January 27, 2018, the Company has received net \$53,173 from the sale of marketable securities.