

## Panoro Minerals Announces the Sale of Antilla Copper Project for Cash and Royalty

VANCOUVER, B.C., October 12, 2021 – **Panoro Minerals Ltd.** (TSXV: PML, Lima: PML, Frankfurt: PZM, OTCQB: POROF) (“Panoro” or the “Company”) is pleased to announce the sale of its Antilla Project to Heeney Capital Acquisition Company Inc. (“HCAC”), a mineral exploration and development company. Panoro has agreed to sell 90% of the shares of Antilla Copper S.A. (“Antilla”), a wholly owned subsidiary of Panoro, which holds the Antilla Project, in consideration for advanced payments of up to 13% of the Net Present Value of the Antilla Project plus a Net Smelter Return royalty (“NSR”) of 1% (on top of the 2% NSR that the Company already owns on the Antilla Property). The advanced payments will be staged and HCAC will initially earn a 75% interest in Antilla on closing plus an additional 15% 12 months after the earlier of drilling permits being obtained or a pre-feasibility or feasibility study being completed on the Antilla Project (a “Study”), for a total 90% interest. The Company and HCAC will contribute their pro-rata portion of all exploration and development expenditures.

Pending the results of the Study, the total of the advanced payments could be between C\$ 20 million and C\$ 70 million, plus the aggregate up to the 3% NSR over the life of the mine.

**Advance payments** to Panoro will include both scheduled and contingent payments for HCAC to earn in a 90% interest in stages as outlined below:

- Scheduled Payments of:
  - C\$ 10 million on closing of the transaction,
  - C\$ 2.8 million 10 months from closing,
  - C\$ 7 million 12 months after the earlier of drilling permits being obtained or a Study being completed.
- Contingent Payments of:
  - C\$ 10 million if the Study estimates the Net Present Value at an 8% discount rate (NPV<sub>8</sub>) of the Antilla Project to be above US\$ 310 million; or
  - Up to C\$ 50 million if the Study estimates the NPV<sub>8</sub> to be above US\$ 360 million

Including the contingent payments, which will be received within 12 months of the completion of the Study, the total advance payments could equal up to C\$ 70 million (or approximately 13% of NPV<sub>8</sub>).

**Net Smelter Return royalty payments** to Panoro over the life of the Antilla Project will include:

- an existing 2% NSR; plus
- if Panoro’s ownership in Antilla is diluted to below 5%, it’s ownership interest will automatically convert to an additional 1% NSR
- Total 3% NSR, subject to a buyback right for the 1% NSR for C\$ 4 million

The range of potential payments from this transaction are summarized in the table below.

Antilla Project NPV <sup>1</sup> (million US\$)	Total Advance Payments (Scheduled and Contingent) (million C\$)	NSR (%)
up to 310	20 to 24	2% to 3%
310 to 360	30 to 34	2% to 3%
above 360	up to 74	2% to 3%

*1. To be estimated in the Study at a 8% discount rate at long-term street consensus pricing*

The Antilla Project’s preliminary economic assessment (“PEA”) was completed in 2018 estimating an after tax NPV of C\$ 516.1 million (US\$ 397 million) at a long-term copper price of US\$ 3.25/lb and a 7.5% discount rate. For comparative purposes, at copper prices of between US\$ 3.25/lb and US\$ 4.00/lb, a discount rate of 8% and factoring in an aggregate 3% NSR, the estimated payments from the sale of the Antilla are shown in the table below.

