



(An Exploration Stage Company)

Condensed Consolidated Interim Financial Statements

For the Nine Months Ended November 30, 2020 and November 30, 2019

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

Pan Andean Minerals Ltd.*(An Exploration Stage Company)***Condensed Consolidated Interim Statements of Financial Position***(Unaudited – Expressed in Canadian Dollars)*

	November 30, 2020	February 29, 2020
Assets		
Current Assets:		
Cash and cash equivalents	\$ 860,212	\$ 201,546
Sales tax and other receivables (Note 4)	7,060	13,145
Prepaid expenses	27,094	14,600
Marketable securities (Note 3)	9,572	17,730
	903,938	247,021
Non-Current Assets:		
Deposits	12,597	12,597
Right-of-use asset (Notes 9)	84,676	129,504
Exploration and evaluation assets (Note 5)	1	1
Total Assets	\$ 1,001,212	\$ 389,123
Liabilities and Equity		
Current Liabilities:		
Accounts payable and accrued liabilities (Note 7)	\$ 162,097	\$ 159,319
Convertible debenture interest payable	5,294	5,294
Lease liability – current portion (9)	68,103	58,755
Short-term loan (Note 8)	1,277,924	-
	1,513,418	223,368
Lease liability – long-term (Notes 9)	30,369	83,093
Total Liabilities	1,543,787	306,461
Shareholders' Equity (Deficiency):		
Share capital (Note 10)	18,935,514	18,935,514
Share subscriptions received (Note 10)	75,000	25,000
Reserves (Note 10)	5,993,711	5,993,711
Accumulated other comprehensive loss	(213,523)	(213,523)
Deficit	(25,333,277)	(24,658,040)
Total Equity (Deficiency)	(542,575)	82,662
Total Liabilities and Equity	\$ 1,001,212	\$ 389,123

Nature of Operations and Going Concern (Note 1)

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 Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	For Three Months Ended November 30		For Nine Months Ended November 30,	
	2020	2019	2020	2019
Expenses				
Amortization (Note 9)	\$ 14,943	\$ 15,370	\$ 44,828	\$ 35,863
Consulting and management fees (Note 11)	103,029	140,800	330,864	365,180
Corporate listing and filing fees	543	10,387	5,260	39,812
Investor relations	-	7,883	1,750	12,612
Office and general	3,187	11,754	19,267	38,771
Professional fees (Note 11)	41,466	38,306	118,006	110,490
Rent (none-lease portion)	15,965	15,742	47,829	59,818
Sublease income	(16,986)	(21,530)	(50,748)	(62,127)
Travel	675	65,444	11,928	193,874
Loss from operations	162,822	284,156	528,984	794,293
Other expense (income)				
Accretion - convertible debentures	-	1,109	-	5,628
Finance cost - debt financing (Note 8)	-	-	87,046	-
Interest and miscellaneous income	(479)	(3,253)	(146)	(4,423)
Interest expense - convertible debenture	-	2,550	-	12,945
Interest expense - lease (Note 9)	4,769	8,069	16,508	18,828
Interest expense - short-term loan (Note 8)	10,345	-	34,413	-
Loss (gain) on foreign exchange	31	(119)	274	(825)
Unrealized (gain) loss marketable securities	(3,640)	-	8,158	-
Write-off receivables	-	-	-	171
Total other expense (income)	11,026	8,356	146,253	32,324
Net loss for the period	173,848	292,512	675,237	826,617
Comprehensive loss for the period	\$ 173,848	292,512	\$ 675,237	\$ 826,617
Loss per share				
Basic	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.01
Weighted average number of common shares outstanding	70,233,980	70,233,980	70,233,980	62,736,889

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 Cash Flows***(Expressed in Canadian Dollars)*

