



**PANORO MINERALS LTD.**  
**An Exploration Stage Company**

**Consolidated Financial Statements**  
**March 31, 2009**  
Unaudited – Prepared by Management

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## **NOTICE OF NO AUDITOR REVIEW**

The accompanying unaudited interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim statements by an entity's auditors.

**PANORO MINERALS LTD.**  
**An Exploration Stage Company**  
**Consolidated Balance Sheets**  
**Unaudited – Prepared by Management**

	<b>March 31, 2009</b>	<b>December 31, 2008</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,612,734	\$ 2,533,898
Marketable securities (note 3)	160,950	171,680
Accounts and advances receivable	196,952	189,612
Prepaid expenses	12,461	37,297
	<u>1,983,097</u>	<u>2,932,487</u>
<b>Mineral Interests</b> (note 4)	30,472,123	30,124,779
<b>Equipment</b> (note 5)	166,809	166,746
	<u>\$ 32,622,029</u>	<u>\$ 33,224,012</u>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 552,975	\$ 910,965
<b>Future Income Tax Liability</b>	4,871,222	4,871,222
<b>Shareholders' Equity</b>		
<b>Capital Stock</b> (note 6)	31,191,029	31,191,029
<b>Contributed Surplus</b> (note 6(d))	3,686,437	3,554,576
<b>Accumulated Other Comprehensive Loss</b>	(498,403)	(487,673)
<b>Deficit</b>	(7,181,231)	(6,816,107)
	<u>27,197,832</u>	<u>27,441,825</u>
	<u>\$ 32,622,029</u>	<u>\$ 33,224,012</u>

Nature of Operations and Going Concern (note 1)

Approved by the Board:

*"Luquman Shaheen" (signed)*

..... Director  
Luquman Shaheen

*"William J. Boden" (signed)*

..... Director  
William J. Boden

See notes to the unaudited interim consolidated financial statements.

**PANORO MINERALS LTD.**  
**An Exploration Stage Company**  
**Consolidated Statements of Operations and Deficit**  
**Unaudited - Prepared by Management**

	<b>For the Three Months Ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
<b>Expenses</b>		
Audit	\$ 13,487	\$ 12,083
General exploration	-	155
Investor relations	1,795	15,171
Legal	8,512	18,740
Office and miscellaneous	21,855	34,389
Regulatory fees	13,913	16,735
Rent	17,675	18,723
Salaries and fees	140,984	125,684
Telephone	9,069	4,460
Transfer agent	1,008	579
Travel	12,990	15,091
Stock-based compensation	131,861	141,373
Amortization	5,288	1,804
	<b>378,437</b>	<b>404,987</b>
Interest income	(4,199)	(66,254)
Foreign exchange loss (gain)	(9,114)	(3,315)
Net Loss for the Period before tax	365,124	335,418
<b>Net Loss for the Period</b>	<b>365,124</b>	<b>335,418</b>
Deficit, beginning of the year	6,816,107	4,412,070
<b>Deficit, end of the Period</b>	<b>\$ 7,181,231</b>	<b>\$ 4,747,488</b>
Basic and diluted Loss per share	\$ 0.00	\$ 0.00
Weighted average number of common shares outstanding	84,639,390	83,689,390

See notes to the unaudited interim consolidated financial statements.

**PANORO MINERALS LTD.**

An Exploration Stage Company

**Consolidated Statements of Comprehensive Loss and Accumulated Other Comprehensive Loss**

Unaudited – Prepared by Management

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<b>Consolidated Statements of Comprehensive Loss</b>	For the Three Months Ended March 31,	
	2009	2008
Net loss for the period	\$ 365,124	\$ 335,418
Unrealized loss on marketable securities	10,730	74,490
<b>Comprehensive loss for the Period</b>	<b>\$ 375,854</b>	<b>\$ 409,908</b>

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<b>Consolidated Statements of Accumulated Other Comprehensive Loss</b>	For the Three Months Ended March 31,	
	2009	2008
<b>Balance, Beginning of the Period</b>	<b>\$ (487,673)</b>	<b>\$ (32,743)</b>
Unrealized loss on marketable securities	(10,730)	(74,490)
<b>Balance, End of Period</b>	<b>\$ (498,403)</b>	<b>\$ (107,233)</b>

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See notes to the unaudited interim consolidated financial statements.

