PANORO MINERALS LTD.

Consolidated Financial Statements

For the year ended December 31, 2024 and 2023

(Expressed in United States dollars, unless otherwise stated)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Panoro Minerals Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Panoro Minerals Ltd. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the consolidated financial statements, which indicates that the Company has a history of operating losses and as at December 31, 2024, has an accumulated deficit of $41,832,059 and a working capital deficiency of $12,403,229. As stated in Note 2, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The consolidated financial statements of Panoro Minerals Ltd. for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on April 29, 2024.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year ended. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 6 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was $49,700,363 as of December 31, 2024. As more fully described in Note 4 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Asset.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Obtaining an understanding of the key controls associated with evaluating the E&E Assets for indicators of impairment.
- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Assessing compliance with expenditure requirements.
- Obtaining, through government websites and from legal counsel, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Investment in Antilla Copper – Presentation and valuation

As described in Note 5 to the consolidated financial statements, the company holds an equity investment which was previously accounted for using the equity method on the basis that the Company had significant influence over the investee. During the year ended December 31, 2024, the investee raised additional capital, resulting in the dilution of the company's ownership interest below 20% and the loss of significant influence. In accordance with IFRS, this required a change in accounting treatment, with the investment to be reclassified and measured at fair value. The investment is in a private company is classified as a level 3 financial instrument due to the absence of quoted market prices and observable inputs. The carrying amount of the Company's equity investment was $1,885,730 as of December 31, 2024. As more fully described in Note 4 to the consolidated financial statements, equity investments are measured at fair value at each reporting period. Management engaged an external valuator to assist in determining the fair value of the investment at year end.

The principal considerations for our determination that the Investment in Antilla Copper is a key audit matter is due to the judgement applied in determining whether the Company has significant influence over the investee, and estimation uncertainty underlying the fair value of the investment. This determination required the use of appropriate valuation techniques which included significant unobservable inputs. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures to evaluate audit evidence relating to the judgments made by the external valuator in their assessment of the fair value of the investments.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures include, among others:

- Evaluating the competency, capabilities and objectivity of the third-party valuator used by management.
- Reviewing the valuations reports and substantively testing assumptions within to independent sources of information.
- Utilizing our internal valuations department to conclude on the appropriateness of the methodology used in the valuation's reports.
- Assessing management estimates underlying the valuation for evidence of bias or error.
- Recalculating the dilution of the company's ownership interest in the investee to assess whether the threshold for significant influence was met.
- Performing a qualitative assessment of the company's ability to exercise significant influence, including review of board representation and participation in policy making decisions.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year ended and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Daniel Nathan.

Davidson & Company LLP

Vancouver, Canada | Chartered Professional Accountants

April 30, 2025

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Panoro Minerals Ltd. ("the Company") and related information presented in this financial report are the responsibility of the Company's management and have been approved by the Board of Directors. The consolidated financial statements are prepared in accordance with IFRS Accounting Standards 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 a majority of non-management directors. The Audit Committee reviews the results of the audit and the annual consolidated financial statements prior to their submission to the Board of Directors for approval.

The consolidated financial statements have been audited by Davidson and Company on behalf of the shareholders and their report follows.

"Luquman A. Shaheen" (signed)
Luquman A. Shaheen
President and Chief Executive Officer

Vancouver, British Columbia

"Michael Malana" (signed)
Michael Malana
Chief Financial Officer

Vancouver, British Columbia

PANORO MINERALS LTD.

Consolidated Statements of Financial Position
(Expressed in **United States dollars**, unless otherwise stated)

	Note		December 31, 2024		December 31, 2023
Assets					
Current assets					
Cash and cash equivalents		$	693,612	$	256,533
Marketable securities			300		111
Accounts and advances receivable	5		146,075		2,294,920
Prepaid expenses			175,363		178,947
Total current assets			1,015,350		2,730,511
Non-current assets					
Property and equipment	7		123,739		219,265
Investment in Antilla Copper	5		1,885,730		3,362,542
Exploration and evaluation assets	6		49,700,363		47,407,914
Total assets		$	52,725,182	$	53,720,232
Liabilities and Shareholders' Equity					
Current liabilities					
Accounts payable and accrued liabilities	13	$	1,308,243	$	1,058,299
Current tax liability	11		61,381		103,046
Current portion of lease liabilities	8		48,955		52,058
Liabilities under Early Deposit Precious Metals Agreement	9		12,000,000		12,000,000
Total current liabilities			13,418,579		13,213,403
Non-current liabilities					
Long- term portion of lease liabilities	8		64,717		100,942
Liabilities under Early Deposit Precious Metals Agreement	9		2,000,000		2,000,000
Total liabilities			15,483,296		15,314,345
Shareholders' equity					
Share capital	10(a)		69,443,360		69,443,360
Share-based expense reserve	10(b)		9,600,386		9,600,386
Accumulated other comprehensive income (loss)			30,199		(7,258)
Deficit			(41,832,059)		(40,630,601)
Total shareholders' equity			37,241,886		38,405,887
Total liabilities and shareholders' equity		$	52,725,182	$	53,720,232

Going concern (Note 2)
Commitments (Note 13)

Approved on behalf of the Board:

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

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

PANORO MINERALS LTD.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in **United States dollars**, unless otherwise stated and except per share data)

