

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Panoro Minerals Ltd. (the "Company") the three months ended March 31, 2006 and to the date of this report. The MD&A supplements, but does not form part of, the audited consolidated financial statements of the Company and the notes thereto for the quarter ended March 31, 2006. Consequently, the following discussion and analysis should be read in conjunction with the un-audited consolidated financial statements for the quarter ended March 31, 2006, as well as the audited consolidated financial statements for the previous year ended December 31, 2005, 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, 2005.

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

During the First Quarter of 2006 no changes in the corporate affairs and the composition of the Board of the Company or of its officers occurred.

The incorporation of the wholly owned subsidiary of the Company was reported at the time of writing of the Management Discussion and Analysis for the Year ended December 2005 on April 21, 2006.

FINANCING ACTIVITIES DURING THE FIRST QUARTER OF 2006

There were no financing activities during the First Quarter of 2006. As a subsequent event to be reported at this time, the Company announced on April 25, 2006 that it is planning a Private Placement Financing whereby the Company intended to issue by way of non-brokered Private Placement up to 3,000,000 units (the "Units") at a price of \$0.35, each Unit consisting of one (1) common share and one non-transferable share purchase warrant of the Company (the "Warrants"), entitling the holder to purchase one (1) additional common share for a period of 18 months from the date of the closing of the Private Placement at \$0.50 per share.

At the time of writing the Company estimates that, subject to TSX approval, it will raise \$843,500 as a result of the Private Placement Financing.

RESULTS OF OPERATIONS AND FINANCIAL CONDITION

During the First Quarter of 2006 the Company's activities continued with focus on the exploration program that is being carried out by the Company's Joint Venture Partner Mindoro Resources Ltd. on the lands of the Surigao Option in the Republic of the Philippines as reported in the MD&A for the year ended December 31, 2006.

PANORO MINERALS LTD.
Form 51-102F1
Management's Discussion and Analysis
For the Quarter Ended March 31, 2006

May 19, 2006

In Peru, while efforts continued in finding a suitable partner for the Company's El Rosal project in northern Peru, exploration work on the property was resumed on March 20, 2006 with the initial phase of the field work completed by mid May.

During the First Quarter 2006 the Company expended \$99,593 on general and administrative expenses that includes \$29,196 of stock-based compensation and \$221,630 on mineral exploration activities. As at March 31, 2006, the carrying value of the El Rosal property, consisting of deferred acquisition and exploration costs, was \$3,452,981 and the Surigao property was \$1,393,747.

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, 2005.

The tables below sets out the quarterly results for the past 8 quarters and selected financial information for the previous three completed fiscal years.

	Mar. 31, 2006	Dec 31, 2005	Sept 30 2005	June 30, 2005	Mar 31, 2005	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General & administrative expenses	99,593	110,101	127,727	118,421	165,441	59,979	73,136	77,582
Other income	(12,587)	(11,044)	(3,954)	(897)	(5,880)	(3,741)	(3,888)	(6,746)
Loss for the period	\$87,006	\$99,057	\$123,773	\$117,524	\$159,561	\$56,238	\$69,248	\$70,836

COMMITMENTS

Effective September 1, 2005 the Company has by way of a Resolution of the Board of Directors entered into agreements to pay \$8,000 per month for management services provided by the president of the Company and project management fees to a director of US\$1,500 per month. Both prior agreements had expired at the end of June of 2005.

OPTIONS

The total number of stock options granted and outstanding under the Company's original and amended Stock Option Plans as of December 31, 2005 is 3,450,000 and as of the date of this report, after granting 800,000 stock options to Directors of the Company and its newly incorporated Philippine subsidiary on April 19, 2006 is 4,250,000.

No further stock options have been granted since April 19, 2006.

WARRANTS

2,326,061 non transferable warrants with an exercise price of \$ 0.28 issued in a private placement on January 28, 2005 will expire on July 27, 2006.

5,477,000 non transferable two year warrants at an exercise price of \$0.25 during the first 12 months and \$0.30 during the second twelve months, with a hold period of four months, were issued on September 1, 2005 in conjunction with the Private Placement that closed on that date.

At the time and subject to closing and approval by the TSX – Venture Exchange, 2,410,000 warrants at an exercise price of \$0.50 will be issued in conjunction with the current Private Placement Financing.

RELATED PARTY TRANSACTIONS

During the Quarter ended March 31, 2006, the Company paid \$24,000 for management services provided by the president of the Company and \$3,448 for project management services provided by a director.

PROJECTS

The 100% owned El Rosal Project in Peru, its geology, history and past exploration has been described in detail in the Company's Form 51-102F MD&A's dated May 26, 2004 and August 16, 2004. The El Rosal project remained dormant during all of the year 2005. At the time of writing the MD&A for the Third Quarter of 2005 the company announced plans to resume surface exploration work on the project in the first quarter of 2006 to further define the indicated deeper drill targets. This plan has been put into action in March of 2006. An outline of the program and its objectives was given in the MD&A for the year ended December 31, 2006.

The program was carried out successfully during 45 days of fieldwork which ended on May 14. In addition to geological mapping, a total of 781 meters of trenching in rock was completed and 410 samples have been submitted for analysis by ALS Chemex in Peru from all targets outlined in the program. Assay results have not yet been received and evaluation of all results and their interpretation will follow. It is expected that this will be accomplished by the end of the Second Quarter.

PRINCIPAL PROJECT: SURIGAO OPTION AND JOINT VENTURE

The Surigao Project in the Republic of the Philippines continues to be the Company's principal area of activity and focus at this time.

