

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Panoro Minerals Ltd. (the "Company") the three months ended June 30, 2007 and to the date of this report. The MD&A supplements, but does not form part of, the unaudited consolidated financial statements of the Company and the notes thereto for the quarter ended June 30, 2007. Consequently, the following discussion and analysis should be read in conjunction with the un-audited consolidated financial statements for the quarter ended March 31, 2007, as well as the audited consolidated financial statements for the previous year ended December 31, 2006, the notes thereto and the prior Form 51-102F1 MD&A filed at the time of and coinciding with the consolidated financial statements for the year ended December 31, 2006.

The information in the MD&A may contain forward-looking statements. These statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

CORPORATE AND FINANCIAL ACTIVITIES

At the Annual General Meeting of the members on June 21, 2007 the same slate of Directors as in the previous year was elected:

C.Allen Born, William J. Boden, Christian G. Pilon, Christiaan F. Staargaard, Lorne Torhjem and Helmut H. Wober.

The Board of Directors appointed the following officers:

Chairman of the Board: C. Allen Born

President and CEO: Helmut H. Wober

Chief Financial Officer: William J. Boden

Audit Committee: William J. Boden, Christiaan F. Staargaard, Lorne Torhjem.

William J.Boden resigned as Chief Financial Officer effective June 26, 2007, remaining a Director of the Company.

Charles Michael Kerfoot was appointed Chief Financial Officer of the Company on June 27, 2007.

On March 2nd, 2007 the Company had signed a binding Purchase and Sale Agreement to acquire all of the outstanding shares of Cordillera de las Minas S.A. (CDLM), a Peruvian corporation from CVRD International S.A. and El Tesoro (SPV Bermuda) Limited, a wholly owned subsidiary of Antofagasta PLC.

After the successful completion of the financing described in the next section the Company closed the acquisition of CDLM on June 7, 2007.

On Closing the Company paid the balance of the agreed upon purchase price of US\$ 12,500,000 to the vendors of CDLM and issued 6,000,000 common shares to El Tesoro (SPV Bermuda), one of the vendors of CDLM.

The acquisition of CDLM involved the purchase of Cordillera Copper Ltd., a Bahamas company that is the recorded owner of 100% of Cordillera de las Minas (CDLM), a Peruvian company, that is the recorded 100% owner of all the mining properties and concessions in the portfolio of CDLM.

As a result of the takeover, Panoro appointed a new Board of Directors for both Cordillera Copper Ltd. and CDLM.

The Board of Directors of Cordillera Copper Ltd. as of June 7, 2007 consists of Helmut H. Wober, Director and President, and William J. Boden and Christian Pilon, Directors.

The Board of Directors of Cordillera de las Minas S.A. as of June 7, 2007 consists of Alberto Caballero Noriega, Managing Director and President of the Board, Helmut H. Wober, William J. Boden and Christian Pilon, Directors.

FINANCING ACTIVITIES DURING THE SECOND QUARTER OF 2007

On February 22nd, 2007 the Company engaged Research Capital Corporation as lead manager for a proposed financing to fund the acquisition of CDLM and for subsequent exploration and pre-development work. The terms of the financing in the form of a Brokered Private Placement of Subscription Receipts have been described in the MD&A for the First Quarter of 2007.

The private placement closed in two Tranches on May 24 and May 29, 2007. The first closing of the financing took place on May 24, and the final closing occurred on May 29. Net proceeds of the entire financing amounted to \$ 18,581,161. A total of 33,616,865 Units were issued for the financing. Each unit consisted of one common share and one half share purchase warrant.

A cash commission of 7% was paid to the various brokers for their role in the financing in addition to 3,361,686 compensation options (referred to as brokers warrants), each of which is exercisable for one common share at \$0.60 and includes one half of a share purchase warrant that can be exercised as a whole warrant at a price of \$0.75 per common share.

Panoro used the net proceeds from the private placement to finance the acquisition of CDLM, and will use the remaining funds for exploration and development purposes and for corporate and general purposes.

