PANORO MINERALS LTD

(an exploration stage company)

Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2016 and 2015

Expressed in Canadian dollars, unless otherwise stated
Unaudited – prepared by management)

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.

(an exploration stage company)
Condensed Consolidated Interim Balance Sheets - unaudited
Expressed in Canadian Dollars, unless otherwise stated

	Note	March 31, 2016	December 31, 2015
Assets			
Current assets			
Cash and cash equivalents		$ 50,195	$ 212,647
Mark	*5*	2,500	2,000
Accounts and advances receivable		45,994	46,275
Prepaid expenses		26,175	40,925
Total current assets		124,864	301,847
Non-current assets			
Exploration and evaluation assets	*6*	67,732,095	67,626,162
Equipment		79,035	88,865
Total assets		$ 67,935,994	$ 68,016,874
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		$ 1,636,463	$ 1,384,373
Total liabilities		1,636,463	1,384,373
Shareholders' equity			
Capital stock	*7*	86,032,839	86,032,839
Share-based expense reserve		10,091,358	10,091,358
Accumulated other comprehensive loss		(7,500)	(8,000)
Deficit		(29,817,166)	(29,483,696)
Total shareholders' equity		66,299,531	66,632,501
Total liabilities and shareholders' equity		$ 67,935,994	$ 68,016,874

Going concern and subsequent event (Note 3)

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

Approved on behalf of the Board:

"Luquman A. Shaheen" **"Richard A. Mundie"**

PANORO MINERALS LTD.

(an exploration stage company)
Condensed Consolidated Interim Statements of Comprehensive Loss - unaudited
Expressed in Canadian Dollars, unless otherwise stated

	Three months ended March 31, 2016	2015
Expenses		
Salaries and benefits	$ 138,945	$ 334,546
Directors’ fees	11,336	18,500
Audit and tax	11,000	25,812
Consulting	10,179	2,554
Legal expenses	116,896	11,662
Communications	10,453	34,867
Regulatory fees	12,796	21,549
Amortization	2,903	3,769
Professional dues and training	911	8,040
Travel expenses	8,490	18,733
Investor relations	2,903	35,421
Rent and insurance	53,549	77,695
Office costs	9,665	21,515
	390,026	614,663
Interest income	(131)	(21,766)
Foreign exchange (gain)/loss	(56,425)	125,577
Loss for the period	333,470	718,474
Total other comprehensive (income)/loss	(500)	(2,000)
Comprehensive loss for the period	$ 332,970	$ 716,474
Loss per share, basic and fully diluted	$ 0.00	$ 0.00
Weighted avera.ge number of common shares outstanding	220,640,818	220,640,818

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

PANORO MINERALS LTD.

(an exploration stage company)
Condensed Consolidated Interim Statements of Cash Flows - unaudited
Expressed in Canadian dollars, unless otherwise stated

	Three months ended March 31, 2016	2015
Cash provided by (used for):		
Operating activities:		
Loss for the period	$ (333,470)	$ (718,474)
Items not involving the use of cash:		
Amortization	2,903	3,769
	(330,567)	(714,705)
Changes in non-cash operating working capital:		
Accounts and advances receivable	281	(3,927)
Prepaid expenses	14,750	(16,899)
Cash used in operating activities	(315,536)	(735,531)
Investing activities:		
Exploration and evaluation expenditures	(275,973)	(1,486,738)
Recovery of taxes	176,967	217,254
Accounts payable and accrued liabilities	252,090	(667,505)
Cash used in investing activities	153,084	(1,936,989)
Decrease in cash and cash equivalents	(162,542)	(2,672,520)
Cash and cash equivalents, beginning of period	212,647	7,838,816
Cash and cash equivalents, end of period	$ 50,195	$ 5,166,296

Non-cash activities:		
Amortization capitalized to exploration and evaluation assets	6,925	8,665
	$ 6,925	$ 8,665

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

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PANORO MINERALS LTD.

