PANORO MINERALS LTD.

Annual Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian dollars, unless otherwise stated)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Panoro Minerals Ltd. ("the Company") and related information presented in this financial report are the responsibility of the Company's management and have been approved by the Board of Directors. The consolidated financial statements are prepared in accordance with 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 consolidated financial statements prior to their submission to the Board of Directors for approval.

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

"Luquman A. Shaheen" (signed)	***"Shannon M. Ross" (signed)***
Luquman A. Shaheen	Shannon M. Ross
President and Chief Executive Officer	Chief Financial Officer
VANCOUVER, BRITISH COLUMBIA	**VANCOUVER, BRITISH COLUMBIA**

KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Panoro Minerals Ltd.

Opinion

We have audited the consolidated financial statements of Panoro Minerals Ltd. (the "Entity"), which comprise:

– the consolidated statements of financial position as at December 31, 2021 and December 31, 2020

– the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended

– and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2021 and December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Entity has no current sources of revenue, incurred a loss during the year ended December 31, 2021, had an accumulated deficit at December 31, 2021, and its ability to carry out its planned business objectives is dependent on its ability to raise adequate financing to continue the exploration and ultimate development of its mineral properties.

As stated in Note 2 in the financial statements, these events or conditions, along with other matters as set forth in Note 2 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditors' report is Robert Ryan Owsnett.

Vancouver, Canada
May 2, 2022

PANORO MINERALS LTD.

Consolidated Statements of Financial Position
(Expressed in Canadian dollars, unless otherwise stated)
As at December 31, 2021 and 2020

	Note(s)	2021	2020
Assets			
Current assets			
Cash and cash equivalents		$ 10,503,243	$ 752,453
Marketable securities		533	933
Accounts and advances receivable	5	2,921,882	93,927
Agreement receivable, current	6	-	1,273,200
Prepaid expenses		33,370	22,161
Total current assets		13,459,028	2,142,674
Non-current assets			
Agreement receivable, non-current	6	-	1,064,674
Investments in Antilla Copper, S.A.	5	4,333,000	-
Exploration and evaluation assets	6	53,061,630	74,653,664
Property and equipment	7	298,415	29,566
Total assets		$ 71,152,073	$ 77,890,578
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	12, 13	$ 1,229,194	$ 1,438,605
Current portion of lease liabilities	8	41,396	17,950
Liabilities under Early Deposit Precious Metals Agreement	9	12,044,100	10,185,600
Total current liabilities		13,314,690	11,642,155
Deferred income tax liability	11	421,095	851,648
Long- term portion of lease liabilities	8	237,295	-
Liabilities under Early Deposit Precious Metals Agreement	9	2,535,600	2,546,400
Total liabilities		16,508,680	15,040,203
Shareholders' equity			
Share capital	10(a)	94,058,458	94,035,125
Share-based expense reserve	10(b)	12,180,753	12,180,753
Accumulated other comprehensive loss		(9,467)	(9,067)
Deficit		(51,586,351)	(43,356,436)
Total shareholders' equity		54,643,393	62,850,375
Total liabilities and shareholders' equity		$ 71,152,073	$ 77,890,578

Going concern (Note 2)
Commitments (Note 13)
Subsequent events (Notes 6, 9, and 13)

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

Approved on behalf of the Board:

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

PANORO MINERALS LTD.

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars, unless otherwise stated)
For the years ended December 31, 2021 and 2020

	Note(s)	2021	2020
Expenses			
Amortization	7	$ 39,812	$ 65,992
Administration expenses		302,935	243,677
Audit and tax		111,658	107,303
Consulting fees		356,447	37,163
Corporate development, conferences, travel, and shareholder relations		180,110	108,083
Directors' fees	12, 16	50,122	75,113
Legal		342,744	78,668
Salaries and benefits	10(a), 16	1,040,126	652,216
		2,423,954	1,368,215
Interest expense	8	11,769	4,386
Interest income	6	(77,390)	(83,466)
Gain on disposal of property and equipment		-	(16,070)
Change in fair value of Early Deposit Precious Metals Agreement financial liability	9	(47,400)	(370,075)
Airborne license fee income	6	(1,019,926)	-
Other income		(23,310)	-
Loss (gain) on Cochasayhuas agreement	6	2,423,943	(1,398,084)
Loss on disposition of subsidiary	5	662,092	-
Write-off of mineral property interest	6	4,112,117	488,556
Foreign exchange loss		194,619	238,015
		6,236,514	(1,136,738)
Loss before income taxes		8,660,468	231,477
Deferred income tax expense (recovery)	11	(430,553)	851,648
Loss for the year		8,229,915	1,083,125
Other comprehensive loss (income)			
Unrealized loss (gain) on marketable securities		400	(633)
Comprehensive loss for the year		$ 8,230,315	$ 1,082,492
Loss per share, basic and fully diluted	17	$ 0.03	$ 0.00
Weighted average number of common shares outstanding	17	264,357,671	263,993,835