	Note	Year ended December 31, 2024	2023
Expenses			
Amortization	7	$ 95,526	$ 92,848
Administration		301,565	452,048
Audit and tax		117,833	138,554
Consulting fees		17,660	11,875
Corporate development, conferences, travel, and shareholder relations		233,975	324,053
Directors' fees	12	116,176	117,014
Legal		60,216	98,116
Property evaluation		63,160	357,522
Salaries and benefits	12	637,539	678,576
Share-based expense	10(b)	-	581,012
		(1,643,650)	(2,851,618)
Interest income		37,874	239,372
Interest expense		(55,527)	(22,697)
Other income	12	6,285	77,295
Other expense		(12,904)	-
Gain on Kusiorcco NSR sale	6	1,990,108	-
Gain on Cochasayhuas sale	6	-	384,874
Gain on disposal of equipment		5,085	-
Share of net loss of associate	5	(17,745)	(42,757)
Dilution gain on investment in associate	5	13,193	206,245
Loss due to change in accounting method for investment in Antilla Copper	5	(1,509,528)	-
Foreign exchange loss		(14,649)	(84,747)
Loss for the year		(1,201,458)	(2,094,033)
Other comprehensive income:			
Unrealized income on marketable securities		189	7
Unrealized income on investment in Antilla Copper	5	37,268	-
Loss and comprehensive loss for the year		$ (1,164,001)	$ (2,094,026)
Loss per share, basic and diluted	16	$ 0.00	$ (0.01)

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

PANORO MINERALS LTD.

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in **United States dollars**, unless otherwise stated)

	Number of shares	Share capital $	Share-based expense reserve $	Accumulated other comprehensive loss $	Deficit $	Total $
Balance, December 31, 2022	264,375,058	69,443,360	9,019,374	(7,265)	(38,536,568)	39,918,901
Share-based expense (note 10(b))	-	-	581,012	-	-	581,012
Other comprehensive income for the year	-	-	-	7	-	7
Loss for the year	-	-	-	-	(2,094,033)	(2,094,033)
Balance, December 31, 2023	264,375,058	69,443,360	9,600,386	(7,258)	(40,630,601)	38,405,887
Other comprehensive income for the year	-	-	-	37,457	-	37,457
Loss for the year	-	-	-	-	(1,201,458)	(1,201,458)
Balance, December 31, 2024	**264,375,058**	**69,443,360**	**9,600,386**	30,199	**(41,832,059)**	**37,241,886**

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

PANORO MINERALS LTD.

Consolidated Statements of Cash Flows
(Expressed in **United States dollars**, unless otherwise stated)

	Note	Year ended December 31, 2024	2023
Cash provided by (used for):			
Operating activities:			
Loss for the year		$ (1,201,458)	$ (2,094,033)
Items not involving the use of cash:			
Amortization		95,526	92,848
Share-based expense	10(b)	-	581,012
Gain on Kusiorcco NSR sale	6	(1,990,108)	-
Gain on Cochasayhuas sale	6	-	(384,874)
Gain on disposal of equipment		(5,085)	-
Interest expense on lease liabilities	8	12,782	17,568
Share of net loss of associate	5	17,745	42,757
Dilution gain on investment in associate	5	(13,193)	(206,245)
Loss due to change in accounting method for investment in Antilla Copper	5	1,509,528	-
Foreign exchange loss		9,436	2,365
Taxes paid		(41,665)	(140,809)
Interest income		(37,874)	(239,372)
Interest received		37,874	88,898
		(1,606,492)	(2,239,885)
Changes in non-cash operating working capital:			
Accounts and advances receivable		170,586	171,647
Prepaid expenses		3,584	(131,428)
Accounts payable and accrued liabilities		(25,818)	(19,914)
Cash used in operating activities		(1,458,140)	(2,219,580)
Investing activities:			
Exploration and evaluation expenditures		(2,026,579)	(4,441,188)
Purchase of equipment		-	(19,268)
Proceeds from disposal of equipment		5,085	-
Proceeds from sale of Antilla Copper, S.A.	5	1,978,259	-
Proceeds from Kusiorcco NSR sale	5	2,000,000	-
Proceeds from Cochasayhuas sale		-	460,000
Cash provided by (used in) investing activities		1,956,765	(4,000,456)
Financing activities:			
Proceeds from Early Deposit Precious Metals Purchase Agreement	9	-	1,000,000
Interest payment on lease liabilities	8	(12,782)	(17,568)
Repayment of lease liabilities	8	(39,328)	(53,490)
Cash provided by (used in) financing activities		(52,110)	928,942
Effect of foreign exchange on cash held		(9,436)	(2,365)
Increase (decrease) in cash and cash equivalents		437,079	(5,293,459)
Cash and cash equivalents, beginning of year		256,533	5,549,992
Cash and cash equivalents, end of year		$ 693,612	$ 256,533

Supplementary cashflow information is disclosed in Note 17.

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

1. **Nature of operations**

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

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

2. **Going concern**

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

The Company has no operating revenue and for the year ended December 31, 2024, recorded a loss of $1,201,458 (2023 –$2,094,033). As at December 31, 2024, the Company had an accumulated deficit of $41,832,059 (December 31, 2023 – $40,630,601) and a working capital deficiency, being current assets less current liabilities, of $12,403,229 (December 31, 2023 – $10,482,892).

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, including the investment in Antilla Copper S.A. and its property and equipment, and the Company's ability to continue operations as a going concern 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 the necessary mining and environmental permits, 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.

Although the Company expects to have sufficient financial resources to cover its existing obligations and operating costs and undertake its currently planned programs, the Company will require further funding to continue its exploration and evaluation activities, and ultimately develop its properties within the next twelve months. 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.

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 Company will continue to seek additional financing through the sale of mineral property interests, debt financing and/or equity financing. 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 consolidated financial statements do not reflect adjustments to the carrying values of its assets and liabilities, the reported income and expenses, and the classification used in the consolidated statements of financial position, which may be required should the Company be unable to continue as a going concern. These adjustments could be material.

3. Basis of presentation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The accounting policies applied in these consolidated financial statements are based on IFRS effective for the year ended December 31, 2024.

The consolidated financial statements of the Company for the year ended December 31, 2024, were approved and authorized for issuance by the Board of Directors on April 29, 2025.

