PANORO MINERALS LTD.

Management's Discussion and Analysis – Quarterly Highlights

As at and for the Three and Six Months Ended

June 30, 2019 and 2018

August 19, 2019

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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 and six months ended June 30, 2019 ("Q2 2019" and "fiscal 2019") and June 30, 2018 ("Q2 2018" and "fiscal 2018"), respectively, 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 August 19, 2019, and was approved by the Board of Directors on August 16, 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 June 30, 2019, the closing rate for one Canadian dollar in S/. was C$1.00 = S/. 2.5145, and the closing rate for one Canadian dollar in USD was C$1.00 = US$0.7641 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.

There have been no write-downs of concessions held by the Company since the year ended December 31, 2015. During the period ended June 30, 2019, the Company determined that it would not make the annual concession payment on the El Rosal concessions, and has written off the remaining carrying costs of $4,217,668 capitalized since the acquisition of the initial claims in 1998. Portions of the property were written down in the year ended December 31, 2015. The Company has no remaining interest in the El Rosal property located in northern Peru.

Q2 2019 Activities and Highlights

Cotabambas Project

Chaupec Target, Cluster 2

Work at the Cotabambas Project to date in 2019 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 completed to date in 2019 includes:

1. a Ground Geophysical Survey; and
2. completion of a 997m drill program.

A geophysical survey which was finalized early 2019:

- 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 completed first phase of five drill holes at the Chaupec Target totalled 997 meters, at the northern end of the Chaupec target along approximately 1.2 km of strike. The drill results, with high grades of copper, gold, silver including grades of lead and zinc are confirming the potential presence of a new porphyry stock in the vicinity of the drilled area. The locations of the five drill holes are available on the Company's website.

Drilling highlights are as follows:

Drillhole CB-190: was drilled to 187.5m. The first mineralized interval of 9.6m length averaging 0.51%Cu, 0.04 g/t Au, 3.3 g/t Ag is hosted by a quartz monzonite porphyry "QMP" dike and developed into the garnet skarn. The QMP has a quartz-sericite-pyrite alteration with disseminated chalcopyrite in quartz stockwork. The skarn package contains chrysocolla, copper pitch, chalcopyrite, andradite, pyroxene, magnetite and retrograde alteration (epidote, chlorite, actinolite). The second interval of 5.7m length grading 0.44% Cu, 0.05 g/t Au, 4.5 g/t Ag contains disseminated and massive chalcopyrite within epidote-pyroxene skarn package and with retrograde alteration. Both intervals are separated by extended intersections of skarn without mineralization and diorite intrusive with propylitic alteration hosting a pyrite halo.

Drillhole CB-191: was drilled to 201.0m and intersected 10.1m of primary sulfides grading 0.37 g/t Au and 8.3 g/t Ag associated with quartz stockwork including chlorite, pyrite and minor chalcopyrite, as part of an envelope of intermediate argillic and phyllic alteration in the diorite.

Drillhole CB-192: was drilled to 329.7m to explore the contact between the garnet/pyroxene skarn and the limestone and sandstone sediments at depth. The drillhole intersected 13.8m of primary copper mineralization in skarn grading 0.16% Cu, 0.02 g/t Au, 3.5 g/t Ag. From 45.2m to 90.1m the drillhole intersected three veins from 0.6m to 2.9m width averaging from 0.37% Cu to 0.89 % Cu and from 5.6 g/t to 13.8 g/t Ag, containing chalcopyrite, chalcocite, pyrite, magnetite, muscovite, quartz, and calcite within an andradite garnet skarn package.

Drillhole CB-193: was drilled to 74.4m and intersected near surface 17.6m of mixed copper mineralization grading 0.42% Cu, 0.05 g/t Au, 24.2 g/t Ag and 0.38% Zn within a QMP dike intruding into pyroxene skarn and diorite. Within the QMP 5.2m was intercepted containing quartz stockwork with veinlets and patches of chalcopyrite, pyrite with traces of galena and sphalerite in phyllic alteration averaging 0.67 % Cu, 0.08 g/t Au, 37.3 g/t Ag, 0.12% Pb and 0.41% Zn. Within the skarn and diorite host rock, faulting/breccia textures were identified including 6.0m of quartz-calcite veinlets containing tenorite, azurite, copper pitch in fractures, chalcopyrite, pyrite and traces of sphalerite, grading 0.59% Cu, 0.08 g/t Au, 35 g/t Ag and 0.39% Zn.

Drillhole CB-194: was drilled to explore the area east of Copper Anomaly #4 and test the continuity of the QMP/Skarn intersected by Drillhole CB-190. No significant intersections were obtained, suggesting the mineralization intersected by CB-190 dips vertically or to the west or is displaced by faulting.