RESULTS OF OPERATIONS AND FINANCIAL CONDITION

During the Second Quarter of 2007 the Company's activities still centered around the above corporate and financing activities. Management was engaged in intensive marketing efforts to raise the financing for the acquisition of CDLM, with travel to Toronto, New York, London and continental Europe.

After the closing of the acquisition and the appointment of the new directors and officers of Cordillera Copper Ltd. and Cordillera de las Minas S.A. the Company started the process of planning and budgeting for the contemplated exploration programs, rented and equipped CDLM's office in San Isidro, Lima and started the permitting process for the planned drilling programs at Cotabambas and Antilla. The permits

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For the Quarter Ended June 30, 2007

August 27, 2007

for both projects require Environmental Impact Statements, which are in the final stages of preparation, after a local engineering firm had visited both projects.

During the second quarter of 2007 general and administrative expenses were \$ 359,124 (2006 - \$124,038) excluding \$75,614 (2006 - \$59,720) of stock-based compensation. Mineral exploration activities were \$275,354 (2006 - \$660,118) and \$15,251,598 was spent on acquisitions of mineral interests. As at June 30, 2007, the carrying value of the El Rosal property, consisting of deferred acquisition and exploration costs, was \$3,619,681 and the CDLM property was \$16,857,397. The acquisition of Cordillera Copper Ltd. and its subsidiary Cordillera de las Minas S.A. resulted in a carrying value of \$16,610,327, which includes a deemed value of \$2,655,000 for the 6,000,000 common shares paid to El Tesoro as part of the acquisition costs.

The financial information referenced below has been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are outlined within Note 2 to the audited consolidated financial statements of the Company for the year ended December 31, 2006.

The tables below sets out the quarterly results for the past eight quarters and selected financial information for the previous three completed fiscal years.

	June 30 2007	Mar 31 2007	Dec 31 2006	Sept 30 2006	June 30, 2006	Mar. 31, 2006	Dec 31, 2005	Sept 30 2005
Revenue		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General & administrative expenses	434,737	97,339	254,455	101,242	184,253	99,593	110,101	127,727
Other income	(16,945)	(5,473)	(13,027)	(11,718)	(15,772)	(12,587)	(11,044)	(3,954)
Write-down of mineral interests	-	-	332,003	-	-	-	-	-
Property investigation costs			59,741					
Other (gains)/losses	(12,725)	-	-	-	-	-	-	-
Loss for the period	405,067	91,866	633,172	89,524	168,481	\$87,006	\$99,057	\$123,773

OPERATIONS

As a result of the acquisition of CDLM and its 13 projects, two of which are in the advanced stage of exploration the Company expanded its management team and brought compensation of management in line with industry standards.

In June, Mr. Michael Kerfoot was hired as Chief Financial Officer of the Company and on July 4, 2007 Mr. Fred A.C. Tejada was hired as Vice President of Exploration.

OPTIONS

On April 3, 2007 the Company granted 150,000 stock options with an exercise price of \$0.70 to its investor relations firm Accent Marketing.

400,000 stock options with a weighted average exercise price of \$0.55 were granted during the quarter to management and employees, and directors exercised 400,000 stock options with a weighted average price of \$0.21 per share.

On July 4th, 2007 the Company granted 150,000 options at an exercise price of \$0.70 to a member of management, bringing the total number of stock options issued and outstanding under the original and amended stock option plan at the time of writing to 4,650,000.

WARRANTS

Expiry date	Exercise Price	Outstanding at December 31, 2006	Issued	Exercised	Expired	Outstanding at June 30, 2007
31-Aug-07 Warrants	0.30	5,167,000	-	2,672,000	-	2,495,000
30-Nov-07 Warrants	0.50	2,419,800	-	382,500	-	2,037,300
29-May-09 Warrants	0.75	-	706,216	-	-	706,216
24-May-09 Warrants	0.75	-	16,102,217	-	-	16,102,217
24-May-09 Broker Warrants ⁽¹⁾	0.60	-	3,220,624	-	-	3,220,624
29-May-09 Broker Warrants ⁽¹⁾	0.60	-	141,243	-	-	141,243
24-May-09 Broker Warrants	0.75	-	1,610,312	-	-	1,610,312
29-May-09 Broker Warrants	0.75	-	70,622	-	-	70,622
Total		7,586,800	21,851,234	3,054,500	-	26,383,534

⁽¹⁾ Each \$0.60 broker warrant can be exercised for one common share and one half of a new share purchase warrant. A new warrant can be exercised for \$0.75 in return for a common share. Both the full \$0.60 warrants, and the one half \$0.75 warrants they represent have been included in the table above.

