PANORO MINERALS LTD.

Management's Discussion and Analysis

For the Year Ended December 31, 2020

April 29,

2021

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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 3200, 650 West Georgia Street, Vancouver, British Columbia, V6B 4P7.

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), and on March 2, 2021, was listed on the OTCQB in the United States under the symbol "POROF." 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 the provinces of British Columbia, Alberta and Ontario.

Currency

All dollar amounts set forth in the tables and financial section of this MD&A are expressed in Canadian dollars and referred to as "$" and financial information is prepared and recorded under IFRS unless otherwise specifically indicated. There are also references in this MD&A to Perúvian Nuevo Soles ("S/.") and United States dollars ("US"). As at December 31, 2020, the closing rate for one Canadian dollar in S/. was C$1.00 = S/. 2.8441, and the closing rate for one Canadian dollar in USD was C$1.00 = US$0.7854 as reported by the Bank of Canada.

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

- Acceleration of payments by Wheaton Precious Metals International Ltd. ("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 on the Cotabambas and Antilla Projects, including, but not limited to, base-case parameters and assumptions, forecasts of net present value, internal rate of return and payback
- Copper concentrate grades from the Antilla and Cotabambas Projects

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

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

- 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;
- risks relating to Panoro's ability to raise funding to continue its exploration, development and mining activities; and
- Risks related to Covid-19 and the impact on the world's economy

Qualified Person

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

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, 2020 ("fiscal 2020"), 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 2020.

This MD&A is prepared and dated April 29, 2021, and was approved by the Board of Directors on April 29, 2021.

Item 1. 2: Macroeconomic Performance and Outlook

Panoro holds a current portfolio of seven 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 in recent years. For the past two years the Company has also been exploring the Humamantata Project with its partner, JOGMEC (Japan Oil, Gas and Metals National Corporation, pursuant to a joint venture.

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 ("PMPA") with Wheaton Precious Metals International Ltd. ("Wheaton Metals") related to the Cotabambas Project, which provides funding for ongoing operational and corporate costs.

In fiscal 2018 the Company 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, JOGMEC is funding the exploration investments, and is also funding a portion of Panoro's management costs in Perú as operator of the exploration activities pursuant to the Joint Venture Agreement dated October 2, 2018.

On June 10, 2020, the Company entered into an agreement for the sale of the Cochasayhuas Gold Project to Mintania S.A.C. ("Mintania") of Perú for a total of US$2.45 million, to be paid in instalments plus a 5% Net Smelter Returns royalty ("NSR") for 15 years from the commencement of commercial production.

Panoro is also pursuing several initiatives related to the Antilla, Morosayhuas, Sancapampa, Promesa and Anyo Projects to identify strategic financing arrangements to advance these projects.

Developments on the economy and in the Company during fiscal 2020 and to the date of this MD&A are summarized below.

Readers are directed to the Company's 2020 Annual Information Form available on SEDAR.com and the Company's website for a detailed discussion and history on all the Company's projects.

Update COVID-19

Following the onset of the COVID-19 pandemic, the government of Peru declared a state of emergency on March 15, 2020, requiring non-essential businesses to shut down.

The quarantine was announced for an initial 15-day and was extended several times in 2020. Currently, Panoro staff in Lima are currently working from their homes, as the office lease expired during the pandemic, and the Company has not yet identified new office space and Peruvian employees will likely continue to work from home until the pandemic has abated, and most Peruvians are vaccinated.

In June 2020, the Perúvian authorities announced a phased relaxation of the COVID-19 quarantine for certain types of businesses, including mineral exploration. The Company's COVID-19 protocols for exploration at the Humamantata property were submitted to the Ministry of Health and approved. The Company's safety protocols were prepared with the assistance of outside consultants for the return to work by its employees and contractors. Phase 2 of the relaxation included exploration activities which commenced in August 2020 at the Humamantata Project and we have continued to work with COVID-19 modifications and health and safety protocols since that time.

On January 26, 2021, the Peruvian government announced heightened restrictions to help mitigate the spread of COVID-19. Under these new measures, all provinces of Peru are categorized High, Very High, or Extreme, with corresponding levels of restrictions, including daily curfews and restrictions on domestic travel. Parts of Peru in which we operate include Lima, Cusco, and Chumbivilcas, have been classified as Extreme, Very High and High, respectively. The area in the province of Chumbivilcas where the Humamantata Project is located is in a rural area. On February 19, 2021, the Peruvian government extended the COVID-19 health emergency for another 180 days, from March 7, 2021 to September 2, 2021, at which point it is likely the government will re-evaluate the situation. The Company expects to be able to continue its exploration activities while complying with the restrictions imposed by the Peruvian government.

Commodity Markets

Our 2021 operational and financial performance going forward can be influenced by several factors. At the macro-level, the general performance of the Chinese, North American and global economies will influence the commodity and financial markets. In 2021 copper prices have been rising as supplies diminish and demand has remained steady. Market prices of metals can be affected by numerous factors beyond our control, including the overall state of the economy and expectations for economic growth (including as a result of the COVID-19 pandemic), general levels of supply and demand for a broad range of industrial products, substitution of new or different products in critical applications for existing products, levels of industrial production, expectations with respect to the rate of inflation, foreign exchange rates and investment demand for commodities, interest rates and speculative activities. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The Chinese market is a significant source of global demand for commodities including copper and has been for several years. A slowing in China's economic growth could result in lower prices and reduced for copper, which can affect the share price and future development of the Company's mineral properties. Gold and copper prices have had some fluctuation, but the current metals prices are well above the metals' prices used in the preparation of the Company's Preliminary Economic Assessments on its two most advanced properties, the Cotabambas Project, and the Antilla Project.