**PANORO MINERALS LTD.**  
**An Exploration Stage Company**  
**Consolidated Statements of Cash Flows**  
**Unaudited – Prepared by Management**

	<b>For the Three Months Ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
<b>Cash Provided By (Used in):</b>		
<b>Operations:</b>		
Net loss for the Period	\$ (365,124)	\$ (335,418)
Items not involving cash:		
Amortization	5,288	1,804
Stock-based compensation	131,861	141,373
Cash flow before working capital changes	(227,975)	(192,241)
Net changes in operating balances		
Accounts and advances receivable	(7,340)	21,174
Prepaid expenses	24,836	(131,807)
Accounts payable and accrued liabilities	(357,990)	323,606
	(568,469)	20,732
<b>Investing:</b>		
Mineral interest exploration and development expenditures	(338,357)	(742,281)
Purchase of equipment	(14,338)	(16,135)
	(352,695)	(758,416)
Increase (Decrease) in Cash and Cash Equivalents	(921,164)	(737,684)
Cash and Cash Equivalents, Beginning of the Year	2,533,898	7,268,431
<b>Cash and Cash Equivalents, End of the Period</b>	<b>\$ 1,612,734</b>	<b>\$ 6,530,747</b>

Supplemental cash flow information

Amortization of \$8,987 (2008 - \$4,398) was capitalized to the Antilla property.  
Cash and cash equivalents includes term deposits of \$1,450,036 (2008 - \$nil)

# **PANORO MINERALS LTD.**

An Exploration Stage Company

Notes to the Consolidated Financial Statements

For the Period Ended March 31, 2009

Unaudited – Prepared by Management

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## **1. NATURE OF OPERATIONS AND GOING CONCERN**

The Company is an exploration stage company engaged principally in the acquisition, exploration and development of mineral properties.

The Company's investment in its mineral interests comprises a significant portion of the Company's assets. Recovery of the carrying value of the investment in these assets is dependent upon the existence of economically recoverable reserves, establishing 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.

The Company had planned to fund additional exploration in the year through the exercise of outstanding warrants, or through the issuance of additional equity. Due to the deterioration in its share price and in capital markets, management has amended their plan for the year by reducing overhead costs, focusing on key properties, and reducing the amount of planned exploration. As a result of these actions, the Company has sufficient capital to fund operations and keep all of their mineral properties in good standing for the current year.

## **2. BASIS OF PRESENTATION**

The accompanying unaudited interim consolidated financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and accordingly do not include all disclosures required for annual financial statements.

These unaudited interim financial statements follow the same significant accounting policies and methods of application as the Company's consolidated financial statements for the year ended December 31, 2008 ("Annual Financial Statements"). These interim financial statements should be read in conjunction with the Annual Financial Statements.

Certain of the period's figures have been reclassified to conform to the current period's presentation.

## **3. FINANCIAL INSTRUMENTS**

The carrying values of cash and cash equivalents, accounts, amounts, and advances receivable, and accounts payable, and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these instruments.

At March 31, 2009, the Company held marketable securities with a cost of \$659,353 (December 31, 2008-\$659,353) and a fair value of \$160,950 (December 31, 2008 - \$171,680). The difference between fair value and cost at March 31, 2009 has been included in the statement of accumulated other comprehensive loss.

## **PANORO MINERALS LTD.**

An Exploration Stage Company

Notes to the Consolidated Financial Statements

For the Period Ended March 31, 2009

Unaudited – Prepared by Management

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### **4. MINERAL INTERESTS**

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 establishment of legal ownership, 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.