(b) Functional and reporting currency and foreign currency translation

Functional currency

Commencing on January 1, 2023 (the “Effective Date”), the functional currency of the Company and its subsidiaries was reassessed as a result of a change in underlying transactions, events, and conditions. As a result of this reassessment the functional currency of the Canadian parent company and subsidiaries changed from the Canadian dollar to the United States dollar commencing on the Effective Date. The change in functional currency was accounted for on a prospective basis, with no impact of this change on comparative information the prior year. Determination of functional currency may involve certain judgements to determine the primary economic environment.

Presentation currency

On January 1, 2023, the Company elected to change its presentation currency from the Canadian dollar (“C$” or “CAD”) to the United States dollar (“$” or “USD”). The change in presentation currency is to better reflect the Company’s business activities and to improve investors’ ability to compare the Company’s financial results with other publicly traded businesses in comparable industries. From January 1, 2023, the United States dollar presentation currency is consistent with the functional currency of the Company. The Company applied the change to the United States dollar presentation currency retrospectively, with prior period comparative information for each comparative period in these financial statements translated from the Canadian dollar presentation currency to the new United States dollar presentation currency at the foreign exchange rate of 1.3544 Canadian dollars per United States dollar, being the rate of exchange prevailing on January 1, 2023.

Transactions and balances

Transactions in currencies other than the functional currency are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the reporting date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

(c) Critical accounting estimates

The preparation of financial statements requires management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. Basis of presentation (continued)

Significant areas requiring the use of estimates and assumptions relate to the review of asset carrying values and determination of impairment charges relating to non-current assets if an indicator of impairment is identified. Actual results could differ from those estimates. Key estimates made by management with respect to the areas noted previously have been disclosed in the notes to these consolidated financial statements as appropriate.

(d) Use of judgements

Significant areas requiring judgement relate to assessing exploration and evaluation assets for indicators of impairment, the going concern assessment as discussed in note 2, the determination of functional currency as disclosed in note 3 (b), the fair market valuation of the Company's investment in Antilla Copper as disclosed in note 5 and determining the appropriate accounting for the Wheaton Precious Metals Purchase Agreement ("Wheaton PMPA") with Wheaton Precious Metals International Ltd. ("Wheaton Metals") as disclosed in note 9.

4. Material accounting policy information

(a) Basis of consolidation

The subsidiaries of the Company, all of which are wholly owned, at December 31, 2024, are as follows:

Name of subsidiary	Country of Incorporation	Principal activity
Panoro Apurimac S.A.	Perú	Mineral exploration
Panoro Explora, S.A.C.	Perú	Services company
Panoro Holdings Ltd.	Canada	Holding company
Apurimac Copper S.A.	Perú	Mineral exploration
Promesa Copper S.A.	Perú	Mineral exploration
Alto Copper S.A.	Perú	Mineral exploration
Panoro Gold S.A.	Perú	Mineral exploration
Panoro Copper Royalties Ltd.	Canada	Royalty company
Panoro Pacific Minerals Inc.	Philippines	Holding company
Panoro Trading (Caymans) Ltd.	Cayman Islands	Project financing

The consolidated financial statements of the Company comprise the financial statements of the parent and its wholly owned subsidiaries as at December 31, 2024. All intercompany transactions and balances have been eliminated on consolidation.

(b) Foreign currency transactions and operations

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at a fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are recognized in profit or loss.

4. Material accounting policy information (continued)

(c) Investment in Antilla Copper

The Company's investment in Antilla Copper S.A. ("Antilla Copper") is no longer accounted for as an investment in associate.

In 2024, Antilla Copper ceased to be an associate thus the Company discontinued the use of the equity method to account for this investment. The Company retains an interest in Antilla Copper which the Company accounts for as an investment in equity instrument. Gain or loss is recognized in profit or loss for the difference between: (i) the fair value of any retained interest and any proceeds from disposing of any partial interest in the associate; and (ii) the carrying amount of the investment at the date the use of the equity method was discontinued.

(d) Exploration and evaluation expenditures

Expenditures incurred before legal rights to explore a specific area are obtained are expensed. All acquisition and exploration and evaluation costs are capitalized until such time as the project to which they relate is put into commercial production, sold, abandoned or the recovery of costs is determined to be unlikely. The costs include costs to establish an initial mineral resource and determine whether inferred mineral resources can be upgraded to measured and indicated mineral resources and whether measured and indicated mineral resources can be converted to proven and probable reserves.

Upon reaching commercial production, these capitalized costs will be amortized over the estimated reserves on a unit-of-production basis. For properties which do not yet have proven reserves, the amounts shown represent costs to date and are not intended to represent present or future values. The recovery of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain financing to complete exploration and development of the properties, and on future profitable production or proceeds on disposition of the properties. The underlying value of all properties is dependent on the existence and economic recovery of mineral resources in the future which includes acquiring the necessary permits and approvals.

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

(e) Impairment of long-lived assets

Management periodically reviews the carrying value of its long-lived assets, including its exploration and evaluation assets and its investment in Antilla Copper. Exploration and evaluation assets are reviewed with internal mining related professionals. If impairment indicators are identified, impairment is determined for such assets by assessing the recoverable amount of each cash generating unit ("CGU"). The Company defines a CGU as each separate property which is the smallest identifiable group of assets that generates cash inflows that are independent of other assets or group of assets. A decision to abandon, reduce or expand a mineral property interest is based upon many factors including the future costs of exploring and developing a specific exploration asset, the expiration term and ongoing expense of maintaining leased mineral properties and the general likelihood that the Company will continue exploration.

The Company does not set a pre-determined holding period for properties with unproven reserves. However, properties which have not demonstrated suitable mineral concentrations at the conclusion of each phase of an exploration program are re-evaluated to determine if future exploration is warranted and their carrying values are recoverable.