	For Nine Months Ended	
	November 30, 2020	November 30, 2019
Operating Activities:		
Net loss for the period	\$ (675,237)	\$ (826,617)
Adjustment for items which do not involve cash:		
Amortization	44,828	35,863
Accretion – convertible debentures	-	5,628
Unrealized loss on marketable securities	8,158	-
Write-off accounts receivables	-	171
Changes in non-cash working capital components:		
Accounts payable and accrued liabilities	2,778	(87,308)
Convertible debenture interest payable	-	7,845
Short-term loan interest payable	22,780	-
Prepaid expenses	(12,494)	(22,483)
Sales tax and other receivables	6,085	(826)
	(603,102)	(887,727)
Financing Activities:		
Shares issuances – private placements	-	1,200,000
Shares issuance - warrants exercise	-	30,000
Share subscription received	50,000	-
Finance cost - Finder's fee	-	(35,000)
Proceeds from short-term loan	1,255,144	-
Principal portion of lease liability repayments	(43,376)	(26,225)
	1,261,768	1,168,775
Net changes in cash and cash equivalents	658,666	281,048
Cash and cash equivalents - beginning of the period	201,546	292,578
Cash and cash equivalents - end of the period	\$ 860,212	\$ 573,626

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 months ended November 30, 2020 and November 30, 2019

(Expressed in Canadian Dollars)

		SHARE CAPITAL		SHARES TO BE		ACCUMULATED OTHER COMPREHENSIVE LOSS ("AOCL")	DEFICIT	TOTAL EQUITY
	Notes	SHARES	AMOUNT	ISSUED	RESERVES			
Balance – February 28, 2019		55,862,552	17,670,167	-	5,897,832	(213,523)	(23,566,797)	(212,321)
Share issued – private placements		11,500,000	1,072,000	-	128,000	-	-	1,200,000
Share issue cost		-	(35,000)	-	-	-	-	(35,000)
Share issued – convertible debenture conversion		2,571,428	182,302	-	(7,826)	-	-	174,476
Warrants exercised		300,000	42,000	-	(12,000)	-	-	30,000
Net loss for the period		-	-	-	-	-	(826,617)	(826,617)
Balance – November 30, 2019		70,233,980	18,931,469	-	6,006,006	(213,523)	(24,393,414)	330,538
Balance - February 29, 2020		70,233,980	18,935,514	25,000	5,993,711	(213,523)	(24,658,040)	82,662
Share subscription received		-	-	50,000	-	-	-	50,000
Net loss for the period		-	-	-	-	-	(675,237)	(675,237)
Balance - November 30, 2020		70,233,980	18,935,514	75,000	5,993,711	(213,523)	(25,333,277)	(542,575)

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

Pan Andean Minerals Ltd.

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

For the Nine Months Ended November 30, 2020 and 2019

(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Pan Andean Minerals Ltd. (the “Company” or “Pan Andean”) 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 condensed 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 continue operations. 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, 2020, the Company has an accumulated deficit of \$25,333,277 (February 29, 2020 - \$24,658,040), a net loss for the period ended November 30, 2020 of \$675,237 (November 30, 2019 - \$826,617) and has working capital deficiency of \$609,480 (February 29, 2020 – \$23,653 working capital).

If the going concern assumption is not appropriate for these consolidated 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.

On January 10, 2020, the company announce a proposed change of business (the “Proposed COB”) from mineral exploration to a Canadian cannabis enterprise. The Company intends to apply to the TSX Venture Exchange (the “TSXV”) to have its common shares delisted from the TSXV and relist onto the Canadian Securities Exchange (the “CSE”) upon completion of the Proposed COB. The Company’s common shares were halted from trading due to proposed COB. (note 13)

2. Basis of Preparation

Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended February 29, 2020.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on January 27, 2020.

Pan Andean Minerals Ltd.

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

For the Nine Months Ended November 30, 2020 and 2019

(Expressed in Canadian Dollars)

2. Basis of Preparation - continued

These 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.

The condensed consolidated interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted.

Critical Accounting Estimates

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

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position based on the planned exploration budgets and drill results of exploration programs.
- ii) The incremental rate of borrowing used in the measurement of the lease liability was based on estimated interest rate the Company would borrow at from arm's-length third parties as at the dates of adopting IFRS 16 and entering into its current long-term office lease.
- iii) The inputs used in accounting for share-based compensation expense included in profit or loss calculated using the Black-Scholes option pricing model.
- iv) The valuations of shares issued in non-cash transactions using the quoted share price as the fair value-based measurement on the date the shares are issued for the transaction.
- v) The recognition of deferred tax assets based on the change in unrecognized deductible temporary tax differences.