Copper rallied in the 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 is slowly returning to normal levels after the COVID-19 pandemic slows. However, the manufacturing, consumer goods and automotive sectors have been slower to recover, and China's copper demand is partly dependent on exports (~15% of China's copper consumption is re-exported), which may remain weak in the near-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 resulting 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.

Approximate prices of metals on April 29, 2021, with comparatives at April 29, 2020: Gold $1,772/oz (Gold $1,701/oz) an increase from 2020 of $71/oz; Silver $26.10 oz ($15.82 oz); Copper $4.53 lb ($3.57), Molybdenum $11.93/lb ($11.74/lb). These are the minerals that could possibly be mined at the Cotabambas project, although the molybdenum could be considered in the future, and was not considered in the current PEA, as it would require a separate circuit.

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, which has reached its one-year anniversary with new variants causing an increase in new cases around the world. It is impossible to say how far this may go, but the effects are already drastic.

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. 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. In the longer term there could 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 the past two years. 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) continued throughout 2020 and into 2021.

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 in Peru 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, Promesa and Anyo Projects and the two gold projects, Sancapampa and Morosayhuas.

Corporate Outlook and Financial Update

2020 Activities and Highlights, with 2019 Comparatives

Highlights

- Receipt of the two semi-annual payments of US$750,000 for a total of $2,062,275 (2019- $1,986,150), from Wheaton Metals, pursuant to the PMPA. Subsequent to December 31, 2020, the Company received the twelfth payment under the Early Deposit (US$750,000), bringing the total received to US$10.75 million. An additional US$3.25 million is payable by Wheaton Metals to the Company in semi-annual payments to fiscal 2023, if the Company continues to meet the terms of the PMPA.

- During the year ended December 31, 2020, the Company entered into an agreement for sale of the Cochasayhuas Gold Project to Mintania of Perú for a total of US$2.45 million to be paid in instalments, plus a 5% Net Smelter Return royalty (NSR) for 15 years from the commencement of commercial production. The cash installments will be paid by Mintania to the Company according to the following schedule:
    - US$450,000 in 2020 (received);
    - US$1,000,000 in 2021;
    - US$ 750,000 in 2022; and
    - US$ 250,000 in 2023

- 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 was received in fiscal 2019. 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 has received a cumulative $2,217,300 to the end of fiscal 2020, expended on exploration activities on the Humamantata project.

- Continuing reviews of strategic alternatives to advance the Cotabambas (pre-feasibility and additional exploration), Antilla, Promesa and Anyo Projects, and the two gold projects, Sancapampa and Morosayhuas.

In summary, working capital payments received in fiscal 2020 and 2019 included $1,669,343 (2019 - $547,957) pursuant to the agreement with JOGMEC on the Humamantata Project, and $2,062,275 (US $1,500,000) 2019 - $1,986,150 (US$1,500,000) from Wheaton Metals pursuant to the PMPA; a first payment on an agreement for sale relating to the Cochasayhuas project $611,595 (US$450,000), and a payment of $Nil (2019 - $664,150 (US$500,000)) milestone payment from Hudbay on the sale of the Kusiorcco Project.

Humamantata Project

The Humamantata Project ("Humamantata") is located in the Chumbivilcas province in Southern Perú, in the same region as the projects in the Company's portfolio, including the Antilla and

Cotabambas projects noted above. Humamantata is located approximately 10 km to the southwest of the Constancia Copper Mine owned by Hudbay Minerals Inc. ("Hudbay") and the Kusiorcco Project. The northern, east and west limits of the Humamantata Project concessions are bordered by Hudbay's concessions and in the southeast by the BHP Billiton.

In October 2018, the Company entered into a joint venture agreement with JOGMEC on the Humamantata Project, located in Perú, whereby JOGMEC has an option to earn up to 60% indirect beneficial interest with an investment of up to US$8.0 Million, as follows:

- JOGMEC will contribute US$1.0 million each year for the first three years to earn a 49% interest in Humamantata; of which $2,217,300 was contributed to the end of fiscal 2020;
- JOGMEC has an option to earn a further 11% participating interest in Humamantata for a total participating interest of 60%, by making a further capital contribution relating to Humamantata of US$5.0 million;
- Investment in Humamantata will be on a pro-rata basis after JOGMEC has fulfilled its funding obligation;
- If any party's participating interest is diluted to less than ten percent, its participating interest shall be converted to a 2.0% NSR. The other party may purchase one-half of the NSR with a cash payment in an amount of US$2.0 million following the creation of the NSR;
- A management committee shall make all strategic decisions and shall oversee exploration activities; and
- Panoro will act as the operator responsible for implementing programs and budgets.

