PANORO MINERALS LTD.

Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Expressed in Canadian dollars, unless otherwise stated)

Unaudited – Prepared by Management

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

These condensed consolidated interim financial statements of Panoro Minerals Ltd. ("the Company") are the responsibility of the Company's management and have been approved by the Board of Directors. These condensed consolidated interim financial statements were prepared in accordance with International Financial Reporting 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 condensed consolidated interim financial statement prior to their submission to the Board of Directors for approval.

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

"Luquman A. Shaheen" (signed)	***"Michael Malana" (signed)***
Luquman A. Shaheen	Michael Malana
President and Chief Executive Officer	Chief Financial Officer
VANCOUVER, BRITISH COLUMBIA	**VANCOUVER, BRITISH COLUMBIA**

PANORO MINERALS LTD.

Condensed Consolidated Interim Statements of Financial Position - Unaudited
(Expressed in Canadian dollars, unless otherwise stated)

	Note		September 30, 2022		December 31, 2021
Assets					
Current assets					
Cash and cash equivalents		$	9,781,077	$	10,503,243
Marketable securities			533		533
Accounts and advances receivable	5		3,223,759		2,921,882
Prepaid expenses			75,612		33,370
Total current assets			13,080,981		13,459,028
Non-current assets					
Investment in Antilla Copper, S.A.	5		4,333,000		4,333,000
Exploration and evaluation assets	6		55,832,247		53,061,630
Property and equipment			428,453		298,415
Total assets		$	73,674,681	$	71,152,073
Liabilities and Shareholders' Equity					
Current liabilities					
Accounts payable and accrued liabilities	9	$	900,711	$	1,229,194
Current portion of lease liabilities			88,484		41,396
Liabilities under Early Deposit Precious Metals Agreement	7		15,077,700		12,044,100
Total current liabilities			16,066,895		13,314,690
Deferred income tax liability			773,552		421,095
Long- term portion of lease liabilities			210,633		237,295
Liabilities under Early Deposit Precious Metals Agreement	7		2,741,400		2,535,600
Total liabilities			19,792,480		16,508,680
Shareholders' equity					
Share capital			94,058,458		94,058,458
Share-based expense reserve	8(b)		12,216,408		12,180,753
Accumulated other comprehensive loss			(9,467)		(9,467)
Deficit			(52,383,198)		(51,586,351)
Total shareholders' equity			53,882,201		54,643,393
Total liabilities and shareholders' equity		$	73,674,681	$	71,152,073

Going concern (Note 2)
Commitments (Note 9)

Approved on behalf of the Board:

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

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

PANORO MINERALS LTD.

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss) - Unaudited

(Expressed in Canadian dollars, unless otherwise stated)

	Note	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Expenses					
Amortization		$ 12,564	$ 9,723	$ 47,746	$ 25,790
Administration		102,700	47,033	284,379	217,697
Audit and tax		43,222	11,870	107,539	78,543
Consulting fees		24,230	356,488	138,398	367,666
Corporate development, conferences, travel, and shareholder relations		84,218	32,185	293,394	91,947
Directors' fees	12	20,958	5,126	62,873	48,166
Legal		36,331	155,034	122,524	202,451
Property evaluation		99,251	-	121,589	-
Salaries and benefits	12	192,007	73,033	747,953	416,881
Share-based expense		35,655	-	35,655	-
		(651,136)	(690,492)	(1,962,050)	(1,449,141)
Interest expense		(7,262)	(4,641)	(22,141)	(4,969)
Interest income		5,253	39,820	10,567	117,206
Change in fair value of Early Deposit Precious Metals Agreement financial liability	7	(1,005,725)	(330,725)	(1,274,175)	25,050
Other income		84,525	-	271,672	-
Write-off on mineral property		-	(4,820)	-	(4,109,252)
Gain on Kusiorcco agreement	6	-	-	1,901,134	-
Foreign exchange gain (loss)		514,904	(7,737)	630,603	(87,313)
		(408,305)	(308,103)	1,517,660	(4,059,278)
Loss before income taxes		(1,059,441)	(998,595)	(444,390)	(5,508,419)
Deferred income tax expense		-	-	(352,457)	-
Loss for the period		(1,059,441)	(998,595)	(796,847)	(5,508,419)
Other comprehensive loss					
Unrealized loss on marketable securities		-	-	-	(333)
Comprehensive loss for the period		**$ (1,059,441)**	**$ (998,595)**	**$ (796,847)**	**$ (5,508,752)**
Loss per share, basic and fully diluted	13	**$ (0.00)**	**$ (0.00)**	**$ (0.00)**	**$ (0.02)**
Weighted average number of common shares outstanding	13	**264,375,058**	**264,339,163**	**264,375,058**	**264,351,812**