Accounting standards and interpretations issued but not yet effective

The Company has reviewed the accounting standards or amendments to existing accounting standards that have been issued but have future effective dates and determined that these are either not applicable or are not expected to have a significant impact on the Company's financial statements.

Pan Andean Minerals Ltd.

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Notes to Condensed Consolidated Interim Financial Statements

For the Nine Months Ended November 30, 2020 and 2019

(Expressed in Canadian Dollars)

3. Marketable Securities

	November 30, 2020	February 29, 2020
Marketable securities – fair value	\$ 9,572	\$ 17,730

The securities owned by the Company represent minor ownership in all of the public companies in the above.

4. Other Receivables

	November 30, 2020	February 29, 2020
Sales tax (GST)	\$ 4,709	\$ 13,145
Other receivables	2,351	
Total	7,060	13,145

5. Exploration and Evaluation Assets and Expenditures

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

	Minto/Carmacks (Yukon) \$	Other Properties (BC & Yukon) \$	Chanape & Cima (Peru) \$	Total \$
Balance - February 28, 2018	210,000	19,633	2,560,619	2,790,252
Sale of property	(210,000)	-	-	(210,000)
Mining rights-yearly govt. validity fee	-	-	37,905	37,905
Other exploration expenditures	-	-	39,467	39,467
Property option payment paid	-	-	79,014	79,014
Impairment of mining property	-	(19,633)	(2,717,004)	(2,736,637)
Balance – November 30, 2020 and February 29, 2020	-	-	1	1

The Company retains various ownership interests in various exploration and evaluation assets even though the subject assets have been written off for accounting purposes. There is no mandatory conditions related to these properties.

6. Financial Risk and Capital Management

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

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts at a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

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Notes to Condensed Consolidated Interim Financial Statements

For the Nine Months Ended November 30, 2020 and 2019

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6. Financial Risk and Capital Management - continued

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to necessary levels of equity funding.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. As at November 30, 2020, the Company had negligible financial assets or liabilities denominated in a foreign currency.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risks.

Capital management

The Company's policy is, if permitted by market conditions, to maintain a strong capital base so as to support investor and creditor confidence and support future development of the business. The capital structure of the Company consists of equity, comprising share capital and reserves net of accumulated deficit. The Company is not subject to any externally imposed capital requirements.

The Company's financial instruments consist of cash, accounts payable, accrued liabilities and short-term loan. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these investments. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- **Level 1** – Unadjusted quoted prices in active markets for identical assets or liabilities;
- **Level 2** – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- **Level 3** – Inputs that are not based on observable market data. Cash is measured at fair value using Level 1 inputs.

Fair value measurement

Cash and marketable securities are measured at fair value using Level 1 inputs.

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy:

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(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

For the Nine Months Ended November 30, 2020 and 2019

(Expressed in Canadian Dollars)

6. Financial Risk and Capital Management - continued

	Level 1	Level 2	Level 3	Total November 30, 2020
Cash	\$ 860,212	\$ -	\$ -	\$ 860,212
Marketable securities	9,572	-	-	9,572
Total	\$ 869,784	\$ -	\$ -	\$ 869,784

	Level 1	Level 2	Level 3	Total February 29, 2020
Cash	\$ 201,546	\$ -	\$ -	\$ 201,546
Marketable securities	17,730	-	-	17,730
Total	\$ 219,276	\$ -	\$ -	\$ 219,276

7. Accounts Payable and Accrued Liabilities

	November 30, 2020	February 29, 2020
Trade payables (Note 11)	\$ 161,826	\$ 145,319
Accrued liabilities	271	14,000
Total	\$ 162,097	\$ 159,319

8. Short-term Loan

On March 9, 2020, the Company received a \$100,000 unsecured loan bearing interest, payable semi-annually, at a rate of 4% per annum, with outstanding principal due and payable on March 6, 2021. The Company paid \$7,000 in cash finder's fee pursuant to this loan financing.

On March 24, 2020, the Company received a \$1,143,511 (1 billion South Korean Won) unsecured loan bearing interest, payable semi-annually, at a rate of 4% per annum, with outstanding principal due and payable on March 31, 2021. The Company paid \$80,046 in cash of finder's fees pursuant to this loan financing.

