PANORO MINERALS LTD.

Management's Discussion and Analysis

For the Year Ended December 31, 2019

May 14,

2020

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Item 1.1: Background & Date

Panoro Minerals Ltd. ("Panoro" or the "Company") was incorporated pursuant to the laws of British Columbia on September 28, 1994, under the name, Anaconda Minerals Corporation, by Memorandum and Articles filed with the Registrar of Companies for British Columbia. On February 28, 1997, the Company changed its name to Panoro Resources Ltd. The Company was amalgamated in British Columbia on June 6, 2003, under the Company Act of British Columbia (the predecessor of the Business Corporations Act) and changed its name to Panoro Minerals Ltd.

The head office of Panoro is located at Suite 1610, 700 West Pender Street, Vancouver, British Columbia V6C 1G8. The registered and records offices of Panoro are located at Suite 1750, 1185 West Georgia Street, Vancouver, British Columbia, V6E 4E6.

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). The Company is an exchange issuer as that term is defined in the Securities Act (British Columbia). The Company is a reporting issuer as defined under applicable securities legislation in British Columbia, Alberta and Ontario.

The Management's Discussion and Analysis ("MD&A") is a narrative explanation, through the eyes of management, of how Panoro performed in the year ended December 31, 2019 ("fiscal 2019"), and up until the date of this MD&A. The MD&A complements and supplements the audited consolidated financial statements of the Company, but does not form part of the audited consolidated financial statements. The following discussion and analysis should be read in conjunction with the consolidated financial statements of the Company for fiscal 2019.

This MD&A is prepared and dated May 14, 2020, and was approved by the Board of Directors on May 14, 2020.

Item 1. 2: Macroeconomic Performance and Outlook

Panoro holds a current portfolio of nine mineral properties in the south of Perú, of which two, the Cotabambas and Antilla projects, are at a more advanced stage of exploration and have been the focus of the Company's investment plan for recent years. The Company has progressed in the completion of strategic partnerships with key mineral industry corporations to advance its portfolio of projects through difficult current financial and commodity markets. Panoro has completed a Precious Metals Purchase Agreement with Wheaton Precious Metals International Ltd. ("Wheaton Metals") related to the Cotabambas Project, which provides funding for ongoing operational and corporate costs. The Company has also completed the sale of the Kusiorcco Project to Hudbay Minerals Ltd. ("Hudbay") whereby the Company is due certain milestone and future royalty payments which will be directed towards exploration investments into its projects. At the Humamantata Project Panoro has completed a Joint Venture agreement whereby the Company's partner JOGMEC (Japan Oil, Gas and Metals National Corporation) is funding the exploration investments and funding Panoro's management costs as operator of the exploration activities. Panoro is also pursuing a number of other initiatives related to the Antilla, Cochasayhuas, Promesa and Anyo Projects to identify strategic financing arrangements to advance these projects

Developments on the economy and in the Company during fiscal 2019 and to the date of this MD&A are summarized below.

Readers are directed to the Company's 2019 Annual Information Form available on Sedar.com and the Company's website for a detailed discussion and history on all the Company's projects.

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 out 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 May 25, 2020. There is a possibility that the quarantine could again be extended prior to May 25, 2020 with or without some relaxation of current restrictions. The current restrictions preclude Panoro from mobilising any personnel to projects sites for exploration, monitoring or permitting functions. Also, activities at the Peruvian authorities such as the Ministry of Energy of Mines and Public Registries have been curtailed or reduced thus restricting the advancement of certain permitting submissions. Panoro staff in its Lima office are restricted from leaving their homes except for necessary activities and as such all staff are currently working from their homes.

The Peruvian authorities have announced a phased relaxation of the COVID-19 quarantine for certain types of businesses. Phase 2 of the relaxation includes exploration activities which will 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. Once the protocols are approved the Company may conduct exploration activities using the protocols. The Company anticipates exploration activities to recommence during June 2020.

Commodity Markets

Our 2020 operational and financial performance can be influenced by a number of factors. At the macro-level, the general performance of the Chinese, North American and global economies will influence the commodity and financial markets.

The Company is in the exploration stage, early and more advanced, on its mineral property interests.

The Company can be affected by a number of factors, including metals prices and foreign exchange rates. Average prices for copper declined significantly in 2019 from 2018 as concerns about the trade dispute between the U.S. and China, and the resulting drag on Chinese economic growth, outweighed reasonable supportive fundamentals in the physical copper markets, in addition to the effects of COVID-19 on the world's economy.

The following market analysis was developed from various information sources including analyst and industry experts. Copper: In 2019, the London Metal Exchange ("LME") copper price averaged $2.72 per pound ("/lb"), with prices ranging between $2.51/lb and $2.98/lb. For the second year in a row, copper refined metal markets remained relatively balanced although additions to the smelting and refining capacity during 2019 pushed the annual benchmark for treatment and refining charges to a cyclical low of $62.62 per tonne for 2020. After a rally in copper prices following the December 2019 announcement of a phase 1 trade agreement between the United States and China, copper prices dropped approximately 12% to the $2.50/lb - $2.60/lb range in January due to the uncertainty and economic disruption initially caused by COVID 19 outbreak in China initially, and later throughout the world.

Global refined copper markets were initially forecast to remain relatively balanced in 2020 with most market participants projecting prices to average between $2.75/lb and $3.00/lb. The COVID-19 outbreak throughout the world, and initially in China, will reduce both smelter and refinery utilization and copper fabrication plant production and increase spot concentrate treatment and refining charges in the first quarter of 2020, but when the Chinese workforce returns to work and industrial production returns to normal, copper prices are expected to recover.

Copper is likely to rally on a second half of 2020 global demand recovery – but amid conflicting drivers we caution against early optimism. China accounts for 50% of global demand, and its construction activity in particular is slowly returning to normal levels after the COVID-19 pandemic slows. However, the manufacturing, consumer goods and automotive sectors are slower to recover, and China's copper demand is partly dependent on exports (~15% of China's copper consumption is re-exported), which will remain weak in the near-term. Forecast GDP growth to 3% (from 4%) on continued weakness in external demand through the second quarter (China), but keeping industrial production growth at just 1.5% through to the end of the first half of 2020. Meanwhile, Europe and the US – which are in the midst of virus-related shutdowns – account for 24% of global copper demand (5.3Mtpa) and can be expected to register double-digit declines in consumption in the coming weeks, following the 12% fall in China's demand in Jan-Feb of 2020.

Mine disruptions could affect 8% of global copper mine production in some way by virus-related stoppages. If all of these were to remain offline for one month, the impact would be 138kt Cu (0.7% global mine supply) – insufficient to outweigh the sharp downturn in demand occurring. The list of suspended mines grows daily, and lengthier stoppages combined with inevitable price-driven cuts are likely to support a rapid price recovery once demand improves. Further, delays to many major mine projects – such as Quellaveco and Quebrada Blanca II – that are due to enter production in 2022 could result in a more balanced market through the medium-term.

Copper's market signals currently reflect the recovery underway in China – inventory peaked in late-Feb and is drawing down; while the fall in spot treatment charges (now $63/t & 6.3c/lb) reflects both the re-ramp of smelter production in China, as well as disruption to concentrate shipments. On the other hand, falling LME inventory – with recent withdrawals largely from Italy – does not reflect the reality of a stalled European trade.

Over the longer term there are several macro-economic trends which are expected to increase the demand for copper. There is a drive towards greater renewable energy (wind, hydro, solar) and carbon neutrality in the world's economy and this is expected to result in stronger demand for copper, because the structural changes necessary to deliver on these goals are very copper intensive. Additionally, the adoption of carbon taxes and associated trade tariffs are projected to dramatically increase the production cost of aluminum and its selling price relative to copper. Copper has a much smaller carbon footprint per pound of production. As all metal producers are increasingly forced to pay a price for their carbon emissions, the resultant decline in the copper/aluminum price ratio should make copper relatively more competitive in many applications, which should drive substitution from aluminum to copper and increase copper demand.

In 2019, the prices of metals continued to be quite volatile, with gold starting the year at about US$1280/ounce which approximated its year low and finishing the year at over US$1510/ounce. The price of silver was characteristically more volatile, starting the year at about US$15.50 before falling to a low of about US$14.30 in May and finishing the year at about US$17.90/ounce.

Volatility is against a background of Central Banks lowering interest rates but with little room to lower them further. Countries around the world have accumulated massive debts even during good times and further stimulus from deficit spending seems far less effective than in the past. Consumers have accumulated a lot of debt because of low interest rates and the likelihood that more consumer spending can bail everything out appears low.

Currently, we have the turmoil resulting from the progression of the COVID-19 pandemic crisis. It is impossible to say how far this may go, but the effects are already drastic. World trade is sharply down, oil prices have collapsed and stock indices are very volatile.

Nevertheless, the demand and need for metals will continue to grow. The reserves of known deposits are being depleted and the need for replacement will grow. There are fewer advanced projects in the pipeline, and management anticipates that their value will come to be recognized by both investors and the jurisdictions where they occur.