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

PANORO MINERALS LTD.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity - Unaudited
(Expressed in Canadian dollars, unless otherwise stated)

	Number of shares	Share capital $	Share-based expense reserve $	Accumulated other comprehensive loss $	Deficit $	Total $
Balance, December 31, 2020	264,188,405	94,035,125	12,180,753	(9,067)	(43,356,436)	62,850,375
Shares issued in lieu of cash compensation	186,653	23,333	-	-	-	23,333
Other comprehensive income	-	-	-	(333)	-	(333)
Loss for the period	-	-	-	-	(5,508,419)	(5,508,419)
Balance, September 30, 2021	**264,375,058**	**94,058,458**	**12,180,753**	**(9,400)**	**(48,864,855)**	**57,364,956**
Balance, December 31, 2021	264,375,058	94,058,458	12,180,753	(9,467)	(51,586,351)	54,643,393
Stock option grant	-	-	35,655	-	-	35,655
Loss for the period	-	-	-	-	(796,847)	(796,847)
Balance, September 30, 2022	**264,375,058**	**94,058,458**	**12,216,408**	**(9,467)**	**(52,383,198)**	**53,882,201**

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

PANORO MINERALS LTD.

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

	Note	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Cash provided by (used for):			
Operating activities:			
Loss for the period		$ (796,847)	$ (5,508,419)
Items not involving the use of cash:			
Amortization		47,746	25,790
Share-based expense		35,655	-
Change in fair value of Early Deposit Precious Metals Agreement financial liability		1,274,175	(25,050)
Interest income on agreement receivable		-	(116,871)
Interest expense on lease liabilities		20,606	4,969
Foreign exchange (gain) loss		(630,603)	87,313
Write-off of mineral property interest		-	4,109,252
Deferred income tax expense		352,457	-
		303,189	(1,423,016)
Changes in non-cash operating working capital:			
Accounts and advances receivable		(301,877)	(129,966)
Current portion of agreement receivable		-	(63,114)
Prepaid expenses		(42,242)	(17,428)
Accounts payable and accrued liabilities		(435,190)	78,634
Lease liabilities		54,015	-
Cash used in operating activities		(422,105)	(1,554,890)
Investing activities:			
Exploration and evaluation expenditures	6	(2,770,617)	(1,238,776)
Purchase of equipment		(177,784)	(16,542)
Funds received on JOGMEC earn in agreement	6	-	977,893
Recovery of value-added taxes		-	36,284
Long-term portion of agreement receivable		-	(52,778)
Cash used in investing activities		(2,948,401)	(293,919)
Financing activities:			
Early Deposit Precious Metals Purchase Agreement	7	1,965,225	1,895,100
Interest payment on lease liabilities		(20,606)	(4,969)
Repayment of lease liabilities		(33,589)	(28,316)
Cash provided by financing activities		1,911,030	1,861,815
Effect of foreign exchange on cash held		737,310	71,797
Increase (decrease) in cash and cash equivalents		(722,166)	84,803
Cash and cash equivalents, beginning of period		10,503,243	752,453
Cash and cash equivalents, end of period		$ 9,781,077	$ 837,256

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

The Company has no operating revenue and incurred a net loss of $796,847 for the nine months ended September 30, 2022 (2021 – $5,508,419). As at September 30, 2022, the Company has an accumulated deficit of $52,383,198 (December 31, 2021 – $51,586,351) and a working capital deficiency of $2,985,914 (December 31, 2021 – working capital of $144,338), being current assets of $13,080,981 (December 31, 2021 – $13,459,028) less current liabilities, of $16,066,895 (December 31, 2021 – $13,314,690). The Company's working capital deficiency as at September 30, 2022, includes the current portion of the Wheaton Precious Metals Purchase Agreement ("Wheaton PMPA") which is presented as a current liability under IFRS as it is restated to fair value by the conversion of the liability to Canadian dollars at the period end rate. If the Company includes the current portion of the Wheaton PMPA of $15,077,700 (December 31, 2021 – $12,044,100) as long-term, the working capital as at September 30, 2022, would be $12,091,786 (December 31, 2021 – $12,188,438).

