

PANORO MINERALS LTD.

Management's Discussion and Analysis – Quarterly Highlights

As at and for the Three Month Periods
Ended March 31, 2020 and 2019

June 1, 2020

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Background & Date

The Management's Discussion and Analysis – Quarterly Highlights (“MD&A”) should be read in conjunction with the condensed consolidated interim financial statements of Panoro Minerals Ltd. (“Panoro” or the “Company”) for the three months ended March 31, 2020 (“Q1 2020”) and March 31, 2019 (“Q1 2019”), and the Company's audited financial statements as at and for the year ended December 31, 2019 (“fiscal 2019”), as filed on the System for Electronic Document Analysis and Retrieval (“SEDAR”) website. This report has been dated as at June 1, 2020, and was approved by the Board of Directors on June 1, 2020.

The common shares of the Company are listed on the TSX Venture Exchange (“TSXV”) under the trading symbol “PML”, the Junior Board of the Bolsa de Valores de Lima (“PML” - Lima Stock Exchange) and (“PZM” on the Frankfurt Exchange).

Additional Sources of Information

For a complete understanding of the Company's business environment, risks and uncertainties and the effect of accounting estimates on its results of operations and financial condition, this MD&A should be read together with the Company's Audited Financial Statements for the years ended December 31, 2019 and 2018, the 2019 Annual Information Form, 2019 Management Information Circular, Material Change Reports, press releases, and the Company's technical reports, all of which are available on the SEDAR website at www.sedar.com or on the Company's website www.panoro.com.

Currency

All dollar amounts set forth in the tables and financial section of this MD&A are expressed in Canadian dollars and referred to as “\$” and financial information is prepared and recorded under IFRS unless otherwise specifically indicated. There are also references in this MD&A to Peruvian Nuevo Soles (“S/.”) and United States dollars (“US”). As at March 31, 2020, the closing rate for one Canadian dollar in S/. was C\$1.00 = S/. 2.4219, and the closing rate for one Canadian dollar in USD was C\$1.00 = US\$0.7049 as reported by the Bank of Canada.

CAUTION REGARDING FORWARD LOOKING STATEMENTS: Information and statements contained in this Management Discussion and Analysis Quarterly Update (“MD&A”) that are not historical facts are “forward-looking information” within the meaning of applicable Canadian securities legislation and involve risks and uncertainties. Examples of forward-looking information and statements contained in MD&A include information and statements with respect to:

- Acceleration of payments by Wheaton Precious Metals Inc. (“Wheaton Metals”) to match third party financing by Panoro targeted for exploration at the Cotabambas Project
- Payment by Wheaton Metals of US\$140 million in installments
- Mineral resource estimates and assumptions
- The PEAs on the Cotabambas and Antilla Projects, including, but not limited to, base-case parameters and assumptions, forecasts of net present value, internal rate of return and payback
- Copper concentrate grades from the Antilla and Cotabambas Projects

Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. In some instances, material assumptions and factors are presented or discussed in this MD&A in connection with the statements or disclosure containing the forward-looking information and statements. You are cautioned that the following list of material factors and assumptions is not exhaustive. The factors and assumptions include, but are not limited to, assumptions concerning: metal prices and by-product credits; cut-off grades; short and long term power prices; processing recovery rates; mine plans and production scheduling; process and infrastructure design and implementation; accuracy of the estimation of operating and capital costs; applicable tax and royalty rates; open-pit design; accuracy of mineral reserve and resource estimates and reserve and resource modeling; reliability of sampling and assay data; representativeness of mineralization; accuracy of metallurgical test work; and amenability of upgrading and blending mineralization.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ materially from those expressed or implied by the forward-looking statements, and are included in all of the Company's documents filed on SEDAR and available on the Company's website. Items referred to in this MD&A may include forward-looking statements related to:

- the inherent operational risks associated with mining and mineral exploration, development, mine construction and operating activities, many of which are beyond Panoro's control;
- risks relating to Panoro's ability to enforce Panoro's legal rights under permits or licenses or risk that Panoro's will become subject to litigation or arbitration that has an adverse outcome;
- risks relating to Panoro's projects being in Perú, including political, economic and regulatory instability;
- risks relating to mineral resource estimates being based on interpretations and assumptions which may result in less mineral production under actual circumstances;
- risks relating to the uncertainty of applications to obtain, extend or renew licenses and permits;
- risks relating to potential challenges to Panoro's right to explore and/or develop its projects;
- risks relating to being adversely affected by environmental, safety and regulatory risks, including increased regulatory burdens or delays and changes of law;
- risks relating to inadequate insurance or inability to obtain insurance;
- risks relating to fluctuations in foreign currency exchange rates, interest rates and tax rates; and
- risks relating to Panoro's ability to raise funding to continue its exploration, development and mining activities.