The geophysical signatures below Zone 1 suggest the existence of a QMP stock hidden at depth along the contact between the diorite and limestone/sandstone sediments. This drill program tested the near surface geologic environment, where drillholes CB-190 and CB-193 intersected dikes/chimneys of QMP that may have direct relation with the metals source at depth and have introduced copper/gold/silver mineralization within the skarn and diorite host rocks.

Deleterious elements are very low at the Cotabambas project. Contents in mineral intersections at Chaupec vary from 7 to 96 ppm arsenic, from 5.5 to 52 ppm bismuth, from 3.5 to 12.8 ppm iron, and from 5 to 7.6 ppm antimony.

Guaclle Target, Cluster 1

Mapping and sampling between the Ccalla Deposit and the Chaupec target identified mineralized areas with the drilling in 2017 and 2018 at the Tamburo target. Mapping and sampling in the region between the Ccalla Deposit and the Chaupec target has also identified mineralized areas at the Guaclle target. The area of identified mineralization at the Cotabambas Project now extends over an area of 7 km in the northwest-southeast direction by 5 km in the northeast-southwest direction where the mineralization is clustered around the structural controls in the area.

The Guaclle targets, north and south, are located 800 m to the west and 200 m lower in elevation than the Ccalla Deposit separated by the Ccalla fault that controls the copper mineralization in the Ccalla deposit.

The Guaclle targets, together with the Petra-David and Ccalla East targets, the Ccalla Deposit to the east, and the Tamburo and Chaupec targets to the west, form a 7-km corridor of mineralization.

Guaclle South Target

The Guaclle South target is characterized by an igneous environment where stocks of mineralized QMP intrude older altered units of the same composition. In previous years, 1,804m of drilling was completed in six drillholes, with drillhole CB-31 showing the most significant intersections. CB-31 intersected a QMP hosting 10m of copper oxides mineralization averaging 0.30% Cu and underlain by 16m of hypogene copper mineralization grading 0.51% Cu. Details of earlier drilling are available on the Company's website. The QMP outcroppings in surface strike in a North-East direction, separated 400 m from the Guaclle North target. The area between the Guaclle South and Guaclle North targets is covered by overburden where 211 soils samples were taken in a regular grid. High anomalies in soils vary from 0.10 to 0.42 ppm Au, 1.0 to 4.5 ppm Ag, and 0.1 to 0.6%Cu.

Guaclle North Target

Panoro has expanded the mapping in Guaclle, identifying outcroppings of five skarn bodies with copper oxides and sulphides mineralization over an area of 1.2 km by 0.8 km striking in a Northeast direction.

The following table shows approximate dimensions, number of rock samples, average width and grades supporting the continuity of each skarn body at surface.

Body	Length (m)	Width (m)	# Samples	Cu %	Au g/t	Ag g/t	Pb %	Zn %
1	630	60	47	0.95	0.06	6.7	0.038	0.221
2	600	70	34	0.69	0.02	3.0	0.013	0.035
3	400	50	18	1.01	0.04	10.8	0.103	0.144
4	470	110	51	0.98	0.45	11.3	0.015	0.067
5	270	30	8	0.19	0.02	1.7	0.050	0.117

The mineralization follows the stratification of a big blocks of limestone, over thrusted by the diorite from east to west that host the 750m corridor of copper oxides in the Petra-David zone. Petra-David is located 300m to the east of the skarn in the Guaclle North target. Detailed mapping was completed over 90 hectares at 1:1,000 scale and 348 rock samples were collected.

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; of which US$301,000 has been contributed to June 30, 2019;
- 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. In 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 2.0% Net Smelter Returns royalty on the project.

The Company received the first of two scheduled semi-annual payments of US$750,000 each pursuant to the Wheaton Precious Metals Purchase Agreement (“PMPA”).

Results of Operations

Exploration

To date in 2019, the Company has expended $2,067,985 before value-added tax recovery of $316,067 on eligible exploration and evaluation expenditures, $153,493 on Antilla; $1,317,566 on Cotabambas; and $596,926 on other projects. A total of $693,990 has been accrued for recording and concession fees for payment in 2020, and is included in the exploration costs.

Funding contributions of $340,054 pursuant to the JOGMEC earn-in agreement on Humamantata have offset the Humamantata costs which are included in the $596,926 incurred during the period on the Company’s other projects. Of the total exploration costs incurred, $360,120 is related to accrued concession fees on all the Company’s projects, other than Antilla and Cotabambas. The Company started early stage reconnaissance on the Humamantata property, and it is expected that community agreements will be completed by the end of the summer.

During the period, the Company has written down its El Rosal project in northern Peru, by a total of $4,217,668. The Company has not conducted exploration work on the project for over ten years, so the Company determined that the project did not meet with its longer term plans.