In 2019 the Company commenced field activities at the project, which continued throughout 2020 once protocols for exploration activities under COVID-19 were in place. The activities were focused on obtaining exploration drilling permits and defining drill targets. These activities included:

- Ongoing community engagement
- Environmental baseline monitoring
- Geologic mapping and sampling
- Mobilization and completion of geophysical surveys;
- Data base assessment, set of cross sections and 3D Modelling for interpretation; and
- Defining drill targets for drilling anticipated to start by the end of the first half of 2021.

Field activity was temporarily suspended at various times during the 2020-2021 exploration period in accordance with Perúvian Covid-19 regulations and other factors beyond the control of the Company.

In the Humamantata property four exploration targets exposing attractive features of Cu, Au, Ag mineralization have been found and there is evidence that copper porphyry stock could be hidden under the lithocap sediments.

During the ongoing exploration program at Humamantata, the Company has identified a new copper porphyry with anomalous grades of copper, gold and silver. Two areas with features of porphyry copper mineralization, Targets 1, 2 and 4, are located approximately 4 kilometers (km) apart and will be the subject of a proposed drilling program. Panoro and its joint venture partner, JOGMEC, have completed geophysical surveys over approximately 1200 hectares of the 3600 hectares of mineral concessions of the Humamantata Projects. A total of 53 km of Induced Polarization ("IP") surveys and 55 km of Magnetometric ("Mag") Surveys were completed in December 2020 on the north side of the property with a line spacing of approximately 200 meters ("m") with an IP of 100 m pole-dipole spacing. The geophysical survey results in conjunction with the detailed mapping, structural geology, lithology, alteration and surface geochemistry have identified the potential extension, both laterally and at depth, of porphyry, skarn and hydrothermal breccia mineralization which outcrop at surface. A proposed nine-hole drilling program of 2400 m of diamond drilling is summarized below.

Target	Drillhole	Priority	Azimuth (degrees)	Dip (degrees)	Target Depth (meters)	Objective
Target 1	DDH-1	1	277	-55	400	T1-2
	DDH-2	1	250	-55	400	T1-3
	DDH-3	1	250	-55	350	T1-2
	DDH-4	2	250	-55	250	T1-1
Target 2	DDH-5	3	200	-75	200	T2
	DDH-6	3	200	-75	200	T2
	DDH-7	3	200	-75	200	T2
	DDH-8	3	200	-75	200	T2
	DDH-9	3	200	-75	200	T2
Total					2,400	

Target 1: Cu, Au, Ag Porphyry Mineralization

The first stage of the diamond drilling program of 1,400m, will be comprised of four drill holes to explore the Anomalies T1-1, T1-2 and T1-3 from east to west (see press release of October 27, 2020). The drill hole collars in the current program will be aligned along 600 m of strike in Northwest direction. The mineralized porphyry outcrops at the T1-2 and T1-3 anomalies with potassic alteration and primary copper mineralization, where the spectrometry study reports chlorite-Fe, illite-Fe and is intruded by the same Andesite porphyries dikes found over the Breccias #7 and #8 in Target 2. The environmental and archaeological permits were obtained from the government entities and now Panoro is in the process of obtaining the social permits with the local surface owners.

Target 2: Ag Hydrothermal Breccias Mineralization

The Hydrothermal Breccias hosting high silver grades (see Breccias #4 to #9 in the Company's press release dated October 27, 2020) are located along 2 km an East-West direction into the forelimb of the main overthrust folding of the sediments, where a Porphyry Andesite Dikes hosting intensive potassic alteration occur. The advanced argillization alteration is identified into and around the silicified breccias, where the spectrometry study identified chlorite-Fe, illite-Fe and alunite-K as indicators of the possible closeness of a porphyry stock covered at surface. Finally, the IP survey identified a polarized body below this area, hosting the highest chargeability (>20 mV/V) extended over an area of 800 m by 1,400 m in a North-South direction. The Skarn mineralization and the copper anomalies above 100 ppm (see press release of November 30,

2020) are also located over this structural feature. The proposed exploration program would be further refined as additional exploration work is completed, however it was proposed that the first drilling program of 2,000m be distributed in 5 drill holes located over the best locations where porphyry stock may be found below the lithocap. Permitting has advanced significantly and the first exploration drilling program has been outlined and ready to commence as soon as permitting is completed.

In summary, phases 1 and 2 of the drilling plan include 3,400m distributed in 9 drill holes; four holes in Target 1 and 5 holes in Targets 2 and 4. All drilling will be executed with a portable rig that will be moved by hand between the platforms.

Exploration work at the Humamantata Project continues to identify porphyry copper mineralization with good scale potential along a corridor of 10 km in a North-South direction containing the four targets identified.

On a regional scale, the porphyry style mineralization in Humamantata is hosted in the same structural control in a East-West direction containing the same copper porphyries occurring to the east in the Hudbay concessions (Constancia pit, Pampacancha project, and their 4 brownfield targets), and to the west in the BHP Billiton and Rio Tinto Concessions.

The proposed work program will be fully funded by JOGMEC.

Sale of Cochasayhuas Gold Project

In June 2020 the Company entered into an agreement for sale of the Cochasayhuas Gold Project to Mintania S.A.C. ("Mintania") of Perú for a total of US$2.45 million to be paid in instalments, plus a 5% Net Smelter Return royalty (NSR) for 15 years from the commencement of commercial production.