Both the scarcity of funding for new discoveries and the difficulty in developing new resources are likely to limit the supply of metals to a growing and developing global population. We believe that in the long term, metal prices will be constructive for both exploration and development activities.

Strong future demand for copper will necessitate the development of new mines from the world's existing inventory of undeveloped deposits which could have an inherently higher cost than those mines currently in production. Newer mines, depending on their location and size could have lower grades, higher strip ratios and higher development costs than mines that have been operating for the past ten to thirty years. The end result should be a prolonged period of higher copper prices.

Because of difficult financial conditions around the world, mining exploration has suffered and much resource development (including Panoro's) has been held up by for various reasons, including regional opposition by road closures in areas close to full-scale mining operations in

2019. This initially delayed the commencement of the permitting process for exploration of the Humamantata Project due to restricted access.

Permitting and exploration activities at the Company's Humamantata Project (under joint venture with JOGMEC increased activity from January until late March, when the government of Peru put the country under martial law to reduce the progression of COVID-19, and all exploration activity by the Company ceased, and as of the date of the filing of this MD&A has not yet resumed.

In summary, the Company has funding in place to weather the current headwinds being encountered from the COVID-19 pandemic. Panoro's corporate and operations are funded through its financing arrangement with Wheaton Metals. Exploration at the Humamantata project plus management fees to Panoro are being funded by the Company's partner JOGMEC. Milestone payments to be received from Hudbay will be directed towards exploration at the Cotabambas Project. The Company is pursuing additional strategic financing alternatives for the Antilla, Cochasayhuas, Promesa and Anyo Projects.

Corporate Outlook and Financial Update

2019 Activities and Highlights

Highlights

- Receipt of the two semi-annual payments of US$750,000 for a total of $1,986,150, from Wheaton Metals, pursuant to the Company's Precious Metals Purchase Agreement ("PMPA").
- Subsequent to December 31, 2019, the Company received the tenth payment under the Early Deposit (US$750,000), bringing the total received to US$9.25 million. An additional US$4.75 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.
- A milestone payment of US$0.5 million ($664,650) from a subsidiary of Hudbay pursuant to the first milestone in the agreement on the disposition of the Kusiorcco Property. The payment was received on the execution of agreements with local communities and surface title holders necessary for Hudbay to carry out a drill program on the property. Three further milestone payments of US$500,000 each, for a total of US$1.5 million, are to be received from Hudbay after the completion of the first, fifth and tenth drill holes on the Kusiorcco Property.
- Initial mapping and geophysics on the Humamantata Property, under an earn-in agreement (the "Earn-in Agreement" with Japan Oil, Gas and Metals National Corporation ("JOGMEC"), where JOGMEC is committed to fund a US$3.0 million in exploration expenditures and fees by the end of the third anniversary of the agreement, to earn a 49% interest in the Humamantata Property. The Company received $547,957 to the end of 2019.
- Work at the Cotabambas Project in 2019 focused 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. The work included a Ground Geophysical Survey; and completion of a 997m drill program.

- Continuing reviews of strategic alternatives to advance the Antilla, Cochasayhuas, Promesa and Anyo Projects

In summary, working capital received in fiscal 2019 included $547,957 pursuant to the agreement with JOGMEC on the Humamantata Project, a payment of $664,150 (US$500,000) milestone payment from Hudbay on the sale of the Kusiorcco Project, and $1,986,150 (US$1,500,000) from WPM pursuant to the PMPA.

Cotabambas Project

In fiscal 2015, the Company completed and updated a PEA for the Cotabambas Project. The initial PEA was filed on SEDAR on May 25, 2015, (the "Initial PEA") and the updated PEA was filed on SEDAR on November 6, 2015 (the "Updated PEA"). The National Instrument 43-101 ("NI 43-101") PEAs can also be found on the Company's website: www.panoro.com.

The results from the Updated PEA of the Cotabambas Project demonstrated a base case, after tax NPV of US$683.9M, an IRR of 16.7% and a payback of 3.6 years. The Updated PEA included mining of 483M tonnes of mill feed from two open pits, feeding an 80,000 tonne per day mill, and a concentrating plant producing a single concentrate grading 27% Cu, 11 g/t Au and 134 g/t Ag with no penalty attracting deleterious elements.

PEA Recommendations

In 2016, the Company evaluated potential improvements to project economics identified in the updated PEA, including:

- Step out drilling to delineate additional oxide mineralization at the Ccalla Deposit together with a metallurgical test program on the oxides in order to assess the potential to add a heap leach and SX/EW component to the project plan;
- Metallurgical testing on the hypogene and supergene sulphides, as well as the mixed mineralization zones to assess the potential for increasing estimated recoveries; and
- Geophysical surveys and exploration drilling at the Maria Jose target located to the north of the Ccalla Deposit to test for and further delineate high-grade mineralization discovered through the Company's previous mapping, trenching and geochemical sampling work.

As a result of the PEA recommendations in the updated PEA noted above:

1. Six drill holes were drilled at the Maria Jose 1 and 2 targets and the Petra target in 2018, the first phase of the geophysical surveys and exploration drilling at the Maria Jose target to the north of the Ccalla deposit and drilling was conducted in 2017
   .
2. The Cotabambas project remains the principal focus of investment where the Company completed 6,633 m of exploration and step-out drilling targeting areas of oxide, sulphide and skarn mineralization in the vicinity of the current project mineral resources (the Maria Jose, Petra David and Breccia targets) to the end of 2018.

3. In 2018, sulphide mineralization at the Maria Jose target and oxide mineralization at both the Maria Jose and Petra David targets were the subject of additional drilling exploration.

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 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 a faulting systems parallel to 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 continuous 7-km corridor of mineralization.

The detailed ground geophysics 3D testwork was completed at the north extreme of Zone 1 of 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 in Zone 1 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 with the surface rock sampling. 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.

In general, the skarn mineralization in Chaupec has the highest grades found yet at the Cotabambas project. Skarn-type mineralization plays an important role in other major deposits in the region, including Las Bambas, Constancia, Antapaccay and Coroccohuayco, where higher grades in the skarn in the first years of mining can contribute to more rapid payback.

Chaupec Target, Cluster 2

The geophysical survey:

- 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.

In 2019, the Company completed a first phase of five drill holes at the Chaupec Target totalling 997 meters, at the northern end of the zone 1 of the Chaupec target along approximately 1.2 km of strike. Before the drilling stage a review of the outcroppings with mapping 1/1,000 scale was completed and an additional 62 rock samples were taken.

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 and details of the five drill holes are available on the Company's website, and were reported in the Quarterly Update for the three and six months ended June 30, 2019. The table below shows the most significant results of the drilling campaign in Chaupec:

Drillhole	From	To	Length (m)	%Cu	Au g/t	Ag g/t	Mo ppm	%Pb	%Zn
CB-190	40.45	50.05	9.60	0.51	0.04	3.31	8	0.016	0.0230
Include	45.00	50.05	5.05	0.80	0.06	4.91	10	0.026	0.0300
" "	111.45	117.10	5.65	0.44	0.05	4.53	194	0.004	0.0160
Include	111.45	113.00	1.55	1.26	0.03	10.29	238	0.002	0.0100
CB-191	106.4	116.5	10.10	0.02	0.37	8.32	16	0.003	0.0070
Include	106.4	110.5	4.10	0.03	0.52	14	32	0.0081	0.0129
include	112.5	116.5	4.00	0.02	0.40	6.43	6	0.0003	0.0028
CB-192	39.40	53.20	13.80	0.16	0.02	3.50	7	0.038	0.060
Include	45.20	48.10	2.90	0.37	0.03	5.60	6	0.004	0.0320
" "	66.00	66.60	0.60	0.89	0.02	13.80	12	0.099	0.0640
" "	89.30	90.10	0.80	0.40	0.01	5.90	6	0.0223	0.0156
CB-193	15.20	32.80	17.60	0.42	0.05	24.20	12	0.067	0.38
Include	15.20	20.40	5.20	0.67	0.08	37.29	12	0.12	0.41
Include	26.85	32.80	5.95	0.59	0.08	34.97	14	0.074	0.39

Drillhole CB-190 intercepted two intervals of 9.60m and 5.65m width averaging grades of 0.51%Cu, 3.31 Ag g/t, and 0.44%Cu, 4.53 Ag g/t, 0.02%Mo, respectively. These intervals overlap two dikes of quartzmonzonite porphyry developing skarn mineralization into the limestones. The main minerals are chalcopyrite, chalcocite, pyrite, magnetite with andradite garnets as the principal alteration.

Drillhole CB-191 intercepted a stockwork of quartz of 10m width with high anomalies of gold and silver, associated to pyrite dissemination in an envelope of phyllic alteration hosted by the diorite intrusive.