(an exploration stage company)

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity - unaudited
For the three months ended March 31, 2016 and 2015
Expressed in Canadian Dollars, unless otherwise stated

	Number of Shares	Capital Stock	Share-Based Expense Reserve	Accumulated Comprehensive Loss	Deficit	Total
Balance at December 31, 2014	220,640,818	$ 86,032,839	$ 10,091,358	$ -	$(24,866,594)	$ 71,257,603
Loss for the period	-	-	-	-	(718,474)	(718,474)
Other comprehensive income	-	-	-	2,000	-	2,000
Balance at March 31, 2015	220,640,818	$ 86,032,839	$ 10,091,358	$ 2,000	$(25,585,068)	$ 70,541,129
Balance at December 31, 2015	220,640,818	$ 86,032,839	$ 10,091,358	$ (8,000)	$(29,483,696)	$ 66,632,501
Loss for the period	-	-	-	-	(333,470)	(333,470)
Other comprehensive income	-	-	-	500	-	500
Balance at March 31, 2016	220,640,818	$ 86,032,839	$ 10,091,358	$ (7,500)	$(29,817,166)	$ 66,299,531

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 May 24, 2016.

3. Going concern and subsequent event

Going concern

These condensed interim 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 incurred a loss of $333,470 for the three months ended March 31, 2016 (March 31, 2015 – $718,474). As at March 31, 2016, the Company has an accumulated deficit of $29,817,166 (December 31, 2015 - $29,483,696), and a working capital deficiency of $1,511,599 (December 31, 2015 – $1,082,526).

3. Going concern and subsequent event (continued)

Based on its financial position at March 31, 2016, the available funds are not adequate to meet requirements for the estimated operations, exploration and development expenditures in the next twelve-month period. These conditions indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern (see subsequent event below).

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, obtaining mining licenses, and continued uncertainty in the exchange and commodity markets.

If the Company is unable to obtain adequate financing, the Company will be required to curtail operations, exploration, and development activities and there would be significant uncertainty whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

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.

Early Deposit Precious Metals Purchase Agreement and subsequent event

The Company and its wholly-owned subsidiary entered into a definitive Early Deposit Precious Metals Purchase Agreement (the "Cotabambas Early Deposit Agreement") signed on March 21, 2016, with Silver Wheaton (Caymans) Ltd. ("Silver Wheaton"), in respect of the Cotabambas project located in Perú.

3. Going concern and subsequent event (continued)

Early deposit precious metals purchase agreement and subsequent event (continued)

The principal terms of the Cotabambas Early Deposit Agreement are such that Silver Wheaton will pay the Company upfront cash payments totalling US$140 million for 25% of the payable gold production and 100% of the payable silver production from the Company's Cotabambas Project in Perú. In addition, Silver Wheaton 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 Silver Wheaton over the life of the Company's Cotabambas Project. On April 18, 2016, the Company received the first payment of US$1.0 million, pursuant to the terms of the agreement. A second payment of US$1.0 million is expected to be received in the second quarter of fiscal 2016.

The Company is entitled to receive US$14.0 million spread over up to 9 years as an early deposit with payments to be used to fund expenses related to the Cotabambas Project. The Cotabambas Early Deposit Agreement includes provisions to accelerate these payments, whereby Silver Wheaton will pay an additional payment in 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 acceleration could result in total early deposit payments of up to US$7.0 million being made to the Company in the first two years of the agreement. The balance of the US$140.0 million, should Silver Wheaton elect to proceed with the Cotabambas Early Deposit Agreement, is payable in instalments during construction of the Cotabambas Project.

The US$14.0 million in payments will be sufficient for the Company's minimum working capital for the foreseeable future.

4. Significant accounting policies

The preparation of condensed interim consolidated financial statements in conformity 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, 2015. 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.

4. Significant accounting policies (continued)

(a) Changes in International Financial Reporting Standards (IFRS)

The Company has not adopted any new standards or consequential amendments during the period.

(b) IFRS standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these condensed interim consolidated financial statements. The following pronouncements are those that the Company considers most significant and are not intended to be a complete list of new pronouncements that may affect the consolidated financial statements.