The initial US$450,000 payment was received in June 2020, with US$225,000 held in escrow until the registry of the sale contract with the Perúvian Pubic Registry in September 2020 when the agreement was fully registered, after the registry offices reopened after closure for several months due to the COVID-19 pandemic. The payment of the 5% NSR will commence on a quarterly basis following the start of commercial production.

The Cochasayhuas Project is a past producing underground mine in operation until the 1950s with a total life of mine production of 401,000 ounces of gold and 480,000 ounces of silver (SRK, 2007). The project is a low sulphidation Au-Ag Epithermal type deposit distributed in three vein systems hosted in igneous rocks and sediments, namely the:

1. Cochasayhuas vein;
2. San Fernando-San Lucas vein; and
3. Las Tapadas vein systems

The historic underground mine in the Cochasayhuas vein operated from 1912 to 1952 with a yearly production of 156 to 674 kgs Gold and 500 to 1,917 kgs Silver, with head grades of up to 36.8 Au g/t and 180 Ag g/t in defined zones. The ore shoot dimensions are estimated to be 600 meters by 150 meters with an average width of 1.0 meters. The vein is exposed in 9 levels of drifting developed to a depth of 400 meters from surface. The ore shoot limits remain open in all directions.

The project is located in the district of Progreso, province of Grau, Department of Apurimac, in Southern Perú. The property comprises 1,836 hectares located at elevations between 3,700 and 4,200 meters above sea level. Access to the property is via 260 km of road from Cusco. The road is paved from Cusco to the Las Bambas mine with a narrower paved road a further 45 km to the project.

Panoro acquired the project in 2007 and carried out exploration works to further delineate the extension of the Cochasayhuas vein along strike as well as several new parallel veins. Panoro completed an exploration campaign at the San Fernando–San Lucas vein, which extends 5km along strike approximately 100 to 200 meters to the west of the Cochasayhuas vein. The exploration program identified the potential for additional ore shoots near the surface, within a similar geologic environment as the Cochasayhuas vein.

The nearby producing mines include the Santa Rosa gold mine (Minera Misti Gold) located 18km to the southwest and the Anabi gold mine (Minera Aruntani) located 30km to the southeast The two operations have historic production of 1.0 and 2.0 million ounces of gold, respectively.

Mintania is planning to commence exploration and mining operations as soon as design and permitting can be completed, and plan to process the ore at their existing processing plant in Perú.

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.

The Cotabambas PEA is available on the Company's website, www.panoro.com and on www.SEDAR.com.

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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.

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. The 2018 PEA can be found on the Company's website: www.panoro.com and can also be found on www.SEDAR.com.

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.

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.

<u>Environment and Permitting</u>

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) 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 2021-22 when they have obtained the required permits. Hudbay is the operator of the project and responsible for all costs.

Other Projects

During the year ended December 31, 2020, the Company wrote off its interest in the Checca property for a write-off of $488,556. The Company pays the annual concession fees on its other mineral property interests but has not conducted any active exploration in fiscal 2020 but continues to pay the annual concession fees (vigencias) to the government of Peru 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, 2020:

	Antilla	Cotabambas	Other	Total
Exploration expenditures incurred in 2020:				
Amortization	$ -	$ 303	$ -	$ 303
Assays and sampling	-	4,781	126,168	130,949
Camp and site	286	126,297	522,360	648,943
Community relations	1,157	143,803	172,262	317,222
Environmental	3,593	3,835	40,706	48,134
Geology	-	35,372	363,173	398,545
Geophysics	-	-	122,594	122,594
Legal	10,988	1,306	29,504	41,798
Recording and concession fees	255,787	415,854	334,980	1,006,621
Transportation	546	10,841	46,718	58,105
Recovery of value-added tax	-	(7,540)	-	(7,540)
Incurred during the year	272,357	734,852	1,758,465	2,765,674
Funds received on JOGMEC earn-in agreement on Humamantata	-	-	(1,669,343)	(1,669,343)
Net exploration expenditures	272,357	734,852	89,122	1,096,331

In fiscal 2020, the Company did not conduct any drilling on any of its projects, but carried out mapping, sampling, and geophysical work totalling $1,539,662 on the Humamantata project costs which ae included in the Other column in the table above and includes $255,653 for the Vigencia payment, all of which is funded by its joint venture partner, JOGMEC. The Company has made the annual Vigencia payments on all its projects and continues 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 2020 Vigencias are required to be paid by June 30, 2021.

In fiscal 2020, the Company expended $742,392 (2019 - $1,881,101) on exploration and evaluation costs on the Cotabambas Project, before recovery of value-added taxes of $7,540 (2019 - $416,199). Direct salaries for project employees as noted below are capitalized to the project. At the Cotabambas project, $216,689 (2019 - $692,725) 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.