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, plant 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 for the next year, the Company will require further funding to fund 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.

As at September 30, 2022, the Company has received $16,544,925 (US$13,000,000) from Wheaton Precious Metals International Ltd. ("Wheaton Metals") pursuant to the Wheaton PMPA (see Note 7) and will receive US$500,000 in April and September 2023 if the Company meets the terms under which the funds will be advanced, to a total of US$14,000,000 pursuant to the Wheaton PMPA.

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, 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 condensed consolidated interim financial statements do not reflect material adjustments to the carrying value 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.

3. Basis of presentation

These condensed consolidated interim financial statements were prepared using the same accounting policies and methods as those used in the Company's audited consolidated financial statements for the year ended December 31, 2021 and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") in compliance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting. Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed. These condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2021.

These condensed consolidated interim financial statements of the Company were approved and authorized for issuance by the Board of Directors on November 25, 2022.

4. Significant accounting policies

The preparation of these condensed consolidated interim financial statements is based on accounting principles and practices consistent with those used in the preparation of the Company's audited consolidated financial statements for the year ended December 31, 2021, unless otherwise indicated.

There are no new IFRS standards issued, but not yet effective, that may affect the financial statements of the Company.

5. Investment in Antilla Copper, S.A.

On December 3, 2021, the Company completed a sale of 75% of its interest in the Company's subsidiary, Antilla Copper, S.A. ("Antilla Copper") which holds an advanced stage mineral exploration project (the "Antilla Project"). Heeney Capital Acquisition Company ("HCAC") acquired 75% of the shares of Antilla Copper for $10,000,000 in cash (received on the closing of the transaction) and $2,800,000 due on October 3, 2022 which as at November 25, 2022, the date these condensed consolidated interim financial statements were approved and authorized for issuance by the Company's Board of Directors, has not yet been received.

An additional 15% of the Company's shares in Antilla Copper is to be sold to HCAC for a contingent $7,000,000 twelve months after the earlier of drilling permits and community land use agreements are obtained or a pre-feasibility or feasibility study is completed on the Antilla Project. 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 $10.0 million if a feasibility study estimates the net present value at an 8% discount rate ("Antilla NPV") of the Antilla Project to be above US$310 million; or up to $50.0 million if the Study estimates the Antilla NPV to be above US$360 million.

The Company retains a net smelter return royalty ("NSR") of 2% over the life of the Antilla Project. The agreement provides an additional 1.0% NSR to the Company if its ownership in Antilla Copper is diluted to below 5% at which time the Company will have a total 3.0% NSR on the Antilla Project, subject to a buyback right for the 1.0% NSR for $4.0 million.

As at September 30, 2022 and December 31, 2021, the Company holds a 25% interest in Antilla Copper with a fair value of $4,333,000.

6. Exploration and evaluation assets

The investment in, and expenditure 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 September 30, 2022, the Company's other fully held mineral property interests are all in various stages of exploration. All property 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 as at September 30, 2022.

Humamantata

On October 2, 2018, the Company signed an earn-in agreement (the “Earn-in Agreement”) with Japan Oil, Gas and Metals National Corporation (“JOGMEC”) relating to the Humamantata property. Under the terms of the Earn-in Agreement, JOGMEC is committed to fund a minimum of US$3.0 million in exploration expenditures and fees by the end of the third anniversary of the agreement, with a minimum spend of $1.0 million per each annum, after which it will have earned the right to earn a 49% interest in the property.

JOGMEC had the option to earn an additional 11% interest in the Humamantata project (for a total of 60%) by spending an additional US$5.0 million in the three years following its completion of the initial funding commitments) with a minimum spend of $1.0 million per each annum. During the year ended December 31, 2021, the Company announced that it agreed with JOGMEC to terminate the Earn-in Agreement for the exploration of the Humamantata Project. There was no impact of the termination to the condensed consolidated interim financial statements, as the Company retains its full project interest.