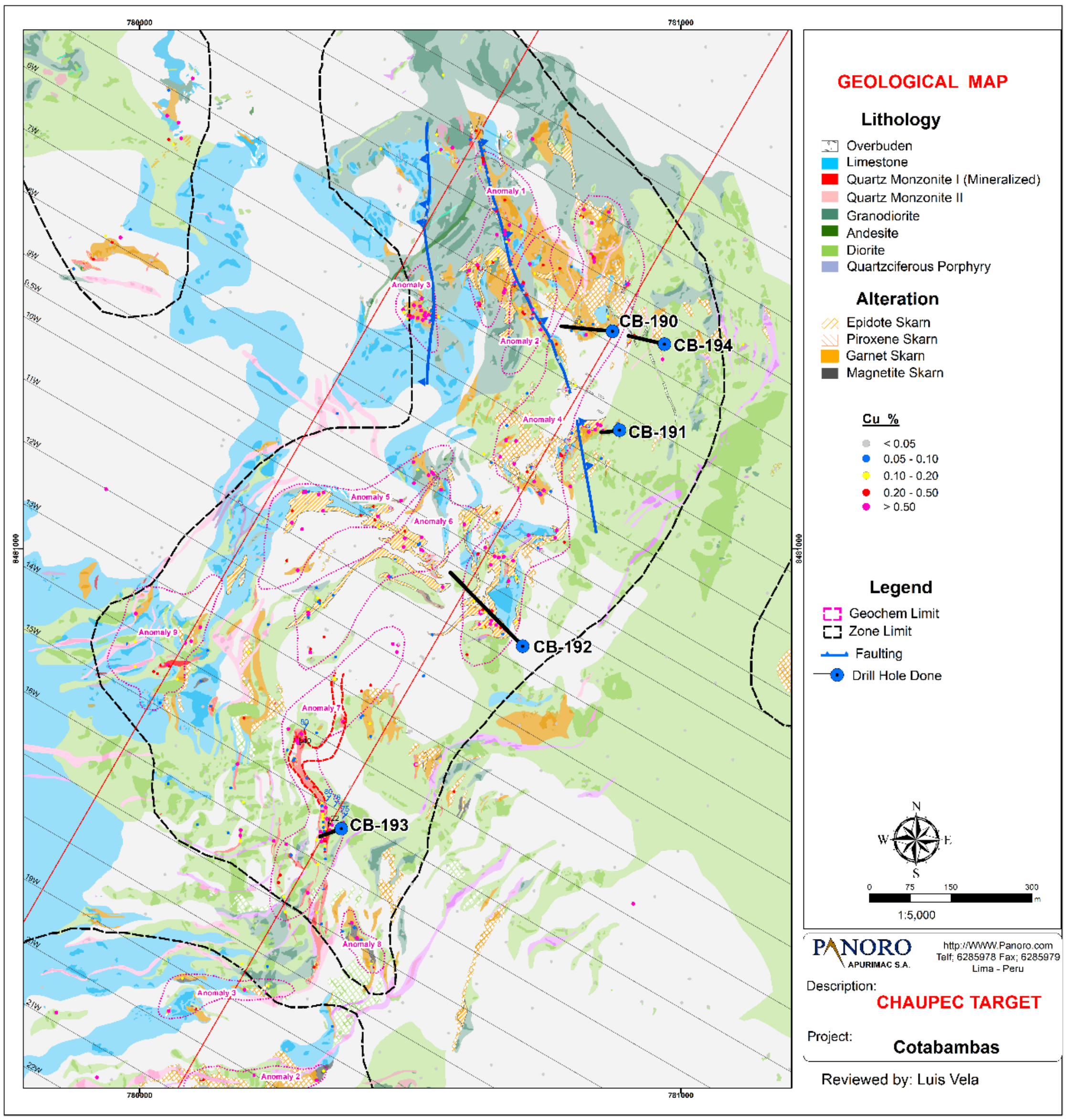
Drillhole CB-192 intercepted a system of three veins with quartz and phyllic alteration containing high contents of copper and silver. The principal minerals recognized are chalcopyrite, tetrahedrite and pyrite hosted by the diorite intrusive.

Drillhole CB-193 intercepted another dike of quartzmonzonite porphyry developing skarn mineralization in the limestone and diorite host rock into an interval of 17.6m width averaging 0.42%Cu, 24.2 Ag/t and high anomalies of lead and zinc. The principal minerals are chalcopyrite, bornite, galena, sphalerite, and pyrite. The main alteration in the porphyry is a transition of potassic and phyllic.

Drillhole CB-194 was drilled to the east of the drillhole CB-190 and did not intersect significant values. It is recommended that we continue the detail mapping review, geophysics and drilling exploration to the zones 2 and 3 of Chaupec, looking for additional intersections of copper-silver high grade mineralization in Skarn/porphyry type mineralization.

In general, the skarn mineralization in Chaupec has the highest grades found yet at the Cotabambas project. Skarn-type mineralization plays an important role in other major deposits in the region, including Las Bambas, Constancia, Antapaccay and Coroccohuayco, where higher grades in the skarn in the first years of mining can contribute to more rapid payback.

Figure 01: Geologic map of zone 1 in Chaupec target, showing five drillholes location completed in the 2019 exploration campaign.



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Antilla Project

The Antilla project is a copper-molybdenum porphyry deposit, located 140 km south west of the city of Cusco, in the Apurimac region in Southern Peru. On May 2, 2016, the Company issued a news release announcing the results of a Preliminary Economic Assessment of the Antilla Project ("Antilla PEA") and a Technical Report was filed on SEDAR on June 16, 2016. This report is also available on the Company's website.

On May 14, 2018, the Company announced the results of an independent Preliminary Economic Assessment ("2018 PEA"). A summary of the PEA follows. The 2018 PEA Technical Report was filed on June 26, 2018, and can be found on the Company's website and on sedar.com.

Highlights

- Pre-tax Estimates:
  - NPV (7.5%) of US$ 519.8 million;
  - IRR of 34.7%; and
  - Payback of 2.6 years.
- After-tax Estimates:
  - NPV (7.5%) of US$ 305.4 million;
  - IRR of 25.9%; and
  - Payback of 3.0 years.
- Conventional open pit mine focused on supergene copper sulphides;
- Heap Leach and Solvent Extraction Electrowinning (SX/EW) process;
- Design throughput of 20,000 tonnes per day with an operational mine life of 17 years
- Low waste to mill feed ratio of 1.38:1;
- Average annual payable copper of 46.3 million pounds, as Cathodes;
- Average direct cash costs (C1) of US$1.51 per pound of payable copper;
- Initial Project capital costs of US$ 250.4 million, including contingencies; and
- Good potential for discovery of additional supergene mineralization adjacent to the current mineral resource area.

The Company is conducting a strategic review of alternatives to advance the Antilla Project into feasibility studies, permitting and development.

The 2018 PEA was prepared by Moose Mountain Technical Services Ltd. ("MMTS") in accordance with the definitions in Canadian National Instrument 43-101. The 2018 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 (CHC) 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. The mine plan of the PEA includes 113.3 million tonnes of Indicated Mineral Resources and 5.4 million tonnes of Inferred Mineral Resources. Inferred Mineral Resources are considered too speculative to have the economic considerations applied that would enable classification as Mineral Reserves. There is no certainty that the conclusions within the PEA will be realized. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

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.

Economics

The table below summarizes base case economic metrics for the project as well as its sensitivity to the price of copper:

Table 1. Summary of PEA estimates of NPV, IRR, and Payback

Copper Price ($/lb)	Before Tax*					After Tax				
	NPV 5% (million USD)	NPV 7.5% (million USD)	NPV 10% (million USD)	IRR (%)	Payback (Years)	NPV 5% (million USD)	NPV 7.5% (million USD)	NPV 10% (million USD)	IRR (%)	Payback (Years)
2.75	487	383	301	28.8	2.9	232	169	118	18.7	3.6
3.05	**648**	**520**	**419**	**34.7**	**2.6**	**394**	**305**	**236**	**25.9**	**3.0**
3.25	755	611	497	38.4	2.5	501	397	314	30.3	2.7

* Excluding Peru statutory charges, i.e. profit sharing, regulatory fees, mining royalty, special mining tax, and income tax

** The economic results are based on the heap leach tonnages in the selected ultimate pit. The heap leach tonnages include Inferred Resources. The reader is cautioned that Inferred Resources are considered too speculative geologically to have the economic considerations applied to them that would enable categorization as Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Note: base case at Cu=$US 3.05 long term price in bold, Project economics were estimated on the basis of long-term copper price of US$3.05/lb. The long-term forecasts were derived from prices periodically published by large banking and financial institutions and were applied to years 4 to 17 of the mine life. Shorter term copper price estimates were used for Years 1 to 3 of the mine life reflecting higher price forecasts in the shorter term. For the base case, Years 1 to 3 of the mine life used estimated copper prices of $3.20, $3.15 and $3.10, respectively. Molybdenum is not included in the proposed process recovery and not included in the project economics.

Mineral Resources

The PEA was based on a Mineral Resource model prepared by Tetra Tech, which is documented in a technical report filed on Sedar, dated December 16, 2013.