Item 1.3: Selected Annual Information

	2020	2019	2018
Interest income	$(83,466)	$(9,593)	$(13,170)
Administrative expenditures	1,368,215	2,088,121	2,987,711
Proceeds from sale of mineral property interest	(611,595)	(664,650)	--
Salaries settled in shares and share-based expenses	35,000	208,222	974,410
Interest expense	4,386	15,101	-
Foreign exchange loss (gain)	238,015	6,516	(125,243)
Change in fair value of Early Deposit Precious Metals Agreement financial liability	(370,075)	(495,750)	719,225
Write-off of mineral property interest	488,556	4,033,509	--
Deferred income tax expense	851,648	--	--
Loss for the year	1,083,125	5,181,476	4,542,933
Comprehensive loss	1,082,492	5,182,843	4,543,100
Loss per share, basic and diluted	0.0	0.02	0.02
Non-current liabilities	3,398,048	2,615,565	2,728,400
Total assets	77,890,578	76,532,461	79,830,288

Item 1.4: Results of Operations

The functional and reporting currency of the Company and its subsidiaries in fiscal 2020 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 change from $1.2988 on December 31, 2019, to $1.2732, on December 31, 2020, an increase of $0.0256. The Perúvian Nuevo Sole has changed in value from C$0.3919 at December 31, 2019 to C$0.3516 at December 31, 2020.

Financial Results for the Year Ended December 31, 2020 ("fiscal 2020"), Compared to the Year Ended December 31, 2019 ("fiscal 2019")

	2020	2019	Increase (decrease)
Expenses			
Amortization	$ 65,992	$ 113,175	$ (47,183)
Audit and tax	107,303	147,390	(40,087)
Communications	61,942	61,275	667
Conferences	24,826	18,653	6,173
Consulting	37,163	44,134	(6,971)
Directors' fees	75,113	199,407	(124,294)
Corporate development and shareholder relations	59,338	152,160	(92,822)
Legal	78,668	127,383	(48,715)
Office	31,564	41,865	(10,301)
Professional dues and training	2,723	10,927	(8,204)
Regulatory and transfer agent	83,757	88,746	(4,989)
Rental costs and insurance	63,691	43,386	20,305
Salaries and benefits	652,216	959,567	(307,351)
Share-based expense	-	208,222	(208,222)
Travel	23,919	80,053	(56,134)
	1,368,215	2,296,343	(928,128)
Interest expense	4,386	15,101	(10,715)
Interest income	(83,466)	(9,593)	(73,873)
Hudbay milestone proceeds	-	(664,650)	664,650
Gain on disposal of property and equipment	(16,070)	-	(16,070)
Write-off of mineral property interest	488,556	4,033,509	(3,544,953)
Gain on disposition of mineral property interest	(1,398,084)	-	(1,398,084)
Foreign exchange loss	238,015	6,516	231,499
Change in fair value of Early Deposit Precious Metals Agreement financial liability	(370,075)	(495,750)	125,675
Loss before income taxes	$ 231,477	$ 5,181,476	$ (4,949,999)
Deferred income tax expense	851,648	-	841,468
Loss for the year	1,083,125	5,181,476	(4,098,351)
Loss per share, basic and fully diluted	$0.00	$0.02	$0.00
Weighted average number of common shares outstanding	263,993,835	263,837,522	

The Company's loss in fiscal 2020 was $1,083,125 ($0.00 per common share) compared to $5,181,476 ($0.02 per common share) in fiscal 2019. 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, and/or impairments to, mineral property interests, foreign exchange and other items.

The Company's loss of $1,083,125 in fiscal 2020 was recorded after a write-off of the Checca property of $488,556, located in the north of Peru. In fiscal 2020, the Company also recorded a gain on disposition of the Cochasayhuas mineral property of $1,398,084. In fiscal 2019, the Company wrote-off the El Rosal property for a total of $4,033,509. In 2020 Company also recorded deferred tax expense of $851,648 primarily related to the sale of the Cochasayhuas mineral property.

Total comparative administrative cash expenses (not including share-based expense and amortization) decreased from $1,990,047 in fiscal 2019 to $1,267,223 in fiscal 2020; a decrease of $722,824 Non-cash administrative expenses in fiscal 2019 included share-based expense of $208,222, compared to $Nil in share-based expense recorded in fiscal 2020.

Administrative salaries and benefits decreased from $959,567 in fiscal 2019 to $652,216 in fiscal 2020, due to temporary reductions in salaries for some employees. At the date of this MD&A, the Company has 13 employees on payroll and one contractor providing exploration-related and administrative services to the Company.

Directors' fees in fiscal 2019 totalled $199,407, and in fiscal 2020, directors' fees totalled $75,113. The Company has reduced directors' fees to enable the Company to continue operations throughout the period of the COVID-19 pandemic and the related impacts on the Company's operations. At each of December 31, 2019 and 2020, the Company had eight directors. Directors' fees also include fees paid to a director of a subsidiary of the Company. At the date of this MD&A the Company has seven directors.

Audit and tax fees decreased from $147,390 in fiscal 2019 to $107,303 in fiscal 2020, due to completion of the restructuring and related costs.

Communications, office costs, rental costs and insurance remained relatively stable. Currently, the Company does not have an office in Lima, Peru, as the lease expired in May 2020 shortly after the COVID-19 pandemic started, and no new office premises have been leased. Employees remain working from home, or in the field.

Consulting fees incurred in fiscal 2020 was $37,163, representing a decrease of $6,971 from fiscal 2019.

Legal fees have decreased by $48,715, from $127,383 in fiscal 2019 to $78,668 in fiscal 2020. Fiscal 2020 costs included fees related to the agreement on the sale of Cochasayhuas project. Legal costs also include costs incurred related to the semi-annual payments received from Wheaton Metals, and regular ongoing annual legal costs.