Work performed during the First Quarter 2006:

The Company reported as follows in its MD&A dated April 21, 2006:

“Drilling of AGT N-3 on the Agata Project, which began tricone drilling on January 3, 2006 had advanced a mere 122.40 meters during the month of January.

QNI Phils. commissioned a local drilling contractor, Construction and Drilling Specialist Inc. (CDSI) based in Pasig City, Metro Manila to drill MRLGold's Laterite Prospect in Agata Project. Two portable

drill rigs operated during the month. The first rig started drilling on January 26, 2006, while the second rig commenced drilling on January 30, 2006. Both rigs drilled a total of 17.3 meters for the month.”

Drill hole AGT N-3 was finally terminated on February 25, 2006 after no significant advance was achieved.

In February QNI Phils. commissioned the third portable drilling machine to augment the drilling of the Laterite Prospect in Agata. A combined length of 176.15 meters was drilled in February at the end of which a total length of 210.5 meters has been drilled since the commencement of the drilling project.”

In view of the unsatisfactory progress of the drilling operations at Agata North since their inception the Joint venture decided to defer continuation of drilling at Agata North until a reverse circulation drill could be mobilized to penetrate the difficult cap rock overlying the geophysical targets and in the meantime to move the diamond drill rig to the Agata South target.

Drilling of the first hole in Agata South Target started on March 31, 2006.

During March QNI had drilled a total of 265.95 meters utilizing four (4) portable drill rigs. By the end of March a total of 23 drill holes have been completed giving a combined total length of 459.40 meters or about 72% of the 640 meters programmed to be drilled by the said company.

Geological Mapping was carried out along the newly constructed “Farm to Market” road at Agata as construction of the road progressed.”

Subsequent to the last MD&A the first drill hole at Agata South advanced to 250m and drilling has commenced on the first hole at the first porphyry copper-gold target on the Tapan San Francisco sub-project, reaching a depth of 150m at the time of writing. No results are available for either hole at this time.

Mindoro has reported that BHP Billiton recently completed its drilling program on the Agata nickel laterite prospect, where four drill rigs were carrying out a due diligence evaluation. Results of the evaluation are awaited.

CONCLUSIONS FOR THE FIRST QUARTER OF 2006

The conclusions drawn at the time of the previous MD&A are still valid: “At this time no conclusions can be drawn as a result of the drilling operations carried out on the Surigao JV because none of the holes attempted reached their respective targets. The failure to complete the diamond drill holes at Agata North is due to a combination of difficult ground conditions and deficiencies in the drilling contractor’s equipment and operating procedures. At the initiative of Panoro Minerals Ltd. a Canadian drilling consultant was engaged in January and seconded to the project.”

The operator, Mindoro plans to mobilize a reverse circulation drill rig to the Agata North porphyry target, where technical drilling difficulties have been encountered, to penetrate the very difficult ultra-mafic cap rock, to be followed by diamond drilling into the target below.

Drilling at Tapian San Francisco is being carried out by a different drill contractor and it is expected that its performance will be better than that of the drill contractor at Agata. The first hole is targeted on an occurrence of porphyry-style alteration and copper showings in the center of an array of Induced Polarization (IP) anomalies. The IP - anomalies are also surrounding a prominent intersection of north-north-west and north-east structural lineaments. The porphyry style mineralization and alteration has been defined in a trench which assayed one percent copper and 0.55 grams per tonne gold over 25 meters.

It is expected that BHP Billiton will make all of the results of the nickel laterite drilling program available for publication after the conclusion of the program during the second quarter of 2006.

General

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

Reconciliation of Proposed and Actual General Expenditures

Including Cash Calls to February 28, 2006 (*Janet please check*) the Operator has spent \$ XXXXX of the Approved Year Two Budget of \$ 759, 215, leaving a balance of \$XXXX.

As reported earlier, Mindoro, the Operator has asked for and has been granted the approval of additional amounts of \$ 83,982 to cover unforeseen salary increases starting November 1, the difference in the price of core boxes, unforeseen legal and compensation expenses incurred in the construction of the road to Agata, and the earlier omitted Value Added Tax of the drilling costs.

The Operator has also asked for and received conditional approval for a special budget supplement of \$ 89,841 to cover the costs of a reverse circulation drilling program at Agata North, where conventional diamond drilling techniques have failed to accomplish the testing of the indicated targets. The reverse circulation drill program will be designed to drill a number of holes through the difficult cap rock at Agata North and to leave the holes to be completed to target depth with diamond core drilling methods. The approval is subject to receiving the planned program details and drill hole locations.

At this time the Company has also received a budget proposal of \$ 731,000 for the road construction and drill program at Tapian San Francisco that is scheduled to commence in March and to last until the end of August 2006. The Company has approved a modified program for Tapian San Francisco with a budget of \$697,500

Total un-audited earn-in expenditures by the Company to March 31, 2006 including the value of shares paid for property acquisitions, cash calls received from Mindoro for expenditures to December 31 and direct expenditures by the Company to March 27 amount to \$ 1,148,900, leaving an amount of \$ 851,100 (*Janet, please check these numbers, if you can or get Lynda to help*) to be expended by Panoro to earn its initial 40% interest in the Surigao JV.

The Company has sufficient funds to cover all of the above budgeted commitments and the general operating costs of the Company for the next 12 months.

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 of 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).

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. William J. Boden, C.A., CFO and Director

Other Directors

Lorne Torhjelm
Christiaan Staargaard P.Geo., (February 8, 2005)

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

Share Capital
(as of April 6, 2006)
Issued and outstanding 34,475,925

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