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

PANORO MINERALS LTD.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars, unless otherwise stated)

For the years ended December 31, 2021 and 2020

	Number of shares	Share capital $	Share-based expense reserve $	Accumulated other comprehensive loss $	Deficit $	Total $
Balance, December 31, 2019	263,837,522	94,000,125	12,180,753	(9,700)	(42,273,311)	63,897,867
Loss for the year	-	-	-	-	(1,083,125)	(1,083,125)
Shares issued in lieu of cash compensation (Note 10(a))	350,883	35,000	-	-	-	35,000
Other comprehensive income	-	-	-	633	-	633
Balance, December 31, 2020	264,188,405	94,035,125	12,180,753	(9,067)	(43,356,436)	62,850,375
Loss for the year	-	-	-	-	(8,229,915)	(8,229,915)
Shares issued in lieu of cash compensation (Note 10(a))	186,653	23,333	-	-	-	23,333
Other comprehensive loss	-	-	-	(400)	-	(400)
Balance, December 31, 2021	**264,375,058**	**94,058,458**	**12,180,753**	**(9,467)**	**(51,586,351)**	**54,643,393**

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

PANORO MINERALS LTD.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars, unless otherwise stated)
For the years ended December 31, 2021 and 2020

	Note(s)	2021	2020
Cash provided by (used for):			
Operating activities:			
Loss for the year		$ (8,229,915)	$ (1,083,125)
Items not involving the use of cash:			
Amortization	7	39,812	65,992
Salaries settled in shares and share-based expense	10(a)	-	35,000
Change in fair value of Early Deposit Precious Metals Agreement financial liability		(47,400)	(370,075)
Interest income	6	(77,390)	(83,131)
Interest expense on lease liabilities	8	11,769	4,386
Foreign exchange loss		194,619	233,593
Gain on disposal of property and equipment		-	(16,070)
Loss on disposition of subsidiary	5	662,092	-
Write-off of mineral property interest	6	4,112,117	488,556
Deferred income tax (recovery) provision	11	(430,553)	851,648
Loss (gain) on disposition of mineral property interest		2,423,943	(1,398,084)
		(1,340,906)	(1,271,310)
Changes in non-cash operating working capital:			
Accounts and advances receivable		(27,947)	-
Agreement receivable		-	187,513
Prepaid expenses		(11,209)	9,629
Accounts payable and accrued liabilities		96,797	(34,312)
Cash used in operating activities		(1,283,265)	(1,108,480)
Investing activities:			
Exploration and evaluation expenditures	6	(1,646,255)	(2,797,996)
Proceeds from sale of Antilla Copper, S.A.	5	10,000,000	-
Proceeds from sale of mineral property interest	6	-	611,595
Recovery of value-added taxes	6	70,493	7,540
Funds received on JOGMEC earn in agreement	6	977,893	1,669,343
Proceeds on disposal of property and equipment		-	16,070
Purchase of equipment		(16,392)	(13,280)
Cash provided by (used in) investing activities		9,385,739	(506,728)
Financing activities:			
Early Deposit Precious Metals Purchase Agreement	9	1,895,100	2,062,275
Interest payment on lease liabilities	8	(11,769)	(4,386)
Repayment of lease liabilities	8	(31,679)	(74,420)
Cash provided by financing activities		1,851,652	1,983,469
Effect of foreign exchange on cash held		(203,336)	(85,893)
Increase in cash and cash equivalents		9,750,790	282,368
Cash and cash equivalents, beginning of year		752,453	470,085
Cash and cash equivalents, end of year		$ 10,503,243	$ 752,453

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

1. Nature of operations

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

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

2. Going concern

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

The Company has no operating revenue and recorded a loss of $8,229,915 for the year ended December 31, 2021 (2020 – $1,083,125). At December 31, 2021, the Company has an accumulated deficit of $51,586,351 (2020 – $43,356,436), and working capital, being current assets less current liabilities, of $144,338 (2020 – working capital deficiency of $9,499,481).

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.

At December 31, 2021, the Company has received $14,579,700 (US$11,500,000) from Wheaton Precious Metals International Ltd. ("Wheaton Metals") pursuant to the Wheaton Precious Metals Purchase Agreement ("Wheaton PMPA" – see Note 9) and will continue to receive US$750,000 on a semi-annual basis if it meets the terms under which the funds will be advanced, up to US$14,000,000 pursuant to the Wheaton PMPA.

2. Going concern (continued)

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 consolidated 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.