For the nine months ended November 30, 2020, the interest was calculated as \$34,413 (2019 - \$Nil). As at November 30, 2020, the short-term loan balance is \$1,277,924 (February 29, 2020 - \$Nil).

The company is currently in negotiations with the lenders to discuss the terms of the related loans.

Pan Andean Minerals Ltd.

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

For the Nine Months Ended November 30, 2020 and 2019

(Expressed in Canadian Dollars)

9. Right-Of-Use Assets & Lease Liabilities

As at March 1, 2019, the Company had a remaining lease commitment of \$6,296 of basic rent per month plus operating costs for two months pursuant to a lease agreement expiring April 30, 2019.

The Company extended its lease agreement for office space effective May 1, 2019 until April 30, 2022. Minimum annual commitments for basic rent, excluding additional operating costs, at May 1, 2019 were as follows:

Year	Amount
2020	\$ 64,362
2021	80,032
2022	83,390
2023	13,992
	<u>\$ 241,776</u>

a) Right-of-use assets

As at November 30, 2020, the right-of-use asset recorded for the Company's office premises was as follows:

	November 30, 2020	February 29, 2020
	\$	\$
Opening balance	129,504	-
IFRS 16 adoption – May 2016 to April 2019 lease	-	9,079
Amortization	-	(9,079)
May 2019 to April 2022 lease – initial recognition	-	179,313
Amortization	(44,828)	(49,809)
Ending balance	<u>84,676</u>	<u>129,504</u>

b) Lease liabilities

Minimum lease payments in respect of lease liabilities and the effect of discounting as at November 30, 2020 are as follows:

	November 30, 2020	February 29, 2020
	\$	\$
Undiscounted minimum lease payments:		
Less than one year	82,551	80,032
More than one year	34,979	97,382
Total undiscounted minimum lease payments	117,530	177,414
Effect of discounting	(19,058)	(35,566)
Present value of minimum lease payments	98,472	141,848
Less: current portion	(68,103)	(58,755)
Long-term portion	<u>30,369</u>	<u>83,093</u>

Pan Andean Minerals Ltd.

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

For the Nine Months Ended November 30, 2020 and 2019

(Expressed in Canadian Dollars)

9. Right-Of-Use Assets & Lease Liabilities - continued

c) Lease liabilities continuity

The net change in the Company's lease liability during the period ended November 30, 2020 was as follows:

	November 30, 2020	February 29, 2020
	\$	\$
Beginning balance	141,848	-
IFRS 16 adoption – May 2016 to April 2019 lease	-	10,950
Principal payments	-	(10,950)
May 2019 to April 2022 lease – initial recognition	-	179,313
Principal payments	(43,376)	(37,465)
Ending balance	98,472	141,848

The Company incurred interest expense of \$16,508 on its lease liabilities for the nine months ended November 30, 2020 (2019 – \$18,828), and received sublease income of \$50,748 (2019 - \$62,127) as a result of subleasing a portion of its office space.

10. Share Capital

(a) Share Capital

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

Private Placements

Year Ended February 29, 2020

On May 22, 2019, the Company closed a private placement of 2,500,000 common shares at a price of \$0.12 per share for gross proceeds of \$300,000.

On August 21, 2019, the Company closed a private placement of 9,000,000 units at a price of \$0.10 per unit for gross proceeds of \$900,000. Each unit consists of one common share and one-half common share warrant, with each warrant entitling the holder to purchase one common share at a price of \$0.30 per common share within 24 months of the closing of the private placement. The fair value of the 4,500,000 warrants was calculated at \$116,000 and was determined on the date of issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 1.40% risk free interest rate, expected life of 2 years, 165.56% annualized volatility and 0% dividend rate. \$43,250 in cash share issue costs were paid in conjunction with the private placement.

Nine Months Ended November 30, 2020

There were no common shares issued during the nine months ended November 30, 2020.

Pan Andean Minerals Ltd.

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Notes to Condensed Consolidated Interim Financial Statements

For the Nine Months Ended November 30, 2020 and 2019

(Expressed in Canadian Dollars)

10. Share Capital – continued

Convertible Debenture Conversion

Year Ended February 29, 2020

In June 2019, \$180,000 of convertible debenture principal outstanding was converted to 2,571,428 common shares of the Company at \$0.07 per share. The \$174,476 accreted carrying value and \$7,826 equity portion of the convertible debenture principal was transferred to share capital on conversion

Warrants Exercise

Year Ended February 29, 2020

In May 2019, 300,000 share purchase warrants exercisable at \$0.10 per share were exercised for gross proceeds of \$30,000. The \$12,295 value of these warrants was reclassified from reserves to share capital upon exercise.