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. Pursuant to the terms of the agreement with Hudbay, the Company initially received US$3.0 million which was recorded as proceeds and the Company was scheduled to receive four milestone payments from Hudbay as follows: US$500,000 ($664,650) on the execution of agreements with local communities and surface titleholders necessary for Hudbay to access and carry out a drill program on the project (payment received in fiscal 2019); and three additional payments to be received as follows: US$500,000 upon completion of Hudbay’s first drill hole; US$500,000 upon completion of Hudbay’s fifth drill hole; and US$500,000 upon completion of Hudbay’s tenth drill hole on the project. The Company also retains a 2.0% NSR from mineral production on the project. Hudbay has the option to buy back one-half of the 2.0% NSR (reducing the NSR to 1.0%) for US$2.0 million within five years of the acquisition, and for US$5.0 million thereafter.

During the nine months ended September 30, 2022, Hudbay made a US$1.5 million payment (CA$1.9 million) for the remaining three milestone payments as described above, one year in advance of the original payment date of January 2023. Hudbay now holds the property subject only to the NSR described above.

Cochasayhuas

During the year ended December 31, 2020, the Company entered into an agreement for sale of the Cochasayhuas Gold Project to Mintania S.A.C. (“Mintania”) of Perú for a total of US$2.45 million to be paid in installments through 2023, plus a 5% NSR for 15 years from the commencement of commercial production. As a result, the Company recognized a gain on disposition of $1,398,084 on the transaction, being the difference between the fair value of the proceeds receivable and the carrying value of the associated exploration and evaluation asset.

The Company received the first payment of US$450,000 on the signing of the agreement, however, in November 2021, Mintania advised the Company that they were unable to make the payments due in 2021 and would be returning the project to the Company. A termination agreement was signed and filed in late 2021, and the project was returned to the Company’s subsidiary, Panoro Gold, S.A., which held the property prior to the sale. As at December 31, 2021, the Company wrote-off

(Expressed in Canadian dollars, unless otherwise stated)

$2,423,943 being the amount of the agreement receivable including the interest income accreted in 2021 for the Cochasayhuas Gold Project.

Exploration and evaluation expenditures as at and for the nine months ended September 30, 2022, are as follows:

	Cotabambas	Other	Total
Acquisition costs:			
Balance, September 30, 2022 and December 31, 2021	$ 4,925,035	$ 166,379	$ 5,091,414
Capitalized exploration and evaluation expenditures:			
Capitalized exploration and evaluation expenditures as at December 31, 2021	47,495,566	474,650	47,970,216
Assays and sampling	62,893	(1,334)	61,559
Camp and site	369,143	1,137	370,280
Community relations	319,393	686	320,079
Drilling	765,680	-	765,680
Engineering and studies	104,093	-	104,093
Environmental	67,800	24	67,824
Geology and geophysics	398,066	-	398,066
Legal	29,730	2,455	32,185
Recording and concession fees	479,231	136,490	615,721
Transportation	34,799	85	34,884
Other	-	246	246
Capitalized exploration and evaluation expenditures during the nine months ended September 30, 2022	2,630,828	139,789	2,770,617
Capitalized exploration and evaluation expenditures as at September 30, 2022	50,126,394	614,439	50,740,833
Total exploration and evaluation assets as at December 31, 2021	**$ 52,420,601**	**$ 641,029**	**$ 53,061,630**
Total exploration and evaluation assets as at September 30, 2022	**$ 55,051,429**	**$ 780,818**	**$ 55,832,247**
Salaries and benefits allocation included in exploration and evaluation expenditures capitalized during the nine months ended September 30, 2022:			
Camp and site	$ 204,173	$ -	$ 204,173
Community relations	236,822	-	236,822
Engineering and studies	104,093	-	104,093
Environmental	22,256	-	22,256
Geology	385,306	-	385,306
	$ 952,650	$ -	$ 952,650

7. Early Deposit Precious Metals Agreement

On March 21, 2016, 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 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 ("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.

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 included a provision to 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. The Company received US$2.0 million from Wheaton Metals pursuant to 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. 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 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 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.