In March 2020, the World Health Organization declared coronavirus COVID-19 (“COVID-19”) a global pandemic. This contagious disease outbreak, which continues to spread, with variants, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally. While the Company has not been significantly impacted to date, it is not possible for the Company to predict the ultimate magnitude of the adverse results of COVID-19 and its effects on the Company’s business. Further adverse changes in the long-term evolvement of COVID-19 could impact our ability to obtain financing to fund exploration activities as well as the ability to conduct our exploration programs as efficiently as prior to the pandemic, due to delays in transportation, COVID-19 protocols, and other unanticipated delays.

3. Basis of presentation

(a) Statement of compliance

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

The accounting policies applied in these consolidated financial statements are based on IFRS effective for the year ended December 31, 2021.

Certain comparative amounts in the statement of loss and comprehensive loss have been reclassified into administration expense to conform with the presentation adopted in the current period.

The consolidated financial statements of the Company for the year ended December 31, 2021, were approved and authorized for issuance by the Board of Directors on May 2, 2022.

3. Basis of presentation (continued)

(b) Functional and reporting currency

The functional and reporting currency of the Company and all its subsidiaries is the Canadian dollar. Foreign currency translation differences are recognized in profit or loss, except for differences on the translation of available-for-sale investments which are recognized in other comprehensive income.

(c) Critical accounting estimates

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

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

(d) Use of judgements

Significant areas requiring judgement relate to the determination of functional currency, assessing exploration and evaluation assets for indicators of impairment, determining the appropriate accounting for the Wheaton PMPA with Wheaton Metals as disclosed in Note 4 and the going concern assessment as discussed in Note 2.

In concluding that the Canadian dollar is the functional currency of the parent, and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant, the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained. Management considers funds on hand at year end, planned expenditures and strategic objectives in its assessment. Due to the nature of its business, management reviews and adjusts administrative and exploration expenditures based on available working capital. The Company focuses on its concessions in Perú and maintaining them in good standing by making annual concession payments due in June of each year.

4. Significant accounting policies

(e) Basis of consolidation

The subsidiaries of the Company, all of which are wholly owned, at December 31, 2021, are as follows:

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

The consolidated financial statements of the Company comprise the financial statements of the parent and its wholly owned subsidiaries as at December 31, 2021. All intercompany transactions and balances have been eliminated on consolidation.

The Company's interest in Antilla Copper, S.A. following the sale of the project in December 2021 (Note 5), is an equity-accounted investment as the Company has significant influence, but not control or joint control, over the financial and operating policies. The investment is initially recognized at fair value and subsequent to initial recognition, the consolidated financial statements include the Company's share of the profit or loss of the equity-accounted investment until the date on which significant influence ceases.

(f) Foreign currency transactions and operations

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

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

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term deposits with original maturities of ninety days or less from the date of acquisition, and which are readily convertible into known amounts of cash.

4. Significant accounting policies (continued)

(h) Short-term investments

Short-term deposits with original maturities greater than 90 days that are not readily convertible into known amounts of cash are classified as short-term investments. Interest from cash and cash equivalents and short-term deposits is recorded on an accrual basis.

(i) Exploration and evaluation expenditures

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

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

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

(j) Impairment of long-lived assets

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

4. Significant accounting policies (continued)

(k) Impairment of long-lived assets (continued)

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

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

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

(e) Property and equipment

Property and equipment are recorded at cost and are amortized using a straight-line method over a period of three to five years. Amortization used in exploration and evaluation activities is classified within exploration expenditures, and right-of-use ("ROU") assets are amortized using a straight-line method over the term of the lease.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the consolidated statement of loss and comprehensive loss.

(f) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and losses carried forward. Deferred tax assets and liabilities are measured using substantively enacted or enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the substantive enactment date.

4. Significant accounting policies (continued)

(g) Income taxes

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

(h) Value added taxes recoverable

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

(i) Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a specified time in exchange for consideration. At lease commencement, the Company recognizes a ROU asset and a lease obligation.

An identified asset may be implicitly or explicitly specified in a contract, but must be physically distinct, and must not have the ability for substitution by a lessor. The Company has the right to control an identified asset if it obtains substantially all its economic benefits and either pre-determines or directs how and for what purpose the asset is used.

The lease obligation is initially measured at the present value of lease payments remaining at the lease commencement date. The lease obligation is subsequently measured at amortized cost using the effective interest method. The present value of the lease payment is determined using the discount rate representing the weighted average incremental borrowing rate the Company could secure.

Lease payments included in the measurement of the lease obligation, when applicable, may comprise fixed payments, variable payments that depend on an index or rate, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase, extension or termination option that the Company is reasonably certain to exercise.

4. Significant accounting policies (continued)

(i) Leases (continued)

The lease term determined by the Company comprises the non-cancellable period of lease contracts, the period covered by an option to extend the leases, if the Company is reasonably certain to exercise that option, and the periods covered by an option to terminate the lease, if the Company is reasonably certain not to exercise that option.

