PANORO MINERALS LTD.

Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(Expressed in Canadian dollars, unless otherwise stated)

Notice of No Auditor Review

These unaudited condensed interim financial statement have not been reviewed by the auditors of the Company. This notice is being provided in accordance with Section 4.3 (3) (a) of National Instrument 51-102 – Continuous Disclosure Obligations.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The unaudited condensed consolidated interim financial statements of Panoro Minerals Ltd. ("the Company") are the responsibility of the Company's management. The unaudited condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and reflect management's best estimates and judgments based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded, and financial information is reliable.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls through its Audit Committee, which is comprised of non-management directors. The Audit Committee reviews the unaudited condensed interim consolidated financial statements prior to their submission to the Board of Directors for approval.

These unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

"Luquman A. Shaheen"
Luquman A. Shaheen
President and Chief Executive Officer
Vancouver, British Columbia

"Shannon M. Ross"
Shannon M. Ross
Chief Financial Officer
Vancouver, British Columbia

PANORO MINERALS LTD.

Condensed Consolidated Interim Statements of Financial Position - unaudited
Expressed in Canadian Dollars, unless otherwise stated

	Note	September 30, 2020	December 31, 2019
Assets			
Current assets			
Cash and cash equivalents		$ 1,066,322	$ 470,085
Marketable securities		467	300
Agreement and advances receivable		109,041	281,440
Prepaid expenses		54,784	31,790
Current portion of agreement receivable	5	666,950	-
Total current assets		1,897,564	783,615
Non-current assets			
Agreement receivable, long-term portion	5	2,000,850	-
Exploration and evaluation assets	6	74,368,576	75,666,265
Property and equipment		34,783	82,581
Total assets		$ 78,301,773	$ 76,532,461
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities		$ 1,109,374	$ 1,498,002
Current portion of lease obligations		27,782	78,827
Liabilities under Early Deposit Precious Metals Agreement	7	10,671,200	8,442,200
		11,808,356	10,019,029
Lease obligations		-	17,965
Liabilities under Early Deposit Precious Metals Agreement	7	2,667,800	2,597,600
Total liabilities		14,176,156	12,634,594
Shareholders' equity			
Share capital	8	94,035,125	94,000,125
Share-based expense reserve	8	12,180,753	12,180,753
Accumulated other comprehensive loss		(9,533)	(9,700)
Deficit		(42,380,728)	(42,273,311)
Total shareholders' equity		63,825,617	63,897,867
Total liabilities and shareholders' equity		$ 78,301,773	$ 76,532,461

Going concern (Note 3)
Commitments (Note 10)

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

Approved on behalf of the Board:

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

PANORO MINERALS LTD.

Condensed Consolidated Interim Statements of Comprehensive Loss
Expressed in Canadian Dollars, unless otherwise stated - unaudited

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Expenses				
Amortization	$ 8,400	$ 27,984	$ 60,778	$ 83,954
Audit and tax	14,415	16,308	90,603	113,967
Communications	8,072	13,923	43,082	46,156
Consulting	1,287	5,094	9,287	19,732
Conferences	-	-	15,827	13,644
Directors' fees	18,154	49,969	57,780	149,438
Finance charges	751	7,641	3,833	17,013
Financial consulting	-	-	-	59,454
Corporate development and shareholders relations	11,500	19,919	18,966	150,660
Legal	5,228	38,021	57,990	108,939
Office	6,366	9,840	25,481	30,640
Professional dues and training	146	742	2,094	4,038
Regulatory and transfer agent	31,689	6,826	60,193	48,828
Rent and insurance	12,292	18,980	46,780	47,182
Salaries and benefits (Notes 8(a) and 9)	153,936	231,730	476,924	733,814
Share-based expense	-	208,222	-	208,222
Travel	2,658	11,640	20,535	64,573
	274,894	666,839	990,153	1,900,254
Write-down of mineral property interests	488,556	-	488,556	4,217,668
Interest income	-	-	(335)	(9,777)
Proceeds on disposal of vehicles	-	-	(16,070)	-
Change in fair value of Early Deposit Precious Metals Agreement financial liability (Note 7)	(265,150)	118,875	236,925	(279,000)
(Gain) costs on disposition of mineral property interests	44,209	-	(1,709,419)	(664,650)
Foreign exchange loss	33,731	8,472	117,607	34,943
Loss for the period	**576,240**	**794,186**	**107,417**	**5,199,438**
Total other comprehensive (income) loss	33	(166)	(167)	(166)
Comprehensive loss for the period	**$ 576,273**	**$ 794,020**	**$ 107,584**	**$ 5,199,272**
Loss per share, basic and fully diluted	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.02**
Weighted average number of common shares outstanding	**263,972,894**	**263,837,522**	**263,927,935**	**263,837,522**