#### **Cochasayhuas and Checca Properties, Peru**

On March 17, 2008 the Company granted Consorcio Minero Horizonte ("CMH"), a privately owned gold mining company of Peru, an option to earn a 50% interest in two of their projects. After CMH earned its 50% interest a joint venture company would be formed in which Panoro could elect to maintain its 50% interest or allow CMH to earn an additional 10% interest for an incremental expenditure of US \$3 million in a Phase II program funded solely by CMH.

In June 2008, after assessing the permitting issues at both projects, CMH elected to only proceed with the Cochasayhuas Project.

On March 6, 2009 CMH decided not to proceed with the joint venture on either property after Panoro did not accept proposed changes to the joint venture agreement, and the properties were returned to Panoro.

#### **Surigao Project, Philippines**

The Company had a 40% interest in the Surigao project with the remaining 60% owned by Mindoro Resources Ltd. ("Mindoro"). On March 14, 2007, the Company signed a purchase and sale agreement to sell its remaining interest to Mindoro.

As part of the sale agreement, in the event that the nickel laterite prospect, located on the Agata project should proceed to production and upon shipment of an aggregate one million wet tonnes of nickel laterite, Mindoro will pay the Company an additional \$500,000 cash, plus an additional \$500,000 cash on the first anniversary of the shipment. The likelihood of the nickel laterite prospect coming into production is unknown at this time. Accordingly, any proceeds to be received by the Company will be included in operations when received.

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**4. MINERAL INTERESTS (Continued)**

Expenditures made on mineral interests by the Company during the year are as follows:

	El Rosal	Antilla	Cotabambas	Other	Total
<b>Acquisition costs</b>					
Balance, December 31, 2008	\$ -	8,856,256	7,444,990	4,554,754	\$ 20,856,000
Additions	-	-	-	-	-
Balance, March 31, 2009	-	8,856,256	7,444,990	4,554,754	20,856,000
<b>Deferred exploration expenditures in 2009</b>					
Amortization	-	8,987	-	-	8,987
Assay	156	27,408	-	-	27,564
Camp, materials and exploration support	91	38,011	3,613	230	41,945
Community relations	-	24,616	1,839	2,147	28,602
Contract labour	-	21,371	-	-	21,371
Drilling	-	-	-	-	-
Equipment rental	-	248	-	-	248
Exploration office costs	178	22,969	-	-	23,147
Geological consulting and contracting	-	100,013	-	-	100,013
Geophysical and other consulting	117	36,228	37,580	-	73,925
Legal	-	-	-	-	-
Mineral concession fees	-	-	-	-	-
Project management	-	5,604	-	-	5,604
Recording fees, taxes	-	3,095	-	375	3,470
Reports, drafting and maps	-	-	-	-	-
Travel and accommodation	-	7,695	2,644	2,129	12,468
Increase in future income tax liabilities	-	-	-	-	-
	542	296,245	45,676	4,881	347,344
Balance, December 31, 2008	4,557,854	3,819,182	477,439	414,304	9,268,779
Balance, March 31, 2009	4,558,396	4,115,427	523,115	419,185	9,616,123
<b>Total</b>	<b>\$ 4,558,396</b>	<b>\$ 12,971,683</b>	<b>\$ 7,968,105</b>	<b>\$ 4,973,939</b>	<b>\$ 30,472,123</b>

**PANORO MINERALS LTD.**

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Notes to the Consolidated Financial Statements

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**5. EQUIPMENT**

	March 31, 2009			March 31, 2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$	\$	\$	\$
Computers and office furnishings	25,636	10,656	14,980	35,534	7,581	27,953
Equipment	154,464	54,789	99,675	33,170	22,494	10,676
Vehicles	69,984	28,241	41,743	69,984	10,803	59,181
Leasehold Improvements	14,939	4,528	10,411	-	-	-
<b>Total</b>	<b>265,023</b>	<b>98,214</b>	<b>166,809</b>	<b>138,688</b>	<b>40,878</b>	<b>97,810</b>

**6. CAPITAL STOCK**

Authorized - Unlimited common shares without par value

	Number of Shares	Amount
<b>Balance - December 31, 2008</b>	84,639,390	\$ 31,191,029
<b>Balance - March 31, 2009</b>	84,639,390	31,191,029

**(a) Stock Options Outstanding**

Stock options to purchase common shares have been granted to directors and employees at exercise prices determined by reference to the market value on the date of the grant.