The ROU assets are recognized initially at the value of lease liabilities at recognition with any prepaid payments, initial direct costs, and dismantling costs less any lease incentives received. The amortization rate of ROU assets is based on the shorter of the useful life of the underlying asset or the lease term determined. There are no restrictions or covenants imposed by the Company's leases.

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

Significant judgment was required in determining the appropriate accounting for the Wheaton PMPA with Wheaton Metals. The upfront cash deposits received from future stream transactions have been accounted for as financial liabilities measured at FVTPL, with the resulting foreign exchange gains and losses recorded through the statements of loss and comprehensive loss as "change in fair value of Early Deposit Precious Metals Agreement financial liability", on the basis that the deposit amounts received could become repayable under certain circumstances. Amounts that could become immediately repayable in the event the Wheaton PMPA is terminated are reflected within current liabilities.

(k) Site restoration costs

Where necessary, the Company recognizes an estimate of the liability associated with a site restoration provision in the consolidated financial statements at the time the liability is incurred. Drill sites are remediated and restored on an ongoing basis. The estimated fair value of the site restoration provision is recorded as a current liability, with a corresponding increase in the carrying amount of the related asset. The site restoration provision asset is depreciated in a manner consistent with the underlying asset. The Company has no site restoration liability at either December 31, 2021 or December 31, 2020.

(l) Share-based expense

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

4. Significant accounting policies (continued)

(l) Share-based expense (continued)

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

(m) Other comprehensive income (loss)

Other comprehensive income or loss is the change in shareholders' equity during a period from transactions and other events from non-owner sources. Gains and losses that would otherwise be recorded as part of net income or loss are presented in "other comprehensive income (loss)" until it is considered appropriate to recognize into net income or loss. The Company reports a consolidated statement of comprehensive loss and includes the account "accumulated other comprehensive loss" in the shareholders' equity section of the consolidated statement of financial position.

(n) Earnings per share

The Company presents basic and diluted earnings (loss) per share ("EPS") for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year, adjusted for shares held by the Company. Diluted loss per share is calculated using the treasury stock method.

Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the year.

(o) Financial instruments

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

4. Significant accounting policies (continued)

(o) Financial instruments (continued)

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

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

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

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

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

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

4. Significant accounting policies (continued)

(o)Financial instruments (continued)

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

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

	Classification under IFRS 9
Cash and cash equivalents	Amortized cost
Short-term investments	Amortized cost
Marketable securities	FVTOCI
Accounts and advances receivable	Amortized cost
Agreement receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Liabilities under Early Deposit Precious Metals Agreement	FVTPL

(p) Licensing fees
The Company has provided ongoing access to certain historic geological information to certain companies for a one-time fee. Such amounts have been recorded as other income at the point-in-time when such agreement was reached, payment received, and access provided.

(q) IFRS standards adopted

No new standards were effective as of January 1, 2021, that had a material impact on the Company’s consolidated financial statements. The Company has not early adopted any amendment, standard or interpretation that has been issued by the IASB but that is not yet effective, nor has it identified any such standard or interpretation that is expected to have a material impact on the Company’s consolidated financial statements.

(Expressed in Canadian dollars, unless otherwise stated)

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. which holds the Antilla project, an advanced stage mineral exploration project. The acquisition payments are staged and the acquiror, Heeney Capital Acquisition Company ("HCAC") initially acquired 75% of the shares of Antilla Copper, S.A for $10,000,000 in cash, and $2,800,000, receivable at the earlier of HCAC going public on the stock exchange or ten months from the closing of the transaction. An additional 15% of the Company's shares in Antilla Copper, S.A. is to be sold for a contingent $7,000,000 twelve months after the earlier of drilling permits and community land use agreements being obtained or a pre-feasibility or feasibility study is completed on the Antilla Project which will result in HCAC having a 90% interest in Antilla Copper, S.A. 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 NPV8") of the Antilla Project to be above US$310 million; or up to $50.0 million if the Study estimates the Antilla NPV8 to be above US$360 million.

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

At December 31, 2021, the Company retains a 25% interest in Antilla Copper, S.A., with a fair value of $4.3 million. The Company has deconsolidated the net assets of Antilla Copper, S.A. and has recorded the retained interest as an equity investment, initially recorded at its fair value, determined based on the transaction value.

Fair value of 25% investment in Antilla Copper, S.A.	$	4,333,000
Consideration received at closing		10,000,000
Consideration receivable no later than ten months from closing		2,800,000
Fair value of investment		4,333,000
Less net asset disposition		(17,795,092)
Loss on sale of Antilla	$	662,092

At December 31, 2021, included in accounts and advances receivable is $2.8 million in consideration to be paid in October 2022. The Company's share of equity loss from December 3, 2021, to December 31, 2021 was not significant.

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 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 of December 31, 2021, the Company's other fully held mineral property interests d 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.