Long-term Cu Prices (US\$/lb)	Total Advance Payments <sup>1,2</sup> (million C\$)	NSR (%)
3.25	56 to 60	2% to 3%
3.50	70 to 74	2% to 3%
4.00	70 to 74	2% to 3%

1. Based on NPV (US\$ 335 million @ US\$ 3.25/lb, US\$ 426 million @ US\$ 3.50/lb, US\$ 640 million @ US\$ 4.00/lb)  
2. 1.30 C\$/US\$, Factoring for the aggregate 3% NSR

Luquman Shaheen, President & CEO of Panoro Minerals states, “The Company is very pleased with the completion of this transaction. Panoro will reinvest the proceeds into the Company’s projects in Peru including its flagship Cotabambas Project. The focus at the Cotabambas Project will be to advance with the work required to support a feasibility study and environmental impact assessment. Our first priority will be to drill test attractive satellite targets before moving to infill drilling programs. In parallel, metallurgical testing will look to optimize flotation recoveries and estimate leach recoveries of the oxide resource. The resource growth potential at the Cotabambas Project is encouraging, recovery improvements from the transition zone look promising, and the addition of a heap leach component will add value, which, together with the high copper, gold and silver commodity prices, present compelling upside to the value of the Cotabambas Project. Importantly, Panoro will advance the Cotabambas Project while minimizing share dilution and thereby maximizing our shareholders’ exposure to the valuation upside. Furthermore, the Company’s growing royalty package presents additional upside to Panoro shareholders. The royalty package now includes up to a 3% NSR on the Antilla Project, a 2% NSR on the Kusiorcco Project and a 5% NSR on the Cochasyhuas Project.”

### Antilla Project

The Antilla Project PEA estimated production of between 54 and 66 million pounds per year of payable copper during its first five years of operation and an average of over 46 million pounds per year over the project’s 17 year mine life.

The economic metrics estimated in the PEA are summarized in the Table below

Copper Price (US\$/lb)	Before Tax <sup>1</sup>					After Tax				
	NPV 5% (million US\$)	NPV 7.5% (million US\$)	NPV 10% (million US\$)	IRR (%)	Payback (Years)	NPV 5% (million US\$)	NPV 7.5% (million US\$)	NPV 10% (million US\$)	IRR (%)	Payback (Years)
2.75	487	383	301	28.8	2.9	232	169	118	18.7	3.6
3.05	648	520	419	34.7	2.6	394	305	236	25.9	3.0
3.25	755	611	497	38.4	2.5	501	397	314	30.3	2.7

1. Excluding Peru statutory charges ( i.e. profit sharing, regulatory fees, mining royalty, special mining tax, and income tax)  
2. The economic results are based on the heap leach tonnages in the selected ultimate pit. The heap leach tonnages include Inferred Resources. The reader is cautioned that inferred resources are considered too speculative geologically to have the economic considerations applied to them that would enable categorization as Mineral Reserves. Mineral resources that are not Mineral Reserves do not have demonstrated economic viability.

The PEA includes an open pit mining rate of 20,000 tonnes per day with the crushed ore being delivered to a valley fill heap leach pad. The proposed processing includes a solvent extraction and electrowinning (SX/EW) plant. The recovery of copper from the SX/EW plant was estimated to be 72.5% in the PEA. Subsequent to the PEA, column leaching tests completed have estimated potential recoveries as high as 79.9%.

The Antilla Project includes a resource composed of indicated and inferred resources as follows:

- **Indicated Resources** of 291.8 million tonnes at 0.34% Cu and 0.01% Mo; and
- **Inferred Resources** of 90.5 million tonnes at 0.26% Cu and 0.008% Mo.

Resource growth potential identified at the Antilla Project includes:

- North Block:** appears to be an extension of the resource zone of between 0.5 to 1.5 km, where outcroppings of the same mineralization and the same sandstone package included in the resource estimates has been mapped and sampled. In the North Block the copper oxides and secondary sulfides outcrop along 2 km in the east-west direction.
- West Block:** located 1 to 3 km to the west of the project resources where 7 drillholes have been executed in the past intersecting near surface copper mineralization. The drillholes were completed before an extensive geochemistry survey by Panoro which identified other drill target areas.
- Intermediate Block:** the copper anomalies are aligned by structural control along 2.2 km length in north-south direction. The target indicates a porphyry stock at surface located from 200 m to 1 km to the west and southwest of the mineral resources area.
- Chabuca Block:** the copper anomalies cover an area of 1.5 by 1.5 km at surface and are located from 300 m to 2,000 m to the East of the resources. In Chabuca, a porphyry stock intrudes the same sandstones package hosting the mineralization in the resources area and in the North Block.