Mineral Resources were estimated by Qualified Person Paul Daigle, PGeo. (APGO #1592). A block model was generated with grade estimation constrained by modeled mineralization wireframes. Mineralization is mined from an open pit and treated using a conventional hydrometallurgical flow sheet. Copper equivalent (CuEq) cut-offs were used to report the mineral resource. Metal prices: copper - US$3.25/lb and molybdenum – US$9.00/lb and metallurgical recoveries: copper - 90% and molybdenum – 80% were applied in the equivalency calculation. The Mineral Resource has an effective date of October 19, 2015, and is tabulated in Table 2 below.

Table 2. Mineral Resource Statement*, Antilla Project, Peru, Tetra Tech Inc., October 19, 2015

Domain	Quantity	Grade		
	'000 tonnes	Cu %	Mo %	CuEq%
Indicated				
Overburden/Cover	5,600	0.25	0.01	0.28
Leach Cap	13,400	0.25	0.01	0.27
Supergene	168,900	0.41	0.01	0.42
Primary Sulphides	103,900	0.24	0.01	0.26
Total Indicated	**291,800**	**0.34**	**0.01**	**0.36**
Inferred				
Overburden/Cover	500	0.22	0.009	0.24
Leach Cap	13,400	0.21	0.008	0.22
Supergene	25,900	0.34	0.008	0.36
Primary Sulphides	50,700	0.24	0.007	0.25
Total Inferred	**90,500**	**0.26**	**0.007**	**0.28**

* Mineral resources are not mineral reserves and have not demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimates. Reported at a cut-off grade of 0.175 CuEq%; assuming an open pit extraction scenario, a copper of US$3.25 per pound and a molybdenum price of US$ 9.00 per pound, and a metallurgical recovery of 90 percent for copper and 80 percent for molybdenum.

Mining and Processing

The 2018 PEA incorporates an open pit mining operation using conventional truck and shovel methods delivering mineralized material to the heap leach pad. Mining will be done using contractors. The estimated 17 year life of mine includes 118.7 million tonnes of mineralized leach pad feed plus 163.4 million tonnes of waste rock resulting in an average waste:process feed ratio of 1.38:1. The average life of mine leach pad head grade is 0.43% copper. The leach material placement is planned at an average rate of 20,000 tonnes per day. The waste rock will be placed in a storage area to the west of the pit, in between the pit and the leach pad.

Of the 118.7 million tonnes of leach material mined from the open pit, 117.1 million tonnes is classified as supergene enriched material with the balance of the 1.6 million tonnes being classified as overburden, leach cap or primary sulphides.

The sub-set of the Mineral Resources contained within the ultimate pit and included in the mine plan is 113.3 million tonnes averaging 0.45% Cu classified as Indicated Resources, and 5.4 million tonnes averaging 0.26% Cu classified as Inferred Resources. The reader is cautioned that the Inferred Resources included in the mine plan are considered too speculative geologically to have economic considerations applied to them that would enable categorization as Mineral Reserves. There is no certainty that Inferred Resources will be upgraded to Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Table 3 summarizes the production parameters:

Table 3. Projected Production Summary

Total Mill Feed Material*	118.7 million tonnes**
Average Placement Rate	20,000 tonnes per day
Life of Mine (LOM) Strip Ratio	1.37
	Copper
Average Mill Feed Grade	0.43%
Average Leaching Recoveries	71.9%

* The leach material in the mine plan includes Inferred Resources. The reader is cautioned that Inferred. Resources are considered too speculative geologically to have economic considerations applied to them that would enable categorization as Mineral Reserves. There is no certainty that Inferred Resources will be upgraded to Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

** The cut-off grade used to calculate the leach material is NSR>=$8.10 NSR is calculated using the following formula:

NSR = [Cu grade (%) * Cu leach recovery (%) * 57.76].

Haul trucks will deliver the run of mine, mineralized material to a two-stage crushing plant. The product from the primary crusher will feed a secondary crushing station whose product will then be stored in a crushed ore stockpile. The crushed material will be loaded to trucks and delivered to the synthetic lined valley-fill heap leach facility for irrigation with sulfuric acid and ferric solutions. The pregnant leach solution (PLS) will be recovered from the heap leach operation and piped to a conventional solvent extraction and electrowinning (SX-EW) plant to produce grade-A copper cathodes. The copper-stripped solution generated in the SX plant (raffinate) will be conditioned with sulfuric acid and fresh water and then recycled to the heap leaching operation to irrigate more mineralized material.

Preliminary metallurgical characterisation testwork was completed on samples of mineralogical materials from the Antilla project in 2017. An extended testwork program was initiated at Aminpro Laboratories in March 2018 under the direction of Tetra Tech Mining and Minerals. Aminpro Laboratories are fully certified under both ISO 9001 and 1400. The testwork program comprises quantitative mineralogical analysis, sulphuric acid and ferric sulphate bottle roll predictor tests and column leach tests aimed at characterising the copper leaching characteristics of supergene mineralogical materials. Results from the predictor tests indicate secondary copper minerals are available for extraction with close to theoretical copper extractions being achieved. The column tests remain under leach and are estimated to be completed by September 2018. The results from the column leach program will be incorporated in subsequent technical studies. No test work has been conducted on the Cover, Cap and Primary Sulphide domains as these constitute only minor portions of the deposit.

Table 4 summarizes the expected recoveries of the four mineralized domains, with the Cover and Leach Cap performance assumed to follow the main domains based on similar copper mineralogy/speciation.

Table 4. Summary of Metallurgical Recoveries Estimated in the PEA

Mineralized Domain	Cu Recovery (%)
Cover*	31.1
Leach Cap*	38.0
Supergene	72.5
Primary Sulphide*	21.2

* QP estimates - no supporting testwork completed

Projected production of payable metals is summarized in Table 5.

Table 5. Summary of Annual Average and Life of Mine Payable Metals

	Annual Average	Life of Mine
Copper (Mlbs)	46.3	787.5

Capital and Operating Costs

The projected capital and operating costs for Antilla over a 1½ year construction period and 17-year operating mine life are summarized in the tables below.

Table 6. Summary of Antilla Initial Capital Cost Estimates (US$ millions)

Item	Cost (US$ million)
Mine Equipment	1.3
Mine Development	41.1
Crushing, SX, and EW plants	94.7
Infrastructure	42.4
Subtotal	**179.5**
Owners Cost	7.8
Indirect Costs	13.7
Subtotal	**201.0**
Contingencies	49.4
Total Initial Capital Cost	**250.4**

Power will be supplied via a 10 km long power line connected to the existing national grid connecting the Las Bambas mine to the Cotaruse substation in the district of Chalhuanca. This power line passes by the south part of Antilla property.

Grade-A copper cathodes produced by Antilla Project will be trucked by a contractor from the mine site to the port of Marcona, in Nazca province, along existing road networks.

Table 7. Antilla On-site Operating Costs (US$ per tonne milled)

Item	Cost (US$ per tonne)
Mining Cost	1.63
Processing Cost (including crushing)	3.85
Leach Material Haulage Cost (average)	0.81
G&A Costs	0.75
Total On-site Operating Cost	**7.04**

C1 and C2 cash costs, as defined by Brook Hunt, per pound of payable copper are listed in the table below.

Table 8. Antilla Average Cash Costs (US$) per lb Payable Copper

Item	Cost (US$ million)
C1 - Direct Cash Cost	1.51
C2 - Production Cost	1.82

Opportunities for Project Growth and Enhanced Economics

- 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.

On August 6, 2018, the Company the Company announced column leach testing that indicate copper extractions of up to 77% are potentially achievable from the secondary sulphides. The 2018 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 2018 PEA was underway, but final results were not available until July 2018. The recoveries estimated for the 2018 PEA were derived from bottle roll and mineralogic testwork available at the time of the completion of the 2018 PEA. Based on the foregoing, 75% Cu extraction in 200 days is an appropriate figure to use for 2018 PEA level studies.

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

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.

Future Work

Further work leading to a pre-feasibility or feasibility study is recommended and will include drilling, mineral resource modeling, metallurgical testwork, engineering, and marketing studies, hydrological and geotechnical analysis, as well as various baseline environmental and archeological studies, as funding becomes available. In addition, exploration work will be recommended over the other targets in the vicinity of the known deposits.

Environment and Permitting

Existing environmental liabilities associated with the project are restricted to those expected to be associated with an exploration-stage project, and include drill sites and access roads. Additional Environmental Baseline studies should be conducted to collect site data including surface water quality, archeology, aquatic and terrestrial biology, flora, fauna, and additional geochemical characterization of mine waste materials. This information will inform a comprehensive Environmental Impact Study.