For exploration and evaluation assets, the Company follows the guidance in IFRS 6 – Exploration for and Evaluation of Mineral Resources to determine whether exploration and evaluation assets are impaired.

4. Material accounting policy information (continued)

Impairment indicators relevant for exploration and evaluation properties include:

- whether the rights to explore the area of interest have expired during the period or will expire in the near future, and the rights are not expected to be renewed;
- substantive expenditure on further exploration and evaluation is not planned or budgeted;
- the exploration activities have not led to a discovery of commercial reserves and the Company has decided not to continue such activities in the area of interest being explored; or
- sufficient data exists to indicate that, although exploration in the area is likely to continue, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Where a potential impairment is indicated, assessments are performed for each CGU. To the extent that the capitalized exploration and evaluation expenditures are not expected to be recovered, the excess of the carrying value over the recoverable amount is recorded as a write-down in the consolidated statement of loss and comprehensive loss in the period impairment indicators are identified. When a concession is returned to the government, costs directly attributable to the concession are written off. Certain concessions within a CGU may be contiguous to other claims and therefore remain in exploration expenditures.

When the recoverable amount of a mineral property interest is less than the carrying amount an impairment loss is recognized. Impairment losses relating to the CGUs can be reversed in future periods if circumstances change. The recoverable amount of a mineral property interest is determined based on the fair value less costs to sell or value-in-use and based on plans to advance the property.

(f) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and losses carried forward. Deferred tax assets and liabilities are measured using substantively enacted or enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the substantive enactment date. Deferred tax is not recognized for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets that are recognized are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(g) Value added taxes recoverable

The Company incurs Impuesto General a las Ventas ("IGV") in Perú (which is a Peruvian value-added tax). The Company has entered into an agreement with the Ministry of Energy and Mines to recover such amounts which relate to approved properties. IGV paid related to non-approved mineral property expenditures is only recoverable when future sales revenues are earned from the related mineral properties by offsetting the IGV otherwise payable at that time. As the IGV payments incurred on both approved and non-approved mineral property expenditures are uncertain of recovery, they have been included in mineral property exploration expenditures. Any future recoveries of these amounts are offset against the mineral property exploration expenditures.

4. Material accounting policy information (continued)

(h) Accounting for Early Deposit on Precious Metals Purchase Agreement (See Note 9)

Significant judgment was required in determining the appropriate accounting for the Wheaton PMPA with Wheaton Metals. The upfront cash deposits received from future stream transactions have been accounted for as financial liabilities measured at FVTPL on the basis that the deposit amounts received could become repayable under certain circumstances. Amounts that could become immediately repayable in the event the Wheaton PMPA is terminated are reflected within current liabilities.

(i) Share-based expense

The Company has a stock option plan that is described in Note 10(b). Share-based expenses are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to share-based expense reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based expense reserve is transferred to share capital.

The Company uses the Black-Scholes Option Pricing Model to estimate the fair value of share-based awards granted. Option pricing models require the input of highly subjective assumptions. The expected life of options considers such factors as the average length of time similar option grants in the past have remained outstanding prior to exercise, expiry or cancellation and the vesting period of options granted. Volatility is estimated based on average daily volatility based on historical share price observations over the expected term of the option grant. Changes in the subjective input assumptions can materially affect the estimated fair value of options.

(j) Financial instruments

<u>Financial assets</u>
The Company classifies its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets at FVTPL – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses from changes in the fair value of the asset held at FVTPL are included in profit or loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

Financial assets at FVTOCI – Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income or loss. There is no subsequent reclassification of fair value gains and losses to profit or loss following de-recognition of the investment.

Financial assets at amortized cost – Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on de-recognition of financial assets classified as FVTPL or amortized cost are recognized in profit or loss.

Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

4. Material accounting policy information (continued)

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. If at the reporting date, the credit risk has not increased significantly since initial recognition, the Company measures loss allowances on amounts receivable at an amount equal to the twelve months' expected credit loss ("ECL"). When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

Financial liabilities

The Company measures all its financial liabilities (other than liabilities under the Early Deposit Precious Metals Agreement, which is measured at fair value through profit or loss), as subsequently measured at amortized cost. Financial liabilities are recognized initially at fair value, net of transaction costs incurred and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

The following table shows the classification of assets and liabilities under IFRS 9:

	Classification under IFRS 9
Cash and cash equivalents	Amortized cost
Marketable securities	FVTOCI
Accounts and advances receivable	Amortized cost
Investment in Antilla Copper	FVTOCI
Accounts payable and accrued liabilities	Amortized cost
Liabilities under Early Deposit Precious Metals Agreement	FVTPL

(k) New accounting standards

Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current

In January 2020 and October 2022, the IASB issued amendments to clarify the requirements for classifying liabilities current or non-current. The amendments specify that the conditions that exist at the end of a reporting period are those that will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective January 1, 2024, with early adoption permitted, and the amendments are to be applied retrospectively. This amendment did not have a significant impact on the consolidated financial statements of the Company upon adoption on January 1, 2024.

Future accounting changes

Effective for annual periods beginning on or after January 1, 2027, the Company is required to adopt IFRS 18, Presentation and Disclosure in Financial Statements, with early adoption permitted. IFRS 18 will replace IAS 1; many of the existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its operating profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7, Statement of Cash Flows. The Company is assessing the potential impact of the application of the standards.