### About Panoro

Panoro is a uniquely positioned Peru-focused copper exploration and development company. The Company is advancing its flagship project, the Cotabambas Copper-Gold-Silver Project, and its Antilla Copper-Molybdenum Projects located in the strategically important area of southern Peru.

Panoro has completed strategic partnerships at three of its projects:

1. Wheaton Precious Metals - Precious Metals Purchase Agreement, Cotabambas Project;
2. Hudbay Minerals – NSR Royalty and Cash sale, Kusiorcco Project; and
3. Mintania – NSR Royalty and Cash sale, Cochasyhuas Project.

At the Cotabambas Project, the Company is focused on delineating growth potential while optimizing project economics. Exploration and step-out drilling from 2017, 2018 and 2019 have identified the potential for both oxide and sulphide resource growth.

### **Summary of Cotabambas and Antilla Project Resources**

Project	Resource Classification	Million Tonnes	Cu (%)	Au (g/t)	Ag (g/t)	Mo (%)	CuEq %
Cotabambas <sup>1</sup> Cu/Au/Ag	Indicated	117.1	0.42	0.23	2.74	0.001	0.59
	Inferred	605.3	0.31	0.17	2.33	0.002	0.44
	@ 0.20% CuEq cutoff, effective October 2013, Tetrattech						
Antilla <sup>2</sup> Cu/Mo	Indicated	291.8	0.34	-	-	0.01	0.38
	Inferred	90.5	0.26	-	-	0.007	0.29
	@ 0.175% CuEq cutoff, effective May 2016, Tetrattech						
1. Cotabambas Project, Apurimac, Peru, NI 43-101 Technical Report on Updated Preliminary Economic Assessment, amec foster wheeler and Moose Mountain Technical Services, 22 September 2015							
2. Technical Report on the PEA for the Antilla Copper Project Heap Leach SX/EW Operation, Moose Mountain Technical Services, 11 June 2018.							

PEAs have been completed for both the Cotabambas and Antilla Projects, the key results are summarized below.

### **Summary of Cotabambas and Antilla Project PEA Results**

Key Project Parameters		Cotabambas Cu/Au/Ag Project <sup>1</sup>	Antilla Cu Project <sup>2</sup>
Process Feed, life of mine	million tonnes	483.1	118.7
Process Feed, daily	Tonnes	80,000	20,000

Key Project Parameters			Cotabambas Cu/Au/Ag Project <sup>1</sup>	Antilla Cu Project <sup>2</sup>
Strip Ratio, life of mine			1.25 : 1	1.38 : 1
Before Tax <sup>1</sup>	NPV <sub>7.5%</sub>	million US\$	1,053	520
	IRR	%	20.4	34.7
	Payback	years	3.2	2.6
After Tax <sup>1</sup>	NPV <sub>7.5%</sub>	million US\$	684	305
	IRR	%	16.7	25.9
	Payback	years	3.6	3.0
Annual Average Payable Metals	Cu	thousand tonnes	70.5	21.0
	Au	thousand ounces	95.1	-
	Ag	thousand ounces	1,018.4	-
	Mo	thousand tonnes	-	-
Initial Capital Cost		million US\$	1,530	250
<p>1. Project economics estimated at commodity prices of; Cu = US\$ 3.00/lb, Au = US\$ 1,250/oz, Ag = US\$ 18.50/oz, Mo = US\$ 12/lb</p> <p>2. Project economics estimated at long term commodity price of Cu = US\$ 3.05/lb and short term commodity price of Cu = US\$ 3.20, US\$ 3.15 and US\$ 3.10 for Years 1, 2 and 3 of operations, respectively.</p>				

The PEAs are considered preliminary in nature and include Inferred Mineral Resources that are considered too speculative to have the economic considerations applied that would enable classification as Mineral Reserves. There is no certainty that the conclusions within the PEAs will be realized. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

Luis Vela, a Qualified Person under National Instrument 43-101, has reviewed and approved the scientific and technical information in this press release.