During the year ended December 31, 2021, the Company determined it would be no longer explore certain mineral property interests and wrote off $4,112,117 (2020 - $488,556) in associated capitalized exploration and evaluation assets. 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 remaining mineral property interests with capitalized exploration and evaluation costs at December 31, 2021.

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 property (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 has 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 consolidated financial statements, as the Company retains its full project interest. At December 31, 2021, the Company has $0.6 million in capitalized exploration and evaluation costs with respect to the Humamantata Project.

(Expressed in Canadian dollars, unless otherwise stated)

6. Exploration and evaluation assets (continued)

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.

Subsequent to December 31, 2021, Hudbay made a US$1.5 million payment 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.

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. At December 31, 2021, the Company wrote-off the agreement receivable including the interest income accreted in 2021.

Fair value of proceeds receivable from sale of Cochasayhuas on June 10, 2020	$	3,018,460
Payment received		(611,595)
Foreign exchange loss		(152,122)
Interest recorded on agreement receivable		83,131
Agreement receivable, December 31, 2020		2,337,874
Interest accreted in 2021		77,382
Foreign exchange loss		8,687
Write-off of agreement receivable due to non-payment		(2,423,943)
Agreement receivable, December 31, 2021	$	-

(Expressed in Canadian dollars, unless otherwise stated)

6. Exploration and evaluation assets (continued)

During the year ended December 31, 2020, 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.

Exploration and evaluation expenditures as at December 31, 2021, and for the year then ended are as follows:

	Antilla	Cotabambas	Other	Total
Acquisition costs:				
Balance, December 31, 2020	$7,319,722	$4,925,035	$ 865,169	$13,109,926
Less disposition of Antilla (Note 5)	(7,319,722)	-	-	(7,319,722)
Less write-off of acquisition costs	-		(698,790)	(698,790)
Balance, December 31, 2021	-	4,925,035	166,379	5,091,414
Exploration and evaluation expenditures incurred in 2021				
Amortization (Note 7)	-	151	-	151
Assays and sampling	-	-	516	516
Camp and site	3,390	105,856	362,771	472,017
Community relations	20,100	111,317	131,918	263,335
Environmental	-	493	14,696	15,189
Geology	-	15,266	200,454	215,720
Geophysics	-	-	19,627	19,627
Legal	6,059	1,361	17,219	24,639
Recording and concession fees	241,340	358,730	(32,088)	567,982
Transportation	3,408	5,505	21,645	30,558
Recovery of value-added tax	-	(70,493)	-	(70,493)
Incurred during the year	274,297	528,186	736,758	1,539,241
Funds received on JOGMEC earn-in agreement on Humamantata	-	-	(977,893)	(977,893)
Disposition of capitalized exploration expenditures related to the Antilla Project (Note 5)	(10,721,543)	-	-	(10,721,543)
Write-off of capitalized exploration and evaluation expenditures	-	-	(3,413,327)	(3,413,327)
Capitalized exploration and evaluation expenditures at December 31, 2020	10,447,246	46,967,380	4,129,112	61,543,738
Capitalized exploration and evaluation expenditures at December 31, 2021	-	47,495,566	474,650	47,970,216
Total exploration and evaluation assets at December 31, 2021	**$ -**	**$52,420,601**	**$ 641,029**	**$53,061,630**
Salaries and benefits allocation included above:				
Camp and site	$ -	$ 52,517	$ 329,375	$ 381,892
Community relations	-	85,513	87,387	172,900
Geology	-	15,266	200,454	215,720
	$ -	$ 153,296	$ 617,216	$ 770,512

(Expressed in Canadian dollars, unless otherwise stated)

6. Exploration and evaluation assets (continued)

Exploration and evaluation expenditures as at December 31, 2020, and for the year then ended 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, December 31, 2020	7,319,722	4,925,035	865,169	13,109,926
Exploration and evaluation expenditures incurred in 2020:				
Amortization (Note 7)	-	303	-	303
Assays and sampling	-	4,781	126,168	130,949
Camp and site	286	126,297	522,360	648,943
Community relations	1,157	143,803	172,262	317,222
Environmental	3,593	3,835	40,706	48,134
Geology	-	35,372	363,173	398,545
Geophysics	-	-	122,594	122,594
Legal	10,988	1,306	29,504	41,798
Recording and concession fees	255,787	415,854	334,980	1,006,621
Transportation	546	10,841	46,718	58,105
Recovery of value-added tax	-	(7,540)	-	(7,540)
Incurred during the year	272,357	734,852	1,758,465	2,765,674
Funds received on JOGMEC earn-in agreement on Humamantata	-	-	(1,669,343)	(1,669,343)
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 December 31, 2020	10,447,246	46,967,380	4,129,112	61,543,738
Total exploration and evaluation assets at December 31, 2020	**$17,766,968**	**$51,892,415**	**$4,994,281**	**$74,653,664**

Salaries and benefits allocation included above:	Antilla	Cotabambas	Other	Total
Camp and site	$ -	$ 63,805	$ 464,600	$ 528,405
Community relations	-	117,512	100,085	217,597
Geology	-	35,372	363,174	398,546
	$ -	$ 216,689	$ 927,859	$1,144,548

Other

The Company received an airborne survey database at the time it acquired a former subsidiary of the company, Cordillera Copper Ltd. The Company is currently licensing this database to mining companies on a non-exclusive perpetual basis, and in fiscal 2021 earned income of $1,019,926.