(b) Share Purchase Warrants

As at November 30, 2020, the following warrants were outstanding:

Expiry Date	Exercise Price	Number of Warrants	Remaining Years
December 20, 2020	\$0.10	2,200,000	0.05
August 21, 2021	\$0.30	4,500,000	0.72
Total warrants outstanding		6,700,000	
Weighted average price	\$0.23		
Average remaining years			0.50

See Note 13

(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.

Pan Andean Minerals Ltd.

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements

For the Nine Months Ended November 30, 2020 and 2019

(Expressed in Canadian Dollars)

10. Share Capital – continued

(c) Stock Options - continued

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.

The Board has previously established a rolling Stock Option Plan which reserves for issuance up to 10% of the Company's outstanding common shares. The policies of the TSX Venture exchange require such stock option plans to be approved annually by the Company's shareholders by way of an ordinary resolution. Shareholder approval shall be sought at the next AGM for the Stock Option Plan, as such, any options issued prior to such approval shall not be exercisable until such approval is granted by shareholders.

There were no options granted during the nine months ended November 30, 2020.

At November 30, 2020, 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
March 20, 2023	\$0.06	2,400,000	2.30	2,400,000
February 28, 2024	\$0.06	3,100,000	3.25	3,100,000

(d) Shares Subscribed

In February and June 2020, the Company received an aggregate amount of \$75,000 pursuant to the subscription for 937,500 units at \$0.08 per unit, with each unit consisting of one Company common share and one-half of one share purchase warrant, where a full share purchase warrant is exercisable at \$0.30 per share for 24 months after closing, subject to accelerated expiry with 30 days' notice if the Company's common shares close at a market price of \$0.50 or greater for ten consecutive trading days. The Company holds the funds in the trust until the common shares are issued to the investors, subject to Exchange approval.

11. Related Party Transactions

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 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.

Pan Andean Minerals Ltd.

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Notes to Condensed Consolidated Interim Financial Statements

For the Nine Months Ended November 30, 2020 and 2019

(Expressed in Canadian Dollars)

11. Related Party Transactions - continued

	November 30, 2020	February 29, 2020
Due to related parties	\$ -	\$ -

The remuneration of directors and other members of key management personnel during the period ended November 30, 2020 and November 30, 2019 were as follows:

	November 30, 2020	November 30, 2019
Management fees	\$ 236,100	\$ 176,700
Professional fees	41,452	30,000
	\$ 277,552	\$ 206,700

All amounts paid to related parties have been recorded at fair value for the services received by the Company.

12. Contingency

On July 13, 2020, a former director of the Company filed a small claims action against the Company for an aggregate amount of \$35,176. The Company disputes the allegations in the Notice of Claim, believes the complaint to be wholly without merit, and intends to vigorously defend itself against the action. The Company does not anticipate the matter will have a material adverse impact on the financial operations of the Company. The action remains ongoing and the Company expects to go to trial this year.

13. Subsequent Event

- (a) On December 20, 2020, 2,200,000 warrants expired.
- (b) On January 26, 2021, the Company announced the termination of proposed COB and intends to maintain its listing on TSX Venture Exchange in the junior mining sector. The Company has staked new mining claims in Golden, BC, along a strike with a quartzite bed, targeting silica in the quartzites for a total of 467 hectares. Furthermore, the Company has identified the secondary battery materials business as a new growth engine. The Company will focus on exploring and producing silicon, which, when added to anode materials in the production of lithium-ion batteries, provides improvements in capacity and efficiency over lithium-ion batteries using graphite in their anode materials. The Company intends to become an integrated silicon producer and anode materials supplier to the electric vehicle industry.
- (c) On January 27, 2021, the Company received a notice from TSX Venture that it has been placed on Notice with a 90-day deadline to transfer to NEX for not meeting Tier 2 CLR, as it is considered a material change in affairs of the Company. The shares of the Company will resume trading on January 29, 2021.