PANORO MINERALS LTD.

Management's Discussion and Analysis – Quarterly Highlights

As at and for the Three Month Periods

Ended March 31, 2019 and 2018

May 29, 2019

Table of Contents

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, 2019 ("Q1 2019") and March 31, 2018 ("Q1 2018"), and the Company's audited financial statements as at and for the year ended December 31, 2018, as filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") website. This report has been dated as at May 29, 2019, and was approved by the Board of Directors on May 28, 2019.

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, 2018 and 2017, the 2018 Annual Information Form, 2018 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 Perúvian Nuevo Soles ("S/.") and United States dollars ("US"). As at March 31, 2019, the closing rate for one Canadian dollar in S/. was C$1.00 = S/. 2.4839, and the closing rate for one Canadian dollar in USD was C$1.00 = US$0.7483 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 reduce carrying costs on certain mineral projects by not renewing the mineral concessions on certain non-core concession blocks. There have been no write-downs of concessions held by the Company since the year ended December 31, 2015.

Q1 2019 Activities and Highlights

Cotabambas Project

Work at the Cotabambas Project during Q1 2019 and to the current date has focussed on the Chaupec Target of Cluster 2 located to the west of the defined project resources in the Ccalla and Azulccaca deposits in Cluster 1. Work carried out during Q1 2019 included;

1. Ground Geophysical Survey; and
2. Exploration Drilling.

The geophysical survey which was finalized early in Q1 2019, and:

- identified a large chargeability anomaly underlying porphyry mineralization exposed at surface, indicative of the potential for a new porphyry target at depth;
- indicated the potential for skarn mineralization at depth where a high gravimetric zone is located in close proximity of the high chargeability anomaly and also in close proximity to the limestone formation exposed at surface corresponding to the outcroppings of skarn mineralization mapped at surface with high grades; and
- found a high magnetics response over and to the sides of the zone of high chargeability, indicative of skarn mineralization potential at the contact between a potential porphyry and the limestone unit.

The detailed ground geophysics testwork was completed at the Chaupec Target, in Cluster 2 of the Cotabambas Project. The survey covered an area of 0.5 km by 1.0 km and focused on the northern extreme of Zone 1. The area covered by the geophysical program encompassed only a portion of the approximately 3 km long zone of outcropped skarn and porphyry mineralization at the Chaupec Target of Cluster 2. Magnetometry, IP and gravimetry surveys were completed by Deep Sounding EIRL of Lima, Peru.

The area tested contains surface exposures of skarn bodies of garnets and pyroxenes intercalated with narrow porphyry dikes of quartz-monzonite composition hosting copper minerals such as chalcocite, covellite, chalcopyrite, bornite and copper oxides reporting copper grades of up to 5.0% Cu. This geologic environment covers an area of approximately 400 m by 600 m elongated in northwest direction and remains open to the south.

The highest chargeabilities measured from 8 to 11 mV/V and are located from 120 m to 350 m depth below the skarn/porphyry dikes outcroppings, covering an area of 240 m by 550 m with the same strike of the copper mineralization. Areas of high magnetics (>0.116n.T.) are located next to and around the high chargeability zone. The high resistivity signatures (1800 to 3,000 Ohm/m) overlap the front of limestones with a smooth increase into the main chargeability zone. Finally the gravimetry survey found a high density zone (1.2 to 1.9 grms/cm3) in east-west direction crosscutting the high chargeability and magnetics.

The sharp change in strike in the outcropped skarn overlaps the area of high density, high magnetics and high chargeability that may suggest the possible stock porphyry location as the principal source of the copper mineralization, skarns and porphyry dikes exposed in surface.

The main Cu-Au-Ag skarn bodies may be located near the porphyry stock in contact with the limestones. Panoro is planning a first phase drilling program of 2,000 m to 2,400 m to test the areas of surface exposures of skarn and porphyry mineralization and the underlying geophysical anomalies. The drill program will commence in March 2019.