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

PANORO MINERALS LTD.

Condensed Consolidated Interim Statements of Cash Flows
Expressed in Canadian dollars, unless otherwise stated - unaudited

	Nine months ended September 30, 2020	2019
Cash provided by (used for):		
Operating activities:		
Loss for the period	$ (107,417)	$ (5,199,438)
Items not involving the use of cash:		
Amortization	60,778	83,954
Share-based expense	35,000	208,222
Change in fair value of Early Deposit Precious Metals Agreement	236,925	(279,000)
Foreign exchange losses (gains)	117,607	34,943
Write-down of mineral property interests	488,556	4,217,668
Interest expense on lease liabilities	3,833	17,013
Gain on sale of vehicles	(16,070)	-
Gain on disposition of mineral property interests	(1,709,419)	(664,650)
	(890,207)	(1,581,288)
Changes in non-cash operating working capital:		
Accounts and advances receivable	172,399	(94,022)
Prepaid expenses	(22,994)	4,951
Accounts payable	(68,647)	7,203
Cash used in operating activities	(809,449)	(1,663,156)
Investing activities:		
Exploration and evaluation expenditures	(1,946,979)	(2,738,718)
Equipment purchases	(13,280)	-
Change in short term investments	-	1,732,530
Proceeds from sale of mineral property interests	611,595	-
Funds received on JOGMEC earn-in agreement	1,135,736	369,539
Proceeds on sale of fixed assets	16,070	-
Accounts payable and accrued liabilities	(319,981)	21,140
Recovery of value-added taxes	41,646	316,007
Cash used in investing activities	(475,193)	(299,502)
Financing activities:		
Repayment of lease liabilities	(51,045)	-
Interest expense on lease liabilities	(3,833)	(17,013)
Proceeds on disposition of mineral property interests	611,595	664,650
Precious Metals Purchase Agreement	2,062,275	1,986,150
Cash provided by financing activities	2,023,467	2,633,787
Effect of exchange rate changes on cash held	(142,588)	18,113
Increase in cash and cash equivalents	596,237	706,255
Cash and cash equivalents, beginning of period	470,085	456,779
Cash and cash equivalents, end of period	**$ 1,066,322**	**$ 1,163,034**

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

PANORO MINERALS LTD.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity - unaudited
For the nine months ended September 30, 2020 and 2019
Expressed in Canadian Dollars, unless otherwise stated