(Expressed in Canadian dollars, unless otherwise stated)

7. Property and equipment

	Computer and office furnishings	Equipment	Vehicles	Leasehold improvements	Right of use assets	Total
Cost:						
Balance at January 1, 2021	$ 169,035	$ 120,765	$ -	$ 94,704	$ 380,425	$ 764,929
Additions during the year	2,714	-	-	13,678	292,420	308,812
Disposals during the year	-	-	-	(94,704)	(380,425)	(475,129)
Balance, December 31, 2021	171,749	120,765	-	13,678	292,420	598,612
Accumulated amortization:						
Balance at January 1, 2021	152,647	120,765	-	94,704	367,247	735,363
Amortization for the year	5,719	-	-	759	33,485	39,963
Disposals during the year	-	-	-	(94,704)	(380,425)	(475,129)
Balance, December 31, 2021	158,366	120,765	-	759	20,307	300,197
Net book value:						
December 31, 2021	$ 13,383	$ -	$ -	$ 12,919	$ 272,113	$ 298,415

	Computer and office furnishings	Equipment	Vehicles	Leasehold improvements	Right of use assets	Total
Cost:						
Balance at January 1, 2020	$ 155,755	$ 120,765	$ 112,071	$ 94,704	$ 380,425	$ 863,720
Additions during the year	13,280	-	-	-	-	13,280
Disposals during the year	-	-	(112,071)	-	-	(112,071)
Balance, December 31, 2020	169,035	120,765	-	94,704	380,425	764,929
Accumulated amortization:						
Balance at January 1, 2020	147,025	120,765	112,071	94,704	306,574	781,139
Amortization for the year	5,622	-	-	-	60,673	66,295
Disposals during the year	-	-	(112,071)	-	-	(112,071)
Balance, December 31, 2020	152,647	120,765	-	94,704	367,247	735,363
Net book value:						
December 31, 2020	$ 16,388	$ -	$ -	$ -	$ 13,178	$ 29,566

Amortization of $151 for the year ended December 31, 2021 (2020 - $303) relates to exploration and evaluation expenditures and has been capitalized to the exploration and evaluation assets (Note 6).

(Expressed in Canadian dollars, unless otherwise stated)

8. Right-of-use assets and lease liabilities

During the year ended December 31, 2021, the office lease for the head office expired, and the Company signed a new lease agreement commencing August 1, 2021, for a period of 6 years. The Company has recognized $292,420 as a right-of-use ("ROU") asset and a lease liability of the same amount.

The lease liabilities can be reconciled to the operating lease obligations as of December 31, 2021, and December 31, 2020, as follows:

Lease liabilities recognized as of December 31, 2019(1)	$ 96,792
Repayment of lease liabilities	(74,420)
Interest accrued on lease liabilities	4,386
Interest payment on lease liabilities	(4,386)
Unrealized foreign exchange gain	(4,422)
Lease liability recognized as of December 31, 2020	17,950
Addition to lease liability at August 1, 2021(1)	292,420
Repayment of lease liabilities	(31,679)
Interest accrued on lease liabilities	11,769
Interest payment on lease liabilities	(11,769)
Lease liability recognized as of December 31, 2021	278,691
Current portion of lease liability	$ 41,396
Long-term portion of lease liability	$ 237,295

(1) The lease liabilities were discounted using an incremental rate of 9.57% per annum in each fiscal year.

During the year ended December 31, 2021, the Company recognized occupancy expenses of $29,766 (December 31, 2020 - $34,938).

As of December 31, 2021, the remaining undiscounted lease payments, including non-lease components, are disclosed in Note 13 – Commitments.

9. Early Deposit Precious Metals Agreement

On March 21, 2016, the 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.

9. Early Deposit Precious Metals Agreement (continued)

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. The Wheaton PMPA provides for the Company to receive US$14.0 million of 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 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.

At December 31, 2021, the Company had received a total of US$11.5 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. Subsequent to December 31, 2021, the Company received the fourteenth payment from Wheaton Metals bringing the total received on the PMPA to US$12.25 million.