A significant number of options outstanding expire in the current year. At the time of writing 980,000 warrants with an exercise price of \$0.30, expiring on August 31, 2007 and 1,924,900 warrants with an exercise price of \$0.50 and expiring on November 30, 2007 remain issued and outstanding. The Company anticipates that all 980,000 warrants expiring at the end of August will be exercised.

RELATED PARTY TRANSACTIONS

During the quarter ending June 30, 2007, the Company paid \$30,210 for management services provided by the President of the Company and \$13,618 for project management services provided by a director.

PROJECTS

The Projects as described in the Management Discussion and Analysis for the Year ended December 31, 2006 and for the First Quarter of 2007 have been subject to a number of initiatives to secure the consent of the respective communities for the continuation of the exploration work and to accompany the respective permit applications to the government agencies. The commencement of drilling programs on one or two of the projects is anticipated to happen before the end of the Third Quarter.

CONCLUSIONS FOR THE SECOND QUARTER OF 2007

The Company has been trading on the Frankfurt Stock Exchange since February 14, 2005 under the trading symbol "PZM" and the German Securities No. (WKN) 914959

The Frankfurt Stock Exchange, which offers fully electronic trading facilities, is the largest of eight German stock exchanges. It ranks amongst NYSE, NASDAQ, and London as one of the world's largest stock exchanges. For more information on the Frankfurt Stock Exchange visit: www.exchange.de

On May 15, 2007 the shares of the Company started trading on the Lima Exchange in Peru under the same symbol PML as on the TSX-V. The Company has become the fourth Canadian junior mining company to be come listed for trading on the Lima Exchange.

During the Quarter and during the time up to the writing of this report the Company has been successful in achieving several significant milestones:

1. The conclusion of the Purchase Agreement for CDLM;
2. The conclusion of the Purchase and Sale Agreement and closing of the sale regarding its 40% interest in the Surigao Joint venture;
3. The completion of the process of becoming listed for trading on the Junior Board of the Lima Stock Exchange;
4. The financing of the CDLM acquisition and its closing on May 29, 2007 for net proceeds of \$18,581,161.

Reconciliation of Proposed and Actual General Expenditures

There were no field programs carried out during the second quarter of 2007. The Company was totally occupied with the acquisition process of CDLM, the divestiture of its 40% interest in the Surigao Joint venture in the Philippines to its former joint venture partner Mindoro Resources Ltd., with the process to become listed on the junior board of the Lima Exchange and with the preparations to the financing of the CDLM acquisition and the subsequent exploration work.

The expenditures of the quarter were therefore dominated by general corporate administrative and legal expenses associated with the above mentioned activities. In addition the company expended funds on the legal and technical due diligence activities associated with the activities described above and with the preparation of NI43-101 compliant reports for both the CDLM portfolio of projects and properties and for

the Company's El Rosal project. The Company also had an in depth legal due diligence carried out in regard to the property titles of the CDLM portfolio and the legal and financial state of CDLM.

The activities described above precluded the establishment of prior budgets against which the actual expenditures could be compared. In the case of the financing undertaken by Research Capital Corporation as the lead manager, the legal costs of the due diligence activities of Research Capital Corporation were limited by letter agreement to \$ 70,000.

RISK FACTORS

The following are the material risk factors which the Issuer has identified in respect of any investment in its securities

Reserves

The Issuer's properties are in the exploration stage and are without a known body of commercial ore. Development of any of the Issuer's properties will only follow upon obtaining satisfactory exploration results. There is no certainty that the expenditures made by the Issuer in exploring its mineral properties will result in discoveries of commercial quantities or ore. Most exploration projects do not result in the discovery of commercially mineable deposit of ore.

