

PANORO MINERALS LTD.

Management's Discussion and Analysis – Quarterly Highlights

As at and for the Three Month Periods
Ended March 31, 2022 and 2021

May 27, 2022

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Background & Date

The Management's Discussion and Analysis – Quarterly Highlights (“MD&A”) should be read in conjunction with the condensed consolidated interim financial statements of Panoro Minerals Ltd. (“Panoro” or the “Company”) for the three months ended March 31, 2022 (“Q1 2022”) and March 31, 2021 (“Q1 2021”), and the Company's audited financial statements as at and for the year ended December 31, 2021 (“fiscal 2021”), as filed on the System for Electronic Document Analysis and Retrieval (“SEDAR”) website. This report has been dated as at May 27, 2022, and was approved by the Board of Directors on May 27, 2022.

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), (“POROF” on the OTCQB in the United States) and (“PZM” on the Frankfurt Exchange).

Additional Sources of Information

For a complete understanding of the Company's business environment, risks and uncertainties and the effect of accounting estimates on its results of operations and financial condition, this MD&A should be read together with the Company's Audited Financial Statements for the years ended December 31, 2021 and 2020, the 2021 Management Information Circular, Material Change Reports, press releases, and the Company's technical reports, all of which are available on the SEDAR website at www.sedar.com or on the Company's website www.panoro.com.

Currency

All dollar amounts set forth in the tables and financial section of this MD&A are expressed in Canadian dollars and referred to as “\$” and financial information is prepared and recorded under IFRS unless otherwise specifically indicated. There are also references in this MD&A to Peruvian Nuevo Soles (“S/.”) and United States dollars (“US”). On March 31, 2022, the closing rate for one Canadian dollar in S/. was C\$1.00 = S/. 2.9656, and the closing rate for one Canadian dollar in USD was C\$1.00 = US\$0.8003 as reported by the Bank of Canada.

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

- Acceleration of payments by Wheaton Precious Metals 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
- 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; and
- risks relating to Panoro's ability to raise funding to continue its exploration, development and mining activities.

Qualified Person

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

Description of Business

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

Q1 2022 Activities and Highlights

As of March 31, 2022, the Company has \$11.9 million in cash. Forecasted cash flow for the remainder of 2022 is estimated to be \$3.8 million, including the fifteenth scheduled payment from Wheaton Metals and the receivable relating to the sale of Antilla.

The Company has budgeted investment into the Cotabambas project in 2022 of \$6.5 million, forecasting a cash position at the end of 2022 of \$6.9 million.

A 16,000-meter exploration drilling program at the Cotabambas project commenced in April 2022 and is scheduled for completion in December 2022. Additional engineering and technical programs to support a pre-feasibility study are being scoped and budgeted by management.

In Q1 2022, the fourteenth payment of \$937,200 (US\$750,000) was received from Wheaton Precious Metals International Ltd. (“Wheaton Metals”), pursuant to the Precious Metals Purchase Agreement (“PMPA”), bringing the total received under the Early Deposit US\$12.25 million. An additional US\$1.75 million is payable by Wheaton Metals to the Company in semi-annual payments to fiscal 2023, if the Company continues to meet the terms of the PMPA.

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, the proceeds from its disposition of 75% of the shares of Antilla Copper, S.A., the owner of the Antilla Project, and milestone payments of US\$1.5 million received from Hudbay in January 2022, one year early for the drilling of holes 1, 5 and 10 which have not yet been drilled at the Kusiorcco Project. The funding will be directed towards exploration at the Cotabambas Project leading to a pre-feasibility study.

The Company is pursuing additional strategic financing alternatives for the Humamantata and Cochasyhuas projects.

Cotabambas Project

A Preliminary Economic Assessment (“PEA”) at the Cotabambas Project was completed in 2016. Subsequent to the completion of the PEA, exploration from 2017 to 2019 has focussed on areas of potential mineral resource expansion in the areas of Maria Jose, Petra-David and Chaupec. Mapping, sampling, a geophysical survey, and exploration drilling in these areas have intersected zones of porphyry sulphide and oxide mineralization as well as Skarn- type mineralization. Currently infill drilling is underway at Cotabambas to enable the inferred drilling results in the PEA to be brought into the indicated category, in preparation for a pre-feasibility study.

Financial:

During Q1 2022, the Company received the first semi-annual payment of \$937,200 (US\$750,000) from the Wheaton Metals PMPA.

Panoro received a payment a year in advance of US\$1.5 million from Hudbay Minerals Ltd. On its agreement for the sale of the Kusiorcco project. This payment is related to holes 1, 5 and 10, which have not yet been drilled.

On December 3, 2021, the Company sold 75% of the shares of Antilla Copper, S.A. The Company received \$10.0 million in December 2021, with a payment of \$2.8 million to be received at the earlier of the purchaser going public on a stock exchange or October 2022, ten months from the closing of the transaction. This is recorded in the Company's accounts receivable at March 31, 2022, and December 31, 2021.

The Company has completed agreements with various copper mining companies focused on exploring the Andahuallas-Yauri copper belt in southern Peru. These agreements include the sharing of some of Panoro's regional exploration data in this prolific copper belt.

Results of OperationsExploration

During Q1 2022, the Company expended \$396,824 on exploration and evaluation expenditures, \$348,619 on Cotabambas; and \$48,205 on its other projects. A total of \$166,796 has been accrued in Q1 2022 for recording and concession fees and is included in the exploration costs.