As at December 31, 2021, the Company had received a total of $14,579,700 (US$11,500,000) under the Early Deposit, including an accelerated payment of US$2,000,000 after the successful completion of a private placement in August 2016. During the nine months ended September 30, 2022, the Company received $1,965,225 (US$1,500,000) from Wheaton Metals bringing the total received on the Wheaton PMPA to $16,544,925 (US$13,000,000).

(Expressed in Canadian dollars, unless otherwise stated)

Liabilities under Precious Metals Purchase Agreement		Fair value balance, December 31, 2021		2022 Cash flow		Change in fair value – foreign exchange		Fair value balance, September 30, 2022
Current liabilities	$	12,044,100	$	1,965,225	$	1,068,375	$	15,077,700
Long-term liabilities		2,535,600		-		205,800		2,741,400
	$	14,579,700	$	1,965,225	$	1,274,175	$	17,819,100

8. Share capital

(a) Authorized:
Unlimited common shares without par value.
Issued and outstanding:

264,375,058 common shares as at September 30, 2022 and December 31, 2021.

(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. 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 Company's stock options as of September 30,2022, and December 31, 2021, are as follows:

	Number of Options	Weighted average exercise price
Balance, December 31, 2021	11,250,000	$0.26
Granted	500,000	$0.12
Expired	(600,000)	$.20
Balance, September 30, 2022	11,150,000	$0.26

All options as at September 30, 2022 and December 31, 2021, are exercisable.

(Expressed in Canadian dollars, unless otherwise stated)

The weighted average life of exercisable options as at September 30, 2022 is 1.16 years:

Expiry date	**Number of options**	**Weighted average exercise price**	**Weighted average remaining life (years)**
March 13, 2023	6,650,000	$ 0.34	0.45
August 16, 2024	4,000,000	$ 0.15	1.88
August 27, 2027	500,000	$ 0.12	4.91
Balance, September 30, 2022	11,150,000	$ 0.26	1.16

The weighted average life of exercisable options as at December 31, 2021 is 1.66 years:

Expiry date	**Number of options**	**Weighted average exercise price**	**Weighted average remaining life (years)**
May 15, 2022	600,000	$ 0.20	0.37
March 13, 2023	6,650,000	$ 0.34	1.20
August 16, 2024	4,000,000	$ 0.15	2.63
Balance, December 31, 2021	11,250,000	$ 0.26	1.66

9. Commitments

The Company has the following commitments and payments due at September 30, 2022:

	2022	**2023**	**2024**	**2025**	**2026**	**Total**
Office lease (Vancouver)	$ 26,169	$ 105,467	$ 107,366	$ 109,264	$ 111,163	$ 459,429
Office lease (Perú)	$ 10,432	$ 42,773	$ 7,164	$ -	$ -	$ 60,369
Accrued vigencias	$ 442,531	$ -	$ -	$ -	$ -	$ 442,531
Accounts payable	$ 223,679	$ -	$ -	$ -	$ -	$ 223,679
Accrued liabilities	$ 234,863	$ -	$ -	$ -	$ -	$ 234,863
	$ 937,674	$ 148,240	$ 114,530	$ 109,264	$ 111,163	$ 1,420,871

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. The penalties are reduced, based on exploration activity on the concessions, and the reduction is determined each year by the Perúvian government.

The Company entered into an office lease in Lima effective April 1, 2022. 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.

(Expressed in Canadian dollars, unless otherwise stated)

10. Financial instruments and capital management

(a) Fair value of financial instruments

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. Liabilities under the Early Deposit Precious Metals Agreement are valued using Level 2 inputs.

Level 3: Inputs for the financial asset or liability are not based on observable market data. The Company has no financial assets or liabilities recorded in the statements of financial position included in Level 3 of the fair value hierarchy.

The fair values of the Company's cash and cash equivalents, accounts and advances receivable and accounts payable and other liabilities approximate their carrying values because of the short-term nature of these instruments.