Qualified Person

The technical information in this MD&A has been reviewed and approved by Mr. Luis Vela, a Qualified Person as defined by National Instrument 43-101, *Standards of Disclosure for Mineral Projects* ("NI 43-101"). Mr. Vela is responsible for the preparation and/or verification of the technical disclosure in this document unless otherwise noted.

Description of Business

Panoro holds a portfolio of ten mineral properties in Perú of which two, the Cotabambas and Antilla projects, are at an advanced stage of exploration and make up the core concession blocks for the Company.

The Company may decide to discontinue exploration plans at certain mineral projects and not renew the mineral concessions on certain non-core concession blocks. During the year ended December 31, 2019, the Company wrote off its interest in the El Rosal property in northern Peru.

Q1 2020 Activities and Highlights

In March 2020, the World Health Organization declared coronavirus COVID-19 (“COVID-19”) a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business. However, the impact of the pandemic could impact our ability to obtain financing to fund exploration activities as well as the ability to conduct our exploration programs.

Effective on March 15, 2020 the Peruvian authorities announced a national quarantine related to the COVID-19 pandemic. The quarantine severely limited the number of allowable activities nationwide with police and military forces mobilised to enforce the quarantine. The quarantine was announced for an initial 15-day period but was subsequently extended a number of times with the current quarantine period set to expire on June 29, 2020. The restrictions initially precluded Panoro from mobilising any personnel to project sites for exploration, monitoring or permitting functions during that period. The Peruvian authorities have announced a phased relaxation of the COVID-19 quarantine for certain types of businesses. Phase 2 of the relaxation is anticipated to include exploration activities to be implemented in June 2020.

The Company is preparing protocols for the return to work by its employees conducting exploration activities. The protocol of procedures must be presented to the authorities for approval and once the protocols are approved the Company may conduct exploration activities using the protocols. The Company anticipates exploration activities to recommence during June 2020.

Panoro staff in its Lima office were restricted from leaving their homes except for necessary activities. All office staff are currently working from their homes and most will continue to do so for the next few months. Likewise Panoro’s staff in its Vancouver headquarters were confined to working from home from mid-March until May 19 due to COVID-19 restrictions imposed by authorities in British Columbia.

Cotabambas Project

Work at the Cotabambas Project during Q1 2020 and to the current date has focussed on the maintaining the project area during the COVID-19 pandemic. A Preliminary Economic Assessment (PEA) at the Cotabambas Project was completed in 2016. Subsequent to the completion of the PEA From 2017 to 2019 exploration at the Cotabambas has focussed on areas of potential mineral resource expansion in the areas of Maria Jose, Petra-David and Chaupec. Mapping, sampling, geophysical survey and exploration drilling in these areas have intersected zones of porphyry sulphide and oxide mineralization as well as Skarn- type mineralization. Future exploration plans are being developed for additional drilling in these areas as well as at newly

identified areas such as Guacile. The newly identified areas have been the subject of mapping and sampling campaigns during 2018-2019.

Antilla Project:

The Company is reviewing strategic alternatives to advance the Antilla Project (“Antilla”) through feasibility studies, permitting and development. In the year ended December 31, 2018 (“fiscal 2018”) the Company completed a Preliminary Economic Assessment (“PEA”), prepared by Moose Mountain Technical Services Ltd. in accordance with the definitions in Canadian National Instrument 43-101. The PEA is based on a Mineral Resource estimate completed by Tetra Tech Inc. (“Tetra Tech”) in December 2013, based on 2,919 metres of drilling from legacy campaigns (2003-5), 9,130 metres of drilling by Panoro (2008), and 2,242 metres of drilling during a joint venture agreement with Chancadora Centauro SA in 2010. The Mineral Resource estimate includes primary and supergene sulphides, as well as mixed hypogene and supergene copper mineralization.

The PEA is considered preliminary in nature, and was filed on SEDAR on June 26, 2018, and is available on the Company’s website.