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

Administration Expenses

The Company's gain in Q1 2022 of \$1,407,139 (\$0.01 per common share) compares to a loss in Q1 2021 of \$194,112 (\$0.00 per common share). The discussion below is based on a comparison of Q1 2022 and Q1 2021.

Overall, the change in the Company's expenditures reflects an increase in exploration and corporate activity in Q1 2022, as exploration activity increased in fiscal 2022. The Company follows all COVID-19 protocols in its exploration activities.

Areas of significant changes in administration costs between Q1 2022 and Q1 2021 include the following:

- The US to Canada exchange rates in Q1 2022 changed from a rate of \$0.7888 at December 31, 2020, to \$0.8003, an increase of \$0.0115 in the Canadian dollar.
- An exchange loss in Q1 2022 of \$64,622, compared to an exchange loss of \$1,193 in Q1 2021. The largest impact in Q1 2022 compared to Q1 2021 was the change in fair value of the PMPA financial liability had a change from a decrease in the fair value of \$146,900 in Q1 2022 compared to a decrease in the fair value of the PMPA liability of \$161,200 in

Q1 2021. This was due to the change in the USD:CAD exchange rates in the two comparative periods. In each Q1 fiscal period the Company received the first semi-annual payment under the Wheaton Metals PMPA.

- An increase in corporate development, conference and travel activity from \$31,009 in Q1 2021 to \$67,146 in Q1 2022, as the Company transitioned from primarily webinars to more corporate travel for in-person meetings and conferences. In Q1 2021, there was no corporate travel due to COVID-19.
- Consulting fees of \$85,663 include financial consulting, and fees related to the Wheaton Metal PMPA.
- A decrease in legal fees from \$29,646 in Q1 2021 to \$17,753 in Q1 2022, as the final legal costs related to the Antilla sale agreements were completed. Original negotiations on the Antilla sale commenced in Q1 2021.
- Other expense categories in Q1 2022 remain at relatively the same level as Q1 2021. Variable costs of the Company's administrative expenses are usually in the area of legal, travel, investor relations and corporate development, and this often corresponds to the level of exploration and development activity.

At March 31, 2022 and December 31, 2021, the Company had seven directors. Directors' fees also include fees paid to a director of a subsidiary of the Company.

Effective April 1, 2022, the Company leased an office in Lima, Peru. For the past two years, employees were working from home, or in the field. A previous Lima office lease expired at the end of April 2020, shortly after COVID-19 was declared a pandemic.

Liquidity and capital resources

Liquidity risk is the risk that the Company will not be able to operate in the normal course of business for the next 12 months. The Company is in the exploration and development stage and is currently exploring mineral properties in Perú. The Company has no history of revenues from operating activities and will have negative cash flow from operations in future periods until commercial production is achieved from its advanced exploration stage projects. The Company has a number of agreements in place which will provide liquidity into the foreseeable future, including the Company's PMPA with Wheaton Metals, whereby the Company has received proceeds of US\$12.25 million to the date of this MD&A. An additional US\$2.25 million is payable by Wheaton Metals to the Company in semi-annual payments until fiscal 2023.

At March 31, 2022, the Company has an accumulated deficit of \$50,179,212 (December 31, 2021 – \$51,586,351), working capital, being current assets less current liabilities, of \$1,036,242 (2021 – working capital of \$144,338), with the inclusion of the current portion of the PMPA which is presented as a current liability, and is restated to fair value by the conversion of the liability to Canadian dollars at the period end rate, under IFRS. When the current portion of the PMPA is not included in the working capital deficiency noted above, the Company has working capital of \$13,907,042 at March 31, 2022 (December 31, 2021 - \$12,188,438).

Based on its financial position at March 31, 2022, the Company believes that it has sufficient funds to meet operational expenditures over the ensuing twelve-month period, providing that

payments from Wheaton Metals continue as per the PMPA, and other scheduled payments are forthcoming. The Company will continue to review planned investment expenditures, primarily at the Cotabambas and Humamantata Projects, but also its overhead expenditures in order to meet changes in working capital estimates.

Commitments

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

	2022	2023	2024	2025	2026	Total
Office lease (Vancouver)	\$ 77,874	\$ 105,467	\$ 107,366	\$ \$109,264	\$ 111,163	\$ 511,134
Office lease (Perú)	\$ 28,532	\$ 38,994	\$ 6,531	\$ -	\$ -	\$ 74,057
Accrued vigencias	\$ 580,243	\$ -	\$ -	\$ -	\$ -	\$ 580,243
Accounts payable	\$ 343,505	\$ -	\$ -	\$ -	\$ -	\$ 343,505
Accrued liabilities	\$ 67,288	\$ -	\$ -	\$ -	\$ -	\$ 67,288

Key management personnel and related parties

Employment contracts have been entered into with each of the President and Chief Executive Officer (“CEO”), the Vice-President Exploration (“VP-Ex”), the Senior Vice-President, South America (“VP-SA”) and the Vice-President, Operations (“VP-Op”) and the Chief Financial Officer (“CFO”). Key management personnel compensation for the three months ended March 31, 2022, totalled \$344,084 (March 31, 2021 - \$283,871). The Company had no transactions between directors and officers and/or companies controlled by directors or officers in common with the Company. At March 31, 2022, \$11,061 was payable to an officer of the Company for expenses incurred on behalf of the Company (March 31, 2021 - \$1,168) and \$7,250 (2021 - \$7,250) was payable to two directors for directors’ fees.