On behalf of the Board of **Panoro Minerals Ltd.**

Luquman Shaheen. M.B.A., P.Eng, P.E.  
President & CEO

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**CAUTION REGARDING FORWARD LOOKING STATEMENTS:** Information and statements contained in this news release that are not historical facts are “forward-looking information” within the meaning of applicable Canadian securities legislation and involve risks and uncertainties.

Examples of forward-looking information and statements contained in this news release include information and statements with respect to:

- closing of the sale of Antilla shares to HCAC;
- scheduled and contingent payments by HCAC;
- drilling permits for the Antilla Project being obtained;
- completion of a Study on the Antilla Project and the NPV estimated in such Study;
- potential dilution of Panoro's equity in Antilla below 5%;
- advancing the Antilla Project to production;
- Panoro weathering the current depressed equity and commodity markets, minimizing dilution to existing shareholders and making targeted investments into exploration at the Cotabambas Project;
- mineral resource estimates and assumptions;
- the PEAs, including, but not limited to, base case parameters and assumptions, forecasts of net present value, internal rate of return and payback; and
- copper concentrate grade from the Cotabambas Project.

Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. In some instances, material assumptions and factors are presented or discussed in this news release in connection with the statements or disclosure containing the forward-looking information and statements. You are cautioned that the following list of material factors and assumptions is not exhaustive. The factors and assumptions include, but are not limited to, assumptions concerning: metal prices and by-product credits; cut-off grades; short and long term power prices; processing recovery rates; mine plans and production scheduling; process and infrastructure design and implementation; accuracy of the estimation of operating and capital costs; applicable tax and royalty rates; open-pit design; accuracy of mineral reserve and resource estimates and reserve and resource modeling; reliability of sampling and assay data; representativeness of mineralization; accuracy of metallurgical test work; and amenability of upgrading and blending mineralization.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ materially from those expressed or implied by the forward-looking statements, including, without limitation:

- risks relating to metal price fluctuations;
- risks relating to estimates of mineral resources, production, capital and operating costs, decommissioning or reclamation expenses, proving to be inaccurate;
- the inherent operational risks associated with mining and mineral exploration, development, mine construction and operating activities, many of which are beyond Panoro's control;
- risks relating to Panoro's or its partners' ability to enforce legal rights under permits or licenses or risk that Panoro or its partners will become subject to litigation or arbitration that has an adverse outcome;
- risks relating to Panoro's or its partners' projects being in Peru, including political, economic and regulatory instability;
- risks relating to the uncertainty of applications to obtain, extend or renew licenses and permits;
- risks relating to potential challenges to Panoro's or its partners' right to explore or develop projects;
- risks relating to mineral resource estimates being based on interpretations and assumptions which may result in less mineral production under actual circumstances;
- risks relating to Panoro's or its partners' operations being subject to environmental and remediation requirements, which may increase the cost of doing business and restrict operations;
- risks relating to being adversely affected by environmental, safety and regulatory risks, including increased regulatory burdens or delays and changes of law;
- risks relating to inadequate insurance or inability to obtain insurance;
- risks relating to the fact that Panoro's and its partners' properties are not yet in commercial production;
- risks relating to fluctuations in foreign currency exchange rates, interest rates and tax rates;
- risks relating to Panoro's ability to raise funding to continue its exploration, development and mining activities; and
- counterparty risk under Panoro's agreements.

This list is not exhaustive of the factors that may affect the forward-looking information and statements contained in this news release. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking information. The forward-looking information contained in this news release is based on beliefs, expectations and opinions as of the date of this news release. For the reasons set forth above, readers

are cautioned not to place undue reliance on forward-looking information. Panoro does not undertake to update any forward-looking information and statements included herein, except in accordance with applicable securities laws.

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