Exploration

The business of exploration for minerals involves a high degree of risk and few properties become producing mines. Unprofitable efforts result not only from the failure to discover mineral deposits, but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. There is no assurance that the Issuer's future exploration and development activities will result in any discoveries of commercial bodies of ore. The marketability of minerals acquired or discovered by the Issuer may be affected by numerous factors which are beyond the control of the Issuer and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of mining facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Issuer's not receiving an adequate return on invested capital.

Market Forces

There is no assurance that, even if commercial quantities of mineral resources are discovered, a profitable market will exist for the sale of same. Factors beyond the control of the Issuer may affect the marketability of any mineral occurrences discovered. The price of gold has experienced volatile and significant price movements over short periods of time, and is affected by numerous factors beyond the control of the Issuer, including international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the United States dollar relative to the Canadian dollar and other currencies), interest rates and global or regional consumption patterns (such as the development of gold coin programs), speculative activities and increased production due to improved mining and production methods.

Insufficient Capital

The Issuer does not have sufficient funds to complete all of its exploration and development programs. Therefore, additional funds will be required. The only sources of future funds for its exploration and development programs is the sale of equity capital or by entering into an option and joint venture agreement with another party. There is no assurance that the Issuer will be successful in obtaining further financing. A failure to obtain further financing could result in the loss or substantial dilution of the Issuer's interests in its properties.

Environmental Regulation

Existing and possible future environmental legislation, regulations and actions could give rise to additional expense, capital expenditures, restrictions and delays in the activities of the Issuer, the extent of which cannot be predicted. Regulatory requirements and environmental standards are subject to constant evaluation and may be significantly increased, which could materially affect the business of the Issuer or its ability to develop its properties. Before production can commence on any of its mineral properties, the Issuer must obtain regulatory and environmental approvals. There is no assurance that such approvals will be obtained on a timely basis. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or preclude entirely the economic development of the Property.

No History of Earnings

The Issuer has no history of earnings. The Issuer has paid no dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Issuer is through the sale of its equity shares or by way of loans. While the Issuer may generate additional working capital through the operation, development, sale or possible syndication of its prospects, there is no assurance that any such funds will be generated.

Mining Operations

Mining operations generally involve a high degree of risk which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The business of gold mining is subject to a variety of risks such as fires, power outages, labour disruptions, industrial accidents, flooding, explosions, cave-ins, land slides, and other environmental hazards, technical failures, the inability to obtain suitable or adequate machinery, equipment or labour, are some of the risks involved in the operations of mines and the conduct of exploration programs. Such occurrences, against which the Issuer cannot, or may elect not to insure, may delay production, increase production costs or result in liability. The payment of such liabilities may have a material adverse effect on the Issuer's financial position. The economics of developing mineral properties are affected by such factors as the cost of operations, variations in the grade and metallurgy of the ore mined, fluctuations in mineral markets, costs of processing and equipment, transportation costs, government regulations including regulations relating to royalties, allowable production, importing and exporting of mineral product, and environmental protection rules and regulations.

Competition

The resource industry is intensely competitive in all of its phases, and the Issuer competes with many companies possessing greater financial resources and technical facilities than itself. Competition could adversely affect the Issuer's ability to acquire suitable producing properties or prospects for exploration in the future.

Mineral Tenure

In those jurisdictions where the Issuer has property interests, the Issuer makes a search of mining records in accordance with mining industry practices to confirm satisfactory title to properties in which it holds or intends to acquire an interest, but does not obtain title insurance with respect to such properties. The possibility exists that title to one or more of its properties, particularly title to undeveloped properties, might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such claims, prior unregistered agreements or transfers, and title may be affected by undetected defects or native land claims. For unsurveyed mineral claims, the boundaries of such mining claims may be in doubt. The ownership and validity of mining claims are often uncertain and may be contested. The Issuer is not aware of any challenges to the location or area of its mineral claims. There is, however, no guarantee that title to the Issuer's properties will not be challenged or impugned in the future. The properties may be subject to prior unregistered agreements or transfers.

Key Personnel

The success of the Issuer and its ability to continue to carry on operations is dependent upon its ability to retain the services of certain key personnel. The loss of their services to the Issuer may have a material adverse effect on the Issuer.