IFRS 9, *Financial Instruments ("IFRS 9")*

The final version of IFRS 9 was issued by the IASB on July 24, 2014, and will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses.

The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018, with early adoption permitted, and must be applied retrospectively with some exemptions permitted. The Company does not expect the adoption of IFRS 9 to have a material effect on its consolidated financial statements.

IFRS 15, *Revenue from Contracts with Customers ("IFRS 15")*

On May 28, 2014, the IASB issued IFRS 15. The new standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. IFRS 15 will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have also been introduced, which may affect the amount and/or timing of revenue recognized.

4. Significant accounting policies (continued)

(b) IFRS standards issued but not yet effective

The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning on January 1, 2018. Given the Company has no current sources of revenue, the adoption of this standard is not expected to have a material effect on the consolidated financial statements.

Amendments to IAS 1, Presentation of Financial Statements (“IAS 1”)

On December 18, 2014, the IASB issued amendments to IAS 1 as part of its major initiative to improve presentation and disclosure in financial reports. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Company intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2016. The Company does not anticipate this amendment to have a significant impact on its consolidated financial statements.

IFRS 16, Leases (“IFRS 16”)

On January 13, 2016, the IASB published a new standard, IFRS 16, *Leases,* eliminating the current dual accounting model for lessees, which distinguished between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded patter of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company is evaluating the impact of adopting this standard on its consolidated financial statements.

5. Marketable securities

As at March 31, 2016, the Company held 100,000 common shares of Montan Mining Corp., at cost of $10,000. At March 31, 2016, the fair value of these common shares was $2,500 (December 31, 2015 - $2,000).

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. 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.

Expressed in Canadian dollars, unless otherwise stated

6. Exploration and evaluation assets (continued)

The Company is in the process of exploring and developing its mineral exploration and evaluation assets and has not yet determined whether they contain resources that are economically recoverable.

Management anticipates that the Company will continue to raise adequate funding through equity or debt financings, although there is no assurance that the Company will be able to obtain adequate funding on favorable terms. 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.

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

	Antilla	Cotabambas	Other	Total
Acquisition costs:				
Balance, March 31, 2016 and December 31, 2015	$ 7,319,722	$ 4,925,035	$ 2,301,064	$14,545,821
Exploration and evaluation expenditures incurred in period:				
Amortization	-	6,903	22	6,925
Camp	408	34,401	359	35,168
Community relations	-	5,000	-	5,000
Metallurgy	1,903	-	-	1,903
Preliminary economic assessment	29,249	-	-	29,249
Recording fees and taxes	24,188	15,487	115,726	155,401
Recovery of value-added taxes	(3,783)	(170,745)	(2,439)	(176,967)
Salaries and wages	-	47,193	-	47,193
Travel	357	1,704	-	2,061
Incurred during the period	52,322	(60,057)	113,668	105,933
Capitalized exploration and evaluation expenditures at December 31, 2015	8,414,856	36,419,967	8,245,518	53,080,341
Capitalized exploration and evaluation expenditures at March 31, 2016	8,467,178	36,359,910	8,359,186	53,186,274
Total exploration and evaluation assets at March 31, 2016	**$15,786,900**	**$41,284,945**	**$10,660,250**	**$67,732,095**

Expressed in Canadian dollars, unless otherwise stated

7. Capital stock

Authorized – unlimited common shares without par value.

(a) Stock options outstanding

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 23, 2015. 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, 2015, and for the three months ended March 31, 2016, are as follows:

	Number of Options	Weighted average exercise price
Balance, December 31, 2015	13,150,000	$ 0.60
Expired, unexercised, during the period	(800,000)	$ 0.60
Balance, March 31, 2016	12,350,000	$ 0.60

The following summarizes information about stock options outstanding and exercisable at March 31, 2016:

Year of expiry	Number of options	Weighted average exercise price
2016	3,650,000	0.50
2017	5,150,000	0.85
2019	3,550,000	0.36
	12,350,000	$ 0.60

Expressed in Canadian dollars, unless otherwise stated

7. Capital stock (continued)

(a) Stock options outstanding (continued)

The weighted average life of exercisable options outstanding as at March 31, 2016, is 1.6 years (December 31, 2015 – 1.8 years).