The 2018 PEA mine plan has focused on the higher grade, near surface secondary sulphides, which are amenable to processing through heap leaching, solvent extraction, and electrowinning (LIX-SX-EW). As a result, the initial capital costs have been reduced by 59%, the C1 cash costs reduced by 18%, the C2 cash costs by 23% and the sustaining capital required for a tailings facility has been eliminated. The base case, after tax NPV (7.5) has increased 36%, the IRR has increased 11% and the payback period has been reduced by 27%. Over 95% of the mineralized material contained in the mine plan is classified as Indicated. The improved Antilla Project is now near the lower quartile of new copper projects in terms of both cash costs and capital intensity. The much reduced \$250 million initial capital cost is expected to facilitate a broader range of strategic financing and/or development approaches to advancing the Antilla Project through feasibility studies and into development and operation. In addition to the reduced capital costs, opportunities for project growth and enhanced economics are outlined below:

- Tetra Tech recommends that further investigation of the Antilla deposit is warranted and necessary. There is potential to add new mineral resources at depth and in the Northeast and Southeast sides of the pit shell. Tetra Tech recommends that additional drilling be carried out to reduce the drill spacing in those zones with copper mineralization, where drill spacing is greater than 100 m. Additional drilling will determine, with greater confidence, both the continuity and extents of copper mineralization within and outside of the known deposit.
- Tetra Tech recommends an extension of the current exploration grid to include the West Block, North Block, Middle Block and Chabuca exploration targets. Tetra Tech recommends continued geochemical sampling and geophysical surveys over these areas located next to the current mineral resources.
- Considering the preliminary metallurgical testwork undertaken on the project to date, there is potential to increase recoveries with additional metallurgical testing.

The Antilla Project process included in the 2018 PEA is based on leaching secondary sulphides. This led to a column leach program, together with associated mineralogical and bottle roll leach testwork, implemented during March 2018 at Aminpro Laboratories, an ISO 9001 and 14001 Laboratory based in Lima, Peru. All works were designed and supervised by Andrew Carter, General Manager of Mining and Minerals of Tetra Tech Inc., UK Office.

On September 4, 2018, the Company announced column leach testing that indicate copper recoveries of up to 79.9% over a 150-day period are potentially achievable from the secondary sulphides. The PEA results announced in May 2018 included an estimated 72.5% copper recovery over a 200 day span from the secondary sulphides. The column testwork was initiated early in 2018 while the PEA was underway, but final results were not available until July 2018. The recoveries estimated for the PEA were derived from bottle roll and mineralogic testwork available at the time of the completion of the PEA.

A potential increase in recoveries should further enhance the economics of this project. Additional testing is planned as part of any feasibility studies for the Antilla Project.

Humamantata Project:

The Company has optioned the Humamantata Project (“Humamantata”) to Japan Oil, Gas and Metals National Corporation (“JOGMEC”). The terms of the agreement are summarized as follows:

- 1 JOGMEC will contribute US\$1.0 Million each year for the first three years to earn a 49% interest in Humamantata, and to the end of December 2019, \$547,957 was received from Jogmec, and a future \$412,323 was received in Q1 2020.
- 2 JOGMEC has an option to earn a further 11% participating interest in Humamantata; for a total participating interest of 60% by making a further capital contribution to Humamantata of US\$5.0 Million.
- 3 Investment in Humamantata will be on a pro-rata basis after JOGMEC has fulfilled its funding obligation.
- 4 If any party’s participating Interest is diluted to less than ten percent its participating interest shall be converted to a two percent Net Smelter Return Royalty interest from the properties. The other party may purchase one-half of such royalty with a cash payment in an amount of US\$2.0 million following the creation of the royalty.
- 5 A management committee shall make all strategic decisions and shall oversee exploration activities.
- 6 The Company will act as the operator responsible for implementing programs and budgets.

The Humamantata Project is located in Southern Peru, together with Panoro’s portfolio of projects in the region including the Antilla and Cotabambas Projects. It is located approximately 10 km to the southwest of Hudbay’s Constancia Copper mine and the Kusiorcco Project. The Kusiorcco Project was sold to Hudbay by Panoro Minerals where the Company received cash payments and a 2.0% NSR.

The Humamantata Project covers an area of 3,600 hectares. The Company completed exploration in 2014 and 2015, which included:

- geologic mapping in 1:10,000 scale, covering an area of 2,000 hectares;
- a geochemical survey with the collection 326 surface rock chip samples; and
- Airborne K-Th spectral, Analytic Signal and Magnetic field, over an area of 3,600 ha.

The Humamantata Project contains a few different types of mineralization, including:

- Cu-Au Skarn/porphyry type mineralization at the northern part of the property, where a porphyry of quartz-monzonite composition is in contact with limestones of the Ferrobamba formation. The copper hypogene mineralization is composed by chalcopyrite and bornite;
- Hydrothermal breccias and mantos with Pb-Ag & Zn anomalies in limestones in the central part of the property; and
- Extensive silicification/stockwork and advanced argillic alteration with anomalies of Cu, Mo, Au, Ag, into sandstone layers of the Mara formation.