A summary of the status of the Company's stock options as at March 31, 2009 and changes during the period is as follows:

	Number of Options	Weighted Average Exercise Price
<b>Outstanding at December 31, 2008</b>	6,050,000	\$ 0.42
Granted	100,000	0.20
<b>Outstanding at March 31, 2009</b>	<b>6,150,000</b>	<b>0.42</b>

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**6. CAPITAL STOCK** (Continued)

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

Year of Expiry	Options Outstanding at March 31, 2009		Options Exercisable
	Number of Options	Weighted Average Exercise Price	Number of Shares
2010	2,025,000	\$0.25	2,025,000
2011	975,000	\$0.33	975,000
2012	2,100,000	\$0.62	2,100,000
2013	950,000	\$0.46	631,250
2014	100,000	\$0.20	25,000
	6,150,000	\$0.42	5,756,250

The weighted average life of exercisable options outstanding is 2.68 years as of March 31, 2009.

(b) **Stock-Based Compensation**

During the quarter ended March 31, 2009, the Company granted 100,000 stock options (2008 – 300,000) for investor relations services with an exercise price of \$0.20 (2008 - \$0.40) per share, which can be exercised for a period of up to five years. The issue vests 25% each quarter.

Stock-based compensation expense was \$131,861 in the quarter ended March 31, 2009 (2008 - \$141,373).

The fair value of stock options used to calculate compensation expense is estimated using the Black-Scholes option pricing model with the following assumptions:

	2009	2008
Risk-free interest rate	3.1-3.4%	3.1-3.4%
Expected dividend yield	0.0%	0.0%
Expected stock price volatility	112%	109-112%
Expected option life in years	1.79	4.2

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

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**6. CAPITAL STOCK (Continued)**

**(c) Share Purchase Warrants**

At March 31, 2009, the Company had outstanding warrants to purchase an aggregate 20,170,120 common shares as follows:

Expiry date	Exercise Price	Outstanding at December 31, 2008	Issued	Exercised	Expired	Outstanding at March 31, 2009
29-May-09 Warrants	\$ 0.75	706,216	-	-	-	706,216
24-May-09 Warrants	\$ 0.75	16,102,217	-	-	-	16,102,217
24-May-09 Broker Warrants <sup>(1)</sup>	\$ 0.60	3,220,444	-	-	-	3,220,444
29-May-09 Broker Warrants <sup>(1)</sup>	\$ 0.60	141,243	-	-	-	141,243
<b>Total</b>		<b>20,170,120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,170,120</b>

<sup>(1)</sup> Each \$0.60 broker warrant can be exercised for one common share and one half of one new share purchase warrant, each share purchase warrant can be exercised for \$0.75 in return for one common share.

**(d) Contributed Surplus**

Contributed surplus is comprised of the following:

	March 31 2009	December 31 2008
Balance at the beginning of the year	\$ 560,412	\$ -
Fair value of stock-based compensation	131,861	664,912
Fair value of stock options exercised	-	(104,500)
<b>Balance at the end of the year</b>	<b>\$ 692,273</b>	<b>\$ 560,412</b>

**7. RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties and/or the companies of related parties. All services provided are considered to be in the normal course of business and the transactions have been recorded at the exchange amount.

	March 31,	
	2009	2008
Management fees paid to companies controlled by directors/officers	\$ 23,161	\$ 63,500

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An Exploration Stage Company

Notes to the Consolidated Financial Statements

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Unaudited – Prepared by Management

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**8. SEGMENTED DISCLOSURE**

The Company has one operating segment, mineral exploration. All of the Company's mineral properties are located in Peru and are disclosed in Note 5. Property and equipment are distributed geographically as follows.

Equipment	2009	2008
Peru	130,018	128,299
Canada	36,791	38,447
	166,809	166,746