(b) Share purchase warrants

At March 31, 2016, there were no outstanding share purchase warrants. During the three months ended March 31, 2016, 1,638,000 agent's warrants with an exercise price of $0.55 expired, unexercised, on March 14, 2016.

8. Related party transactions

During the three months ended March 31, 2016 and 2015, there were no transactions between directors and officers and/or companies controlled by directors or officers in common with the Company.

9. Commitments

The Company has the following commitments:

	2016	2017	2018	2019	2020	Total
Office lease (Vancouver)	$ 47,479	$ 55,303	$ 56,885	$ 60,050	$ 61,633	$ 281,350
Office lease (Peru-US)	$ 61,742	$ 49,134	$ -	$ -	$ -	$ 110,876
Warehouses	S/. -	S/. 56,420	S/. 4,000	S/. -	S/. -	S/. 60,420
Accounts payable and accrued liabilities	$1,636,463	$ -	$ -	$ -	$ -	$1,636,463

Vigencias (or concession fees) are not commitments, but rather the annual payments required to maintain the concessions in good standing with the Perúvian government. The actual payment for 2015 was US$631,759. The ultimate amount to be paid is based on a formula and is determined separately each year by the Perúvian government. The Company estimates the annual costs to be approximately US$478,636 payable in June 2016, and may increase if the Company determines to keep certain non-core concessions.

The Company has an office lease in Lima and three warehouses in Cusco, and an office lease in Vancouver, Canada.

Expressed in Canadian dollars, unless otherwise stated

10. Financial Instruments and Capital Management

(a) Fair value of financial instruments

As at March 31, 2016, the carrying values of the Company's financial instruments by category are as follows:

	Held for trading	Loans and receivables	Available for sale	Financial liabilities	Carrying value	Fair Value
Financial assets:						
Cash and cash equivalents	$ -	$50,195	$ -	$ -	$50,195	$50,195
Marketable securities	-	-	2,500	-	2,500	2,500
Accounts and advances receivable	-	45,994	-	-	45,994	45,994
Total financial assets	-	96,189	2,500	-	98,689	98,689
Financial liabilities:						
Accounts payable and accrued liabilities	-	-	-	1,636,463	1,636,463	1,636,463
Total financial liabilities	-	-	-	1,636,463	1,636,463	1,636,463

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 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 account and advances receivable of $96,189 (December 31, 2015 - $258,922) represent the maximum credit exposure.

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. At March 31, 2016, the Company had no GICs.

Accounts payable and accrued liabilities require payment within one year.

10. Financial Instruments and Capital Management (continued)

(a) Fair value of financial instruments (continued)

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.

As at March 31, 2016, the Company's significant exposures to foreign currency risk, based on balance sheet carrying values, were to the Perúvian Nuevo Sol and the US Dollar, as follows:

	March 31, 2016 PEN	March 31, 2016 US$	December 31, 2015 PEN	December 31, 2015 US$
Cash	S/. 65	$ 14,771	S/. 36,616	$ 147,424
Accounts and advances receivable	24,629	11,214	29,990	19,227
Accounts payable and accrued liabilities	(309,911)	(887,307)	(580,348)	(1,247,626)
Net exposure	S/.(285,217)	$ (861,322)	S/.(513,742)	$ (1,080,975)

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 $11,146 (December 31, 2015 - $20,837) 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 an $111,860 (December 31, 2015 - $89,990) increase or decrease, respectively, in loss and shareholders' equity.

10. Financial Instruments and Capital Management (continued)

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.

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.

11. 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.

Details of key management personnel compensation for the three months ended March 31, 2016 and 2015, are as follows:

	2016	2015
Salary, fees and benefits	$ 115,991	$ 157,271