5. Investment in Antilla Copper

On December 3, 2021, the Company completed a sale of 75% of its interest in the Company's subsidiary, Antilla Copper which holds the Antilla project, an advanced stage mineral exploration project (the "Antilla Project"). The acquisition payments are staged and the acquiror, Heeney Capital Acquisition Company ("HCAC") initially acquired 75% of the shares of Antilla Copper for $7,383,000 (C$10,000,000) in cash, and $2,032,540 (C$2,753,000) (the "Second Payment"), receivable at the earlier of HCAC going public on an internationally recognized stock exchange or ten months from the closing of the transaction, being October 3, 2022. An additional 15% of the Company's shares in Antilla Copper is to be sold for a contingent $5,293,000 (C$7,000,000) twelve months after the earlier of drilling permits and community land use agreements being obtained or a pre-feasibility or feasibility study is completed on the Antilla Project which will result in HCAC having a 90% interest in Antilla Copper. The Company and HCAC are to contribute their pro-rata portion of all exploration and development expenditures.

The agreement also includes a further contingent payment of $7.6 million (C$10.0 million) if a feasibility study estimates the net present value at an 8% discount rate ("Antilla NPV8") of the Antilla Project to be above $310 million; or up to $37.8 million (C$50.0 million) if the Study estimates the Antilla NPV8 to be above $360 million.

The net smelter returns royalty ("NSR") to Panoro over the life of the Antilla Project will include an existing 2.0% NSR; and an additional 1.0% NSR if the Company's ownership in Antilla Copper is diluted to below 5%. If this occurs, the Company will have a total 3.0% NSR on the Antilla Project, subject to a buyback right for the 1.0% NSR for $3.0 million (C$4.0 million).

At the time of the sale, the Company deconsolidated the net assets of Antilla Copper and recorded the retained interest as an equity investment, initially recorded at its fair value of $3,199,054 (C$4,333,000), determined based on the transaction value.

During the year ended December 31, 2023, the Company amended the Antilla Copper sale agreement with Calisto Cobre Resources Corp. (formerly HCAC) ("Calisto") in which both parties agreed to the following amended terms:

- defer the Second Payment balance to the earlier of (i) a date within 30 days of an Initial Public Offering ("IPO") of Calisto on an internationally recognized stock exchange and (ii) March 31, 2024;
- Calisto agreed to pay interest on any Second Payment outstanding amounts at a rate of 6.7% accrued and payable at the earlier of the date of the full payment of the Second Payment outstanding balance or March 31, 2024;
- Calisto retained the right to prepay the Second Payment outstanding balance at any time prior to an IPO, without penalty, together with any accrued and unpaid interest up to the prepayment date; and
- In the event of failure by Calisto to pay the Second Payment outstanding balance by March 31, 2024, Calisto would immediately transfer to Panoro such number of shares of Antilla Copper comprising 17.3% of the issued and outstanding shares of Antilla Copper to be adjusted as necessary to result in Panoro's post-transfer interest in Antilla Copper to be its interest in Antilla Copper less any dilution as at October 6, 2022, the original due date of the Second Payment.

Upon signing the amended sale agreement, Calisto made a payment of $222,630 (C$300,000) towards the Second Payment.

As at December 31, 2023, included in accounts and advances receivable was $1,854,713, the outstanding balance of the Second Payment and $150,474, the outstanding balance of accrued interest receivable both amounts of which were paid during the year ended December 31, 2024.

5. Investment in Antilla Copper (continued)

During the year ended December 31, 2023, the Company's investment in Antilla Copper was accounted for as an investment in associate. The Company recorded its share of net loss of $42,757 and dilution gain of $206,245 from its investment in Antilla Copper in the consolidated statements of loss and comprehensive loss. During the five months ended May 31, 2024, the Company recorded its share of net loss of $17,745 and dilution gain of $13,193 from its investment in Antilla Copper in the consolidated statements of income and loss and comprehensive income and loss.

		Antilla Copper
Balance as at December 31, 2022	$	3,199,054
Share of net loss		(42,757)
Dilution gain		206,245
Balance as at December 31, 2023	$	3,362,542
Share of net loss		(17,745)
Dilution gain		13,193
Balance as at May 31, 2024	$	3,357,990

On May 31, 2024, Antilla Copper ceased to be an associate thus the Company discontinued the use of the equity method and commenced accounting for its investment in Antilla Copper as an equity instrument. As a result, the Company recorded a loss of $1,509,528 in the statement of loss, the difference between the carrying value of the investment at May 31, 2024 of $3,357,990 and the fair value estimate of the investment of $1,848,462 on the same date.

During the period from June 1, 2024 to December 31, 2024, the Company recorded a gain of $37,268 in the statement of other comprehensive income, the difference between the fair value estimate of the investment at May 31, 2024 of $1,848,462 and the fair value estimate of the Company's investment as at December 31,2024 of $1,885,730.

As at December 31, 2024, the Company retains an interest of 14.55% (December 31, 2023 – 21.36%) in Antilla Copper.

6. Exploration and evaluation assets

The investment in, and expenditures on, mineral interests comprise a significant portion of the Company's assets. The realization of the Company's investment in these assets is dependent upon the confirmation of legal ownership of the properties and the attainment of successful production from the properties or from the proceeds of their disposal. Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, 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.

The Company's main mineral property interest is Cotabambas, an advanced stage exploration property. As at December 31, 2024, the Company's other fully held mineral property interests are all in various stages of exploration. All exploration and evaluation asset interests are 100% held by the Company through wholly owned direct and indirect subsidiaries of the Company that were created to hold the various mineral property interests.

The Company performs an ongoing review of its properties, and based on the analysis of the properties, there were no indicators of impairment with respect to the mineral property interests with capitalized exploration and evaluation costs at December 31, 2024.

Humamantata

At December 31, 2024, the Company has $0.7 million (December 31, 2023 – $0.6 million) in capitalized exploration and evaluation costs with respect to the Humamantata Project.

6. Exploration and evaluation assets(continued)

Cochasayhuas
In August 2023, the Company completed the sale of its Cochasayhuas project for $460,000 to a private Peruvian mining company and recorded a gain of $384,874 on the sale. The transaction, transfer and registration of mineral concession ownership has been completed.