A decrease in corporate development, marketing and shareholder communications' activity in Europe, Perú and North America from $152,160 in fiscal 2019 to $59,338 in fiscal 2020. The Company attended the PDAC conference in March 2020, at a cost of $12,718, included in conference costs of $24,826, compared to $18,653 in fiscal 2019.

Travel decreased from $80,053 in fiscal 2019 to $23,919 in fiscal 2020, a decrease directly related to travel restrictions due to the COVID-19 pandemic. Direct exploration-related travel is included in exploration costs.

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 2019, the change in fair value resulted in an increase of the liability resulting in the amount $495,750 when the exchange rate used for reporting was 1.2988. In fiscal 2020, the Company recorded a change in fair value for the year of $370,075, as the US dollar liability decreased as the exchange rate had changed to 1.2732, resulting in a lower reporting liability at the end of the period.

Interest income has increased from $9,593 in fiscal 2019 to $83,466 in fiscal 2020, due to unwinding of discount on the fair value of the agreement receivable related to the sale of Cochasayhuas Project.

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, the sale of the Cochasayhuas project, and JOGMEC has been funding exploration activities on the Humamantata project.

in 000's	Dec 2020	Sept 2020	June 2020	March 2020	Dec 2019	Sept 2019	June 2019	March 2019
Revenue	-	-	-	-	-	-	-	-
General and administrative	382	274	311	401	471	459	642	532
Share-based expense	-	-	-	-	-	208	-	-
Interest income	(83)	-	-	-	-	-	(10)	-
Foreign exchange (gain) loss and fair value change	(487)	(231)	(693)	1,280	(245)	127	(245)	(126)
Hudbay milestone proceeds	-	-	-	-	-	-	-	(665)
Gain on disposition of mineral property interest	311	-	(1,709)	-	-	-	-	-
Write-off of mineral property interest	-	489	-	-	-	-	4,033	-
Deferred income tax expense	852	-		-	-	-	-	-
Loss (income) for the period	976	532	(2,091)	1,666	(225)	794	4,421	(259)
Loss (income) per share	0.00	0.00	(0.01)	0.01	0.00	(0.01)	0.02	(0.00)
Exploration expenditures incurred	819	465	666	817	367	645	1,099	653

(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)

Loss (income) per quarter fluctuates from period to period primarily as a result of timing of any i) gains or losses resulting from the sale of mineral property interests, ii) impairments and write-offs associated with mineral properties, iii) the timing and the issuance and vesting of stock options, which impacts share-based compensation expense, and iv) foreign exchange gains or losses, including the fair value change associated with Early Deposit Precious Metals Agreement financial liability which is driven by fluctuations in the US dollar exchange rate as compared to the Canadian dollar.

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, 2020, and for the year ended December 31, 2020, 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 $1,083,125 for the year ended December 31, 2020 (2019 – $5,181,476). As at December 31, 2020, the Company has an accumulated deficit of $43,356,436 (2019 - $42,273,311), and a working capital deficiency of $9,499,481 (2019 – working capital deficiency of $9,235,414), with the inclusion of the current portion of the Wheaton Metals Agreement, which is $10,185,600 (December 31, 2019 - $8,442,200). Excluding the Wheaton Metals Agreement balance the adjusted working capital balance would be $686,119 (December 31, 2019 – working capital deficiency of $792,314), which is not a measure in accordance with International Financial Reporting Standards, and is provided for information purposes only, as the Company does not anticipate Wheaton Metals terminating the PMPA.

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 a 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, of which US$2.0 million was received, 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$10.75 million pursuant to the PMPA, including the initial US$2.0 million. A payment of US$750,000 was received subsequent to the year ended December 31, 2020, and is included in the balance received to date.

The annual total of US$1.5 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 totaling 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 exploration and 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, 2020, and funds anticipated to be received in 2021, 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 2020	December 2019	Change
Cash and cash equivalents	$ 752,453	$ 470,085	$ 282,368
Marketable securities	933	300	633
Accounts and advances receivable	93,927	281,440	(187,513)
Agreement receivable, short-term	1,273,200	-	1,273,200
Prepaid expenses	22,161	31,790	(9,629)
Accounts payable	(1,438,605)	(1,498,002)	59,397
Current portion of lease liabilities	(17,950)	(78,827)	60,877
Precious Metals Purchase Agreement	(10,185,600)	(8,442,200)	(1,743,400)
Net	$ (9,499,481)	$ (9,235,414)	$ (264,067)

The change in cash and cash equivalents is due to cash used in operations of $1,108,480 (2019: $2,127,816), primarily used for administration expenses, cash invested into exploration and evaluation of projects of $2,797,996 (2019: $3,068,267), a recovery of the value-added taxes in Perú of $7,540 (2019: $416,199), funding from JOGMEC of $1,669,343 (2019 - $547,957) and funds received in relation to the sale of the Cochasayhuas Project ($611,595 from Mintania), and from Wheaton Metals ($2,062,275).

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 2020, the Company received $2,062,275 (US$1.5 million) (2019 - $1,986,150) in early deposits pursuant to the PMPA with Wheaton Metals., and has received US$750,000 in 2021, and anticipates receiving the second semi-annual payment of US$750,000 in September 2021.

Pursuant to the agreement for sale of the Cochasayhuas Gold Project to Mintania, two payments of US$500,000 payments are to be received in 2021, one in June 2021 and the second payment in December 2021.