(Expressed in Canadian dollars, unless otherwise stated)

9. Early Deposit Precious Metals Agreement (continued)

Liabilities under Precious Metals Purchase Agreement	Fair value balance, December 31, 2020	2021 Cash flow	Change in fair value – foreign exchange	Fair value balance, December 31, 2021
Current liabilities	$10,185,600	$1,895,100	$ (36,600)	$12,044,100
Long-term liabilities	2,546,400	-	(10,800)	2,535,600
	$12,732,000	$1,895,100	$ (47,400)	$14,579,700

Liabilities under Precious Metals Purchase Agreement	Fair value balance, December 31, 2019	2020 Cash flow	Change in fair value – foreign exchange	Fair value balance, December 31, 2020
Current liabilities	$ 8,442,200	$2,062,275	$ (318,875)	$10,185,600
Long-term liabilities	2,597,600	-	(51,200)	2,546,400
	$11,039,800	$2,062,275	$ (370,075)	$12,732,000

As a result of the change of the US Dollar against the Canadian Dollar, the Company recorded a change in fair value resulting from foreign exchange during the years ended December 31, 2021, and 2020.

10. Share capital

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

264,375,058 common shares (December 31, 2020 – 264,188,405 common shares).

During the year ended December 31, 2021, the Company issued 186,653 at a price of $0.125 per common share, for a fair value of $23,333 to settle payables outstanding at December 31, 2020.

During the year ended December 31, 2020, the Company issued 350,883 common shares with a fair value of $35,000 to settle certain salary amounts to a member of key management personnel.

(Expressed in Canadian dollars, unless otherwise stated)

10. 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 24, 2021. 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 December 31, 2021, and 2020, and for the years ended December 31, 2021, and 2020, are as follows:

	Number of Options	Weighted average exercise price
Balance, December 31, 2019	20,247,800	$0.24
Stock options forfeited or cancelled during the year	(150,000)	$0.34
Balance, December 31, 2020	20,097,800	$0.24
Stock options forfeited or cancelled during the year	(8,847,800)	$0.21
Balance, December 31, 2021	11,250,000	$0.26

Al options at December 31, 2021, and 2020, are outstanding and exercisable.

During the years ended December 31, 2021, and 2020, the Company granted no stock options to directors, officers, senior management, and employees.

The weighted average life of exercisable options outstanding as of December 31, 2021, is 1.7 years (December 31, 2020 – 1.9 years).

Year of expiry	Number of options	Weighted average exercise price
2022	600,000	$ 0.20
2023	6,650,000	$ 0.34
2024	4,000,000	$ 0.15
	11,250,000	$ 0.26

(Expressed in Canadian dollars, unless otherwise stated)

11. Income taxes

The Company's recognized net deferred tax assets and liabilities as at December 31, 2021 and 2020, are as follows:

		2021		2020
Deferred tax assets				
Mineral properties	$	-	$	66,255
Non-capital losses		77,624		57,855
		77,624		124,110
Deferred tax liabilities				
Mineral properties		(498,719)		(286,085)
Agreement receivable		-		(689,673)
		(498,719)		(975,758)
Net deferred tax liability	$	(421,095)	$	(851,648)

At December 31, 2021, no deferred tax assets are recognized on the following temporary differences as it is not probable that sufficient future taxable profit will be available to realize such assets:

		2021		2020
Exploration and evaluation assets	$	2,263,257	$	5,086,965
Property and equipment		373,035		136,848
Tax losses carried forward		28,297,242		24,380,223
Other		388,632		169,316
Unrecognized deductible temporary differences	$	31,322,166	$	29,773,352

The Company has non-capital losses of approximately $22.1 million (2020 - $22.1 million) and $5.2 million (2020 - $2.5 million) to reduce future income tax in Canada and Perú, respectively. The losses in Canada expire between 2026 and 2041 and the losses in Perú expire between 2022 and 2025.

The Company has Canadian capital losses of approximately $1.3 million (2020 – nil) that are available to reduce future capital gains. These losses carry forward indefinitely.

The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory income tax rates of 27.0% (2020 – 27.0%) as follows:

(Expressed in Canadian dollars, unless otherwise stated)

11. Income taxes (continued)

	2021	2020
Income tax benefit computed at Canadian statutory rates (27%)	$(2,338,326)	$ (62,499)
Permanent and other differences	421,517	(3,818)
Foreign exchange	1,393,570	1,956,102
Expired losses	440	253,814
Difference in foreign tax rates	(161,706)	(57,590)
Deferred income tax assets not recognized	253,952	(1,234,361)
Deferred income tax expense (recovery)	(430,553)	851,648

12. Related party transactions

As of December 31, 2021, included in accounts payable and accrued liabilities, there was $15,708 (2020 - $15,708) in directors' fees payable, and $11,711 (2020 - $11,711) in expenses payable to two officers' expenses incurred on behalf of the Company. At December 31, 2020, there was $23,333 in wages payable pursuant to an amended employment contract whereby a portion of salary was paid in common shares (See note 10 (a)).