Kusiorcco
On December 28, 2017, the Company entered into an agreement with a subsidiary of Hudbay Minerals Inc. ("Hudbay"), whereby Hudbay acquired the Company's concessions comprising the Kusiorcco Property. The Company retained a 2.0% NSR (the "Kusiorcco NSR") from mineral production on the project.

In October 2024, the Company entered into a loan agreement with Hudbay (the "Hudbay Loan Agreement") in which the Company borrowed $2.0 million (the "Principal") from Hudbay at an interest rate of 12% per annum.

In December 2024, Hudbay provided notice to Panoro of its intention to purchase and cancel the Kusiorcco NSR from Panoro for a price of $2.0 million (the "Purchase Price"). Both parties agreed to offset the Principal against the Purchase Price in full satisfaction of the payment required for the purchase of the Kusiorcco NSR. The purchase and cancellation of the Kusiorcco NSR was registered in the Peru Public Registry in February 2025.

As at December 31, 2024, included in accounts payable and accrued liabilities is $28,229 (December 31, 2023 – $nil), the outstanding balance of accrued interest payable to Hudbay as per terms of the Hudbay Loan Agreement.

Exploration and evaluation assets at December 31, 2024 and expenditures for the year then ended are as follows:

Acquisition costs:	**Cotabambas**	**Other**	**Total**
Balance, December 31, 2024 and December 31, 2023	$ 3,636,153	$ 122,837	$ 3,758,990
Exploration and evaluation expenditures:			
Balance, December 31, 2023	$43,105,187	$ 543,737	$43,648,924
Incurred during the year:			
Camp and site	141,909	-	141,909
Community relations	317,118	-	317,118
Drilling	21,247	-	21,247
Engineering and studies	254,570	-	254,570
Environmental	170,874	-	170,874
Geology	280,550	-	280,550
Recording and concession fees	860,382	245,799	1,106,181
	2,046,650	245,799	2,292,449
Exploration and evaluation expenditures capitalized at December 31, 2024	45,151,837	789,536	45,941,373
Total exploration and evaluation assets at December 31, 2024	**$48,787,990**	**$912,373**	**$49,700,363**
Salaries and benefits allocation included in above amounts:			
Camp and site	$ 78,051	$ -	$ 78,051
Community relations	272,649	-	272,649
Drilling	1,196	-	1,196
Engineering and studies	194,172	-	194,172
Environmental	1,598	-	1,598
Geology	253,121	-	253,121
	$ 800,787	$ -	$ 800,787

6. Exploration and evaluation assets(continued)

Exploration and evaluation assets at December 31, 2023 and expenditures for the year then ended are as follows:

Acquisition costs:	**Cotabambas**	**Other**	**Total**
Balance, December 31, 2023 and December 31, 2022	$ 3,636,153	$ 122,837	$ 3,758,990
Exploration and evaluation expenditures:			
Balance, December 31, 2022	$38,872,085	$ 519,479	$39,391,564
Incurred during the year:			
Assays and sampling	107,568	-	107,568
Camp and site	462,193	-	462,193
Community relations	708,079	-	708,079
Drilling	974,658	-	974,658
Engineering and studies	871,591	-	871,591
Environmental	282,401	642	283,043
Geology	451,475	-	451,475
Geophysics	2,838		2,838
Recording and concession fees	372,299	98,742	471,041
Sale of Cochasayhuas	-	(75,126)	(75,126)
	4,233,102	24,258	4,257,360
Exploration and evaluation expenditures capitalized at December 31, 2023	43,105,187	543,737	43,648,924
Total exploration and evaluation assets at December 31, 2023	**$46,741,340**	**$666,574**	**$47,407,914**
Salaries and benefits allocation included in above amounts:			
Camp and site	$ 133,118	-	$ 133,118
Community relations	369,645	-	369,645
Drilling	543,847	-	543,847
Engineering and studies	351,124	-	351,124
Environmental	36,678	-	36,678
Geology	425,768	-	425,768
	$ 1,860,180	$ -	$ 1,860,180

Capital commitments pertaining to the Company’s mineral properties are disclosed in Note 13.

7. Property and equipment

	Equipment	Computer and office furnishings	Leasehold improvements	Right of use assets	Total
Cost:					
Balance at January 1, 2024	$ 103,828	$ 190,666	$ 10,098	$ 260,430	$ 565,022
Additions during the year	-	-	-	-	-
Dispositions during the year	(21,597)	-	-	-	(21,597)
Balance, December 31, 2024	$ 82,231	$ 190,666	$ 10,098	$ 260,430	$ 543,425
Accumulated amortization:					
Balance at January 1, 2024	$ 90,354	$ 157,437	$ 3,708	$ 94,258	$ 345,757
Amortization for the year	3,158	29,654	2,602	60,112	95,526
Dispositions during the year	(21,597)	-	-	-	(21,597)
Balance, December 31, 2024	$ 71,915	$ 187,091	$ 6,310	$ 154,370	$ 419,686
Net book value:					
December 31, 2024	$ 10,316	$ 3,575	$ 3,788	$ 106,060	$ 123,739

	Equipment	Computer and office furnishings	Leasehold improvements	Right of use assets	Total
Cost:					
Balance at January 1, 2023	$ 89,161	$ 186,065	$ 10,098	$ 260,430	$ 545,754
Additions during the year	14,667	4,601	-	-	19,268
Balance, December 31, 2023	$ 103,828	$ 190,666	$ 10,098	$ 260,430	$ 565,022
Accumulated amortization:					
Balance at January 1, 2023	$ 89,161	$ 120,088	$ 1,681	$ 41,979	$ 252,909
Amortization for the year	1,193	37,349	2,027	52,279	92,848
Balance, December 31, 2023	$ 90,354	$ 157,437	$ 3,708	$ 94,258	$ 345,757
Net book value:					
December 31, 2023	$ 13,474	$ 33,229	$ 6,390	$ 166,172	$ 219,265

8. Right-of-use assets and lease liabilities

The Company signed an office lease agreement commencing August 1, 2021, for a period of 6 years.