Item 1.7: Commitments and Capital Resources

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

	2021	2022	2023	2024	2025	Total
Office lease (Vancouver)	$ 34,308	$ -	$ -	$ -	$ -	$ 34,308
Accrued Vigencias	$1,108,795	$ -	$ -	$ -	$ -	$1,108,795
Accounts payable	$ 267,654	$ -	$ -	$ -	$ -	$ 267,654
Accrued liabilities	$ 62,156	$ -	$ -	$ -	$ -	$ 62,156

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 2020 for the 2019 year was $1,032,952 (2019 - $967,194 relating to the 2018 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 $1,036,228 for the 2020 year and is payable by June of 2021. This balance is higher than the payment made in fiscal 2020 for the 2019 year, due to increases in penalties. In fiscal 2020, the Company did not make the payments for the Vigencias on the Checca property (2019 – the El Rosal property), and as a result, the acquisition and exploration costs of the properties 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 currently has no office space under lease in Lima, leases for warehouses in Cusco, and an office lease in Vancouver, Canada, which is expiring June 30, 2021. The Company will be entering into a new office lease effective July 1, 2021. 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, $207,250 (2019 - $502,175) 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

Employment contracts have been entered into with each of the President and Chief Executive Officer ("CEO"), the Vice-President Exploration ("VP-Ex"), the Senior Vice-President, South America ("VP-SA") and the Vice-President, Operations ("VP-Op") and the Chief Financial Officer ("CFO"). During the years ended December 31, 2020 and 2019, the Company purchased no supplies from private companies 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, 2020 and 2019. At December 31, 2020, included in accounts payable and accrued liabilities, there was $23,333 in wages payable pursuant to an amended employment contract. Subsequent to December 31, 2020, 186,653 common shares were issued at a deemed price of $0.125, in consideration of the services provided to the Company for the quarterly period from September 1, 2020 to December 31, 2020, using the volume-weighted average closing price of the Company's shares for each of the trading days in the four-month period. The shares issued are subject to a four-month plus one day hold period and may not be traded until June 4, 2021.

As of December 31, 2019, 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. There were no expenses payable at December 3, 2020, to any officers or directors 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 2020 and 2019.

Details of key management personnel compensation is as follows:

		2020		2019
Salary, fees and benefits	$	1,093,160	$	1,233,498
Share-based compensation		35,000		212,305
	$	1,128,160	$	1,445,803

Item 1.10: Fourth Quarter

Financial Results for the Three Months Ended December 31, 2020 ("Q4 2020"), Compared to the Three Months Ended December 31, 2019 ("Q4 2019")

The Company's loss in Q4 2020 was $163,528 ($0.00 per common share) compared to income of $225,467 ($0.00 per common share) in Q4 2019.

	Q4 2020	Q4 2019	Increase (decrease)
Expenses			
Amortization	5,214	29,221	(24,007)
Audit and tax	16,700	33,423	(16,723)
Communications	18,860	15,119	3,741
Conferences	8,999	5,009	3,990
Consulting	27,876	24,402	3,474
Corporate development and shareholder relations	40,372	1,500	38,872
Directors' fees	17,333	49,969	(32,636)
Legal	20,678	18,444	2,234
Office	6,083	11,225	(5,142)
Professional dues and training	629	6,889	(6,260)
Regulatory and transfer agent	23,564	39,918	(16,354)
Rent and insurance	16,911	(20,809)	37,720
Salaries and benefits	175,292	225,753	(50,461)
Travel	3,384	15,480	(12,096)
	381,895	455,543	(73,648)
Interest income	(83,131)	-	(83,131)
Interest expense	553	15,101	(14,548)
Gain on disposition of mineral property interests	311,335	-	311,335
Foreign exchange (gain) loss	120,408	(28,427)	148,835
Change in fair value of Early Deposit Precious Metals Agreement financial liability	(607,000)	(216,750)	(390,250)
Loss before income taxes	124,060	225,467	(101,407)
Deferred tax expense	851,648	-	851,648
Loss for the period	$ 975,708	$ 225,467	$ 750,241

Administrative cash expenses decreased by $49,641 in Q4 2020, as compared to Q4 2019. The larger decreases were in directors' fees and salaries and benefits. The Canadian dollar strengthened to a greater extent in Q4 2020 than compared to Q4 2019, and thus the change in the fair value of the Early Deposit Precious Metals Agreement financial liability was $390,250 higher in Q4 2020 as compared to the same quarter in the prior year.

During Q4 2020 the Company adjusted the gain on disposition of mineral property interests to include a fair value adjustment to the agreement receivable to reflect that the proceeds are received in instalments through 2023. In addition, estimated deferred income taxes, primarily resulting from the sale of the Cochasayhuas project were determined and recorded. These adjustments were made in the fourth quarter.

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, 2020, 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, 2019.

Significant areas requiring the use of estimates and assumptions relate to the review of asset carrying values and determination of impairment charges relating to non-current assets, and if an indicator of impairment is identified and valuation of share-based expense. Actual results could differ from those estimates. 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.

These Company's consolidated financial statements are prepared on a going concern basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge is liabilities in the normal course of business.