The altered limestones and sandstones are dipping to the contact with the Andahuaylas-Yauri Batholite, striking 9 km in North-South direction. The Company and JOGMEC are planning an exploration drill program to test the continuity of the mineralized Cu-Au-Mo Porphyry that outcrops in the north part of the property, along the contact and below the supergene alteration of the southern area.

During Q1 2020, JOGMEC and Panoro commenced work at Humamantata in the area of:

- Approval of budgets for the balance of Year 1 of the Option Agreement, which was delayed;
- Community engagement and environmental studies to support the application for a drilling permit; and
- Mapping and sampling activities to define priority areas for drilling
- Completion of Magnetometric geophysical surveys

Panoro is the operator of the project, but all costs, including the Company's management costs are paid for by JOGMEC.

- The Company entered into agreements with various communities and other parties in early 2020. In March the IP geophysics survey and detailed geologic mapping continued.
- All work on the Humamantata Project and other projects were halted on Monday March 16, 2020, by the Government of Peru, due to COVID 19. At the time of the government proclamation, detailed mapping had been completed on seven blocks at 1/1,000 scale to correspond to where IP geophysics were started over 70 hectares, 46 rock samples had been taken and 10 lines of IP geophysics had been completed over a total of 29.1 km. The grid on the north side was to total 54.5 km in 23 lines, but was unable to be completed. Of the rock samples taken in March, 30 are in standby in Cusco ready to send to a laboratory) and 16 are waiting for assay results from CERTIMIN Lab (Au + ICP 37

elements). Copper assays are included in the ICP until an upper detection limit of 1%Cu. For samples over this limit, the lab will re assay by acid digestion plus Atomic Absorption.

- Work is anticipated to start in June to complete the geophysics and mapping, after which drillhole sites will be planned. During this period the Company will apply for the water permit, archeological certificate and the start permit, with drilling anticipated to commence in July.

Financial:

During Q1 2020, the Company received the first semi-annual payments of US\$750,000 from Wheaton Precious Metals Inc. (“Wheaton Metals”), pursuant to the Wheaton Precious Metals Purchase Agreement (“PMPA”).

Results of Operations

Exploration

During Q1 2020, the Company expended \$816,534 eligible exploration and evaluation expenditures, \$78,225 on Antilla; \$167,343 on Cotabambas; \$570,966 on Humamantata and other projects. A total of \$385,982 has been accrued for recording and concession fees, and is included in the exploration costs.

Exploration and evaluation expenditures are largely made up of salaries and wages of site-based staff, geology, community relations and casual labour and other capitalized costs.

Administration Expenses

The Company’s loss in Q1 2020 of \$1,652,350 (\$0.01 per common share) compares to income of \$259,006 (\$0.00 per common share) in Q1 2019. The discussion below is based on a comparison of Q1 2020 and Q1 2019.

Overall, the change in the Company’s expenditures reflects a decrease in exploration, engineering and corporate activity in Q1 2020, due to the suspension of all exploration activity during the COVID-19 pandemic.

Areas of significant changes in administration costs between Q1 2020 and Q1 2019 include the following:

- The US to Canada exchange rates in Q1 2020 decreased from a rate of \$0.7699 at December 31, 2019, to \$0.7049, a significant decrease in the Canadian dollar, a direct result of the COVID-19 pandemic, impacting expenses.
- An exchange loss in Q1 2020 of \$229,810, compared to an exchange loss of \$69,053 in Q1 2019. The change in fair value of the PMPA financial liability had a significant change from a decrease in the fair value of \$195,300 in Q1 2019 to an increase in the fair value of the PMPA liability of \$1,019,150 in Q1 2020, due to the changes in The US exchange rates in periods. During fiscal 2019, the Company received US\$1.5 million pursuant to the PMPA, and in Q1 2020, the Company received US\$0.75 million (received on March 31 2020).

- An increase in travel costs from \$37,786 in Q1 2019 to \$11,122 in Q1 2020. In Q1 2019, a technical committee meeting was held in Peru, contributing to the higher travel costs in Q1 2019.
- A decrease in corporate development, marketing and shareholder communications' activity in Europe, Peru and North America from \$53,520 in Q1 2019 to \$1,706 in Q1 2020. The Company attended the PDAC conference in March 2020, at a cost of \$12,718, compared to \$8,375 in March 2019.
- A decrease in legal fees from \$24,270 in Q1 2019 to \$11,170 in Q1 2020. Q1 2019 costs were higher related to an internal restructuring of the Company commenced in 2017 which was completed during the year ended December 31, 2019.