The Company's marketable securities and Investment in Antilla Copper, S.A. are measured using the fair value hierarchy as follows:

	As at September 30, 2022		
	Level 1	**Level 2**	**Level 3**
Marketable securities	533	-	-
Investment in Antilla Copper, S.A.	-	-	4,333,000
	533	-	4,333,000
	As at December 31, 2021		
	Level 1	**Level 2**	**Level 3**
Marketable securities	533	-	-
Investment in Antilla Copper, S.A.	-	-	4,333,000
	533	-	4,333,000

(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 Perú. The Company has accounts and advances receivable primarily related to IGV receivable from the Perúvian government. The Company's receivable related to its sale of its Antilla project (Note 5) will be secured by the return of equity in the event of default. The total of cash and cash equivalents, and accounts and advances receivable of $13,004,836 (December 31, 2021 – $13,425,125), represents the maximum credit exposure. The Company has not identified any significant increase in credit risk with respect to its financial assets as at September 30, 2022. The Company has not identified any allowances for credit losses as at September 30, 2022 or December 31, 2021.

Liquidity risk
The Company manages its liquidity risk by ensuring 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 Guaranteed Investment Certificates ("GIC"), which are available on demand.

Contractual commitments that the Company is obligated to pay in future years are disclosed in Note 8. Accounts payable and accrued liabilities require payment within one year. See Note 2.

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 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 ("PEN" or "S/.") and the US Dollar ("US$"). 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 September 30, 2022, and December 31, 2021, the Company's significant exposures to foreign currency risk, based on the statement of financial position carrying values, were to the Perúvian Nuevo Sol and the US Dollar, as follows:

(Expressed in Canadian dollars, unless otherwise stated)

	September 30, 2022				December 31, 2021			
	PEN		US$		PEN		US$	
Cash	S/.	132,287	US$	7,130,875	S/.	98,864	US$	8,222,089
Accounts and advances receivable		852,596		51,500		259,369		-
Accounts payable and accrued liabilities		(1,671,330)		(388,267)		(1,660,275)		(131,359)
Precious Metals Purchase Agreement		-		(13,000,000)		-		(11,500,000)
Net exposure	S/.	(686,447)	US$	(6,205,892)	S/.	(1,302,042)	US$	(3,409,270)
Canadian dollars	$	(237,373)	$	(8,506,417)	$	(413,529)	$	(4,322,273)

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 an increase or decrease of approximately $23,000 (December 31, 2021 – $41,000) in net loss and shareholders' equity, respectively. A 10% appreciation or depreciation of the US Dollar vis-a-vis the Canadian Dollar would result in an increase or decrease of approximately $850,000 (December 31, 2021 – $432,000) in net loss and shareholders' equity, respectively.

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; however, based on the cash and cash equivalent balance as at September 30, 2022, 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 subject to any externally imposed capital requirements. There were no changes to the Company's approach to capital management during the nine months ended September 30, 2022.

11. Related party transactions

As at September 30, 2022, included in accounts payable and accrued liabilities was $21,750 (December 31, 2021 – $15,708) in directors' fees payable, and $nil (December 31, 2021 – $11,711) payable to officers for expenses incurred on behalf of the Company.

(Expressed in Canadian dollars, unless otherwise stated)

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 and consisted of eleven individuals as at September 30, 2022 and 2021.

Details of key management personnel compensation is as follows:

	Nine months ended September 30,	
	2022	**2021**
Salary, fees and benefits	$ 1,013,662	$ 655,928
Share-based compensation	35,655	-
	$ 1,049,317	$ 655,928

13. Basic and diluted loss per share

The calculation of basic and diluted loss per share for the nine months ended September 30, 2022, was based on loss attributable to common shareholders of $796,847 (2021 –$5,508,419) and the weighted average number of common shares outstanding of 264,375,058 (2021 – 264,351,812), respectively. For the periods ended September 30, 2022 and 2021, diluted loss per share is greater than the basic loss per share by the stock options that have an exercisable price that is lower than the market price as at September 30, 2022. Anti-dilutive instruments have not been included in the determination of fully diluted loss per share.

	September 30, 2022	**September 30, 2021**
Issued common shares, beginning of period	264,375,058	264,188,405
Effect of shares issued	-	163,407
Weighted average number of common shares, end of period	264,375,058	264,351,812

14. Supplementary cash flow information

	Nine months ended September 30,	
Non-cash activities:	**2022**	**2021**
Amortization capitalized to exploration and evaluation assets	$ -	$ 151
Settlement of accrued liabilities through issuance of common shares	-	23,333