The Company has no operating revenue and incurred a loss of $1,083,125 for the year ended December 31, 2020 (2019 – $5,181,476). As at December 31, 2020, the Company has an accumulated deficit of $43,356,436 (2019 - $42,273,311), and a working capital deficiency of $9,499,481 (2019 – working capital deficiency of $9,235,414), with the inclusion of the current portion of the Wheaton Metals PMPA, which is $10,185,600 (December 31, 2019 - $8,442,200).

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$10.0 million 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$14.0 million pursuant to the Wheaton Metals PMPA. Subsequent to December 31, 2020, the Company received US$750,000 from Wheaton Metals bringing the balance received under the PMPA to US$10.75 million.

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 continue to impact our ability to obtain financing to fund exploration activities as well as the ability to conduct our exploration programs as efficiently as prior to the pandemic, due to delays in transportation, COViD-19 protocols, and other unanticipated delays.

Item 1.13: Changes in Accounting Policies Including Initial Adoption

There were no new IFRS standards issued effective January 1, 2020, that had a material impact on the financial statements of the Company. The Company has not early adopted any amendment, standard or interpretation that has been issued by the IASB but that is not yet effective, nor has it identified any such standard or interpretation that is expected to have a material impact on the Company's consolidated financial statements.

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. The fair value of the Company's agreement receivable is estimated to approximate the carrying value given the discount rate applied.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, and certain market risks including foreign currency and interest rate risk.

Credit risk

The Company manages its credit risk through its counterparty ratings and credit limits. The Company is mainly exposed to credit risk on its bank accounts, short-term investments, and accounts and advances receivable, and agreements receivable. Bank accounts and short-term investments are primarily with Canadian Schedule 1 banks and Banco de Credito in Perú. The Company has accounts and advances receivable primarily related to IGV receivable from the Perúvian government. The Company's agreement receivable related to its sale of the Cochasayhuas project is secured by the project in the event of default. The total of cash and cash equivalents, short-term investments, agreement receivable and accounts and advances receivable of $3,184,254 (2019 - $751,525) represent the maximum credit exposure. The Company has not identified any significant increase in credit risk with respect to its financial assets at December 31, 2020. The Company has incurred no credit losses, nor has it recorded any allowances for credit losses, during the years ended December 31, 2020 or 2019.

Liquidity risk

The Company manages its liquidity risk by ensuring that there is sufficient liquidity in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash and cash equivalents are primarily invested in bank accounts, bankers' acceptances, and Guaranteed Investment Certificates ("GIC"), which are available on demand.

Contractual commitments that the Company is obligated to pay in future years are disclosed in item 1.7. Accounts payable and accrued liabilities require payment within one year.

Foreign currency risk

The Company maintains its financial statements in Canadian dollars. The Company is exposed to foreign currency fluctuations to the extent mineral interests, exploration expenditures and operating expenses incurred by the Company are not denominated in Canadian dollars.

The Company does not use derivatives or other instruments to manage the foreign currency risk. The Company's operations in Perú make it subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. The Company's operating results, and cash flows are affected to varying degrees by changes in the Canadian dollar exchange rate vis-a-vis the Perúvian Nuevo Sol ("PEN" or "S/.") and the US Dollar ("US$").

The Company purchases foreign currencies as the need arises in order to fund its exploration activities. Corporate expenditures are primarily incurred in Canadian and US dollars.

As at December 31, 2020, the Company's significant exposures to foreign currency risk, based on the statement of financial position carrying values, were to the Perúvian Nuevo Sol and the US Dollar, as follows:

	December 31, 2020		December 31, 2019	
	PEN	US$	PEN	US$
Cash	S/. 43,754	US$562,634	S/. 48,556	US$311,059
Accounts and advances receivable	221,318	1,832,908	644,345	9,653
Accounts payable and accrued liabilities	(2,832,461)	(275,406)	(3,079,174)	(138,624)
Precious Metals Purchase Agreement	-	(10,000,000)	-	(8,500,000)
Leases	-	-	-	(32,079)
Net exposure	S/.(2,567,389)	US$(7,879,864)	S/.(2,386,273)	US$(8,349,991)
Canadian dollars	$(902,694)	$(10,032,643)	$(935,180)	$(10,844,968)

The following sensitivity analysis assumes all other variables remain constant and are based on the above net exposures. A 10% appreciation or depreciation of the Perúvian Nuevo Sol vis-a-vis the Canadian Dollar would result in a $90,269 (2019 - $93,518) increase or decrease, respectively, in net loss and shareholders' equity. A 10% appreciation or depreciation of the US Dollar vis-a-vis the Canadian Dollar would result in a $1,003,264 (2019 - $1,084,497) increase or decrease, respectively, in net loss and shareholders' equity.

Item 1.15.a: Other MD&A Requirements

Additional information relating to the Company including its Annual Information Form and annual consolidated financial statements for the year ended December 31, 2020, 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	7,150,000	$0.34
2024	4,300,000	$0.15
	20,097,800	$0.24

Each option is exercisable for one common share of the Company. The weighted average life of exercisable options outstanding is 1.6 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, 2020, 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 264,375,058 common shares outstanding, or 284,472,858 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; and
- 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, 2020, the closing rate for one Canadian dollar in S/. was C$1.00 = S/. 2.8441, and the closing rate for one Canadian dollar in USD was C$1.00 = US$0.7854 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, 2020, the 2021 Management Information Circular for the meeting to be held in June 2021, 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.