Other expense categories in Q1 2020 remain at relatively the same level as Q1 2019. Variable costs of the Company's administrative expenses are in the area of legal, travel and investor relations and corporate development, and correspond to the level of exploration and development activity.

The Company is reducing directors' fees, salaries, and other costs on a temporary basis, to assist the Company to continue operations throughout the period of the COVID-19 pandemic and the related impacts on the Company's operations.

Liquidity and capital resources

Liquidity risk is the risk that the Company will not be able to operate in the normal course of business for the next 12 months. The Company is considered to be in the exploration and development stage and is currently exploring mineral properties in Perú. The Company has no history of revenues from operating activities and will have negative cash flow from operations in future periods until commercial production is achieved from its advanced exploration stage projects.

The Company has a number of agreements in place which will provide liquidity into the foreseeable future, including:

- the Company's PMPA with Wheaton Metals, whereby the Company has received proceeds of US\$9.25 million to the date of this MD&A.. An additional US\$4.75 million is payable by Wheaton Metals to the Company in semi-annual payments to fiscal 2023;
- the Company's agreement with JOGMEC for the Humamantata Project includes the initial funding of US\$3.0 million in the first 3 years of the agreement for investment into the project, and for the Company's costs as the operator. An additional US\$5.0 million of project investment after Year 3 is also included in the agreement. The initial payments are expected to be received to fiscal 2021;
- the Company's agreement with Hudbay Minerals Inc. ("Hudbay") on the Kusiorcco Project includes milestone payments to the Company of US\$2.0 million. The first milestone payment of US\$500,000 was received early 2019 as Hudbay advised the Company that they have reached surface rights agreements on the Kusiorcco Project. The agreement calls for three additional payments of US\$500,000 each on the completion of drill holes 1, 5 and ten on the project.

The Company has no operating revenue and incurred a loss of \$1,652,350 in Q1 2020 compared to income of \$259,006 in Q1 2019. The income in Q1 2019 was due to the first milestone payment of US\$500,000 (\$664,650) received in Q1 2019. There are an additional three milestone payments as noted above, when Hudbay enters into a drill program in the area. The date of any drilling is unknown at this time.

As at March 31, 2020, the Company has an accumulated deficit of \$43,925,661 (December 31, 2019 – \$42,273,311), and has a working capital deficiency of \$11,037,112 (December 31, 2019 – working capital deficiency of \$9,235,414), with the inclusion of the current portion of the PMPA which is presented as a current liability, and is restated to fair value by the conversion of the liability to Canadian dollars at the period end rate.

Based on its financial position at March 31, 2020, the Company believes that it has sufficient funds to meet operational expenditures over the ensuing twelve-month period, providing that payments from Wheaton Metals continue as per the PMPA. The Company will continue to review planned investment expenditures, primarily at the Cotabambas and Antilla Projects, but also overhead expenditures, in order to meet changes in working capital estimates.

Commitments

In the normal course of business, the Company enters into contracts that result in commitments for future payments. The following table summarizes the remaining contractual maturities of the Company's operating and capital commitments: The Company has the following commitments and payments due under the leases payable:

	2020	2021	2022	2023	2024	Total
Office lease (Vancouver)	\$ 60,230	\$34,429	\$ -	\$ -	\$ -	\$ 94,659
Office leases (Perú)	\$ 22,433	\$ -	\$ -	\$ -	\$ -	\$ 22,433
Warehouses	\$ 2,592	\$ -	\$ -	\$ -	\$ -	\$ 2,592
Accrued Vigencias	\$ 1,769,537	\$ -	\$ -	\$ -	\$ -	\$1,769,537
Accounts payable	\$ 359,846	\$ -	\$ -	\$ -	\$ -	\$ 359,846
Accrued liabilities	\$ 110,849	\$ -	\$ -	\$ -	\$ -	\$ 110,849

Key management personnel and related parties

Employment contracts have been entered into with each of the President and Chief Executive Officer ("CEO"), the Vice-President Exploration ("VP-Ex"), the Senior Vice-President, South America ("VP-SA") and the Vice-President, Operations ("VP-Op") and the Chief Financial Officer ("CFO"). No supplies were acquired in Q1 2020 or Q1 2019. The Company had no other transactions between directors and officers and/or companies controlled by directors or officers in common with the Company. At March 31, 2020, \$25,667 was payable to two directors for directors fees.