The lease liabilities as of December 31, 2024 and December 31, 2023, are as follows:

Lease liability recognized as of December 31, 2022[1]	$	206,490
Repayment of lease liability		(53,490)
Interest accrued on lease liabilities		(17,568)
Interest payment on lease liabilities		17,568
Lease liability recognized as of December 31, 2023	$	153,000
Repayment of lease liability		(39,328)
Interest accrued on lease liabilities		(12,782)
Interest payment on lease liabilities		12,782
Lease liability recognized as of December 31, 2024	$	113,672
Current portion of lease liability	$	48,955
Long-term portion of lease liability	$	64,717

(1) The lease liabilities were discounted using an incremental rate of 9.57% per annum on entering into the lease.

As of December 31, 2024, the remaining undiscounted lease payments, including non-lease components, are disclosed in Note 13 – Commitments.

9. Early Deposit Precious Metals Agreement

On March 21, 2016 (the "Agreement Date"), the Company entered into the Wheaton PMPA in respect of the Cotabambas project located in Perú. The term of the Wheaton PMPA continues in effect for 20 years and automatically renews for successive ten-year periods until Wheaton Metals terminates the Wheaton PMPA. The principal terms of the Wheaton PMPA are such that Wheaton Metals will pay the Company upfront cash payments totaling $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 $450 per payable ounce of gold and $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 ("Early Deposit") until the Early Deposit is nil. If, by the expiry of the term of the Wheaton PMPA, the Company has not delivered enough production to reduce the Early Deposit to nil, the uncredited balance will be repaid to Wheaton Metals.

From the Agreement Date to December 31, 2023, the Company has received payments totaling $14.0 million, the full amount of the Early Deposit which is the portion of the Deposit to be advanced to the Company prior to the completion of a feasibility study on the Cotabambas project.

9. Early Deposit Precious Metals Agreement (continued)

The balance of the Deposit of $126.0 million (the “Initial Construction Payment”) is payable in instalments during construction of the Cotabambas Project, should Wheaton Metals elect to proceed with the Agreement. Under provisions of the Initial Construction Payment, the Company must meet certain minimum working capital requirements. Wheaton Metals may terminate the Wheaton PMPA at any point up to 90 days following delivery of a feasibility study on the Cotabambas project upon giving the Company six months’ notice, in which case all Early Deposit amounts advanced less $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 Wheaton PMPA 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 Wheaton PMPA at different points during the term of the Wheaton PMPA 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 Wheaton PMPA and (iii) a return based on appreciation of the share price of the Company over the term of the Wheaton PMPA.

10. Share capital

(a) Authorized

Unlimited common shares without par value.

Issued and outstanding:
264,375,058 common shares as at December 31, 2024 and 2023.

(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 22, 2022 and re-approved at the Annual General Meeting held on June 20, 2024. Options granted under the Plan vest immediately or over a period of time at the discretion of the Board of Directors.

During the year ended December 31, 2023, the Company granted 9,700,000 stock options with an exercise price of C$0.15 exercisable up to five years from the date of grant to directors, officers and employees of the Company. The fair value of the share-based compensation recognized was $581,012 as determined using the Black-Scholes Option Pricing Model with weighted average assumptions of a risk-free rate of return of 3.13%, expected life of 5 years, expected volatility of 73.7% and expected dividend yield of 0%.

10. Share capital (continued)

The following were changes to the stock options of the Company:

	Number of Options	Weighted average exercise price
Balance, December 31, 2022	11,150,000	$0.19
Stock options granted	9,700,000	$0.11
Stock options expired	(6,650,000)	$0.25
Balance, December 31, 2023	14,200,000	$0.11
Stock options expired	(4,000,000)	$0.11
Stock options cancelled	(300,000)	$0.11
Balance, December 31, 2024	9,900,000	$0.11

The weighted average life of exercisable options outstanding as of December 31, 2024 is 3.01 years (December 31, 2023 – 3.06 years).

The following stock options were outstanding and exercisable at December 31, 2024:

Expiry date	Number of options	Weighted average exercise price
August 26, 2027	500,000	$0.09 (C$0.12)
January 11, 2028	9,400,000	$0.11 (C$0.15)
	9,900,000	$0.11 (C$0.15)

11. Income taxes

At December 31, 2024, no deferred tax assets are recognized on the following deductible temporary differences as it is not probable that sufficient future taxable profit will be available to realize such assets:

	2024	2023
Exploration and evaluation assets	$ 7,462,430	$ 8,253,586
Property and equipment	313,015	128,071
Tax losses carried forward and other	17,775,997	24,082,238
Other	369,030	369,105
Unrecognized deductible temporary differences	$ 25,920,472	$ 32,833,000

The Company has non-capital losses of approximately $15.3 million (2023 – $20.0 million) and $2.5 million (2023 – $4.1 million) to reduce future income tax in Canada and Perú, respectively. The losses in Canada expire between 2028 and 2044 and the losses in Perú expire between 2025 and 2028.

11. Income taxes (continued)

The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory income tax rates of 27% (2023 – 27%) as follows:

		2024		2023
Income tax benefit computed at Canadian statutory rates (27%) multiplied by loss before tax	$	90,168	$	(565,389)
Permanent and other differences		435,611		10,525
Foreign exchange		521,211		(460,992)
Expired losses		449,005		2,897
Difference in foreign tax rates		(56,370)		60,358
Deferred income tax assets not recognized		227,476		1,342,959
Other		(1,667,101)		(390,358)
Income tax expense (recovery)	$	-	$	-
Income tax expense (recovery) is comprised of:				
Current income tax expense	$	-	$	-
Deferred income tax recovery		-		-
	$	-	$	-

12. Related party transactions

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.