Technical Reporting

The complete technical report documenting the 2018 PEA was filed on June 26, 2018, and is available on the Company's website and on SEDAR. The technical report is authored by the following Qualified Persons:

Qualified Person	**Firm**	**PEA Area**	**Professional Affiliation** (and registration number)
	TetraTech Inc.	Geology, Resources	
Jesse Aarsen, PEng	Moose Mountain Technical Services Ltd.	Mining, Infrastructure	APEGBC (#38709)
Luquman Shaheen, PEng	Panoro Minerals Ltd	Marketing, Copper Pricing	APEGBC (#21675)
Andrew Carter	Tetra Tech Inc.	Mineral Processing and Metallurgical Testing	EURING (#2920GB) CENG (#378467) MIMMM (#46421) SAIMM (#19580)

Qualified Person	**Firm**	**PEA Area**	**Professional Affiliation** (and registration number)
			SME (#4112502)
Daniel Sepulveda	Moose Mountain Technical Services Ltd.	Recovery Methods, Processing Capex and Opex	SME #4206787RM
Luis Vela, CMC	Panoro Minerals Ltd.	Exploration, mineral tenure, permits	CMC (#0173)

The information is extracted from a news release dated May 14, 2018, which was reviewed by the Qualified Persons of Tetra Tech, Moose Mountain Technical Services, and the Company.

The Company is pursuing divestiture or JV opportunities on a number of its non-core assets, including the Antilla project.

Kusiorcco Project

The Kusiorcco Project was sold to a subsidiary of Hudbay in late 2017. Under the terms of the agreement with Hudbay, the Company received US$3.0 million initially; and a first milestone payment of US$500,000 ($664,650) was received in January 2019 on the execution of agreements with the local communities and surface titleholders. An additional three milestone payments from Hudbay are to be received as follows: US$500,000 on completion of Hudbay's first drill hole. US$500,000 on completion of Hudbay's fifth drill hole; and US$500,000 on completion of Hudbay's tenth drill hole on the project. If all of the above milestones are not achieved within five years from the date of the acquisition, Hudbay will either pay the Company the remaining milestone payments or return the Kusiorcco mining concessions to the Company, free and clear of all encumbrances. The Company also retains a 2.0% net smelter returns royalty ("NSR") from mineral production on the project. Hudbay has the option to buy back one-half of the 2% NSR (reducing the NSR to 1%) for US$2.0 million within five years of the acquisition, and for US$5.0 million thereafter.

Hudbay has indicated that they intend to proceed with exploration drilling as soon as they can in 2020-21 when they have obtained the required permits. Hudbay is the operator of the project and responsible for all costs.

Humamantata Project

The Company has optioned the Humamantata Project (the "Project") to 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 the Project, and to the end of December 2019, $547,957 has been expended.
2 JOGMEC has an option to earn a further 11% participating interest in the Project; for a total participating interest of 60% by making a further capital contribution to the Project of US$5.0 Million.

3 Investment in the Project 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 Property is located in Southern Peru, together with Panoro's portfolio of projects in the region including the Antilla and Cotabambas Projects. The Project 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% 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.

JOGMEC and Panoro have commenced work at the Humamantata Project in the area of:

- Approval of budgets for the balance of Year 1 of the Option Agreement
- Community engagement and environmental studies to support the application for a drilling permit; and
- Mapping and sampling activities to define priority areas for exploration

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 sere 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.

Further permits for drilling will be required as the project advances.

Other Projects

The Company pays the annual concession fees on its other projects, but has not conducted any active exploration in fiscal 2019, as it continues to focus on Cotabambas, Antilla and its joint venture with JOGMEC on Humamantata.

Mineral Property Expenditures

The following table provides a breakdown of exploration expenditures incurred on the Company's mineral exploration and evaluation assets during the year ended December 31, 2019:

	Antilla	Cotabambas	Other	Total
Exploration expenditures incurred in 2019:				
Amortization	$ -	$ 606	$ -	$ 606
Assays and sampling	-	17,554	366	17,920
Camp and site costs	33,305	374,700	192,627	600,632
Community relations	3,242	308,091	47,329	358,662
Drilling	-	294,323	-	294,323
Environmental, health, safety	1,582	112,961	63,617	178,160
Geology	4,561	294,078	105,195	403,834
Geophysics	-	47,448	28,434	75,882
Legal	12,188	13,579	3,631	29,398
Recording and concession fees	267,026	352,193	517,835	1,137,054
Recovery of value-added taxes	-	(416,199)	-	(146,199)
Share-based expense	-	25,858	-	25,858
Technical and engineering studies	1,879	13,306	-	15,185
Travel	1,258	26,404	15,250	42,912
Incurred during the year **2019**	$ 325,041	$ 1,464,902	$ 974,284	$ 2,764,227

In fiscal 2019, the Company incurred drilling and other exploration-related costs including drilling and geophysics on the Cotabambas concessions, made the annual Vigencia (concession) payments and continued with environmental monitoring. One of the requirements of receiving drilling permits from the Perúvian government is continual ongoing monitoring of the environment for air quality, noise, flora and fauna, along with water testing.

The Company also carried out exploration totalling $561,474 on the Humamantata concessions, including $124,790 on the Vigencia accrual, which has been funded by JOGMEC. Work included community relations and geologic mapping in fiscal 2019. The 2019 Vigencias will be paid by September 30, 2020 (extended from June 30, 2020, due to the COVID-19 pandemic).

In fiscal 2019, the Company expended $1,881,101 (2018 - $2,829,779) on exploration and evaluation costs on the Cotabambas Project, before recovery of value-added taxes of $416,199 (2018 - $57,772). Direct salaries for project employees as noted below are capitalized to the project.

At the Cotabambas project, $692,725 (2017 - $744,789) in salaries and benefits were included in exploration costs capitalized during the year in the categories of camp and site costs, environmental, health and safety, and geology and assays and sampling. Also included in the exploration and evaluation costs were community relations' expenses including $237,309 (2018 - $209,113) in salaries and benefits.

Item 1.3: Selected Annual Information

	2019	2018	2017
Interest income	$ (9,593)	$ (13,170)	$ (21,386)
Administrative expenditures	2,088,121	2,987,711	2,588,502
Milestone payment received from Hudbay	(664,650)	--	(2,107,075)
Share-based expenses	208,222	974,410	42,504
Interest expense	15,101	-	-
Foreign exchange loss (gain)	6,516	(125,243)	332,766
Change in fair value of Early Deposit Precious Metals Agreement financial liability	(495,750)	719,225	(330,250)
Write-off of mineral property interest	4,033,509	--	--
Loss for the year	5,181,476	4,542,933	505,061
Comprehensive loss	5,182,843	4,543,100	509,561
Loss per share, basic and diluted	0.02	0.02	0.00
Non-current liabilities	2,615,565	2,728,400	2,509,000
Total assets	76,532,461	79,821,738	80,447,202

Item 1.4: Results of Operations

The functional and reporting currency of the Company and its subsidiaries in fiscal 2019 is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at each reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date the fair value was determined. Foreign currency translation differences are recognized in profit or loss, except for differences on the translation of available-for-sale investments which are recognized in other comprehensive income.

The value of the Canadian Dollar as compared to the United States dollar increased from $1.3642 on December 31, 2018, to $1.2988, on December 31, 2019, an increase of $0.0654. The Perúvian Nuevo Sole has also increased in value from C$0.4042 to C$0.3977 during the same period.

Financial Results for the Year Ended December 31, 2019 ("fiscal 2019"), Compared to the Year Ended December 31, 2018 ("fiscal 2018")

	2019	2018	Increase (decrease)
Expenses			
Amortization	$ 113,175	$ 17,068	$ 96,107
Audit and tax	147,390	114,719	32,671
Communications	61,275	73,679	(12,404)
Conferences	18,653	33,374	(14,721)
Consulting	44,134	77,042	(32,908)
Directors' fees	199,407	195,743	3,664
Financial consulting	-	115,970	(115,970)
Corporate development and shareholder relations	152,160	703,153	(550,993)
Legal	127,383	246,264	(118,881)
Office	41,865	40,614	1,251
Professional dues and training	10,927	9,692	1,235
Regulatory and transfer agent	88,746	130,914	(42,168)
Rental costs and insurance	43,386	183,593	(140,207)
Salaries and benefits	959,567	957,430	2,137
Share-based expense	208,222	974,410	(766,188)
Travel	80,053	88,456	(8,403)
	2,296,343	3,962,121	(1,665,778)
Interest income	(9,593)	(13,170)	3,577
Interest expense	15,101	-	15,101
Foreign exchange loss (gain)	6,516	(125,243)	131,759
Change in fair value of Early Deposit Precious Metals Agreement financial liability	(495,750)	719,225	(1,214,975)
Write-off of mineral property interest	4,033,509	-	4,033,509
Hudbay milestone proceeds	(664,650)	-	(664,650)
Loss for the year	$ 5,181,476	$ 4,542,933	$ 638,543
Loss per share, basic and fully diluted	$0.02	$0.02	$0.00
Weighted average number of common shares outstanding	263,837,522	262,972,199	

The Company's loss in fiscal 2019 was $5,181,476 ($0.02 per common share) compared to $4,543,100 ($0.02 per common share) in fiscal 2018. The Company's accounting policy is to capitalize all exploration and evaluation expenditures on the properties and the loss for the period is a reflection of administration expenses offset by gains or losses on dispositions of mineral property interests, foreign exchange and other items.

The Company's loss of $5,181,476 in fiscal 2019 was recorded after a write-off of the El Rosal property of $4,033,509, located in the north of Peru. In fiscal 2019, the Company also recorded a milestone payment from Hudbay of $664,650 (US$500,000) related to the Kusiorcco property disposition. Details of the agreement are included in other exploration and evaluation assets as discussed in Item 1.2 of this MD&A.