Administration Expenses

The Company’s loss fiscal 2019 of $4,405,252 ($0.02 per common share). Including a write-down of $4,217,668, compares to a loss of $2,692,472 ($0.01 per common share) in fiscal 2018.

Overall, administration expenditures are at a similar level in each of Q2 2019 ($701,348) and Q2 2018 ($769,266). The largest changes were a decrease in corporate development and shareholder relations costs from $231,322 in Q2 2018 to $77,221 in Q2 2019. On a fiscal period, basis, the decrease of $299,810, from $430,551 in fiscal 2018 to $130,741 in fiscal 2019. The significant differences in the two fiscal periods is the write-down of the El Rosal property by $4,217,668, income from the Kusiorcco disposition of $664,650 in Q1 2019, and fluctuations in the fair value of the Wheaton Precious Metals Purchase Agreement. There is no comparative share-based expense in fiscal 2019, whereas $974,410 was recorded as an expense in fiscal 2018, pursuant to stock options granted in that period.

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

- An increase in travel costs from $37,011 in fiscal 2018 to $52,933 in fiscal 2019, primarily costs incurred related to a trip to the Cotabambas project by the Company's technical committee in early 2019.
- A decrease in marketing and shareholder communications' activity in Europe and North America resulting in a decrease from $430,551 in fiscal 2018 to $130,741 in fiscal 2019.
- A decrease of $974,410 in share-based compensation recorded in fiscal 2018 related to a grant of 7,300,000 stock options to officers, directors and employees at an exercise price of $0.34, exercisable for a period of five years. No stock options have been granted in fiscal 2019. Of the total stock options granted in fiscal 2018, $154,669 was capitalized to mineral property interests.
- A nominal increase in salaries and benefits in fiscal 2019 from $490,246 in fiscal 2018 to $502,084 in fiscal 2019. Higher benefit costs and a new B.C. employer health tax in fiscal 2019 will add approximately $15,000 to annual benefits costs. The B.C. employer health tax is applicable to all Canadian domiciled employees and directors.
- Financial consulting fees of $57,681 in fiscal 2018 and $59,454 in fiscal 2019 are comparable. This fee is related to the Wheaton Metals PMPA.
- An increase in legal fees from $53,398 in fiscal 2018 to $70,918 in fiscal 2019, due to additional legal fees incurred with tax filings for the 2018 year.
- An exchange gain in fiscal 2018 of $145,173, compared to a loss of $26,471 in fiscal 2019, due to fluctuations in the exchange rates. The Company received funds from Wheaton Metals pursuant to the Agreement, and from the sale of Kusiorcco in early 2019.
- The Company has recorded a loss in fair value of the Agreement's financial liability of $371,300 in fiscal 2018 due to the decrease in the value of the Canadian dollar against the US dollar since the end of December 2017, and an increase in the fair value of $397,875 in fiscal 2019, due to the increase in the value of the Canadian dollar against the U.S. dollar since the end of December 2018. The funds received pursuant to the Agreement are in US dollars, and are primarily retained for exploration activities.
- 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.

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.

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 received proceeds of US$0.75 million in fiscal 2019. To the date of this MD&A, the Company has received a total of US$7.75million. An additional US$6.25 million is payable by Wheaton Metals to the Company in semi-annual payments to fiscal 2023, if the Company continues to meet the terms of the PMPA;
- 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, of which US$303,000 has been received in fiscal 2019 to date. 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 on the Kusiorcco Project includes milestone payments to the Company of US$2.0 million. The first milestone payment of US$500,000 ($664,650) was received in early fiscal 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 Kusiorcco Project by Hudbay.

As at June 30, 2019, the Company has an accumulated deficit of $41,497,087 (December 31, 2018 – $37,062,705), and has a working capital deficiency of $7,691,237 (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.

Subsequent to June 30, 2019, the Company granted 4,300,000 stock options at a price of $0.15 to officers, directors and employees of the Company, pursuant to the terms of the Company's stock option plan, approved at the Company's Annual General Meeting, held on June 20, 2019. The options are exercisable until August 16, 2024.

Based on its financial position at June 30, 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 to be received under 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)	$ 43,840	$ 68,518	$ 34,429	$ -	$ -	$ 146,787
Office lease (Perú)(1)	$ 62,082	$ 72,428	$ -	$ -	$ -	$ 134,510
Warehouses (3)	$ 8,388	$ 2,631	$ -	$ -	$ -	$ 11,019
Accounts payable and accrued liabilities	$1,097,079	$ -	$ -	$ -	$ -	$1,097,079
Community agreement accrual	$ 29,759	$ -	$ -	$ -	$ -	$ 29,759

(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 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 to date in 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 June 30, 2019, there were no balances payable to any related parties 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, and the Company is currently not trading, as it is in default for not filing its 2017 7annual financial statements. 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 was 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.