Upon the completion of the field component of the geophysical survey and the interpretation of the results, an exploration program was designed to test the areas where surface outcroppings of porphyry and skarn mineralization coincided with the geophysical anomalies measured at depth. An exploration program of five drillholes totaling approximately 1,000 m of diamond drilling was designed and commenced. The five drill holes have been drilled along approximately 1 km of strike along a NE-SW direction at the north end of the Chaupec Target in Cluster 2. The geologic logging, sampling and assaying of the mineralized zones identified in the exploration drillhole samples is currently underway.

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 Humamantata Project ("Humamantata") is located in Southern Peru, together with the other projects in the Company's portfolio in the region including the Antilla and Cotabambas projects. Humamantata is located approximately 10 km to the southwest of Hudbay's Constancia Copper Mine and the Kusiorcco Project.

In the last quarter of the year ended December 31, 2018 ("fiscal 2018"), the Company entered into a joint venture agreement with Japan Oil, Gas and Metals National Corporation ("JOGMEC") on the Humamantata Project, located in Peru, whereby JOGMEC has an option to earn up to 60% indirect beneficial interest with an investment of up to US$8.0 Million, as follows:

- JOGMEC will contribute US$1.0 million each year for the first three years to earn a 49% interest in Humamantata;

- 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 relating to Humamantata of US$5.0 million;
- Investment in Humamantata will be on a pro-rata basis after JOGMEC has fulfilled its funding obligation;
- If any party's participating interest is diluted to less than ten percent its participating interest shall be converted to a 2.0% NSR. The other party may purchase one-half of the NSR with a cash payment in an amount of US$2.0 million following the creation of the NSR;
- A management committee shall make all strategic decisions and shall oversee exploration activities; and
- Panoro will act as the operator responsible for implementing programs and budgets.

An investment schedule for Year 1 of the agreement was approved by JOGMEC and Panoro. During Q1 2019, the Company commenced field activities at the project. The activities are focused on obtaining an exploration drilling permit and defining drill targets. These activities include:

- Community engagement;
- Environmental baseline monitoring;
- Geologic mapping and sampling; and
- Mobilization of a geophysical survey contractor.

Financial:

The Company received the first milestone payment of US$500,000 from Hudbay Minerals Ltd. ("Hudbay"), pursuant to the terms of the Kusiorcco project agreement, whereby Hudbay signed surface access agreements to advance exploration activities. Pursuant to the agreement, the Company expects to receive three additional milestone payments of US$500,000 each, after drill holes one, 5 and 10 are completed. The Company also retains a 2% Net Smelter Returns royalty on the project.

During fiscal 2019, the Company also plans to receive the two semi-annual payments of US$750,000 each from the Wheaton Precious Metals Purchase Agreement ("PMPA").

Results of Operations

Exploration

During Q1 2019, the Company expended $987,294 before value-added tax recovery of $316,067 on eligible exploration and evaluation expenditures, $75,870 on Antilla; $558,555 on Cotabambas; and $334,468 on other projects. A total of $362,890 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. Drilling commenced in late March at Cotabambas, at an incurred cost of $57,219 at the quarter end including mobilization.

Administration Expenses

The Company's income in Q1 2019 of $259,006 ($0.00 per common share) compares to a loss of $1,786,215 ($0.01 per common share) in Q1 2018. The discussion below is based on a comparison of Q1 2019 and Q1 2018.

Overall, the change in the Company's expenditures reflects an increase in exploration, engineering and corporate activity in fiscal 2018. The increased costs reflect the addition of staff in Peru required to manage the expansion of exploration activities. Additional corporate development and investor relations activities partner non-core assets and to inform investors and strategic partners.

Areas of changes in administration costs between Q1 2019 and Q1 2018 include the following:

- An increase in travel costs from $23,542 in Q1 2018 to $37,786 in Q1 2019. In Q1 2019, a technical committee meeting was held in Peru, contributing to the higher travel costs.
- A decrease in corporate development, marketing and shareholder communications' activity in Europe, Peru and North America from $198,631 in Q1 2018 to $53,520 in Q1 2019.
- An increase in legal fees from $4,390 in Q1 2018 to $24,270 in Q1 2019, incurred related to an internal restructuring of the Company commenced in 2017 which is nearing completion.
- An exchange loss in Q1 2019 of $69,053, compared to a gain of $105,725 in Q1 2018. The change in fair value of the PMPA financial liability had a change from a loss of $191,950 in Q1 2018 to a gain of $195,300 in Q1 2019 due to changes in foreign exchange rates in the two fiscal quarters, and an increase in the balance from US$5.5 million at the end of Q1 2018 to a balance of US$7.0 million at the end of Q1 2019.
- The Company received US$500,000 in January 2019, as the first milestone payment pursuant to the agreement on the sale of Kusiorcco at the end of fiscal 2017 to Hudbay.
- The Company adopted IFRS 16 (Leases) using the modified retrospective application method, where the 2018 comparative figures were not restated and a cumulative catch up adjustment was recorded on January 1, 2019 for any differences identified. In addition, the Company applied recognition exemptions in IFRS for "low value" leases and leases that end within twelve months of the date of initial application , and account for them as low value and short-term leases, respectively. On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases under the principles of the new standard measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate as at January 1, 2019. The Company analyzed its contracts to identify whether they are, or contain, lease arrangements for the application of IFRS 16. This analysis identified contracts that will have an equivalent increase to both the Company's right-of-use assets and lease liabilities. As a result, upon adoption, the Company recognized a lease liability

and right-of-use assets of approximately $233,000, with an impact on the Company's deficit at January 1, 2019, of $29,130. The right-of-use assets are amortized over the remaining life, and finance charges related to the lease are now expensed. Prior to fiscal 2019, rental costs were expensed.

- No stock options were granted in Q1 2019, whereas stock options with a Black-Scholes valuation of $974,410 are included in administrative expenses in Q1 2018.

Other expense categories in fiscal 2019 remain at the same level as fiscal 2018. 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.

<u>Liquidity and capital resources</u>

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 received proceeds of US$1.5 million in fiscal 2018. To the date of this MD&A, the Company has received a total of US$7.0 million. An additional US$7.0 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 are also included in the agreement. The initial payments are expected to be received to fiscal 2021; and
- 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 $1,786,215 in Q1 2018 compared to an income of $259,006 in Q1 2019 primarily due to the first milestone payment of US$500,000 ($664,650) received in Q1 2019. As at March 31, 2019, the Company has an accumulated deficit of $36,832,829 (December 31, 2018 – $37,062,705), and has a working capital deficiency of $6,410,735 (December 31, 2018 – working capital deficiency of $5,891,564), with the inclusion of the current portion of the PMPA which is presented as a current liability.

Based on its financial position at March 31, 2019, 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:

	2019	2020	2021	2022	2023	Total
Office lease (Vancouver)(1)	$ 52,158	$ 68,518	$ 34,429	$ -	$ -	$ 155,105
Office lease (Perú) (1)	$ 97,836	$ 77,092	$ -	$ -	$ -	$ 174,928
Warehouses (3)	$ 19,640	$ 2,663	$ -	$ -	$ -	$ 22,303
Accounts payable and accrued liabilities	$1,933,192	$ -	$ -	$ -	$ -	$1,933,192
Community agreement accrual	$ 33,408	$ -	$ -	$ -	$ -	$ 33,408

(1) Office leases are recorded as lease obligations on the balance sheet. The lease payments are the total payments during the periods noted above and are not in addition to the liability. The related assets are amortized over the term of the leases.

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"). The Company is in the process of entering into an employment contract with the Chief Financial Officer ("CFO"). In Q1 2018, the Company purchased $14,926 in geological supplies from a private company controlled by a director of a subsidiary of the Company. No supplies were acquired in 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, 2019, $1,386 was payable to an officer and director of the Company for expenses incurred on behalf of the Company.

Contingent receivable

In 2007, the Company entered into a Purchase and Sale Agreement of a property in the Philippines ("Mindoro Agreement") with Mindoro Resources Ltd. and its subsidiaries (collectively, "Mindoro"). As of the date of this MD&A no payment from Mindoro has been received. The Mindoro Agreement is still in effect, and the Company has not issued written notice to Mindoro regarding the breach of the Mindoro Agreement. An approach has been made by Mindoro for an amended agreement, but at the date of this MD&A, no changes in terms have been agreed to between the two parties.