	Number of Shares	Capital Stock	Share-Based Expense Reserve	Accumulated Comprehen-sive Loss	Deficit	Total
Balance, December 31, 2018	263,837,522	$ 94,000,125	$ 11,946,673	$ (8,333)	$(37,062,705)	$ 68,875,760
Impact of adopting IFRS 16 on January 1, 2019	-	-	-	-	(29,130)	(29,130)
Balance, January 1, 2019 (restated)	263,837,522	94,000,125	11,946,673	(8,333)	(37,091,835)	68,846,630
Other comprehensive income	-	-	-	166	-	166
Stock option grants	-	-	234,080	-	-	234,080
Loss for the period	-	-	-	-	(5,199,438)	(5,199,438)
Balance, September 30, 2019	263,837,522	$ 94,000,125	$ 12,180,753	$ (8,167)	$(42,291,273)	$ 63,881,438
Balance, December 31, 2019	263,837,522	$ 94,000,125	$ 12,180,753	$ (9,700)	$(42,273,311)	$ 63,897,867
Other comprehensive income	-	-	-	167	-	167
Shares issued for compensation (Note 8)	350,883	35,000	-	-	-	35,000
Loss for the period	-	-	-	-	(107,417)	(107,417)
Balance, September 30, 2020	264,188,405	$ 94,035,125	$ 12,180,753	$ (9,533)	$(42,380,728)	$ 63,825,617

The accompanying notes are an integral part of these unaudited condensed interim 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 1610 – 700 West Pender Street, Vancouver, BC, Canada V6C 1G8.

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.

The Company's investment in its exploration and evaluation assets comprises a significant portion of the Company's assets. Recovery of the carrying value of the investment in these assets and the Company's ability to continue operations are dependent upon the existence of economically recoverable reserves, confirming and maintaining legal ownership of the resource properties, the ability of the Company to obtain necessary financing to complete the exploration and development, and the attainment of future profitable production or the disposition of these assets for proceeds in excess of their carrying values.

2. Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on November 13, 2020.

3. Going concern

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

3. Going concern (continued)

The Company has no operating revenue and incurred a loss of $107,417 for the nine months ended September 30, 2020 (2019 – loss of $5,199,438). As at September 30, 2020, the Company has an accumulated deficit of $42,380,728 (December 31, 2019 - $42,273,311), and a working capital deficiency of $9910,792 (December 31, 2019 – working capital deficiency of $9,235,414), with the inclusion of the current portion of the Wheaton Metals Agreement, which is $10,671,200 (December 31, 2019 - $8,442,200). If the Company designates the Wheaton Metals Agreement balance as long-term the working capital balance is $760,408 (December 31, 2019 – working capital deficiency of $792,314). Although the Company presently has sufficient financial resources to cover its existing obligations and operating costs and undertake its currently planned programs for the next year, the Company expects to require further funding in the longer term to fund ongoing exploration and evaluation activities and ultimately develop its properties. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company. These conditions create a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

At September 30, 2020, the Company has received US$10 million pursuant to the Wheaton Metals Agreement, and will receive US$750,000 on a semi-annual basis, if the Company meets the terms under which the funds will be advanced.

The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or achieve operating profitability and generate positive cash flows. The Company is in the business of exploring and developing mineral property interests, and as such, must continually seek sources of financing to further develop and explore its mineral exploration and evaluation assets and to support general and administrative expenses.

The recoverability of amounts shown for exploration and evaluation assets and property and equipment is dependent upon, among other things, the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary mining and environmental permits, and future profitable production or proceeds from the disposition of the exploration and evaluation assets.

The Company will continue to seek additional financing through the sale of mineral property interests, debt financing, and equity financing, and optioning its other mineral property interests. However, it is not certain that such financing will be available. The Company may be adversely impacted by a lack of normal available financing, inability to maintain mining licenses, and continued uncertainty in the exchange and commodity markets.

These financial statements do not reflect material adjustments to the carrying values of its assets and liabilities, which may be required should the Company be unable to continue as a going concern. These adjustments could be material.

4. Significant accounting policies

The preparation of condensed consolidated interim financial statements in accordance and compliance with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a basis consistent with those followed for the Company's most recent annual consolidated financial statements for the year ended December 31, 2019. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Actual results may differ from these estimates.

The functional and reporting currency of the Company and its subsidiaries is the Canadian dollar.

(a) IFRS standards, amendments and interpretations

At the date of authorization of these consolidated financial statements, the IASB has issued the following new standard which became effective for the reporting period.