13. Commitments

The Company has the following commitments and payments due at December 31, 2021:

	2022	2023	2024	2025	2026	Total
Office lease (Vancouver)	$ 103,568	$ 105,467	$ 107,366	$ $109,264	$ 111,163	$ 536,828
Office lease (Perú)	$ 32,164	$ 39,562	$ 6,626	$ -	$ -	$ 78,352
Accrued Vigencias	$ 494,894	$ -	$ -	$ -	$ -	$ 494,894
Accounts payable	$ 682,672	$ -	$ -	$ -	$ -	$ 682,672
Accrued liabilities	$ 51,628	$ -	$	$ -	$ -	$ 51,628

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 actual payment made in 2021 for the 2020 year was $647,057 (2020 - $1,032,952 relating to the 2019 year). 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 estimates the annual costs to be approximately $494,894 for the 2021 year and is payable by June 2022.

13. Commitments (continued)

The Company entered into an office lease in Lima effective April 1, 2022. The Company has an office lease in Vancouver, for the period from August 1, 2021, or a period of six years. The Company leases warehouses in Cusco, and the leases for the warehouses are renewed annually.

14. Financial instruments and capital management

(a) Fair value of financial instruments

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

At December 31, 2021 and 2020, the Company held 6,667 common shares in Fidelity Minerals Corp. ("Fidelity"), at a book value of $10,000 and a fair value of $533 (2020 - $933). These shares have been recognized at fair value in the consolidated statement of financial position with gains or losses on revaluation recognized in other comprehensive income (loss).

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

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

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

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

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

14. Financial instruments and capital management (continued)

(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 $13,425,125 (2020 - $3,184,254, including the agreement receivable) represent the maximum credit exposure. The Company has not identified any significant increase in credit risk with respect to its financial assets at December 31, 2021. The Company has not identified any allowances for credit losses at December 31, 2021, or 2020. During the year ended December 31, 2021 the Company wrote-off its agreement receivable (see Note 6).

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 13. 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.

(Expressed in Canadian dollars, unless otherwise stated)

14. Financial instruments and capital management (continued)

Foreign currency risk (continued)
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 ("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 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:

	December 31, 2021		December 31, 2020	
	PEN	**US$**	**PEN**	**US$**
Cash	S/. 98,864	$8,222,089	S/. 43,754	$562,634
Accounts and advances receivable	259,369	-	221,318	1,832,908
Accounts payable and accrued liabilities	(1,660,275)	(131,359)	(2,832,461)	(275,406)
Precious Metals Purchase Agreement	-	(11,500,000)	-	(10,000,000)
Net exposure	S/.(1,302,042)	US$(3,409,270)	S/.(2,567,389)	US$(7,879,864)
Canadian dollars	$(413,529)	$(4,322,273)	$(902,694)	$(10,032,643)

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 $41,353 (2020 - $90,269) 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 $432,227 (2020 - $1,003,264) 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; however, based on the cash and cash equivalent balance at December 31, 2021, a 1% change in interest rates would not have a significant impact on the Company's financial results.

(Expressed in Canadian dollars, unless otherwise stated)

14. Financial instruments and capital management (continued)

(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 adjustment 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 year ended December 31, 2021.

15. Segmented disclosures

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

		2021		2020
Perú	$	3,254	$	4,608
Canada		295,161		24,958
	$	298,415	$	29,566

16. 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 in 2021 and 2020.

Details of key management personnel compensation is as follows:

		2021		2020
Salary, fees and benefits	$	1,072,328	$	1,093,160
Share-based compensation		-		35,000
	$	1,072,328	$	1,128,160

(Expressed in Canadian dollars, unless otherwise stated)

17. Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2021, was based on the loss attributable to common shareholders of $8,229,915 (2020 – $1,083,125) and the weighted average number of common shares outstanding of 264,357,671 (2020 – 263,993,835) respectively. For the years ended December 31, 2021, and 2020, diluted loss per share is the same as basic loss per share, as the effect of outstanding share options (see Note 10(b)) on loss per share would be anti-dilutive. Anti-dilutive instruments have not been included in the determination of fully diluted loss per share.

	2021	2020
Issued common shares, beginning of year	264,188,405	263,837,522
Effect of shares issued	169,266	156,313
Weighted average number of common shares, end of year	264,357,671	263,993,835

18. Supplementary cash flow information

Non-cash activities:		2021		2020
Amortization capitalized to exploration and evaluation assets	$	151	$	303
Settlement of accrued liabilities through issuance of common shares (Note 10 (a))		23,333		35,000
Decrease in accounts payable and accrued liabilities associated with exploration and evaluation expenditures		36,672		25,085
Deconsolidation of Antilla payables		239,331		-
Lease liability and right-of-use asset addition		292,420		-