Dilution

There are a number of outstanding securities and agreements pursuant to which common shares of the Issuer may be issued in the future. If these common shares are issued, this will result in further dilution to the Issuer's shareholders. An investor's equity interest in the Issuer may also be diluted by future equity financings of the Issuer.

Conflicts of Interest

Certain of the directors of the Issuer are or may become directors and/or officers of other companies engaged in mineral exploration and development, as well as mineral property acquisition. Accordingly, mineral property acquisition and/or exploration opportunities or prospects of which they become aware will not necessarily be made available to the Issuer. The directors intend to allocate these opportunities or prospects from time to time among the various companies in which they are involved, on the basis of prudent business judgment, the relative financial ability, the need of each company in which they are directors and/or officers to participate. In the event of any conflict of interest, the directors will act in accordance with the common law and the provisions of the Company Act (British Columbia).

CONTROLS AND DIRECTION

The Company employs only a small number of contract employees at this time. These are the President and CEO, the President's Executive Administrative Assistant and the President of the Company's Peruvian Subsidiary Panoro Peru. The following Controls and Directions have been put in place to control and monitor the spending of the Company's financial resources:

All budgets and expenditure plans in the excess of \$100,000 are submitted to and require approval by the Board of Directors.

All cheques written on the Company's bank accounts require the signature of two Directors. The Directors and/or Officers authorized to sign cheques are the President, the Chief Financial Officer and one Independent Director.

Prior to signing cheques in payment for goods or services the respective invoices are checked by the president and his Executive Assistant and, in the case of Peru, by the President of Panoro Peru. Where applicable, field supervisors in charge of work programs, temporary employees and third party contractors first check the respective invoices or payroll records, before they are approved by the President of the Company or the President of Panoro Peru, as the case may be.

In Peru the accounting records of the Peruvian subsidiary are checked by the Company's independent accountant who also prepares the reporting documents to the Peruvian tax authorities. Funds advanced to the Peruvian subsidiary are controlled by the President of the Company and advanced on the submittal of detailed expenditure requests. Expenditures incurred in Peru are reported to the Company on a monthly as well as quarterly basis and such records are checked by the president of the Company against expenditure forecasts and submittals.

In the case of the Surigao Joint Venture, where Mindoro Resources was the Operator and submitted invoices or Cash Calls against approved budgets or approved budget supplements on a monthly basis, the invoiced where checked in detail first by the President's Administrative Assistant and then by the President. Corrections have been requested in almost all cases and in some instances amounts were deducted from the cash call invoices, subject to further reconciliations and adjustments.

The Company's financial affairs are also controlled and checked by the Company's Audit Committee, consisting of three independent Directors. No member of the Audit committee is responsible for the conduct of the operations of the Company or for the payment of the costs of the operations.

The accounting records of the Company are transposed to a general ledger and trial balance at the end of each quarter by an outside accountant for the use by the Company's Auditors in the preparation of the quarterly un-audited and the annual audited financial statements.

It will be one of the tasks of the new CFO to institute further control procedures to track the approval processes for future expenditures and to track the actual expenditures and expenditure commitments against the approved program budgets on an ongoing basis, with reconciliations on a bi-weekly basis.

CHANGE IN ACCOUNTING POLICIES

Effective January 1, 2007, the Company adopted new accounting standards issued by the Canadian institute of Chartered Accountants ("CICA") relating to financial instruments. These new standards have been adopted on a prospective basis with no restatement to prior financial statements. The changes are described in more detail in Note 3 of the Financial Statements covering the Second Quarter of 2007 which should be read in conjunction with this Management Discussion and Analysis.

CORPORATE DIRECTORY

Management

C. Allen Born, Chairman and Director
Helmut H. Wober, P. Eng., President, CEO and Director
Christian G. Pilon, Director and President of Minera Panoro (Peru) S.A.C.
C. Michael Kerfoot, C.A. Chief financial Officer

Other Directors

Lorne Torhjem
Christiaan Staargaard P.Geo.
William J. Boden, C.A., Director

Exchange and Symbol: TSX-V: PML, FRANKFURT: PZM, Lima: PML

Share Capital : (as of August 27, 2007)
Issued and outstanding 81,764,490

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