IFRS – Leases

IFRS 16 replaces IAS 17, "Leases" and related interpretations effective for annual periods commencing on or after January 1, 2019. IFRS 16 follows a 'right-of-use' model which requires most leases to be reported on an entity's financial statements as assets and liabilities, eliminating the former dual accounting model for lessees, which distinguished between on-balance sheet finance leases and off-balance sheet operating leases.

There are no other IFRSs or IFRIC interpretations that have been issued and not yet effective that are expected to have a material impact on the Company.

5. Agreement receivable

In June 2020, the Company entered into an agreement receivable relating to the sale of the Cochasayhuas property located in Perú. The agreement receivable is for US$2.0 million to be received over three years.

The agreement with Mintania S.A.C., is as follows: US$450,000 in 2020, on closing (received); US$1,000,000 to be received in 2021; US$750,000 in 2022; and US$250,000 in 2023. The payment of a 5.0% NSR will commence on a quarterly basis following the start of commercial production.

6. Exploration and evaluation assets

The investment in and expenditures on mineral interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the confirmation of legal ownership of the properties, the attainment of successful production from the properties or from the proceeds of their disposal. These procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

During the nine months ended September 30, 2020, the Company entered into an agreement for the sale of the Cochasayhuas Gold Project to Mintania S.A.C. of Perú for a total of US$2.45 million (See Note 5), to be paid in instalments plus a 5% Net Smelter Returns royalty ("NSR") for 15 years from the commencement of commercial production.

The Company wrote off the Checca property in September 2020 for a total of $488,556.

Expressed in Canadian dollars, unless otherwise stated

6. Exploration and evaluation assets (continued)

Exploration and evaluation expenditures during the periods presented are as follows:

	Antilla	Cotabambas	Other	Total
Acquisition costs:				
Balance, December 31, 2019	$ 7,319,722	$ 4,925,035	$ 1,136,413	$13,381,170
Less disposition of Cochasayhuas property	-	-	(249,568)	(249,568)
Less write-off of Checca property	-	-	(21,676)	(21,676)
Balance, September 30, 2020	7,319,722	4,925,035	865,169	13,109,926
Exploration and evaluation expenditures incurred in period:				
Amortization	-	303	-	303
Assays and sampling	8,808	-	80,889	89,697
Camp and site	200	108,044	377,194	485,438
Community relations	78	113,769	117,370	231,217
Environmental	3,394	2,136	23,998	29,528
Geology	-	35,140	249,187	284,327
Geophysics	-	-	72,496	72,496
Legal	12,063	-	21,314	33,377
Recording and concession fees	187,322	320,423	191,463	699,208
Transportation	2,251	7,517	53,266	63,034
Recovery of value-added tax	-	(41,646)	-	(41,646)
Incurred during the period	214,116	545,686	1,187,177	1,946,979
Funds received on JOGMEC earn-in agreement	-	-	(1,135,736)	(1,135,736)
Disposition of capitalized exploration expenditures related to the Cochasayhuas property	-	-	(1,370,808)	(1,370,808)
Write-off of Checca property	-	-	(466,880)	(466,880)
Capitalized exploration and evaluation expenditures at December 31, 2019	10,174,889	46,232,528	5,877,678	62,285,095
Capitalized exploration and evaluation expenditures at September 30, 2020	10,389,005	46,778,214	4,091,431	61,258,650
Total exploration and evaluation assets at September 30, 2020	**$17,708,727**	**$51,703,249**	**$4,956,600**	**$74,368,576**

Salaries and benefits allocation:				
Camp and site	$ -	$ 56,095	$ 357,843	$ 413,938
Community relations	-	97,397	76,398	173,795
Geology	-	35,140	249,187	284,327
	-	188,632	683,428	872,060

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Expressed in Canadian dollars, unless otherwise stated