Total comparative administrative cash expenses (not including share-based expense) decreased from $2,987,711 in fiscal 2018 to $2,103,222 in fiscal 2019; a decrease of $884,469. Non-cash administrative expenses in fiscal 2018 included share-based expense of $974,410, compared to $208,222 in share-based expense recorded in fiscal 2019. Total administrative expenses were $3,962,121 in fiscal 2018 compared to $2,296,343 in fiscal 2019.

Administrative salaries and benefits increased from $957,430 in fiscal 2018 to $959,567 in fiscal 2018, primarily due to a new British Columbia health tax. In both fiscal years, full-time salaries were paid for all employees. At the date of this MD&A, the Company has 17 employees on payroll and one contractor providing exploration-related and administrative services to the Company.

Directors' fees in fiscal 2018 totalled $195,743, and in fiscal 2019, directors' fees totalled $199,407. At December 31, 2018 and 2019, the Company had eight directors. Directors' fees also include fees paid to a director of a subsidiary of the Company. Effective March 1, 2020, corporate directors' have agreed to waive fees for an indefinite period.

Audit and tax fees increased from $114,719 in fiscal 2018 to $147,390 in fiscal 2019, primarily due to related final and initial tax returns prepared on the restructuring completed in fiscal 2018.

Communications costs decreased from $73,679 in 2018 to $61,275. Office costs, rental costs and insurance remained relatively stable. The decrease in rental costs and insurance is a matter of presentation resulting from the adoption of IFRS 16 "Leases". Leases are now capitalized and amortized over the term of the lease, which increases amortization and interest expense in 2019. Comparative figures are not adjusted under adoption of IFRS 16, Leases which became effective on January 1, 2019.

Consulting fees incurred in fiscal 2019 was $44,134, representing a decrease of $32,908 from fiscal 2018. The 2019 costs relate to accounting and consulting in Peru final tax consulting relating to the restructuring and ongoing tax advice. Financial consulting costs decrease from $115,970 to $Nil, as the services are no longer being provided.

Legal fees have decreased by $116,881, from $246,264 in fiscal 2018 to $127,383 in fiscal 2019. Fiscal 2018 costs included fees related to the agreement on the joint venture agreement with JOGMEC on the Humamantata Project. Legal costs also include costs incurred related to the semi-annual payments received from Wheaton Metals, and regular ongoing annual legal costs.

Corporate development and shareholder relations costs decreased from $703,153 in fiscal 2018 to $152,160 in fiscal 2019, including related travel costs. The costs in fiscal 2018 were higher as the Company expanded its efforts to identify potential European, Asian and Latin American partners for its portfolio of projects as well as equity investors. The costs decreased in fiscal 2019. Travel decreased from $88,456 in fiscal 2018 to $80,053 in fiscal 2019, and conference costs decreased from $33,374 in fiscal 2018 to $18,653 in fiscal 2019, and includes trips between the head office and the Lima office. Direct exploration related travel is included in exploration costs.

During the year the Company granted 4,300,000 stock options with a price of $0.15 to directors, officers and employees with a fair value of $234,080, of which $25,858 was capitalized to mineral property interests, and $208,222 was expensed. This compares to a grant of 7,300,000 options at a price of $0.34, with a fair value of $1,129,079 at the date of grant, of which $154,669 was capitalized to mineral property interests.

The Wheaton Metals PMPA is recorded at fair value at the end of each reporting period. The Wheaton Metals PMPA increases by the payments received annually of US1.5 million, and is denominated in US dollars, and the Company's reporting currency is the Canadian dollar. This results in a change in fair value each reporting period, as the liabilities are converted to Canadian dollars each period. In fiscal 2018, the change in fair value resulted in an increase of the liability resulting in the amount $719,225 when the exchange rate used for reporting was 1.3642. In fiscal 2019, the Company recorded a change in fair value for the year of $495,750, as the US dollar liability increased but the exchange rate had increased to 1.2988, resulting in a lower reporting liability at the end of the period.

Interest revenue has decreased from $13,170 in fiscal 2018 to $9,593 in fiscal 2019, due to lower cash balances held by the Company during fiscal 2019, and lower interest rates.

Item 1.5: Summary of Quarterly Results

The following is a summary of certain consolidated financial information concerning the Company for each of the last eight reported quarters, to the nearest thousand. Other than the disposition in early 2019 from the milestone payment from Hudbay, funds have been received from WPM on the PMPA, and JOGMEC has been funding exploration activities on the Humamantata project.

in 000's	Dec 2019	Sept 2019	June 2019	March 2019	Dec 2018	Sept 2018	June 2018	March 2018
Revenue	-	-	-	-	-	-	-	-
General and administrative	471	459	642	532	725	767	769	730
Share-based expense	-	208	-	-	-	-	-	974
Interest income	-	-	(9)	-	(13)	-	-	-
Foreign exchange (gain) loss and fair value change	(245)	127	(245)	(126)	116	165	226	86
Hudbay milestone proceeds	-	-	-	(665)	-	-	-	-
Write-off of mineral property interest	-	-	4,033	-				
Loss (income) for the period	(225)	794	4,421	(259)	1,141	709	906	1,786
Loss (income) per share	0.00	(0.01)	0.02	(0.00)	0.00	(0.01)	0.00	(0.01)
Net exploration expenditures incurred, before funds received	367	645	1,099	653	706	869	1,195	1,409

(All amounts in the notes and tables of the financial section are derived from the consolidated financial statements and are presented in 000's of Canadian Dollars) (All loss per share information is rounded to the nearest penny)

Item 1.6: Liquidity

Liquidity risk is the risk that the Company will not be able to operate in the normal course of business for the next twelve 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 consolidated financial statements as at December 31, 2019, and for the year ended December 31, 2019, were prepared on a going concern basis which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business.

The Company has no operating revenue and incurred a loss of $5,181,476 for the year ended December 31, 2019 (2018 - $4,542,933). As at December 31, 2019, the Company has an accumulated deficit of $42,273,311, cash and cash equivalents and short-term investments of $470,085 and a working capital deficiency (current assets less current liabilities) of $9,235,414.

Although the Company expects to have sufficient financial resources to cover its existing obligations and operating costs and undertake its currently planned programs for the next year, the Company will require further funding to fund exploration and evaluation activities, and ultimately develop its properties. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company. These conditions create a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The Company and its wholly-owned subsidiary entered into a definitive PMPA signed on March 21, 2016, with Wheaton Metals, in respect of the Cotabambas project located in Perú.

The principal terms of the PMPA are such that Wheaton Metals will pay the Company upfront cash payments totalling US$140.0 million for 25% of the payable gold production and 100% of the payable silver production from the Company's Cotabambas Project in Perú. In addition, Wheaton Metals will make production payments to the Company of the lesser of the market price and US$450 per payable ounce of gold and US$5.90 per payable ounce of silver delivered to Wheaton Metals over the life of the Company's Cotabambas Project.

The Company is entitled to receive US$14.0 million spread over up to 9 years as an early deposit, with payments to be used to fund expenses related to the Cotabambas Project. The financing includes provisions to accelerate these payments, whereby WPM will pay an additional payment in an amount equal to the amount of funds raised in any offering of equity securities for the purpose of exploration of the Cotabambas Project during the period January 27, 2016, to March 21, 2018, up to a maximum of US$3.5 million (US$2.0 million received to the date of this MD&A), for all such offerings. The Company received the initial US$2.0 million, pursuant to the PMPA, and an additional US$2.0 million as a matching of funds raised by the Company on an offering of securities. To date, the Company has received US$9.25 million pursuant to the PMPA, including the initial US$2.0 million. US$750,000 was received subsequent to the year ended December 31, 2019, and is included in the balance received to date.

The total of US$14.0 million in payments should be sufficient for the Company's minimum working capital for the foreseeable future.

The remaining US$126.0 million is payable in instalments during construction of the Cotabambas Project.

Risks relating to the PMPA include the ability of the Company to maintain the working capital requirements in the PMPA. WPM will have the option to terminate the PMPA either 90 days following delivery of a Feasibility Study or at any time upon giving the Company three months' notice, other than the first two payments totalling US$2.0 million. WPM can elect to receive a portion of the early deposit either as cash or shares upon termination, with the Company having rights to defer cash payments for up to two years. If WPM elects to terminate the PMPA, repayment with interest at 8% per annum, will be required, within two years of notice of termination. This includes a repayment of one-third of the net proceeds of any form of financing.

The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or achieve operating profitability and generate positive cash flows. The Company is in the business of exploring and developing mineral property interests, and as such, must continually seek sources of financing to further develop and explore its mineral exploration and evaluation assets and to support general and administrative expenses.

In March 2020, the World Health Organization declared coronavirus 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 or ability to raise funds.

The Company will continue to seek additional financing through the sale of mineral property interests, debt financing, and equity financing, and optioning its other mineral property interests. However, it is not certain that such financing will be available. The Company may be adversely impacted by a lack of normal available financing, inability to maintain mining licenses, and continued uncertainty in the exchange and commodity markets.