For the year ended December 31, 2024, key management personnel compensation included salaries, fees and benefits recorded in profit or loss and as part of additions to exploration and evaluation assets of $1,112,579 (2023 – $1,120,926).

During the year ended December 31, 2024 the Company received other income of $6,285 (2023 – $77,295) from Calisto with respect to support services provided in relation to the Antilla project.

As at December 31, 2024, included in accounts payable and accrued liabilities was $67,181 (December 31, 2023 – $54,188) in fees and expenses payable to related parties.

13. Commitments

The Company has the following commitments and payments due at December 31, 2024:

		2024		2025		2026		2027		Total
Office lease (Vancouver)	$	-	$	75,915	$	77,234	$	45,502	$	198,651
Accrued vigencias		1,103,303		-		-		-		1,103,303
Accounts payable and accrued liabilities		204,940		-		-		-		204,940
Current tax liability		61,381		-		-		-		61,381
	$	1,369,624	$	75,915	$	77,234	$	45,502	$	1,568,275

Vigencias (or recording fees) are not commitments rather 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. Penalties are reduced, based on exploration activity on the concessions the reduction of which is determined each year by the Peruvian government.

The Company entered into an office lease in Vancouver effective August 1, 2021 for a period of six years. The Company leases warehouses in Cusco which are renewed annually. The Company is in the process of finalizing its commitments under community agreements with respect to ongoing operations at the Cotabambas project

14. Financial instruments and capital management

(a) Fair value of financial instruments

The fair values of the Company's cash and cash equivalents, accounts and advances receivable and accounts payable and other liabilities, including liabilities under the Early Precious Metals Agreement, approximate their carrying values because of the actual or potential short-term nature of these instruments. At December 31, 2024 and 2023, the Company held 6,667 common shares in Fidelity Minerals Corp. ("Fidelity"), at a book value of $10,000 and an estimated fair value of $300 (December 31, 2023 – $111). These shares have been recognized at fair value in the consolidated statement of financial position with gains or losses on revaluation recognized in other comprehensive income (loss).

IFRS 13 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value.

The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Marketable securities are determined based on a market approach reflecting the closing price of each particular security at the reporting date. The closing price is a quoted market price obtained from the exchange that is the principal active market for the particular security. As a result, these financial assets have been included in Level 1 of the fair value hierarchy.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, for substantially the full contract term.

Level 3: Inputs for the financial asset or liability are not based on observable market data.

The fair value of the investment in Antilla Copper was estimated by a combination of a cost approach and market approach. The cost approach was considered the most appropriate primary valuation approach for the investment particularly given that the Antilla Project is in the exploration stage with no production history. The market approach, specifically the analysis of comparable transactions and publicly available market data, was used to support and validate the value conclusion derived under the cost method. As a result, this financial asset has been included in Level 3 of the fair value hierarchy.

(b) Financial risks

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, and certain market risks including foreign currency and interest rate risk.

Credit risk
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 and accounts and advances receivable. Bank accounts and short-term investments are primarily with Canadian Schedule 1 banks and Banco de Credito in Peru. The Company has accounts and advances receivable primarily related to IGV receivable from the Peruvian government. At December 31, 2024, the total of cash and cash equivalents, and accounts and advances receivable of $839,687 (December 31, 2023 – $2,551,453) represents the maximum credit exposure. The Company has not identified any significant increase in credit risk with respect to its financial assets at December 31, 2024 or December 31, 2023. The Company has not identified any allowances for credit losses at December 31, 2024 or December 31, 2023.

14. Financial instruments and capital management (continued)

Liquidity risk
The Company manages its liquidity risk by ensuring, as far as possible, that there is sufficient liquidity 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 US government treasury bills, which are available on demand.

Contractual commitments that the Company is obligated to pay in future years are disclosed in note 10. Accounts payable and accrued liabilities require payment within one year. See also note 2, Going Concern.

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 United States 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 United States dollars.

The Company does not use derivatives or other instruments to manage 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 United States dollar exchange rate vis-a-vis the Peruvian Nuevo Sol and the Canadian Dollar.

The Company purchases foreign currencies as the need arises to fund its exploration activities. Corporate expenditures are primarily incurred in Canadian and US dollars.

As at December 31, 2024, a 10% change in applicable foreign exchange rates would not have a significant impact on the Company's financial results.

Interest rate risk
The Company's cash and cash equivalents 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; however, based on the cash and cash equivalent balance at December 31, 2024, a 1% change in interest rates would not have a significant impact on the Company's financial results.

(c) Capital management

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 pursue the exploration and development of its mineral property interests, while maintaining a flexible capital structure. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. 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 currently subject to any externally imposed capital requirements. There were no changes to the Company's approach to capital management during the years ended December 31, 2024 and 2023.

15. Segmented disclosures

The Company has one operating segment, mineral exploration. All the Company's exploration and evaluation assets and investments are located in Peru and are disclosed in Notes 5 and 6. Property and equipment are distributed geographically as follows:

		2024		2023
Peru	$	25,842	$	41,558
Canada		97,897		177,707
	$	123,739	$	219,265

16. Basic and diluted income (loss) per share

The calculation of basic and diluted income and loss per share for the year ended December 31, 2024, was based on the loss attributable to common shareholders of $1,201,458 (2023 – $2,094,033) and the weighted average number of common shares outstanding of 264,375,058 at December 31, 2024 and 2023.

For the years ended December 31, 2024 and 2023, 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.

17. Supplementary cash flow information

		Year ended December 31,		
Non-cash activities:		**2024**		**2023**
Decrease (increase) in accounts payable and accrued liabilities associated with exploration and evaluation expenditures	$	(537,607)	$	108,702
Advances receivable applied against current tax liability	$	-	$	(132,891)