7. Early Deposit Precious Metals Agreement

Liabilities under Precious Metals Purchase Agreement	Fair value balance, December 31, 2019	2020 Cash flow	Foreign exchange	Fair value balance, September 30, 2020
Current liabilities	$ 8,442,200	$ 2,062,275	$ 166,725	$ 10,671,200
Long-term liabilities	2,597,600	-	70,200	2,667,800
	$ 11,039,800	$ 2,062,275	$ 236,925	$ 13,339,000

On March 21, 2016, the Company entered into a precious metals purchase agreement (the "PMPA" or the "Agreement") with Wheaton Precious Metals International Ltd. ("Wheaton Metals"), (formerly Silver Wheaton (Caymans) Ltd.), in respect of the Cotabambas project located in Perú. The term of the Agreement continues in effect for 20 years and automatically renews for successive ten-year periods until Wheaton Metals terminates the Agreement.

The principal terms of the Agreement are such that Wheaton Metals will pay the Company upfront cash payments totaling US$140.0 million (the "Deposit") for 25% of the payable gold production and 100% of the payable silver production (decreasing to 16.67% of the payable gold production and 66.67% of the payable silver production after a certain production volume has been delivered to Wheaton Metals from the Company's Cotabambas Project in Perú). In addition, Wheaton Metals will make production payments to the Company of the lesser of the market price and US$450 per payable ounce of gold and US$5.90 per payable ounce of silver delivered to Wheaton Metals, increasing annually by 1%, four years after commencement of commercial production, over the life of the Company's Cotabambas Project. Any excess of the market price and the fixed payments will be credited against the Deposit until the Deposit is nil. If, by the expiry of the term of the Agreement, the Company has not delivered enough production to reduce the Deposit to nil, the uncredited balance will be repaid to Wheaton Metals.

The Agreement provides for the Company to receive US$14.0 million of the Deposit (the "Early Deposit") prior to the Company completing a feasibility study on the Cotabambas project. Payments under the Early Deposit total US$2.0 million in the first year and instalments of US$750,000 semi-annually thereafter until the full US$14.0 million has been advanced. The Early Deposit also includes provisions to accelerate a portion of the remaining payments, whereby Wheaton Metals will accelerate payment of an amount equal to the amount of funds raised in any offering of equity securities for the purpose of exploration of the Cotabambas project during the period January 27, 2016, to March 21, 2018, up to a maximum of US$3.5 million for all such offerings. Under the Early Deposit provisions the Company must meet certain minimum working capital requirements.

The balance of US$126.0 million is payable in instalments during construction of the Cotabambas Project, should Wheaton Metals elect to proceed with the Agreement.

7. Early Deposit Precious Metals Agreement (continued)

Wheaton Metals may terminate the Agreement at any point up to 90 days following delivery of a feasibility study on the Cotabambas project upon giving the Company three months' notice, in which case all Early Deposit amounts advanced less US$2.0 million will become repayable. Wheaton Metals can elect to be repaid in cash or shares, with the deferral of cash payments under certain conditions for up to two years. If Wheaton Metals elects to terminate the Agreement and be repaid with cash, interest will accrue at prime plus 8% per annum if repayment has not been made within two years of notice of termination. Wheaton Metals may also terminate the Agreement at different points during the term of the Agreement if certain production delays occur, in which case the uncredited deposit will be repayable to Wheaton Metals.

Following a change of control, subject to certain conditions, the Company has a one-time option to repurchase 50% of the precious metals stream with a payout based on the greater of: (i) a minimum fixed return (ii) a return based on appreciation of precious metals prices over the term of the Agreement and (iii) a return based on appreciation of the share price of the Company over the term of the agreement.

At September 30, 2020, the Company has received a total of US$10.0 million under the Early Deposit, including an accelerated payment of US$2.0 million after the successful completion of a private placement in August 2016.

8. Share capital

(a) Authorized – unlimited common shares without par value.