If the Company is unable to obtain adequate financing for additional exploration, the Company may be required to continue to curtail operations, exploration, and development activities.

Based on its financial position at December 31, 2019, the available funds are adequate to meet requirements for the estimated operations, exploration and development expenditures planned for the next eighteen month period.

The change in working capital is as follows:

	December 2019	December 2018	Change
Cash and cash equivalent	$ 470,085	$ 456,779	$ 13,306
Short-term investment	-	1,732,530	(1,732,530)
Accounts and advances receivable	281,440	112,768	168,672
Accounts payable	(1,498,002)	(1,405,128)	(92,874)
Current portion of lease liabilities	(78,827)	-	(78,827)
Precious Metals Purchase Agreement	(8,442,200)	(6,821,000)	(1,621,200)
Net	$ (9,267,504)	$ (5,924,051)	$ (3,343,453)

The change in cash and cash equivalents is due to cash used in operations of $2,127,816 (2018: $3,098,641), primarily used for administration expenses, cash invested into exploration and evaluation of projects of $3,068,267 (2018: $4,943,658), a recovery of the value-added taxes in

Perú of $416,199 (2018: $58,779), and funds received in relation to the Kusiorcco Project ($664,650 from Hudbay, and from Wheaton Metals ($1,986,150).

On December 28, 2017, the Company disposed of its Kusiorcco project to Hudbay, and at that time received $3,776,400 (US$3.0 million) pursuant to the agreement. In January 2019, the Company received the first milestone payment of $664,650 (US$500,000) from Hudbay pursuant to clauses in the Kusiorcco agreement, whereby Hudbay was to pay four milestones of US$500,000, the first being completion of signed agreements with local communities and surface titleholders for access to carry out a drill program on the Kusiorcco project. The next three milestone payments of US$500,000 each are to be received throughout the drill program, after holes 1, 5, and 10 are completed.

During fiscal 2019, the Company received $1,986,150 (US$1.5 million) (2018 - $1,930,425) in early deposits pursuant to the PMPA with Wheaton Metals.

In fiscal 2018 the Company received $992,018 from the exercises of warrants and stock options. All share purchase warrants expired in 2018, and no stock options were exercised in fiscal 2019.

Item 1.7: Commitments and Capital Resources

The Company has the following commitments and payments due under the leases payable:

	2020	2021	2022	2023	2024	Total
Office lease (Vancouver)	$ 68,518	$34,429	$ -	$ -	$ -	$ 102,947
Office leases (Perú)	$ 71,881	$ -	$ -	$ -	$ -	$ 71,881
Warehouses	$ 2,592	$ -	$ -	$ -	$ -	$ 2,592
Accrued Vigencias	$ 1,354,337	$ -	$ -	$ -	$ -	$1,354,337
Accounts payable	$ 99,188	$ -	$ -	$ -	$ -	$ 99,188
Accrued liabilities	$ 44,477	$ -	$ -	$ -	$ -	$ 44,477

Vigencias (or recording fees) of US$3 per hectare are not commitments, but rather the annual payments required to maintain mineral concessions in good standing with the Perúvian government. The actual payment made in 2019 for the 2018 year was $967,194 (2018 - $1,072,520 relating to the 2017 year). The ultimate amount to be paid is based on a formula relating to exploration costs incurred, offset against the basic fee and penalty. After the 6th year, an annual penalty must be paid per hectare, starting at US$6 per hectare, until after 12 years, the additional fee increases to US$20 per hectare. The penalties are reduced, based on exploration activity on the concessions, and the reduction is determined each year by the Perúvian government. The Company estimates the annual costs to be approximately $1,354,337 for the 2019 year and is payable by September of fiscal 2020. This balance is higher than the payment made in fiscal 2019 for the 2018 year, due to increases in penalties which increase on a statutory basis from US$6 per hectare to US$20 per hectare the longer the claims are held with no commercial production. In fiscal 2019, the Company did not make the payments for the Vigencias on the El Rosal property, and as a result, the acquisition and exploration costs of the property were written off. Commencing in 2019, and in the following years, Vigencia payments will increase by an annual inflation adjustment to be determined by the government on an annual basis. The Vigencias are accrued monthly and are included in accounts payable and accrued liabilities.

The Company has an office lease in Lima, warehouses in Cusco, and an office lease in Vancouver, Canada. The leases for the warehouses are renewed annually.

During the year, the Company had one community agreement signed with communities in the Chaupec vicinity of the Cotabambas Project, which expired on July 31, 2019. The community agreements have various social commitments which are only for the term of each agreement. The social commitments may include infrastructure, vehicles, and community storage, along with teachers and computers for schools and scholarships for students. Pursuant to the community agreements, the Company also hires local workers to perform various construction, exploration and remediation work. In total, $502,175 (2018 - $692,725) was incurred for employees' wages, community projects and local workers under community agreements and for additional costs and workers not included in a community agreement at Cotabambas.

Item 1.8: Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Item 1.9: Transactions with Related Parties

During the year ended December 31, 2019, the Company purchased $Nil (2018 - $14,926) in geological supplies from a private company controlled by a director of a subsidiary of the Company. The Company had no other transactions with directors and officers and/or companies controlled by directors or officers in common with the Company during the years ended December 31, 2019 and 2018. At December 31, 2019, included in accounts payable and accrued liabilities, there was $30,581 payable to three officers and/or directors of the Company, $29,000 for directors' fees and $1,581 for expenses incurred on behalf of the Company.

Key management personnel compensation

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management includes the Company's directors and members of the senior management group, and consisted of eleven individuals in 2019 and 2018.

Details of key management personnel compensation is as follows:

		2019		2018
Salary, fees and benefits	$	1,233,498	$	1,185,952
Share-based compensation		212,305		989,881
	$	1,445,803	$	2,175,833

Item 1.10: Fourth Quarter

Financial Results for the Three Months Ended December 31, 2019 ("Q4 2019"), Compared to the Three Months Ended December 31, 2018 ("Q4 2018")

The Company's loss in Q4 2019 was $25,467 ($0.01 per common share) compared to a loss of $1,444,308 ($0.01 per common share) in Q4 2018.

	Q4 2019	Q4 2018	Increase (decrease)
Expenses			
Amortization	29,221	674	28,547
Audit and tax	33,423	23,854	9,569
Communications	15,119	17,919	(2,800)
Conferences	5,009	12,074	(7,065)
Consulting	24,402	64,060	(39,658)
Corporate development and shareholder relations	1,500	126,471	(124,971)
Directors' fees	49,969	49,222	747
Legal	18,444	85,932	(67,488)
Office	11,225	9,010	2,215
Professional dues and training	6,889	5,196	1,693
Regulatory and transfer agent	39,918	33,969	5,949
Rent and insurance	(20,809)	46,249	(67,058)
Salaries and benefits	225,753	230,558	(4,805)
Travel	15,480	20,294	(4,814)
	455,543	725,482	(269,939)
Interest income	-	(9,860)	9,860
Interest expense	15,101	-	15,101
Foreign exchange (gain) loss	(28,427)	(59,214)	30,787
Change in fair value of Early Deposit Precious Metals Agreement financial liability	(216,750)	487,900	(704,650)
(Income) loss for the period	$ 225,467	$ 1,144,308	$ (918,841)

Administrative cash expenses decreased by $269,939 in Q4 2019, as compared to Q4 2018. The larger decreases were in corporate development and shareholder relations, consulting and legal, $124,971, $39,658 and $67,488, respectively. The Canadian dollar strengthened in 2019, and an increase in the liability resulted in a $704,650 change in the fair value of the Early Deposit Precious Metals Agreement financial liability between the two respective quarters.

Item 1.11: Proposed Transactions

There are no proposed transactions requiring disclosure under this section that have not already been discussed elsewhere in this MD&A.

Item 1.12 Critical Accounting Estimates

The preparation of financial statements requires management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. In preparing the consolidated financial statements as at and for the year ended December 31, 2019, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended December 31, 2018.

Significant areas requiring the use of estimates and assumptions in the preparation of the Company's audited consolidated financial statements relate to the review of asset carrying values and determination of impairment charges relating to non-current assets, valuation of share-based expense and provision for closure and reclamation, among others. Actual results could differ from those estimates.

In concluding that the Canadian dollar is the functional currency of the parent, and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant, the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

Going concern - The Company has no operating revenue and incurred a loss of $5,181,476 for the year ended December 31, 2019 (2018 – $4,542,933). As at December 31, 2019, the Company has an accumulated deficit of $42,273,311 (2018 - $37,062,705), and a working capital deficiency of $9,235,414 (2018 – working capital deficiency of $5,891,564). Although the Company expects to have sufficient financial resources to cover its existing obligations and operating costs and undertake its currently planned programs for the next year, the Company will require further funding to fund exploration and evaluation activities, and ultimately develop its properties. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company. These conditions create a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or achieve operating profitability and generate positive cash flows. The Company is in the business of exploring and developing mineral property interests, and as such, must continually seek sources of financing to further develop and explore its mineral exploration and evaluation assets and to support general and administrative expenses.