Issued and outstanding:

264,188,405 common shares (December 31, 2019 – 263,837,522 common shares)

A total of 218,750 shares were issued to an executive of the Company at a deemed price of $0.08 per share and 132,133 shares at a deemed price of $0.13, as a portion of his salary in lieu of a cash payment, for the quarterly period from March 1, 2020, to August 31, 2020. The Company has entered into an agreement to amend the employment agreement between the Company and Mr. Luquman Shaheen (the Company's Chief Executive Officer), the ("Amendment Agreement"). The Amendment Agreement serves to allow a portion of the salary payable to Mr. Shaheen to be satisfied by the issuance of common shares of the Company on a quarterly basis, until December 31, 2020, commencing as of March 1, 2020. The common shares shall be issued at a deemed price per share equal to the volume weighted average closing price of the Company's shares for each of the trading days in the three-month period immediately preceding the end of each such quarterly period.

Expressed in Canadian dollars, unless otherwise stated

8. Share capital (continued)

(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 18, 2020. Options granted under the Plan vest immediately, or over a period of time, at the discretion of the Board of Directors.

A summary of the status of the Company's stock options as at December 31, 2019, and for the nine months ended September 30, 2020, is as follows:

	Number of Options	Weighted average exercise price
Balance, December 31, 2019 and September 30, 2020	20,247,800	$ 0.24

The following summarizes stock options outstanding and exercisable at September 30, 2020:

Year of expiry	Number of options	Weighted average exercise price
2021	8,047,800	$0.20
2022	600,000	$0.20
2023	7,300,000	$0.34
2024	4,300,000	$0.15
	20,247,800	$0.24

The weighted average life of exercisable stock options outstanding as at September 30, 2020, is 2.2 years (December 31, 2019 – 2.9 years).

(c) Share purchase warrants

At September 30, 2020, there were no share purchase warrants exercisable.

Expressed in Canadian dollars, unless otherwise stated

9. Related party transactions

During the nine months ended September 30, 2020, there were no transactions with any officers or directors, or companies controlled by any officers or directors. At September 30, 2020, there was $14,500 payable to two directors of the Company for directors' fees, and $5,833 in wages payable pursuant to an amended employment contract to be paid in common shares of the Company pursuant to the terms of the contract on a quarterly basis (See note 8(a)).

10. Commitments

Commitments

The Company has the following commitments:

	2020	2021	2022	2023	2024	Total
Office lease (Vancouver)(1)	$ 33,310	$ 34,308	$ -	$ -	$ -	$ 67,618
Accrued vigencias	$ 761,164	$ -	$ -	$ -	$ -	$ 761,164
Accounts payable	$ 286,554	$ -	$ -	$ -	$ -	$ 286,554
Accrued liabilitiies	$ 61,656	$ -	$ -	$ -	$ -	$ 61,656

(1) Office leases are recorded as lease obligations on the balance sheet. The lease payments are the total payments during the periods noted above and are not in addition to the liability. The related assets are amortized over the term of the leases.

Vigencias (or recording fees) of US$3 per hectare are not commitments, but rather the annual payments required to maintain mineral concessions in good standing with the Perúvian government. The ultimate amount to be paid is based on a formula relating to exploration costs incurred, offset against the basic fee and penalty. After the 6th year, an annual penalty must be paid per hectare, starting at US$6 per hectare, until after 12 years, the additional fee increases to US$20 per hectare, increasing thereafter based on an annual tax unit by the number of hectares at 2%, then 5%, and then 10%, every five years. The penalties are reduced, based on exploration activity on the concessions, and the reduction is determined based on filings each year by the Perúvian government. At September 30, 2020, the Company has paid concession payments of $1,032,952 for the fiscal 2019 year, other than the Checca property, which the Company has written off. Included in accounts payable and accrued liabilities is $761,164 of accrued vigencias for the 2020 year which are due on or before June 30, 2021.

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11. Financial instruments and capital management

The Company manages its credit risk through its counterparty ratings and credit limits. The Company is mainly exposed to credit risk on its bank accounts and short-term investments, and accounts and advances receivable. Bank accounts and short-term investments are primarily with Canadian Schedule 1 banks and Banco de Credito in Perú. The Company has accounts and advances receivable primarily related to IGV receivable from the Perúvian government.

The total of cash and cash equivalents, short-term investments and accounts and advances receivable of $1,842,313 (December 31, 2019 - $751,525) represents the maximum credit exposure.

Fair value of financial instruments

Liquidity risk

The Company manages its liquidity risk by ensuring that there is sufficient liquidity in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash and cash equivalents are primarily invested in bank accounts, bankers' acceptances, and Guaranteed Investment Certificates ("GIC"). The Company's cash is not invested in any asset backed commercial paper.

Accounts payable and accrued liabilities require payment within one year.

Market risk

The significant market risks to which the Company is exposed are foreign currency risk and interest rate risk.

Foreign currency risk

The Company maintains its financial statements in Canadian dollars. The Company is exposed to foreign currency fluctuations to the extent mineral interests, exploration expenditures and operating expenses incurred by the Company are not denominated in Canadian dollars.

The Company does not use derivatives or other instruments to manage the foreign currency risk. The Company's operations in Perú make it subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. The Company's operating results and cash flows are affected to varying degrees by changes in the Canadian dollar exchange rate vis-a-vis the Perúvian Nuevo Sol and the US Dollar. The Company purchases foreign currencies as the need arises in order to fund its exploration activities. Corporate expenditures are primarily incurred in Canadian and US dollars.

Expressed in Canadian dollars, unless otherwise stated

11. Financial Instruments and capital management (continued)

Foreign currency risk (continued)

As at September 30, 2019 the Company's significant exposures to foreign currency risk, based on balance sheet carrying values, were to the Perúvian Nuevo Sol ("PEN") and the US Dollar ("US$"), as follows:

	September 30, 2020		December 31, 2019	
	PEN	US$	PEN	US$
Cash	S/. 43,566	$ 749,244	S/. 48,556	$311,059
Accounts and agreements receivable	244,595	2,000,900	644,345	9,653
Accounts payable and accrued liabilities	(380,698)	(649,254)	(3,079,174)	(138,624)
Precious Metals Purchase Agreement	-	(10,000,000)	-	(8,500,000)
Net exposure	S/. (92,537)	$(7,899,110)	S/.(2,386,273)	$(8,349,991)
Canadian dollars	$ (34,294)	$(10,536,622)	$ (935,180)	$(10,844,968)

Fair value of financial instruments

The following sensitivity analysis assumes all other variables remain constant and are based on the above net exposures. A 10% appreciation or depreciation of the Perúvian Nuevo Sol vis-a-vis the Canadian Dollar would result in a $3,429 (December 31, 2019 - $93,518) increase or decrease, respectively, in net loss and shareholders' equity. A 10% appreciation or depreciation of the US Dollar vis-a-vis the Canadian Dollar would result in a $1,053,662 (December 31, 2019 - $1,084,497) increase or decrease, respectively, in net loss and shareholders' equity.

Interest rate risk

The Company's cash and cash equivalents and short-term investments earn interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to changes in short-term rates.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustment to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. The Company is not subject to any externally imposed capital requirements.

Expressed in Canadian dollars, unless otherwise stated

11. Financial Instruments and capital management (continued)

The carrying amounts of cash and cash equivalents, short-term investments, marketable securities, accounts and advances receivable, and accounts payable approximate their fair values due to their short-term nature.

12. Key management personnel compensation

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management includes the Company's directors and members of the senior management group.

Key management personnel compensation for the nine months ended September 30, 2020 totalled $841,067 (2019 - $761,479).

13. Supplementary cash flow information

	2020	2019
Non-cash activities:		
Amortization capitalized to exploration and evaluation assets	$ 303	$ 303
Salaries and benefits paid in common shares	35,000	-