The Company will continue to seek additional financing through the sale of mineral property interests, debt financing, equity financing, and optioning its other mineral property interests. However, it is not certain that such financing will be available. The Company may be adversely impacted by a lack of normal available financing, inability to maintain mining licenses, and continued uncertainty in the exchange and commodity markets.

The Company has received US$8,500,000 from Wheaton Metals pursuant to the Wheaton PMPA, and will receive US$750,000 on a semi-annual basis if it meets the terms under which the funds will be advanced, up to US$14,000,000 pursuant to the PMPA.

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.

In concluding the Company is a going concern, management considers funds on hand at year end, planned expenditures and strategic objectives in its determination. Due to the nature of its business, management increases or decreases administrative and exploration expenditures based on available working capital. Focus is on the concessions in Perú and keeping them in good standing by making the annual payments due by the end of June in each year.

Site restoration provision - The Company recognizes an estimate of the liability associated with a site restoration provision and rehabilitation of areas which have been altered due to exploration activities. Drill sites are remediated and restored on an ongoing basis. There are no accruals due to the remediation after drilling.

Determination of cash-generating units ("CGU") – The Company defines a CGU as each separate property which is the smallest identifiable group of assets that may generate cash inflows that are independent of other assets or group of assets. In management's judgement each of the Company's properties are cash-generating units based on the evaluation of the smallest discrete group of assets that may generate cash flows.

Impairment of mineral properties – All capitalized acquisition costs and exploration and evaluation expenditures are monitored for indications of impairment when facts and circumstances suggest that the carrying amount of a CGU may exceed its recoverable amount. Where a potential impairment is indicated, assessments are performed for each area of interest. Judgement is required of management to determine if impairment is necessary.

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

Item 1.13: Changes in Accounting Policies Including Initial Adoption

IFRS standards adopted

There were no new standards effective January 1, 2019, that had a material impact on the Company's consolidated financial statements. IFRS 16 was effected by the Company, without material impact.

IFRS 16, Leases ("IFRS 16")

In January 2016, the IASB issued IFRS 16 which replaces IAS 17, Leases and its associated interpretative guidance. The most significant effect of the new lease standard is the lessee's recognition of the initial present value of unavoidable future lease payments as right-of-use ("ROU") assets and lease liabilities on the statement of financial position, including those for most leases that would have previously been accounted for as operating leases under IAS 17. The Company has elected to exempt both leases with durations of 12 months or less and leases for low-value assets.

Transition

The Company adopted IFRS 16 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. 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 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 increase to both the Company's right-of-use assets and lease liabilities. As a result, upon adoption, the Company recognized a lease liability of $212,617, and right-of-use assets of approximately $183,487, with an impact on the Company's deficit at January 1, 2019, of $29,130.

Accounting policy

The application of IFRS 16 requires the Company to make judgments that affect the valuation of the lease liabilities and the valuation of ROU assets. These include: determining contracts that are within the scope of IFRS 16; determining the contract term and determining the interest rate used for the discounting of future cash flows.

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

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

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

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

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

IFRIC 23, Uncertainty over Income Tax Treatments ("IFRIC 23")

On June 7, 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments. IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over tax treatments. IFRIC 23 requires:

a) An entity to contemplate whether uncertain tax treatment should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
b) An entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
c) If it is not probable the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount of expected value, depending on whichever method better predicts the resolution of the uncertainty.

IFRIC 23 is applicable for annual periods beginning on or after January 1, 2019. The Company adopted IFRIC 23 on January 1, 2019, applying a retrospective approach. Based on an analysis of the Company's historic tax filing positions as of January 1, 2019, the adoption of IFRIC 23 did not impact the Company's financial results or disclosure

There are no new IFRS standards issued, but not yet effective, that will affect the financial statements of the Company.

Item 1.14: Financial Instruments and Other Instruments

The carrying amounts of cash and cash equivalents, short-term investments, marketable securities, accounts and advances receivable, accounts payable and accrued liabilities, and liabilities under the PMPA with Wheaton Metals approximate their fair values due to their short-term nature.

Item 1.15.a: Other MD&A Requirements

Additional information relating to the Company including its Annual Information Form and annual consolidated financial statements and MD&A for the year ended December 31, 2019, are available on SEDAR at www.sedar.com.

Item 1.15.b: Disclosure of Outstanding Share Data

Stock options to purchase common shares are granted to directors, officers and employees at exercise prices determined by reference to the market value or by the board of directors on the date of the grant. Historically, the board has determined the exercise price of the stock options as the greater of a) current market value of the shares and b) recent financing prices.

The following summarizes information about stock options outstanding and exercisable at the date of this MD&A:

Year of Expiry	Number of Options	Weighted Average Exercise Price
2021	8,047,800	$0.20
2022	600,000	$0.20
2023	7,300,000	$0.34
2024	4,300,000	$0.15
	20,247,800	$0.24

Each option is exercisable for one common share of the Company. The weighted average life of exercisable options outstanding is 2.7 years as of the date of this MD&A.

The number of shares available for options to be granted under the Company's stock option plan is 10% of the Company's Capital Stock as approved at the 2011 Annual General Meeting ("AGM") as amended and outstanding at the date of approval which was June 21, 2019, the date of the most recent Annual General Meeting. Options granted under the plan vest immediately or over a period of time at the discretion of the board of directors. Pursuant to the terms of the Company's stock option plan, any options that expire during a trading blackout will be extended until ten (10) business days after the trading blackout is lifted.

As of the date of this MD&A, there were no share purchase warrants outstanding.

At the date of this MD&A, there were 263,837,562 common shares outstanding, or 284,085,362 common shares on a fully diluted basis, assuming all outstanding options are trading at a price equal to or higher than the strike price of the options, which range from $0.15 to $0.34.

CAUTION REGARDING FORWARD LOOKING STATEMENTS: Information and statements contained in this 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 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
- milestone payments from Hudbay and Humamantata Joint Venture with JOGMEC
- Panoro weathering the current depressed equity and commodity markets, minimizing dilution to existing shareholders and making targeted investments into exploration at the Cotabambas Project
- mineral resource estimates and assumptions
- the PEAs, including, but not limited to, base case parameters and assumptions, forecasts of net present value, internal rate of return and payback, for the Cotabambas and Antilla projects;
- copper concentrate grade from the Cotabambas and Antilla 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 news release 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, including, without limitation:

- risks relating to metal price fluctuations;
- risks relating to estimates of mineral resources, production, capital and operating costs, decommissioning or reclamation expenses, proving to be inaccurate;
- 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 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 mineral resource estimates being based on interpretations and assumptions which may result in less mineral production under actual circumstances;
- risks relating to Panoro's operations being subject to environmental and remediation requirements, which may increase the cost of doing business and restrict Panoro's operations;
- 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 the fact that Panoro's properties are not yet in commercial production;
- 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.
- Risks related to Covid-19 and the impact on the world's economy

This list is not exhaustive of the factors that may affect the forward-looking information and statements contained in this news release. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking information. The forward-looking information contained in this news release is based on beliefs, expectations and opinions as of the date of this news release. For the reasons set forth above, readers are cautioned not to place undue reliance on forward-looking information. Panoro does not undertake to update any forward-looking information and statements included herein, except in accordance with applicable securities laws.

Cautionary Note to US Investors

Information and disclosure concerning mineral properties in this MD&A has been prepared in accordance with Canadian disclosure standards under applicable Canadian securities laws, which are not comparable in all respects to United States disclosure standards. The terms "Mineral Resource", "Measured Mineral Resource", "Indicated Mineral Resource" and "Inferred Mineral Resource" (and similar expressions) used in this MD&A are Canadian mining terms as defined in accordance with National Instrument 43-101 ("NI 43-101") under guidelines set out in the standards set by the Canadian Institute of Mining, Metallurgy and Petroleum.

While the terms "Mineral Resource", "Measured Mineral Resource", "Indicated Mineral Resource" and "Inferred Mineral Resource" are recognized and required by Canadian regulations, they are not defined terms under the standards of the U.S. Securities and Exchange Commission ("SEC"). As such, certain information contained or incorporated by reference in this MD&A concerning descriptions of mineralization and resources under Canadian standards is not comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC. An "Inferred Mineral Resource" has a great amount of uncertainty as to its existence and as to its economic and legal feasibility. It cannot be assumed that all or any part of an "Inferred Mineral Resource" will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. Investors are cautioned not to assume that all or any part of Measured, Indicated or Inferred Mineral Resources will ever be converted into Mineral Reserves. Investors are also cautioned not to assume that all or any part of an "Inferred Mineral Resource" exists, or is economically or legally mineable.

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 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 December 31, 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$0.7699 as reported by the Bank of Canada.

Qualified Person

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

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, the Annual Information Form for the year ended December 31, 2019, the 2020 Management Information Circular for the meeting to be held in June 2020, Material Change Reports, press releases, and the Company's technical reports, each of which are available on the SEDAR website at www.sedar.com or on the Company's website www.panoro.com.